

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

EINK HOLDINGS INC. 2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

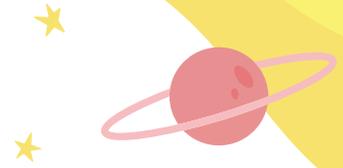


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Report Profile



● 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 the CSR section of E Ink's corporate website. The boundary of disclosure covers our Hsinchu Plant and Linkou Plant in Taiwan, our Yangzhou Plant in mainland China and our plant in the USA as they constitute major points of our operations. However, some data are not available from all the plants, so we only disclose the available data, and indicate the source plants. In order to enrich the contents of this report, information about our South Korea subsidiary has also been included herein. 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 for the 2019 fiscal year (January 1, 2019 to December 31, 2019). For readers to better understand relevant information, some contents trace back to 2015.

● Reporting Cycle

E Ink publishes its CSR report on an annual basis.

The Traditional Chinese version of the previous issue (CSR Report 2018) was published in June 2019. The English version was published in October 2019.

The Traditional Chinese version of the current issue (CSR Report 2019) was published in June 2020. The English version will be published in October 2020.

The Traditional Chinese version of the next issue (CSR Report 2020) will be published in June 2021. The English version will be published in October 2021.

● Reference Guidelines

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

● Process of information compilation for the report

Relevant information featured in this report has been gathered by responsible departments and reviewed by responsible supervisors before submission to E Ink CSR Committee for relevant compilation, editing, and internal audit. The completed report is then submitted to the Chairman for final review and approval before its publication.

● Report Assurance

Financial information disclosed herein are consistent with E Ink's consolidated financial report for 2019 and its limited assurance of compliance with the GRI Core disclosure principle has been conducted by Deloitte Taiwan regarding 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

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E Ink Corporate
Website



Report
Download Link





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Letter from the Chairman

E Ink Holdings Inc. has declared 2019 to be the very first year in a "new era of color electronic ink" by leading the technology of electronic ink from black and white to color applications. With our full-color E Ink Gallery™ and the latest E Ink Kaleido™ launched in 2019, E Ink is committed to collaborating with our partners in the ecosphere of the development and design of color E Ink related products to further expand the technology's scope of application, thereby delivering an even more visually impressive experience to users.

In light of the strengths of the ultra-low power consumption and environmentally friendly characteristics of E Ink, the Company is driven to its promotion as an alternative to traditional paper so that we may advance on our path to the vision of making our environment cleaner and better. This would in turn enable us to respond to the 17 Sustainable Development Goals (SDGs) that the United Nations has set for the world. Starting from 2016, the Company has identified 6 relevant SDGs as milestones in our endeavors to achieve sustainable operations. For operations relating to the Company's management, manufacturing and business promotion, we have also established relevant work items as our Corporate Social Responsibilities (CSR) and adopted Environment Social Governance (ESG) principles for the measurement and assessment of outcomes as our way of determining the Company's current progress in CSR fulfillment so that we can refine our work in the area of sustainable development.

Looking back at 2019, it was the 3rd year running for the Company to be bestowed with several distinctions in the Taiwan Corporate Sustainability Awards by winning four major awards, including "Top 50 Corporate Sustainability Awards - IT & IC Manufacturing", "Corporate Sustainability Report Awards - IT & IC Manufacturing", "Best Performance of Specific Categories for Social Inclusion - Manufacturing" and "Best Performance of Specific Categories for Growth" through Innovation. These awards speak volumes about the Company's success in sustainable development in the three major aspects of economic growth, social advancement, and environmental protection and our achievements in CSR thus far. Among the aforementioned awards, E Ink received the "Best Performance for Growth through Innovation Award" in 2019 for the first time for its electronic ink's unique characteristics of bistability and reflective, paperlike texture; being rollable and strengths of being BLH free and ultra-low power consumption, E Ink is able to create an ecosphere for E paper by bringing the upstream and downstream suppliers together to achieve the vision of multiple smart domains.

Focusing on the development of E Ink and investing in technological improvement to promote steady growth for the Company

With the development of electronic ink as the Company's core of research and development, we are focusing on the promotion of E Ink products and applications. By continuing to refine the technologies for E Ink, we are committed to upscaling the ecosphere for E Ink while consolidating our core developments. At the same time, thanks to the management team's prudent and highly efficient operation, the Company benefited from fortified constitution for development and steady growth. Winning the 5th "Taiwan Mittelstand Award" from the MOEA in 2019 reflects the recognition we have achieved.

With regards to corporate governance, E Ink Holdings Inc. has placed within the top 20% of all listed companies for two years straight in the 5th and 6th (2018 and 2019) Corporate Governance Evaluations by TWSE. By taking part in the evaluation, the Company hopes to improve its performance in relevant areas, such as entrenching its cultures of corporate governance and accountability, reinforcing its compliance with pertinent regulations, improving the quality of its information disclosure, ensuring superior board functionality, facilitating shareholder activism, and so forth.

To further bolster our corporate governance, the Company has examined all internal procedures across its factories around the world to promote management systems that are consistent worldwide. For example, when it comes to the process of distribution, we have taken steps to ensure that clients sign NDAs or Joint Development Agreement (JDA) to protect the Company's IP rights. For purchasing, we adopt environmental protection and eco-friendliness as our guiding principles for the selection of suitable suppliers in order to manufacture eco-friendly products.

Not only that, we have also built a solid foundation for growth and development for the Company with industry-leading technology development and stringent talent training. In terms of research and development, E Ink Holdings operates six R&D centers across the globe, including Hsinchu, Linkou, Billerica (Massachusetts), Fremont (Nebraska), Tokyo, and Yangzhou in China. In the past five years, the Company invested as much as 14% of its gross revenue on average in relevant research and development projects and has received more than 5,000 patents worldwide. These impressive figures reflect our total commitment to the development of electronic ink display technology that is not only friendly to our environment, but also easy on users' eyes.

As for employee training, the Company remains devoted to talent training around the world and has adopted systematic planning of core competency for the task of talent cultivation. Since 2019, the Company launched its global online education platform - E Ink University to offer custom-tailored education and training courses for different employees based on their duties and job grades to boost our competitiveness as a whole. In light of the severe threat that the COVID-19 epidemic has brought upon the world, the Company has also changed its regular training courses to compatible online training (e-learning) so that employees can arrange and schedule their own training according to their work hours. At the same time, we have implemented a learning experiment in our U.S. facilities for employees to learn the Python programming language, thereby making it an essential skill for all employees in the midst of the digital learning wave. We are trying to apply the model to all our global facilities so that every E Ink employee will be better equipped to cope with the latest developments in IoT and smart cities.

With regards to our training for sustainable development, our US branch has been selected as a member of the United Nations Global Compact (UNGC) in 2019 for its commitment to sustainable development and outstanding performance in the area. E Ink was chosen as one of the only 8 companies to be a Young SDG Innovator and received the privilege of accessing the online resources of United Nations Academy. The privilege and the resources would no doubt enable us to learn about the best course of action for CSR by serving as critical references in our future CSR strategies and relevant developments.

Here at E Ink, we perceive our employees to be the Company's most valuable assets and we endeavor to create the best working environment, wages, and benefits for all our employees around the world. And as such, we have formulated specific reward and bonus mechanisms that provide incentives in proportion to employees' contribution to the Company. According to the Market Observation Post System managed by TWSE, among all listed businesses involved in the photovoltaic industry in 2019, the average employee wage for E Ink ranked 4th at NT\$ 1.186 million, which is significantly higher than the average salary of NT\$ 806,000 offered by other companies in the same industry and the NT\$ 818,000 offered by other listed companies in the photovoltaic industry.

Involvement in expanded applications for renewable energies and integrating the eco-friendly values of E Ink for the promotion of sustainable development

With regards to our efforts in environmental sustainability, starting from 2017, the Company has ventured into the domain of purchasing renewable energy certificates (T-Recs). By 2019, we have purchased a total of more than 1,500 T-Recs, thereby becoming the number 1 domestic company to have purchased the most number of certificates. At the same time, in order to further expand the scope of our green energy consumption in our operations and due to the ongoing promotion for "energy transition" in Taiwan, we've entered into MOU with relevant green energy suppliers and planned to purchase green energy from private green power suppliers so as to gradually increase our usage of renewable energy over the years.

By increasing the use of renewable energy in our operations and manufacturing of E Ink displays, we are able to achieve the objective of reducing carbon emission and power consumption throughout the entire process of manufacturing, distribution and application of our ultra-low power consumption E Ink products, thereby driving sustainable development with the eco-friendly value of E Ink so that we can accomplish our visions of becoming a green enterprise through action.

Connecting with our stakeholders to promote social inclusiveness; supporting social security, health and charitable development with corporate resources

Through the twin pillars of "e-Reading for Future" - the Electronic Reader Mobile Library Campaign and our commitment to care for local communities, the Company has combined our corporate management strategies and our core business of E Ink display along with relevant SDGs for the promotion of social inclusiveness. Through the improvement in digital literacy and closing the gaps in educational resources by pooling available corporate resources and involving the participation of our employees in relevant charitable works, we strive to pay it forward to local communities and the society as a whole. In addition to investing the Company's own resources to invite relevant partners in our ecosphere to be a part of the "e-Reading for Future" campaign, we have expanded our scale of stakeholder participation in the campaign's promotion in 2019 by reaching out to the Hsin-Yi Foundation to sponsor the digital publication of children's books so that we can work together in the promotion of raising digital literacy and the habit of reading.

In 2020, due to the global impact of the COVID-19 epidemic, the Company promptly organized its global epidemic control and prevention taskforce at the initial phase of the outbreak. Apart from closely monitoring the status of our facilities across the globe on a daily basis to make relevant adjustments in our operations in accordance with the latest development of the epidemic, the taskforce also made preemptive disease control measures in the work environment by ensuring a safe and secure workplace for all employees while offering relevant resources that is needed for disease control at all facilities to ensure that all employees are taken care of. Not only that, despite the escalating severity of the epidemic and serious shortage of precious medical resources around the world, the Company has acquired relevant resources through its global network to support ongoing disease prevention efforts by the government and relevant medical institutions. For example, the Company donated 10,000 surgical masks in Yangzhou together with 1000 units of protective suits to the Yangzhou Government as our way of supporting the frontline medical personnel. In Korea, we donated a total of 13,000 surgical masks to Daegu Catholic University Medical Center; in the U.S., the Company donated 1.26 million pairs of medical examination gloves and placed orders with medical glove manufacturers in Malaysia to deliver the goods to the local Federal Emergency Management Agency (FEMA) before the goods were shipped to the States as critical medical resources for the prevention and control of the epidemic.

In the face of uncertainty from the global economy and state of current affairs in the society as a whole, the Company shall rely on prudent and careful management in operation and improving the development and manufacturing of E Ink products in the areas of color display, flexibility, energy conservation, and passive operation so as to maintain our momentum for growth as we march on to our goal of becoming a benchmark enterprise in the domain of sustainable development. In the meantime, we will continue to work with stakeholders including our employees across the globe, our partners in the supply chain and ecosphere, local communities, and so forth in the promotion and fulfillment of our corporate social responsibilities so that we can promote a sustainable, smart, and "paperless" future.

CHAIRMAN Johnson Lee

李政昊

Sustainable Development Column ①



E Ink to Achieve Colorful Sustainable Development

In response to the 17 Sustainable Development Goals (SDGs) announced by the UN, we established our product development vision in 2016 concerning six SDGs. For 2019, we will continue to focus on the application of E Ink products for IoT and smart city with "The first year in a new era of color ePaper" as an anchor while the six SDGs revolve around the anchor, leading to the limitless possibility for the development of more smart applications for color E Ink.



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 be used in the medical field, such as smart drug dispensers, smart bed cards, drug labels, clinic signage, and so forth.



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. In addition, E-paper has been more extensively used in education-related applications in recent years, thanks to its characteristics of being easy to write on and easy-on-the-eyes. These advantages make it an ideal educational solution for our future generations.



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, to strengthen a sustainable value chain through the facilitation of co-prosperity for the ecosystem with suppliers and customers.



11 SUSTAINABLE CITIES AND COMMUNITIES
With advantages including lightweight, 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 holdings 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.

Sustainable Development Column ②

E Ink's Boundary-less Care for Society

Social Inclusiveness

Driving force for social inclusion	Objective for social inclusion	Anchor for social inclusion
<ul style="list-style-type: none"> • Link to SDGs • Connection to company resources • Needs of society 	<ul style="list-style-type: none"> • Promotion of digital reading to close the gap of educational resource discrepancy • Caring for the disadvantaged • Giving back to the communities 	<ul style="list-style-type: none"> • Read for the Future: to promote digital reading and eliminate the gap in educational resource • Local care: to pool corporate resources and involve employees to take part in charity and give back to society.

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

Link to SDGs



With the two anchors of social inclusion (Read for the Future and local care) as our starting point, we have:

- Read for the Future: leveraging the unique advantages of e-Paper (see Chapter 3), we have created an ideal device for users to read electronic books and thanks to its characteristics as digital technology and vision protection, our products provide a comfortable and pleasant reading experience for children
- Each plant has formulated small-scale projects for social care according to the needs of local communities.



With Read for the Future project as the crux of the movement, we aim to promote the habit of digital reading, improve digital education and learning quality by engaging children to read, write and draw on their E-reader.



This works in conjunction with our management strategy of generating greater value for e-Paper for our partners in the ecosphere and collaborating with our supply chain partners to give back to the society as outlined in our core values to promote positive development in our society.

Taiwan	USA	Yangzhou	S. Korea
<ul style="list-style-type: none"> • Read for the Future project • Local care: Purchase of bananas 	<ul style="list-style-type: none"> • Read for the Future project • Local care: Sponsorship for concerts, charitable donations (i.e. used clothing and toys), employee blood donation, ride to fight ALS, building urban farmlands, river cleanup, donating to bicycle rental stops, offering volunteer services at food banks and so forth 	<ul style="list-style-type: none"> • Read for the Future project • Local care: COVID-19 medical resource donation, Maitian Program, goldenrod ecology volunteer and so forth 	<ul style="list-style-type: none"> • Read for the Future project • Local care: donation of ambulances, home repair for seniors living in solitary, scholarships and career planning workshop

Based on relevant requirements in the assessment of Social Return on Investment (SROI) as spelled out by Social Value International, our initial assessment suggested for each \$1 we put in, we will be able to generate as much as **\$2.63** in benefit to the society.

For a video on the various outcomes of the E-Read for the Future project, please visit: <https://youtu.be/YLjIW9CdhIU>



Please scan the QR code



E Ink Glory

2015 - 2019

The Youngzhou Plant was awarded the "Industrialization and Information Integration Management Demo Enterprise Award" from the Ministry of Industry and Information Technology of mainland China.

Yangzhou Plant received numerous accolades including "Yangzhou Mayer's Award for Quality", "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 Suzhou", "Enterprise Technology Center", "Model Home for Employees", "Model Unit for Employment Promotion in Yangzhou City", "Development Zone Commissioner Quality Award", "Demo Smart Workshop for Jiangsu Province" and so on.



2015



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

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



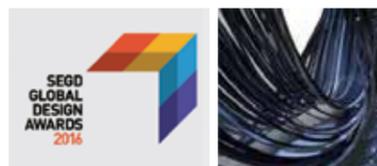
The Joan Meeting Room Assistant won the CES Best of Innovations Award at CES 2016.



2016

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

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



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.

Note: NeoCon is the most important exhibition for business interior architecture.



2017

Our 32-inch color EPD received the Gold Quality Award for Taiwan Excellence from the Ministry of Economic Affairs, ROC.



Our 6.1-inch non-geometric-shaped flexible wearable EPD demonstrated the tremendous potentials for the plasticity of the flexible EPD and it has received the Outstanding Product Award at the 2017 Gold Panel Awards organized by Taiwan Display Union Association (TDUA).



Starting from 2015 onward, E Ink has received the Asia IP Elite prize from the world-leading magazine Intellectual Asset Management (IAM) for three consecutive years.



November
E Ink's 2016 CRS Report was chosen in the 10th Taiwan Corporate Sustainability Awards (TSCA) hosted by The Taiwan Academy of Corporate Sustainability. In addition, we also won the Corporate Sustainability Report Awards - IT & IC Manufacturing at the 2017 TSCA Awards.



2018

February
E Ink Prism™ color-changing ePaper technology was featured in a super-large public art installation, in which the designers were able to create eco-friendly, durable, and visually exciting design works for DAZZLE. The product won the 2018 FLEXI Product Innovation Award.



August
Our ACeP (Advanced Color ePaper) received the Gold Panel Awards 2018. It Awards. It is the first product that displays images in true color with pigments instead of filters and has set a new milestone for EPD.



October
E Ink's USA Plant received the manufacturing award in the State of Massachusetts and was invited along with more than local 50 companies at Massachusetts State House to attend the award presentation ceremony to commend the manufacturing industry's contribution to the state.



November
E Ink was chosen as one of the winners of the 11th Taiwan Corporate Sustainability Awards (TSCA) hosted by The Taiwan Academy of Corporate Sustainability in 2018, receiving three distinctions including the Top 50 Corporate Sustainability Awards, Corporate Sustainability Report Awards - IT & IC Manufacturing and Best Performance of Specific Categories for Social Inclusion - Manufacturing



2019

May
E Ink Hardware TCON T1000 was chosen as the recipient of the COMPUTEX Best Choice Award by Taipei Computer Association.



August
Received the 5th Taiwan Mittelstand Award from the Industrial Development Bureau, Ministry of Economic Affairs.



November
Our "E Ink WTP EPD" received the Gold Quality Award for Taiwan Excellence from the Ministry of Economic Affairs, ROC.



November
The Company has received distinctions from Taiwan Corporate Sustainability Awards for three years running in 2019, winning four major awards, including the Top 50 Corporate Sustainability Awards - IT & IC Manufacturing, Corporate Sustainability Report Awards - IT & IC Manufacturing, Best Performance of Specific Categories for Social Inclusion - Manufacturing and Best Performance of Specific Categories for Growth through Innovation.



Summary of E Ink's 2019 Sustainable Development Performance

Economic

Governance

Chapter 2 Forward-Looking Navigation Strategy

- The board currently has nine directors, including **three independent directors** and **one female director**, with an average age of 59.55. The average attendance for the board was 100%.
- Placed in the top **6~20%** of all companies assessed in the Corporate Governance Evaluation

Management Performance

Chapter 2 Forward-Looking Navigation Strategy

Our operating profit came to **NT\$ 13,601,676,000** with a gross margin of **NT\$6,038,586,000** and an EPS of **NT\$2.72**

- E Ink ePaper's share in the global markets



Product and Service

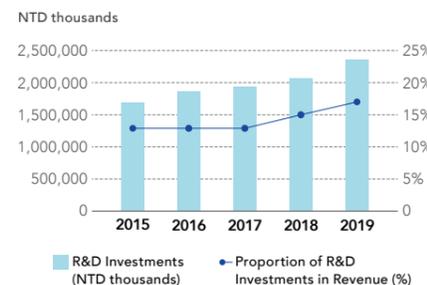
Chapter 3 Innovative Smart Experience

- By replacing the traditional labels/tags of all retail supermarkets in the USA with E Ink' ESLs, we will be able to reduce logging by approximately **250,000 trees per year**.



- First year of color EPD. Launched Advanced color ePaper (ACeP™) and Print Color ePaper to continue the development and expansion of potential fields of application for ePaper, such as smart retail and smart transportation.

- R&D investments at approximately **NT\$2.374 billion**, which constituted up to **17%** of our revenues.



- Average customer satisfaction score: **86.9** points.

Sustainable Supply Chain Management

Chapter 4 Sustainable Green Co-Prosperity

- No. of suppliers that have completed their CSR Audit: **16**
- With supplier average score at **87.19** points.

Environmental

Environmental Management System

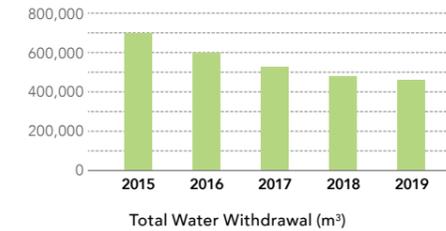
Chapter 4 Sustainable Green Co-Prosperity

- Plants in Taiwan and in Yangzhou of mainland China acquired third-party accreditation for **ISO 14001** and **ISO 14064-1**
- Our Hsinchu and Linkou Plants in Taiwan also acquired **ISO 50001** certification.

Water Resources Management

Chapter 4 Sustainable Green Co-Prosperity

Total water withdrawal came to **460,449.16 m³** a reduction by **4.4%** compared to the previous year. Total reclamation rate: **44%**.



Waste Management

Chapter 4 Sustainable Green Co-Prosperity

- Total waste recover rate: **51.65%**
- In response to the movement for a circular economy, the Yangzhou Plant promoted its ePaper Revitalization and Reuse Program and developed more than **10ePaper** recycling plans with **100EPD** panels.

Energy Conservation and Carbon Reduction

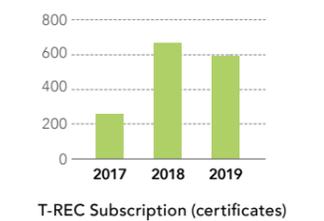
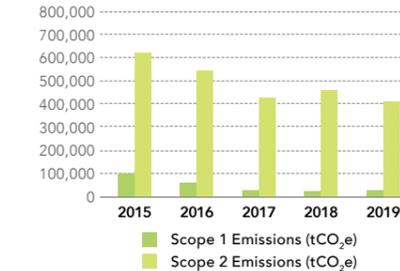
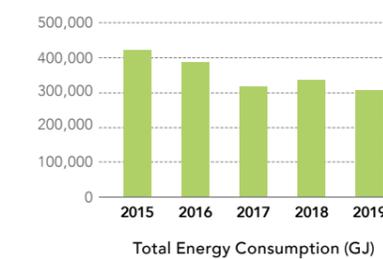
Chapter 4 Sustainable Green Co-Prosperity

- Total energy consumption came to **308,148 GJ**
- Unit energy consumption for Linkou Plant was **17%** less compared to the previous year.
- The solar system of the Yangzhou Plant generated up to **11.83 million kWh** accumulatively.
- Our energy conservation projects saved a total of **314,000 kWh** of electricity.

- Total GHG emissions came to **43,225.23t CO₂e**

- Emission intensity for Linkou Plant was **14%** less compared to the previous year.

- T-REC subscription came to **597** certificates. As of May 31, 2020, our total subscription came to **1,545** and remains as Taiwan's number 1 enterprise in terms of transaction volume, accounting for **29.6%** of total transaction volume.

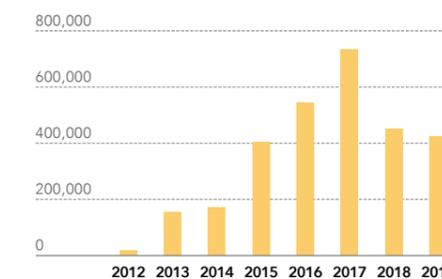


Social

Social Participation

Chapter 6 Caring: Toward an e-Future

Donation of Maitian Program (NTD)



- In 2017, we introduced our volunteer service leave for every employee to take paid volunteer service leave up to **8 hours** per year. In 2019, the Company received applications for a total of **64 hours** of paid volunteer service leave.
- Launched our "Read for the Future" program and promoted it to Yangzhou in mainland China and South Korea; donated a total of **1,110 eReaders** and a total of **111,000 volume** of e-books. The social return on investment (SROI) of the program in Taiwan reached **2.63**.
- The Yangzhou Plant donated a sum equivalent to **NT\$ 426,000** towards the Maitian Program.
- Employees of the USA Plant have independently established Ad Hoc Philanthropic Committee (AHPC) to raise funds and materials equivalent to roughly **NT\$ 400,000** towards supporting local communities.
- The USA Plant participated in the "The Valley Bike Share" system and donated approximately **NT\$ 360,000** in South Hadley in Massachusetts towards the establishment of a bike rental station to provide local residents with a more convenient, eco-friendly, and healthy form of public transportation.

Social

Employee Training and Care

Chapter 5 Happiness: Workplace Growth

- Established our "Human Rights Policy" with **100%** dissemination for new employees.
- Promoted our "teamwork" corporate culture and organized a competition for outstanding teams. A total of **5 teams** were chosen and each team could win up to **NT\$200,000** along with commendation.
- Established our **E Ink University** online e-Learning platform and through components such as E Ink DNA, the organization's vision, values, and management philosophy, we went deep and developed **six core competencies** and a complete training and education map to equip employees with all the competencies they may need to realize our core values.
- A total of close to **13,894 hours** of training and education activities for employees have been completed
- Our Hsinchu Plant in Taiwan has acquired a third-party certificate, "**Taiwan Occupational Health and Safety Management System**" (TOSHMS) from the Occupational Safety and Health Administration.
- As of the end of 2019, the Hsinchu Plant has maintained a zero occupational injury record for up to **45,870 hours**; Linkou Plant up to **868,467 hours** and the USA Plant up to **47 days**.



Chapter 01

Proactive · Communication and Practices

1-1 Responding to COVID-19

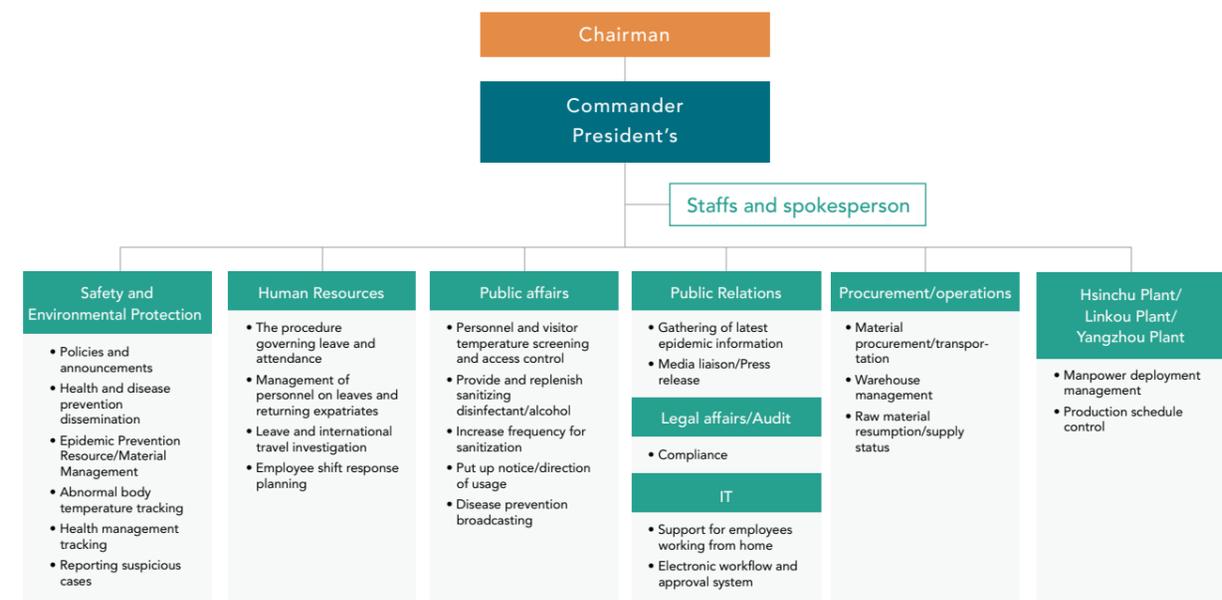
In response to the outbreak of COVID-19 around the world, E Ink has been paying close attention to the press releases from the Central Epidemic Command Center and made announcements starting towards the end of December 2019 to remind all employees to watch for the latest developments in the epidemic while taking early preventive measures. Drawing from the previous experience of response measures for the SARS outbreak, the Chairman, and the President held an epidemic prevention meeting and set up the Company's epidemic prevention and control task force based on the responsibilities of relevant departments and discussed the potential impact of different scenarios. The Company promptly began its preparation of various epidemic prevention resources and implemented relevant internal measures to ensure the health and safety of all colleagues and to maintain the normal operation.

All of our epidemic prevention measures fall into six major categories. Specific regulations were established by taking factors such as internal/external impacts to the Company based on varying degrees of outbreak severity for strict adherence and implementation. In addition, epidemic control and prevention meetings have been held daily to keep track of the latest progress and examine the status of implementation for prompt review and rolling adjustments to be made for specific measures. All employees have been working closely with one another to ensure seamless epidemic prevention.



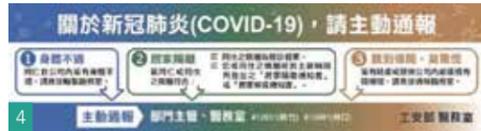
Categories of Epidemic Response	Epidemic Warning level 1	Epidemic Warning level 2	Epidemic Warning level 3	Epidemic Warning level 4
Progression of development	2019/12~2020/01	2020/01~2020/02	2020/02~2020/04	2020/04~
Description for each warning level	No confirmed cases of infection in Taiwan (monitor epidemic status overseas)	Confirmed cases of infection in Taiwan (imported cases)	No. of confirmed cases rapidly rising in Taiwan (local community transmission)	Confirmed cases of infection for employees and/or dependents (none thus far)
Internal response measures	<ul style="list-style-type: none"> Epidemic status follow-up and monitoring Announcements and reminders made based on press releases from the Centers for Disease Control Preparation of various disease control materials/resources: forehead thermometer, ear thermometer, surgical masks, ethanol, hand sanitizers, and so forth. Planning for level 2 disease prevention measures 	<ul style="list-style-type: none"> Epidemic status follow-up and monitoring Distribution of surgical masks to employees Employees are required to take their temperatures, wash their hands often, and wear masks in the workplace Access restriction for employees, visitors, and contractor personnel by screening for temperature and use of a mask Disease prevention promotional online courses for employees and personal health declaration forms for employees to complete Management and follow-up on abnormal body temperatures for employees Video conferencing as an alternative to face-to-face meetings for internal and external conferences Temporary suspension of all group gathering events such as interviews, training, assemblies, and so forth Regular sterilization of public areas and placement of sanitizer alcohol dispensers Reduce the number of overseas business trips to China and other countries Voluntary health management and follow-up for employees and their dependents returning from abroad Plan for level 3 disease prevention measures 	<ul style="list-style-type: none"> Epidemic status follow-up and monitoring Distribution of surgical masks to employees Reduce the number of domestic business trips and official trips Prohibit overseas business trips and vacations for all employees Adjustment to meal catering: meals are to be served in takeaway boxes; seats are to be separated by dividers and employees seating in special arrangements to ensure adequate distancing Process of sending employees in company/home quarantine and reporting procedure Plan for level 4 disease prevention measures 	<ul style="list-style-type: none"> Epidemic status follow-up and monitoring Distribution of surgical masks to employees Coordinating and activating split-team operation or working remotely in rotation Activate work-from-home backup solution Define the list of close contacts
Response measures for external impact	<ul style="list-style-type: none"> Replenish disease prevention resource and materials through various channels in the event of a rapid shortage in the market 	<ul style="list-style-type: none"> Strengthen dormitory and lifestyle management for foreign workers referred by human resource agencies Face-to-face meetings with suppliers and customers replaced with video conferencing to maintain normal operation Assess domestic and international supplier status and prepare for a potential shortage of materials/orders 	<ul style="list-style-type: none"> Assess domestic and international logistics and employee turnover in preparation for relevant impacts All international raw materials to be thoroughly disinfected and inspected prior to acceptance Impose mandatory wearing of surgical masks for employees commuting by public transportation Investigate travel hotspots for employees and monitor employee health 	<ul style="list-style-type: none"> Assess losses incurred by production capacity and operating revenue Issue press releases and disclose actions taken the Company for disease control

Diseases Control and Prevention Taskforce





1 Caption: Disease control measures established by the Company's management in light of the COVID-19 outbreak



6-7 Screening for temperature and use of surgical masks prior to entry
8 Disease control dissemination (wireless mobile electronic signage)
9 Visitor filling in their health declaration (via eNote) prior to entry

- 2 Disease control dissemination (announcement on ePaper signage)
- 3 Admission notice for visitors (announcement on ePaper signage)
- 4-5 Disease control dissemination (intranet page)



- 1 Cleaning and disease control operations implemented at the dormitory for foreign workers
- 2 Disease control dissemination materials featured at the dormitory for foreign workers

E Ink Can Help!!

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



1-2-3 Our Yangzhou Plant donated 10,000 surgical masks and 1,000 protective suits to the Yangzhou City Government



1-2 Alcohol disinfectant spray placed in public areas and conference rooms
3 Provide hypochlorous acid disinfectant for employees to use
4-5 Dissemination for special seating arrangement at the employee cafeteria
6 Special seating arrangements in rest areas



- 1 Our subsidiary in South Korea donated 13,000 surgical masks to Daegu Catholic University Medical Center
- 2 E Ink donated 1.26 million pairs of medical gloves for relevant inspections to be delivered through the Federal Emergency Management Agency (FEMA) before the goods were shipped to the States



- 3 AIT issued a statement of appreciation to E Ink Chairman Johnson Lee
- 4 E Ink donated 2,000 surgical masks to the Taipei Economic and Cultural Office in Boston. Meant for visitors at the office for official affairs, the donation was accepted by Director-General Douglas Yu-Tien Hsu.
- 5 Taipei Economic and Cultural Office in Boston issued a statement of appreciation to E Ink Chairman Johnson Lee

1-2 Identification of 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. After assessing stakeholders in terms of the following five aspects: dependency, responsibility, influence, diverse perspectives and tension at a meeting with representatives of E Ink's relevant departments, the E Ink Corporate Social Responsibility Committee (CSR Committee) eventually identified nine major stakeholder groups, namely: government agencies, employees, supplier/contractor/outsourcing vendors, customers, E Ink Group and affiliates, shareholders, the media, competitors and associations, local communities/society.

Attributes of Stakeholders

Responsibility	Groups or individuals to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.
Influence	Groups or individuals who can have an impact on the organization's or a stakeholder's strategic or operational decision-making.
Tension	Groups or individuals who need immediate attention from the organization with regard to financial, wider economic, social or environmental issues.
Diverse Perspectives	Groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities as a reference to take actions that may not otherwise have been taken.
Dependency	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.

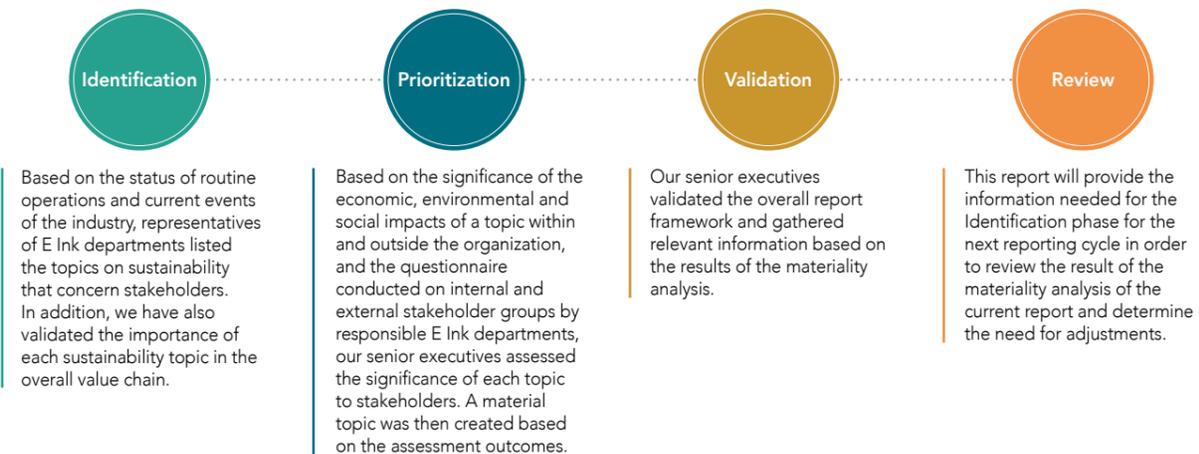
Prioritization	Types of Stakeholders	Significance to E Ink
1	Government agencies	E Ink complies with the related laws and regulations of the government and competent authorities and proactively cooperates with the government policies to fulfill our corporate social responsibilities.
2	Employees	Employees are an important asset that enables E Ink to engage in continual innovation and advancement, and building a harmonious labor-management relationship is the only way to create value constantly.
3	Supplier/Contractor/ Outsourcing Vendors	Suppliers/contractors/outsourcing vendors are the most important partners of E Ink. Though persistent management, interaction, and cooperation, we aim to create a more sustainable value chain.
4	Customers	By insisting on product quality and services, we hope to provide customers with the best solutions, expand the market, and grow with them as one.
5	E Ink Group and affiliates	We maintain constant interaction with our conglomerate and affiliates and follow related development policies.
6	Shareholders	We respect the opinions of shareholders and treat such opinions as an important reference for continuous progress.
7	The Media	We proactively respond to the public through the media and strive to achieve information transparency.
8	Competitors and Industry Associations	We continuously participate in the operation of industry associations and maintain a positive interaction with competitors in the hopes of bringing our value to the industrial chain.
9	Local communities and society	By expressing persistent care about local communities, disadvantaged minorities, schools, and so forth, we demonstrate our corporate charity spirit and make constant, positive contributions to society.

1-3 Identification and management of material topics

Process and outcomes of material topic identification

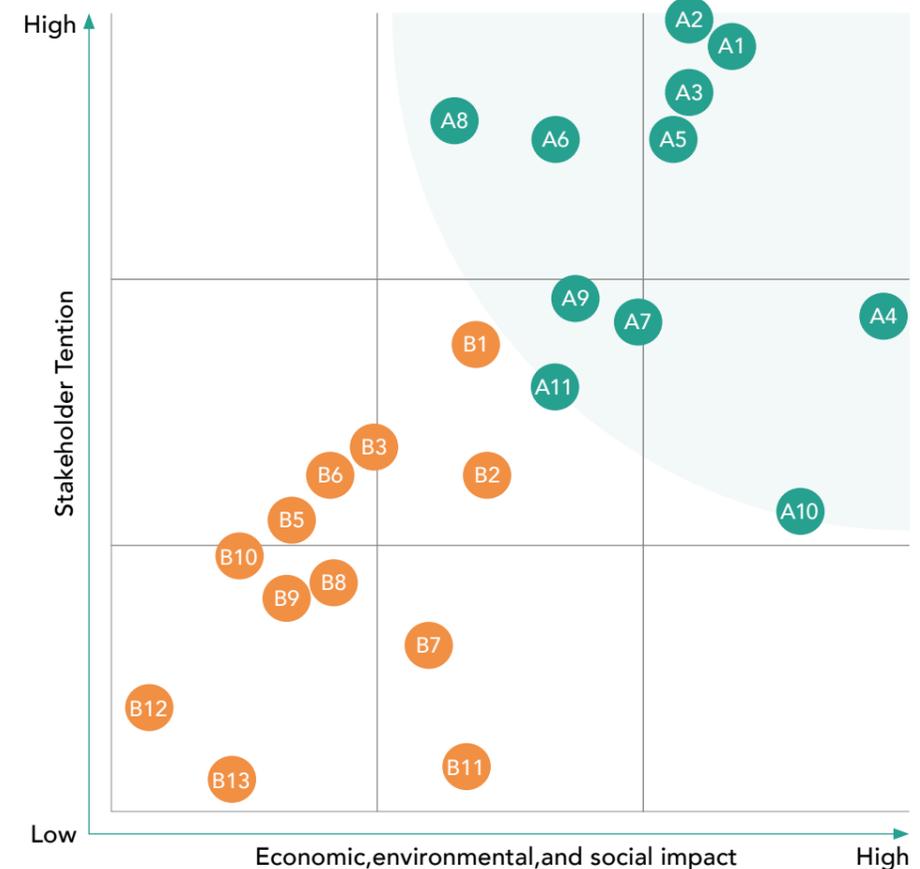
To identify the report boundary and to ensure that the information disclosed in this report can best cover the topics and aspects that concern stakeholders, we have identified material topics with regard to the identified stakeholder groups. Based on the methods of defining report contents and the principles for determining material aspects in the GRI Standards, with "the significance of a topic's economic, environmental and social impacts" on the x-axis, four senior executives evaluated topics with significant impacts; "the influence on stakeholder assessments and decisions of a topic" is plotted along the y-axis for representatives of responsible E Ink departments to assess the topics that concern stakeholders with a questionnaire to discern the significance of a topic to stakeholders. We distributed and collected 141 responses. Finally, the results were compiled to identify E Ink's material topics.

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



The matrix below shows the 24 material topics disclosed in our 2019 CSR report. After identification and prioritization, we have categorized them into 11 material topics and 13 supplementary topics.

A Material topics (11 topics)		B Supplementary Topics (13 topics)	
<ul style="list-style-type: none"> • Topics with the most significant economic, environmental, and social impacts. • Topics of higher stakeholder tension 		<ul style="list-style-type: none"> • Topics with moderate or low economic, environmental, and social impact but still a concern on the part of stakeholders. 	
A1	Compliance (legal)	B1	Information disclosure and communication
A2	Strategy for sustainable development.	B2	Resource management and pollution control
A3	Research innovation and expansion of product application	B3	Materials management
A4	Business ethics and integrity	B4	Operational and financial performance
A5	Management of corporate brand and market presence	B5	Strategic cooperation and partnership
A6	Risk management and response	B6	Customer relation management
A7	Response to climate changes, energy conservation, and carbon reduction	B7	Employee training and career development
A8	Product quality and liability	B8	Remuneration, benefits, and employee care
A9	Development of green, sustainable products	B9	Human rights and equality
A10	Governance	B10	Facilitation of harmonious labor-management relations
A11	Work environment safety and employee health	B11	Supply chain management
		B12	Social welfare and care
		B13	Social participation and integration with a core competency



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

Key Topics	Material topic	Significance to E Ink	Value chain					Corresponding Sections
			E Ink Group and affiliates	Customers	Shareholders	Supplier/ Contractor/ Outsourcing Vendors	Local communities and society	
Compliance	Compliance with environmental protection and socioeconomic laws and regulations	With legal compliance as our fundamental principle, we disclose and address penalties that have resulted from a violation of environmental regulations, product regulations, and labor regulations.	●	●	●			2-3 Business ethics and integrity and sustainable governance 3-3 Quality persistence 4-1 Environmental protection
Strategy for sustainable development	N/A	To ensure sustainable operation and development, we have established relevant policies and strategic planning, including the setting of short, medium, and long-term goals and action plans in economic, environmental, and social aspects.	●	●	●	●	○	1-4 CSR Visions and Strategic Management
Research innovation and expansion of product application	N/A	With ePaper as our principal product, innovating and expanding product application to maintain continual revenue growth while building brand image have always been one of our strategies. In addition to investing organizational resources into R&D to make continual innovation of products and technologies, we also strive to expand domains of product applications through collaboration with our partners to keep cultivating and expanding the market.	●	●	●	●		3-2 Technical and innovation capacity
Business Ethics	Anti-corruption and anti-competitive behavior	We recognize the importance of business ethics and integrity and as such, we uphold relevant policies, including the establishment and compliance to the code of business ethics, internal control, insider trading, intellectual property management, and personal information protection. We also strictly prohibit corruption and competitive behaviors.	●	●	●	●	○	2-3 Business ethics and integrity and sustainable governance
Management of corporate brand and market presence	Indirect Economic Impacts	We continue to invest in campaigns for brand and image promotion to communicate our business philosophy, values, and corporate culture to the public in the hopes of winning their understanding and support.	●	●	●		●	3-2 Technical and innovation capacity 5-2 Building A Positive, Beautiful and Happy Workplace 6-2 Mobile Care Hand by Hand
Risk management and response	N/A	To respond in a timely manner to important trends and related risks, we identify, manage, and prevent various operational risks and conduct business within the acceptable risk level to ensure steady operations.	●	●	●	●		2-5 Risk Response 4-1 Environmental Protection Concept 5-4 Maintaining a Safe and Healthy Work Environment
Response to climate change, energy conservation, and carbon reduction	Energy and emissions	We have established our "ESHE Policy," which incorporated TCFD for the assessment of climate change risks and opportunities. Not only that, but we have also set specific goals for energy conservation and continued to promote relevant energy-saving and carbon-reducing solutions and measures.	●	●	●	●		4-1 Environmental protection 4-2 Address to climate change
Product quality and liability	Marketing and labeling	Insisting on providing quality products and services and accommodating customer needs through continual improvement, R&D, and innovation, we have acquired related quality certifications and customer audits such as ISO 9001, SONY GP, and Amazon.	●	●	●	●		3-3 Quality persistence
Development of green and sustainable products	N/A	With ePaper being our main product, compared to similar products in the market, ePaper is superior for its sustainability, energy-saving characteristics, and better protection of consumers' health. In the future, we will continue to include sustainability in our product designs to minimize the negative impact of our products.	●	●	●			Sustainability Column 3-1 User-centered brand-new experience
Governance	N/A	We uphold the spirit of governance and practice governance, insist on operation and information transparency, and care about stakeholder interest.	●	●	●	●	●	2-3 Business ethics and integrity and sustainable governance
Work environment safety and employee health	Occupational safety and health staff	Employees have always been the most important asset to E Ink and to ensure employee health and safety, in addition to formulating occupational health and safety (OHS) management measures and policies, we have also acquired OHSAS 18001 certification in an effort to maintain work environment safety and build a healthy workplace.	●	○		●		5-4 Maintaining a Safe and Healthy Work Environment

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

Stakeholder communication and engagement

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 Standard aspects covered by relevant topics. We will also faithfully disclose clear and complete information for special topics.

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

Channels for stakeholder communication and their effectiveness

Stakeholders	Concerned Topic	Communication Channels and Frequency	2019 Concrete Communication Results
Government agencies	<ul style="list-style-type: none"> Compliance Response to climate change, energy conservation, and carbon reduction Development of green and sustainable products Work environment safety and employee health Social welfare and care 	<ul style="list-style-type: none"> Correspondence by official documents (irregular) MPOS (upload and disclose relevant contents as required by law) Gathering information from government websites (quarterly) Pollution control awareness meeting, regulation presentations, in-plant audit and interview (irregular) Government routine/unannounced inspections (irregular) 	<ul style="list-style-type: none"> Participated in over 50 regulation presentations organized by government agencies Government in-plant inspections occurred 7 times (at Yangzhou Plant) with no major non-compliance found.
Supplier/ Contractor/ Outsourcing Vendors	<ul style="list-style-type: none"> Business Ethics Strategy for sustainable development Research innovation and expansion of product application Compliance Product quality and liability 	<ul style="list-style-type: none"> Supplier audit and visit (irregular) QBR (regular) meeting (weekly) Supplier guidance and audit (annually) Production-marketing coordination meeting (weekly) Cost Reduction Meeting (annually) Procurement contracts, industrial safety training, in-house tour inspection (anytime) Routine security work discussion meeting (weekly) 	<ul style="list-style-type: none"> Audited and visited more than five suppliers each month 9 suppliers attended the QBR meetings Held weekly QBR meetings with our major material suppliers. QPA audit on 23 suppliers and SQE on 24 suppliers QSA audit on 5 new suppliers (on-site audit for 3 and documentary audit for 2) Dispatch on-site assistants for material problem settlement for 6 partners (Yangzhou) In-house business visits or work meetings at Taiwan Plants and Yangzhou Plant for 2-3 suppliers each month Conducted safety training/education activities for 31 construction contractors (Yangzhou)

Stakeholders	Concerned Topic	Communication Channels and Frequency	2019 Concrete Communication Results
Customers	<ul style="list-style-type: none"> Strategy for sustainable development Risk management and response Compliance Management of corporate brand and market presence Product quality and liability Strategic cooperation and partnership Supply chain management Materials management Response to climate change, energy conservation, and carbon reduction 	<ul style="list-style-type: none"> Visits by sales staff and higher-level officers (irregular) Business review meeting (weekly) Quarter Business Review (QBR) (quarterly) Customer Satisfaction Survey Form (annually) In-house audit by customers (irregular) Customer questionnaire response (irregular) Purchase orders Seminars and trade fairs (irregular) Corporate website (regular) 	<ul style="list-style-type: none"> Sales staff and higher-level officers visited each other 24 times to discuss technology development, product shipping, and the delivery date of key parts and components. Organized three QBR for heavyweight customers with 87 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 reached 83.5%, and the average score was excellent. The coverage of customer questionnaire came to 100%
E Ink Group and affiliates	<ul style="list-style-type: none"> Governance Compliance Resource management and pollution control Information disclosure and communication Risk management and response Research innovation and expansion of product application Strategic cooperation and partnership 	<ul style="list-style-type: none"> Board Meeting Senior executive meetings (weekly) Project meetings (irregular) 	<ul style="list-style-type: none"> Held five board meetings, with an average attendance of 100%
Shareholders	<ul style="list-style-type: none"> Operational and financial performance Research innovation and expansion of product application Remuneration, benefits and employee care Management of corporate brand and market presence Development of green and sustainable products 	<ul style="list-style-type: none"> Board Meeting (at least once each quarter) General meeting of shareholder (annually) Investor conference (quarterly) Monthly revenue announcement (monthly) Financial statement (quarterly) Investor Relations section on the corporate website (irregular) Disclosures of material information and financial reports on the Market Observation Post System (MOPS) (irregular) Press release (irregular) 	<ul style="list-style-type: none"> Held one general meeting of shareholders attended by shareholders representing 80.48% of the issued shares Held 14 investor conferences to debrief E Ink's financial and sales information Reported financial statements as required by law four times Published 74 material messages as required by law
The Media	<ul style="list-style-type: none"> Research innovation and expansion of product application Product quality and liability Strategic cooperation and partnership 	<ul style="list-style-type: none"> Press release: Focus on ePaper technology and applications, business operations strategy and deployment and financial statements (irregular) Media activity: Investor conference (quarterly), AGM (annually), exhibitions/shows/fairs (irregular) Media interview (irregular) Real-time media-requested services: Communication made chiefly through instant messenger, telephone (landlines and mobiles) and addressed requests immediately (irregular) 	<ul style="list-style-type: none"> Issued a total of 22 press releases Organized 11 media events, including 3 press conferences/media luncheon, 4 investor conferences, 1 AGM, and 3 exhibitions/shows/fairs (Touch Taiwan, COMPUTEX, China Educational Equipment Exhibition) Received 4 media interviews Real-time response to media-requested services
Competitors and Industry Associations	<ul style="list-style-type: none"> Strategy for sustainable development Compliance Response to climate change, energy conservation, and carbon reduction Development of green and sustainable products Risk management and response 	<ul style="list-style-type: none"> Taiwan TFT LCD Association (TTLA) Business association 	<ul style="list-style-type: none"> Attended 6 TTLA industrial safety and environment committee meetings (Taiwan) Attended more than 12 HSE meetings of industry associations (Taiwan)
Local communities and society	<ul style="list-style-type: none"> Remuneration, benefits and employee care Compliance Work environment safety and employee health Management of corporate brand and market presence Development of green and sustainable products 	<ul style="list-style-type: none"> Report to government agencies (anytime) Grievance line (anytime) Surveys for nearby residents on construction projects (irregular) 	<ul style="list-style-type: none"> Participated in the industrial safety and environmental activities organized by the HSP Bureau. Received no complaint from neighboring/nearby residents

Management approach for material 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 Standards. Please refer to the corresponding sections for the details of respective management approaches.

Aspects		DMAs	Assessment Mechanism/Result	Corresponding Sections	Page
Economic	Indirect Economic Impacts	<ul style="list-style-type: none"> Draw up plans for participation in social charitable activities and launch cooperation with NGOs and schools 	<ul style="list-style-type: none"> The social return on investment (SROI) of the "Read for the Future" program is estimated at every NTD1 to NTD 2.63. 	6-1 Social Inclusion 6-2 Mobile Care Hand by Hand	94-103
	Anti-Corruption	<ul style="list-style-type: none"> Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management. 	<ul style="list-style-type: none"> No corruption was reported in 2019 	2-3 Business ethics and integrity and sustainable governance	27-28
	Anti-competitive Behavior	<ul style="list-style-type: none"> Establish reporting and grievance mechanisms 			
Environmental	Compliance relating to environmental protection	<ul style="list-style-type: none"> Keep track of legal requirements and update relevant regulations periodically, and organize education and training activities. Establish an environmental grievance mechanism-based primarily on local laws and regulations 	<ul style="list-style-type: none"> Plants in Taiwan and Yangzhou implement compliance audit every year No major penalties were reported in 2019 	4-1 Environmental protection	54-55
	Energy	<ul style="list-style-type: none"> Introduced ISO 50001 and formulated our annual energy conservation and carbon reduction solution and objectives Declare GHG emission and energy consumption periodically as required by law 	<ul style="list-style-type: none"> In 2019, our energy-saving initiative focused primarily on reducing power consumption by 3,136,502 kWh and steam generation by 1,048 tonnes (equivalent to 14,225 GJ) and a carbon emission reduction of 2,206 CO₂e. 	4-2 Address to climate change	65-73
	Emissions	<ul style="list-style-type: none"> Increase the usage of renewable energy Monitor air-pollutant discharge and declare truthfully as required by law 	<ul style="list-style-type: none"> As of May 31, 2020, E Ink has accrued a total of 1,645 renewable energy certificates. We have installed a new carousel rotor and catalytic oxidizer system to process VOCs and the new system is scheduled for official operation in 2020. 		
Environmental	Occupational Health and Safety	<ul style="list-style-type: none"> Establish the ESHE policy and arrange employee health examinations, occupational hazard health examinations, and relevant talks and education/training activities. 	<ul style="list-style-type: none"> Hsinchu Plant has remained occupational hazard free for 45,870 hours Linkou Plant has remained occupational hazard free for 868,467 hours USA Plant has remained occupational hazard free for 47 days 	5-4 Maintaining a Safe and Healthy Work Environment	88-93
	Marketing and labeling	<ul style="list-style-type: none"> Conduct customer satisfaction periodically and include customer feedback as the reference for future planning. 	<ul style="list-style-type: none"> Manage and verify the content of marketing communications with the internal audit mechanism. 	3-3 Quality persistence	46-51
	Compliance with socioeconomic regulations	<ul style="list-style-type: none"> Keep track of legal requirements and update relevant regulations periodically, and organize education and training activities. Establish reporting and grievance mechanisms 	<ul style="list-style-type: none"> No major penalties were reported in 2019 	2-3 Business ethics and integrity and sustainable governance	28-29

1-4 CSR Visions and Strategic Management

E Ink's CSR Policy

We at E Ink are driven by our CSR mission that comprises three main pillars: "transparency and integrity, environmental protection and sustainability and local care." From these three pillars, we have established four specific aspirations to steer our CSR policy as the basis for corporate sustainability as we contribute to the improvement of human life and create 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.



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

E Ink's Sustainability Development Promotion Campaign and Goals for 2020

Functional groups	Corresponding material topic	Promotion Campaign for 2019	Status of achievement	Goals for 2020	Direction of long-term strategy	Corresponding SDGs
Governance Division	<ul style="list-style-type: none"> Compliance Strategy for sustainable development Business Ethics Risk management and response Governance 	Corporate governance evaluation	Placed in the top 6~20% of all listed companies	To maintain our place in the top 6~20% of all listed companies	<ul style="list-style-type: none"> Develop a corporate culture of ethics and integrity Strictly comply with global laws and regulations 	
		Strengthen corporate governance ¹	The Board of Directors approved E Ink's Corporate Governance Guidelines, Sustainability, and Corporate Social Responsibility Guidelines, Ethical Management Guidelines and Board of Directors Performance Evaluation Procedure	Assess the feasibility of hosting anti-corruption and anti-trust training and online-courses		
Green Production Division	<ul style="list-style-type: none"> Response to climate change, energy conservation, and carbon reduction 	Green power and renewable energy	Subscribed to 1,010 renewable energy certificates and added 7.44KW of renewable power to the grid	Subscribe to 150 additional renewable energy certificates and sign PPA with green power agent	<ul style="list-style-type: none"> Design low-carbon and sustainable products Promote low-carbon processes and resource management Implement supply chain management for sustainability and co-prosperity 	
		Energy-saving solutions	Energy-saving implementation for cooling tower, Array filter project (phase 2) and CUB light fixture replacement saved a total of 690,390 kWh/year	Promote energy-saving implementation for cooling tower, which is expected to save 13,795 kWh of power		
		Update of ISO management systems	Complete external certification for ISO 50001 energy management system update	Complete external certification for ISO 14001 environmental management system		
		Product carbon footprint ²		Assess the feasibility of promoting product carbon footprint and seek third-party verification		
		Climate risks and opportunity assessment		Promote climate-related financial disclosures (TCFD)		
		GHG inventory		Promote Scope III GHG inventory		
Product Marketing Division	<ul style="list-style-type: none"> Research innovation and expansion of product application Product quality and liability Development of green and sustainable products 	Verify and establish patent development mechanism and promote talent cultivation ³	Established the "Patent Committee" (comprising R&D supervisors) to be responsible for the review and classification of patents and trade secrets, formulating patent defense and response strategies	Implement R&D talent certification program and design R&D talent classification and certification mechanism		
		Optimization of E Ink's electronic platform processes	Improvement of electronic application and approval processes for better productivity	Continue to promote electronic internal processes to boost productivity		
Supply Chain Division	<ul style="list-style-type: none"> Product quality and liability 	Supply chain management	Fleshed out items of supplier assessment to be incorporated into sustainability and CSR items	Continue to deepen and optimize E Ink's sustainable supply chain management system		

¹ Jointly prompted by Governance Division and Enterprise Care Division ; ² Jointly prompted by Green Product Division, Supply Chain Division and Product Marketing Division ; ³ Jointly prompted by Product Marketing Division and Enterprise Care Division

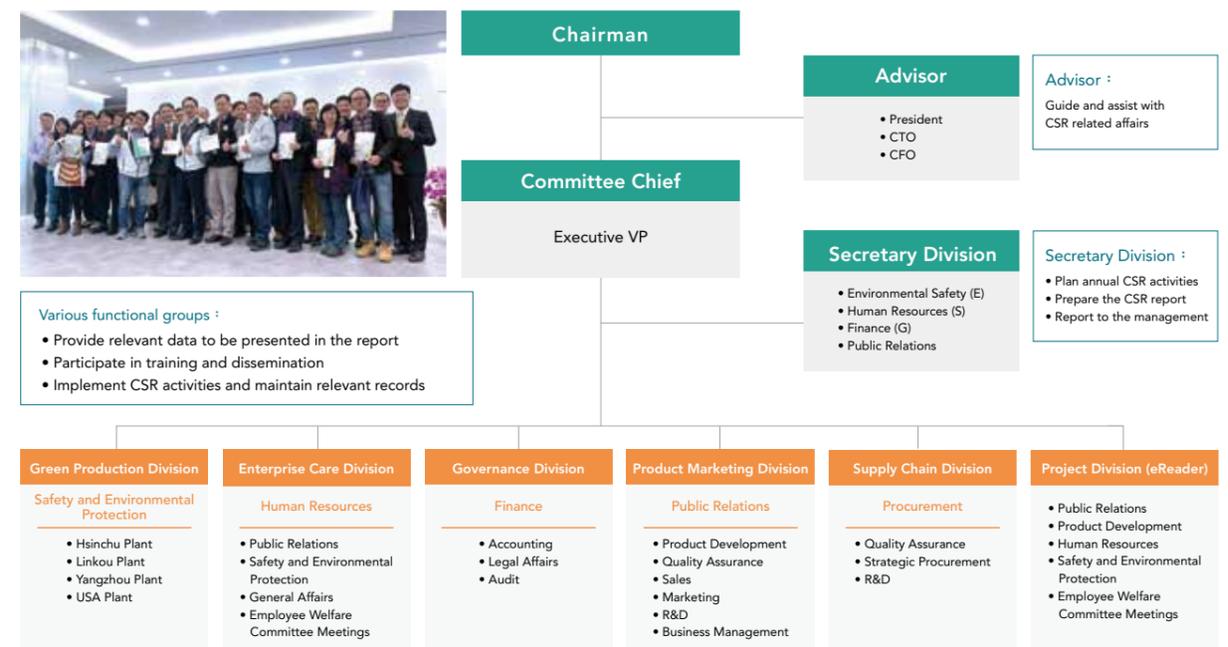
³ Jointly prompted by Product Marketing Division and Enterprise Care Division

Functional groups	Corresponding material topic	Promotion Campaign for 2019	Status of achievement	Goals for 2020	Direction of long-term strategy	Corresponding SDGs
Enterprise Care Division	<ul style="list-style-type: none"> Work environment safety and employee health 	E Ink University	Complete E Ink's e-Learning online training platform		<ul style="list-style-type: none"> Build a workplace for adaptive development of talents Maintain a safe and healthy work environment Deepen trust relationship with stakeholders and maintain local contributions Maintain community participation through core competency integration 	
		Boost cohesion for employees		Assess the feasibility of initiating employee participation survey and introduce employee assistance program (EAP)		
		Renovation of the administration building ⁴	Completion of renovation of the office area, public area, conference rooms, and demo room			
		Promote a healthy workplace	Acquire health-promoting workplace certification/ safe workplace certification			
Project division	<ul style="list-style-type: none"> Management of corporate brand and market presence 	Read for the Future	Donated 450 eReaders in Chiayi; organized seed teacher training in Changhua, organized reading competitions, and a prize-awarding ceremony in Nantou	Select one more municipality as target recipient for eReader donation, organize seed teacher training in Chiayi and reading competition and prize-giving ceremony in Changhua		

⁴ Jointly prompted by Enterprise Care Division and Product Marketing Division

CSR Committee

In early 2016, we established the CSR Committee to implement and realize sustainable development through organized management. At the same time, to strengthen seeded personnel's awareness for sustainable development, we have been promoting relevant internal training and set up different divisions according to the duties of each functional group and held meetings to discuss their tasks, plan and implement sustainable activities. This is to ensure that we are always working to promote work relating to CSR and sustainable development.





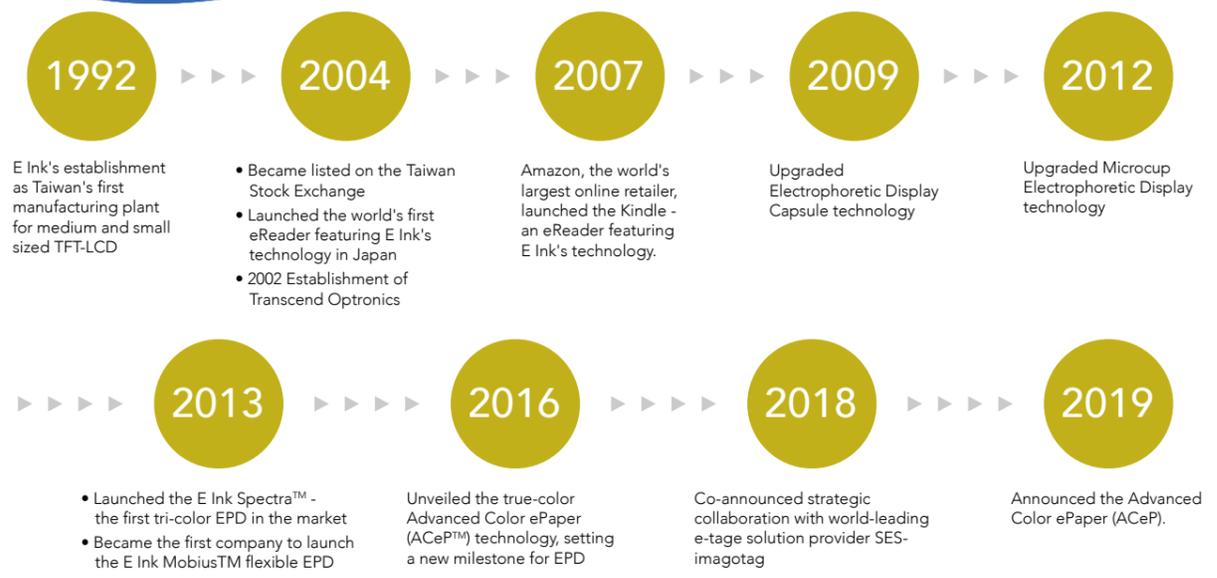
Chapter 02

Forward-Looking · Navigation Strategy

2-1 E Ink Chronicle

History

1995 / 06 / 16	Establishment
1995 / 12	The Hsinchu Plant with a monthly design capacity of up to 6,000 pieces was completed.
1997 / 01	Hsinchu HQ Building was completed.
2001 / 09	Expanded equipment to raise monthly capacity to 36,000 pieces.
2004 / 03	Officially listed on TPEX on March 30.
2005 / 05	Acquired Philips' EPD business.
2006 / 10	Established the US subsidiary to expand to the US sales network.
2008 / 07	Acquired shares of Hydis Technologies Co., Ltd. on July 4.
2009 / 12	Acquired 100% shares of E Ink USA.
2010 / 06	Changed the company's English name to E Ink Holdings Inc.
2012 / 11	Acquired shares of SiPix for its Microcup® technology and patents to broaden and integrate E Ink's EPD patent deployment.
2013 / 05	Announced the E Ink Spectra™, a tri-color EPD including red, black, and white.
2015 / 01	Announced the E Ink Prism™ color EPD technology.
2016 / 05	Announced the Advanced Color ePaper technology (ACePTM).
2017 / 04	Established a joint venture company Linfiny Corporation in collaboration with Sony Semiconductor Solutions Corporation to foray into the EPD business.
2018 / 05	Launched strategic cooperation with SES-imagotag to deepen IoT market deployment.
2019 / 06	Subsidiary Yungyu Investment merged with Yuanhan Materials and was renamed to Yuanhan Materials Inc.
2019 / 10	Subsidiary Yunhan Materials Inc. merged with SiPix Technologies to simplify E Ink Group's organizational management to improve the operational efficacy of the subsidiary.
2019 / 12	Revealed Print Color ePaper technology to aggressively expand smart applications for the technology.



2-2 Global deployment

Established in 1992 in Hsinchu Science Park, E Ink became Taiwan's first TFT LCD manufacturer. In light 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 for terminal equipment manufacturers.

The 1990s had been the teething stage for digital publication and the concept of a novel display "ePaper" thus came into existence. 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 ventured into the research, development, and production of ePaper and acquired Philip's ePaper business in 2005, thereby becoming the world's largest ePaper manufacturer and supplier. Later in 2009, the Company again acquired E Ink - the key e-ink technology proprietor in the US, followed by the acquisition of SiPix in 2012 - a producer of micro-cup e-ink film in Linkou, Taiwan. At this point, we have effectively completed the integration of ePaper production chain covering e-ink, ePaper panel, and ePaper module manufacturing.

Through distribution by sales locations across major markets (including our Hsinchu HQ, Linkou, Shenzhen, Tokyo, Seoul, Billerica) and R&D centers (Hsinchu HQ, Linkou, Fremont, Tokyo, and Yangzhou) that keep delivering technological breakthroughs, we were able to integrate R&D, manufacturing, and sales to steadily supply products to global leading enterprises such as Amazon, Kobo and so forth with cutting-edge technology, excellent products and profound know-how in mass-production. In fact, all ePaper modules used by market-leading eReaders are produced by E Ink.

After securing a strong presence in the eReader market, we began to extend our reach to other fields of application. Following the success of three major technological breakthroughs (color ePaper, rollable ePaper and reference design with development and assessment kits) in 2015, as relevant technologies began to mature, we relied on electronic shelf label (ESL), electronic notes (eNote) and signage as our three core growth engines that gradually paved the way to steady business growth starting from 2016. Between 2017 and 2019, on top of maintaining steady growth in our ESL sales, we also launched e-Note related products in collaboration with renowned brand names such as Sony and Fujitsu in Japan,

reMarkable of Europe, Lenovo, iFLYTEK, Zhangyue, and Hisense in China and achieved considerable success in the domains of education and professional applications. Our digital signage also enjoyed considerable growth in the field of transportation, with our products chosen for info panel at demo bus stops in Taipei City and New Taipei City, Boston, Shanghai, Fuzhou, and Naju (South Korea), along with digital license plates in California and transit advertising in Germany and so forth.

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

In addition to constantly improving upon existing strengths, we continue to commit more resources to research and development and by combining expertise in material science, chemistry, electronics, electrical engineering, and mechanical engineering to achieve a technological breakthrough. E Ink has declared 2019 as "the first year of color ePaper" with its launch of Advanced Color ePaper (ACePTM) and Print Color ePaper to overcome the limits of black and white display and further expand the scope of ePaper applications.

Looking to the future, we will continue to invest in technological R&D to consolidate our technical capacity and maintain our leading-edge while promoting ePaper's application in smart retail, smart transportation, and smart education. Not only that, but we will also extend our reach into other new domains such as smart office, smart logistics, smart factories, smart healthcare, smart buildings, and smart homes.

Worldwide Presence

Asia

E Ink (Headquarters)

RD, sales, and application service HQ
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 Z

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

E Ink South Korea Office

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



E Ink (Headquarters)



E Ink Linkou Plant



E Ink Transcend Optronics

Name of organization	E Ink Holdings Inc.
HQ location	Taiwan Hsinchu Science Park (HSP), No. 3, Lixing 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan
Major product or service ranges	Research, development, manufacture, and sale of ePaper technology-related materials and products, such as FPL film, e-paper display (EPD) and so forth
Major countries or markets served	The USA, Europe (Germany and France), Russia, Japan, and China
Number and distribution of 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, and South Korea.
Nature of ownership and legal form	E Ink Holdings is a company limited by shares founded in Taiwan in June 1992 and was officially listed on the Taipei Stock Exchange (TEPx: 8069) in March 2004.
Total number of employees	Taiwan: E Ink (884), YHMI (26) Mainland China: Yangzhou Plant (1118)* and Shenzhen Office (15) USA-EIC+ECA (388) South Korea-Hydis, EIK (17) Japan-EIJ+Linfinity (37)
Total Assets	Total Equity 29,452,784,000 Total Liabilities 12,168,165,000 Total Assets 41,620,949,000
Product Sales	Domestic: 727K Export: 23,535K

*Including direct labor and interns.

North America

E Ink Corporation

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



E Ink South Hadley Site

Office locations
7 Gaylord Street South Hadley, MA 01075 USA



E Ink Fremont Site

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

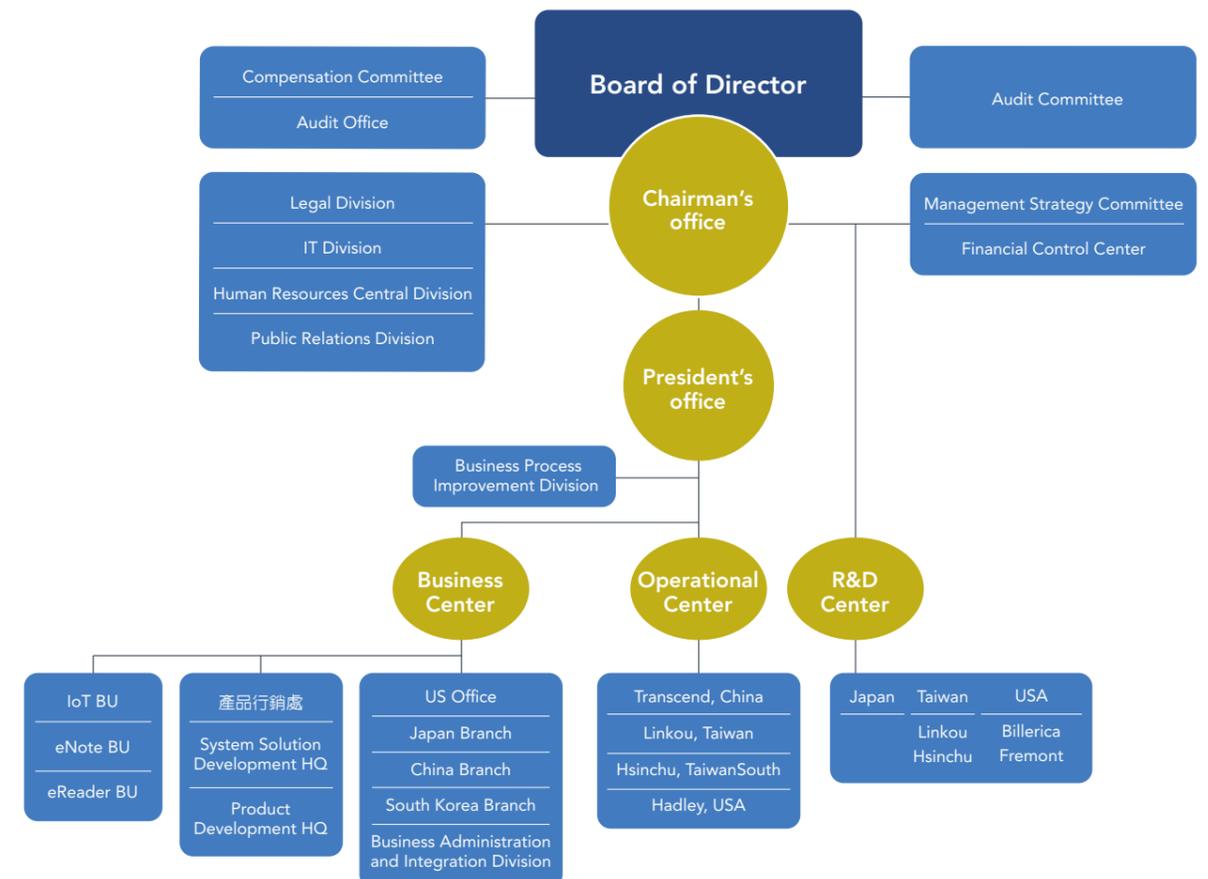


2-3 Business ethics and integrity and sustainable governance

Organization Framework

I. Organization System

(1) Organization Chart



(2) Organizational Functions

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

Plan operational strategies and goals; plan and implement internal control; administer legal affairs and plan and manage document control; plan and implement human resources affairs; plan IT deployment and implement new IT; develop market presence and contact the media; plan, implement, and supervise public affairs, such as international exhibitions and product promotional activities; supervision of product R&D and direction of application; complete control over the company's financial status, authorize the President to execute Board of Directors' decision and achieve the management objectives established by the Board.

President's Office (including the Operations Center, Business Center and Business Process Improvement Division)

Responsible for leading, coordinating, and operating the company's Operations Center, Business Center, and branches to achieve the Company's goals and strategies. Steer overall business development, make decisions, promote policies, and set operational regulations.

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.

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 production process in the product manufacturing process and plan and implement process management.

Financial Control Center

Plan and implement affairs relating to finance, accounting, operational management, and public affairs.

Business Center (including the eReader BU, eNote BU, IoT BU, Product Development HQ, System Solution Development Central Division, Product Marketing Division, and Integrated Business Management Division)

Control global business management and strategic policies; control global production planning and strategic policies, lead FAE to propose efficient design-in schedules to customers and shorten customer development lead-time, establish product roadmaps, achieve sales targets, and the planning and implementation of an ecosystem for new products and markets.

II. Board Members Basic Data

Title	Nationality/Location of registration	Name	Elected (Inaugurated) Date	Term	First Elected Date	Major Experience/Education Attainment	Concurrent Post at E Ink and Other Companies
Chairman	ROC	Johnson Lee, representative of Aidatek Electronics, Inc.	2017 06.20	3 years	2008 06.13	BA/BS in Economics and Electrical Engineering, Tufts University, USA.	Chairman/Chairman or director of E Ink subsidiaries/Chairman, ICM Communications Inc./ Supervisor, Netronix, Inc./ Executive Director, Shin Lung Natural Gas Co., Ltd./ Director, UltraChip Inc. /Director, Foongtone Technology Co., Ltd./ Director, BoardTek Electronics Corporation and Yi Lung Gas Co., Ltd.
Director	ROC	S. C. Ho, representative of Aidatek Electronics, Inc.	2017 06.20	3 years	2002 06.20	MS in Mechanical Engineering, University of Wisconsin, USA.	MS in Mechanical Engineering, University of Wisconsin, USA. Director, YFY/ Director or supervisor of YFY subsidiaries /Director, Chung Hwa Pulp Corporation/Director, Taigen Biotechnology Co., Ltd./ Director, Shen's Art/ Director of E Ink subsidiaries ¹
Director	ROC	Felix Ho, representative of Aidatek Electronics, Inc.	2017 06.20	3 years	2002 06.20	MA in Financial Management, MIT Sloan School of Management	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 ¹
Director	ROC	Frank Ko, representative of Aidatek Electronics, Inc. ³	2017 06.20	2017.06.20 - 2019.09.09	2014 06.18	VP, Technology and Strategic Development Office, AUO/PhD., Institute of EO Engineering, National Chiao Tung University.	Former chairman or director of E Ink subsidiaries.
Director	ROC	Luke Chen, representative of Aidatek Electronics, Inc. ³	2019 09.09	2019.09.09 - 2020.06.18	2019 09.09	MEng in Electrical Engineering and Industrial Engineering, New Mexico State University	Executive VP, E Ink Holdings Inc., and chairman or director of E Ink subsidiaries

Title	Nationality/Location of registration	Name	Elected (Inaugurated) Date	Term	First Elected Date	Major Experience/Education Attainment	Concurrent Post at E Ink and Other Companies
Director	ROC	Feng-Yuan Gan, representative of YFY Inc.	2017 06.20	3 years	2017 06.20	PhD in Electrical Engineering, McGill University, Canada	President
Director	ROC	Chuan-Chuan Tsai, representative of YFY Inc.	2017 06.20	3 years	2008 06.13	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
Independent Director	ROC	Tien-Chung Chen	2017 06.20	3 years	2005 06.16	President, Advantech America/Director or supervisor of Advantech Co., Ltd. /MBA, Indiana University	Independent Director, YFY Inc.
Independent Director	ROC	Chao-Tung Wen	2017 06.20	3 years	2014 06.18	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/PhD in Urban and Environmental Management, Rensselaer Polytechnic Institute, USA.	Independent Director, PharmaDax Inc./Independent Director, Tatung System Technologies Inc./Chairman, Eastern International Ad.
Independent Director	ROC	Po-Yung Chu ²	2019 06.18	2019.06.18 - 2020.06.18	2019 06.18	PhD, Purdue University /Professor, Department of Management Science, National Chiao Tung University	Independent director, Shin Foong Specialty and Applied Materials Co., Ltd./ Independent director, Hsin Kuang Steel/ Independent director, Polytronics Technology Corporation

¹ Please refer to E Ink Annual Report 2019 or our website for details of concurrent posts.

² Po-Yung Chu was elected to become an independent director on June 18, 2019.

³ Frank Ko stepped down from his position as a director on September 9, 2019 and E Ink appointed Luke Chen to take Ko's place as a director on September 9, 2019.

⁴ Director Johnson Lee was elected by the Board to become the Company's Chairman on December 19, 2019

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

Board Meeting

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 2017 annual general meeting of directors and re-election in the 2019 general meeting of shareholders, the board currently has nine directors, including three independent directors and one female director, with an average age of 59.55. The term of all current directors is three years, from Tuesday, June 20, 2017 to Friday, June 19, 2020.

Audit Committee

To optimize the audit and supervision functions and strengthen management adequacy, the Audit Committee assists the board of

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

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

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

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

Compensation Committee

The Compensation Committee is established to make a reasonable, impartial, and competitive compensation strategy according to the external 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 2019 board meetings are shown below (please refer to the 2019 Annual Report for details):

- Board of Directors: There were five times of avoidance of conflicts of interest involving seven proposals in the six board meetings held in 2019.
- Audit Committee: No avoidance of conflicts of interest was reported in the committee meetings held in 2019



The table below shows the number of meetings and attendances of the Board of Directors, Audit Committee, and Compensation Committee in 2019

	Board Meeting	Audit Committee	Compensation Committee
Number of Meetings in 2019	6	5	2

Title	Name	Board Meeting	Audit Committee ¹	Compensation Committee
		Actual Attendance Rate (%)	Actual Attendance Rate (%)	Actual Attendance Rate (%)
Director	Aidatek Electronics Inc. Representative: Johnson Lee	100%	-	-
Director	Aidatek Electronics Inc. Representative: S.C. Ho	100%	-	-
Director	Aidatek Electronics Inc. Representative: Felix Ho	100%	-	-
Director	Aidatek Electronics Inc. Representative: Frank Ko ³	100%	-	-
Director	Aidatek Electronics Inc. Representative: Luke Chen ³	100%	-	-
Director	YFY Inc. Representative: Feng-Yuan Gan	100%	-	-
Director	YFY Inc. Representative: Chuan-Chuan Tsai	100%	-	-
Independent Director	Tien-Chung Chen	100%	100%	100%
Independent Director	Chao-Tung Wen	100%	100%	100%
Independent Director	Po-Yung Chu ²	100%	100%	100%

¹ The Audit and Remuneration Committees comprise all independent directors.

² Po-Yung Chu was appointed as a new director as of June 18, 2019.

³ Frank Ko resigned from his position as a director on September 9, 2019 and Luke Chen became a new director on September 9, 2019.

IV - Further Education of Directors

Training Date	Organizer	Course	Length	Name	Title
2019/09/27	Taiwan Corporate Governance Association	The impact of economic substance, repatriation of offshore funds and New South Policy on the Group and response strategies	3.0	Johnson Lee	Representative of institutional director
2019/11/08	Taiwan Corporate Governance Association	Due diligence for mergers and acquisitions and introduction to business agreement	3.0	Johnson Lee	Representative of institutional director
2019/11/08	Taiwan Corporate Governance Association	Trends and challenges for IT security governance	3.0	S. C. Ho	Representative of institutional director
2019/11/08	Taiwan Corporate Governance Association	The impact of economic substance, repatriation of offshore funds and New South Policy on the Group and response strategies	3.0	S. C. Ho	Representative of institutional director
2019/11/08	Taiwan Corporate Governance Association	Trends and challenges for IT security governance	3.0	Felix Ho	Representative of institutional director
2019/11/08	Taiwan Corporate Governance Association	The impact of economic substance, repatriation of offshore funds and New South Policy on the Group and response strategies	3.0	Felix Ho	Representative of institutional director
2019/07/26	Taiwan Corporate Governance Association	The role and responsibilities of directors, supervisors, and managers	3.0	Feng-Yuan Gan	Representative of institutional director
2019/08/30	Taiwan Corporate Governance Association	The 1st step to assessing the true management results for a company: financial statement analysis and limitations	3.0	Feng-Yuan Gan	Representative of institutional director

Training Date	Organizer	Course	Length	Name	Title
2019/06/21	Taiwan Corporate Governance Association	The value and disclosure of a company's non-financial performance - global trends and impact on Taiwanese businesses	3.0	Chuan-Chuan Tsai	Representative of institutional director
2019/08/23	Taiwan Corporate Governance Association	An analysis of the top 10 global risks for 2019	3.0	Chuan-Chuan Tsai	Representative of institutional director
2018/03/02	Taiwan Corporate Governance Association	Leadership approach for directors in an environment of rapid technological advancements	3.0	Tien-Chung Chen	Independent Director
2019/08/23	Taiwan Corporate Governance Association	An analysis of the top 10 global risks for 2019	3.0	Tien-Chung Chen	Independent Director
2019/09/06	Taiwan Corporate Governance Association	Trends and risk management for digital technologies and artificial intelligence	3.0	Tien-Chung Chen	Independent Director
2019/09/17	Taiwan Corporate Governance Association	Leadership approach for directors in an environment of rapid technological advancements	3.0	Tien-Chung Chen	Independent Director
2019/09/20	Taiwan Corporate Governance Association	A look at economic substance regulations and the global trend of anti-tax avoidance from the perspective of director/supervisor	3.0	Tien-Chung Chen	Independent Director
2019/02/25	Securities and Futures Institute	Trends and challenges for IT security governance	3.0	Chao-Tung Wen	Independent Director
2019/10/29	Securities and Futures Institute	Criminal legal risks and countermeasures for corporate directors/supervisors - A discourse on corporate corruption and anti-money laundering mechanisms	3.0	Chao-Tung Wen	Independent Director
2019/05/07	Taiwan Corporate Governance Association	Culture of communication and decision quality for the Board of Directors	3.0	Po-Yung Chu	Independent Director
2019/08/02	Taiwan Corporate Governance Association	Changes and opportunities for the joint-stock company with the amendments to Company Act	3.0	Po-Yung Chu	Independent Director
2019/11/05	Taiwan Corporate Governance Association	Group governance and performance management	3.0	Po-Yung Chu	Independent Director

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.

Company regulations approved by the Board of Directors in 2019

Item	Title	Key points
1	Corporate Governance Guidelines	In an effort to facilitate sound development for the Company and establish a reliable system to ensure corporate governance, the Corporate Governance Guidelines have been established per "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
2	Sustainability & CSR Guidelines	In an effort to facilitate sound development for the Company and establish a reliable system to ensure corporate governance, the Corporate Governance Guidelines have been established per "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
3	Procedure Governing Board Performance Evaluation	To facilitate the fulfillment of our corporate social responsibilities and promote sustainable development for the economy, society, and environment, these guidelines have been established in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies."
4	Ethical Corporate Management Best Practice Principles	These principles have been established in reference to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" in order to uphold our corporate culture for ethical management and sound development.

Key regulations link

Note:
For our key regulations, please refer to http://www.ir-cloud.com/taiwan/8069/irwebsite_c/about-us.php?t=rule

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. Not only that, but we have also taken steps to inform all employees regarding specific requirements to enable consistency in legal compliance between E Ink and its subsidiaries and affiliates.

Code of Business Conduct Standard Operating Procedure

- No fraud, corruption, or injury to the character by extortion or any behavior that may harm the corporate image and causes social criticism is allowed.
- No spread of rumors and false claims that may harm the corporate image or the reputation of specific employees or organizational harmony is allowed.
- No offering or acceptance of bribes, corruption, nonfeasance/misfeasance/malfasance to obtain an undue or improper advantage by exerting one's authority (including soliciting kickbacks or other undue or improper advantages from suppliers or customers) is allowed.
- No inappropriate handling of employee violations is allowed
- No violation of laws relating to fair trade is allowed

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.

E Ink arranges education and training activities for employees and asks them to strictly comply with our code of conduct. In Taiwan, all newcomers are requested to receive education and training relating to anti-corruption, including 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 2019, we hosted 6 sessions of orientation training/education for newcomers and 2 sessions of orientation for new divisional supervisors (or above), with a total of 93 newcomers completing their required training. In addition, no incident of corruption was reported.

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 happens to be the goal we have been pursuing over the years. By establishing the Rules of Procedures for Board Meetings and the independent director post, we were able to ensure the proper functioning of the Board. We have also established our 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 to implement corporate governance.

A total of 1,600 public companies participated in the 6th Corporate Governance Evaluation which evaluated those companies based on criteria in four major categories.

E Ink has done impressively well in the evaluation by placing within the 6%~20% group. With regards to areas that could use further improvement, we will continue to assess the feasibility of future improvements and follow through with relevant implementations as we strive for better results, which will in turn boost the Company's overall image. Our priorities for improvement and measures are as follows:

- I. Strengthen the channels and methods for communication between the Company and the Board
- II. Improve investor information transparency

The outcome of the 6th Corporate Governance Evaluation	Significant measures and performance in corporate governance in 2019	Targets for 2020 and measures for improvement
<p>Ranking within the listed companies: top 6%~20%</p> <p>Industry type: ranking within the listed companies with a market worth above NTD 10 billion in the electronic sector: top 21%~40%</p>	<ul style="list-style-type: none"> • Establishment of Corporate Governance Guidelines • Establishment of Sustainability & CSR Guidelines • Establishment of Ethical Corporate Management Best Practice Principles • Establishment of Procedure Governing Board Performance Evaluation 	<p>I. Strengthen the channels and methods for communication between the Company and the Board</p> <p>II. Improve investor information transparency</p>

Protection of confidential 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. And as such, we continue to verify and optimize the effectiveness of key technologies and information while passing down and managing relevant know-how while strengthening relevant training for our employees in order to help them foster the right mindset for the protection of confidential information and alertness to reduce the risks of confidential information loss. We engage our customers and suppliers in the joint effort for confidential information protection through the signing of confidentiality agreements in order to ensure proper protection of best interests for the Company, our shareholders, employees, customers, and suppliers.

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

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

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

Anti-Trust

As the global leader of ePaper technology, we are committed to complying with antitrust-related regulations across the world. The Company held a total of 3 sessions on the fundamental concepts of anti-trust laws and advanced application training in 2019, involving a total of 224 employees in participation. Employees from Sales, Procurement, Marketing, PR, R&D and so forth took part in the training. 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.

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.

There had been no instance of penalties due to economic, environmental, or social violations for the Company in 2019.

Protection of personal information

In addition to placing major emphasis on the protection of personal information for all stakeholders, we have made it a point to ensure that all departments will take adequate protective measures when collecting, processing and using personal information. Each year, the Company would host personal information group meetings to examine and review the status of personal information management and usage by each department and promote awareness of pertinent regulations and case studies of personal information leakage during the meetings to improve and refine the Company's policy for personal information protection. With regards to EU's General Data Protection Regulation (GDPR) promulgated in 2019, the Company has also updated our English and Chinese privacy policy and terms of use on our website; established our policy for Cookie and reviewed our internal/external personal information flow and our plan for future operations along with analysis of discrepancies between GDPR and our existing measures for personal information protection.

V. Please state the methods of promoting confidential secret protection (i.e. inventorying R&D department and so forth)

2-4 Strategy focus and growth

Business Strategy and Performance

I. Operating strategy

As tension between the US-China trade 2019 remains high, more trade barriers have emerged in the arena of the global economy and this only added to even more uncertainties in economic activities. Consequently, 2019 has witnessed the slowest growth in the global economy in the past decade. With companies around the world becoming more conservative and frugal in their expenses and consumers having significantly weaker purchasing power, E Ink has unfortunately been unable to meet our expected growth in annual operating revenues for 2019. Our consolidated revenue for the year came to NTD 13.6 billion. Nevertheless, despite the daunting challenge of meeting our target for operating revenue, the Company has aggressively sought to boost its operating efficiency and optimize its operations. As a result, our gross margin came to NTD 6.04 billion - setting a historic high of 44.4% gross margin; our net profit after tax came to NTD 3.08 billion, with an EPS of NTD 2.72 and maintaining a streak of 7 years of record-setting high.

Looking back to the development of our operations as a whole in 2019, although the revenues and shipping quantity for eReaders dipped slightly, eReaders have evolved to feature larger screens and product combinations of multi-layered structure with higher unit prices. We are pleased to see breakthroughs in the development of eNote in the markets of smart education and digital learning. However, due to conflicting schedules between our collaborating partners' product launch and our anticipated window for terminal market expansion, our product revenues were not able to reflect such growths due to issues of timing and as a result, we were not able to achieve our growth target for eNote. That said, with the technologies for Print Color ePaper gradually maturing, we expect eNote products will soon enter a new era of the color display to accommodate the demands from the market of digital learning and education.

With regard to IoT applications, electronic shelf labels (ESL) have witnessed steady growth in the new retail markets. In addition to its gradual acceptance and application in large hypermarket franchises in Europe, America, and China, the shipping quantity for ePaper designed for ESL has already reached comparable volume to ePaper for eReaders. For digital signage business, E Ink has been actively getting involved in the markets for smart medicine and smart city applications. Apart from continuing to strengthen collaboration with our ecosystem partners, we will strive to design revolutionary applications and new products for medical institutions and transportation in order for the promotion to gradually take effect, with increased exposure for all demo locations. At the same time, we are on our way to the mass production for Advanced Color ePaper (ACePTM), which is well-suited for applications such as advertising signage for retail stores, digital billboards, and so forth.

In addition, E Ink also received the 5th Taiwan Mittelstand Award from the Industrial Development Bureau, Ministry of Economic Affairs in 2019 as recognition for the exceptional effort from the Company's management in high-performance operation management to continue improving upon ePaper technologies and its scope of application, thereby driving steady growth for the Company. Furthermore, the Company's success in sustainable development in three major aspects of economic growth, social advancement and environmental protection has earned it several distinctions in the Taiwan Corporate Sustainability Awards for three years running by winning four major awards, including the Top 50 Corporate Sustainability Awards - IT & IC Manufacturing, Corporate Sustainability Report Awards - IT & IC Manufacturing, Best Performance of Specific Categories for Social Inclusion - Manufacturing and Best Performance of Specific Categories for Growth through Innovation in 2019.

Business Foci for 2020

Having traversed the economic environment of high uncertainty in 2019, E Ink will continue to endeavor for better growth in operating revenues, deepened our technological capacities, and fortify our business operations in 2020. However, the world was hit with the COVID-19 epidemic at the beginning of 2020 and the epidemic has impacted the global supply chain and economic development tremendously. Facing this unexpected turn of event and dire situation, E Ink has remained highly alert and collaborated with competent authorities in the implementation of disease prevention while taking steps to elevate the standards of disease prevention and measures for the Company. In addition, the Company has immediately secured relevant resources to prevent potential disruptions to supply and production while keeping in close communication and cooperation with our customers to ensure unhindered shipping. Despite our best efforts, the already-weak global economy will only be slowed down even further due to the epidemic and the chances of its smooth recovery will become a significant potential factor that will determine the pace of our growth in operating revenues.

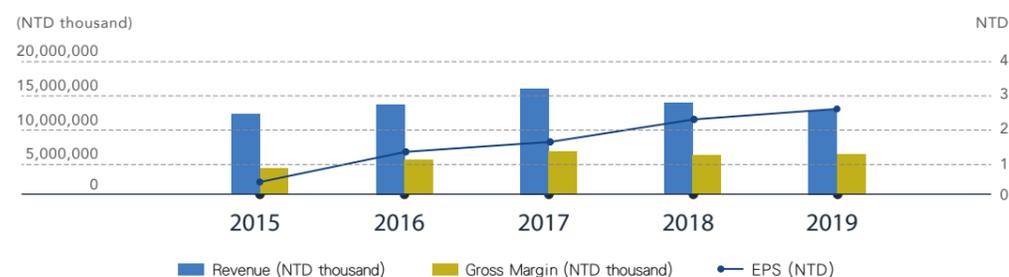
With regard to business promotion for 2020, the Company will continue to develop the markets for e-Reader, eNote, and IoT applications. In addition to featuring larger screens and multiple layered structures at higher unit prices for e-Readers, we will also be looking to introduce handwriting recognition features in our end products to further expand our market base. For eNote, apart from further improving our products and aggressively pushing for the launch of new products on our customers' end, we will also be deploying Print Color ePaper for relevant applications in the education market in the hopes of generating new momentum for growth. ESL for IoT has enjoyed steady growth in the past year and the market is still going at a desirable momentum and we expect our deployments in the fields of smart ePaper logistic tags to pay off - with significant growth in the use of digital signage for medical care and transportation, which will in turn gradually drive up our operating revenues as well.

II. Consolidated financial performance for 2019

The table below shows the consolidated financial performance of E Ink and subsidiaries. In 2018, E Ink's total equity amounted to NTD 28,314,444,000. The dip in revenue and gross margin in 2018 is primarily attributed to the unachieved growth target of the ePaper business, as the eReader did not perform as we had expected. That said, eNote has continued to grow in the smart education, digital learning, and handwriting pad markets compared to 2017 and are apparently on the right track. Our EPS increased mainly due to the recognition of loss from discontinued operations and exchange loss from 2017 and the adoption of exchange gain in 2018.

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

Item \ Year	2015	2016	2017	2018	2019
Operating Profit	13,306,503	14,006,206	15,203,334	14,208,661	13,601,676
Gross Margin	4,148,730	5,120,546	6,284,416	5,930,176	6,038,586
EPS (LPS)	0.47	1.69	1.85	2.32	2.72



When it comes to technological development, apart from offering black and white ePaper products with superior performance, we will also integrate our products and production technologies to continue improving the yield rate for flexible EPD. Meanwhile, our Color ePaper products will soon enter the phase of stable mass production and become a focal technological point that will support and facilitate growth in relevant applications. In terms of e-Reader and eNote related technological developments, we will be primarily focusing on the improvement of handwriting recognition features; for retail and logistics ESL/eTag, we will prioritize the development of energy-saving and sourceless technologies to construct a sound foundation for product development.

With regards to operation management, we will be working on our existing foundations to not only integrate existing efforts in technological developments to shorten product development lead-time and accelerate product launch but also continue to boost our production efficacy to eventually achieve fully automated production. At the same time, we will also strengthen our versatility in our operation management in the hopes of optimizing the task of product development (i.e. from production to shipping) and making it our core competitiveness.

Future Outlook

In the face of uncertainty in the global market environment, E Ink shall continue to refine upon its operation management, improve the development and manufacturing of ePaper for color, flexible, energy-saving, and sourceless technologies and work closely with our customers and supply chain partners through communication to ensure smooth production, manufacturing, and shipping of ePaper products to secure our business development. At the same time, with the emergent trends of smart city and IoT applications, E Ink shall focus on the two major technologies for color ePaper (i.e. ACePTM and Print Color ePaper) and utilize ePaper's characteristics of bistability and reflectivity to fully expand into smart applications for color ePaper, so that we can promote steady growth and sustainable development toward a smart and "paperless" beautiful future.

Type	Item	Amount ²
		NT\$1,000 (except for EPS/LPS which are expressed in NT\$1)
Economic Value Produced	Operating Profit	13,601,676
	Net Income (Loss)	559,811
	Other Income and Gain	3,345,737
	Other Expense and Loss	184,081
Economic Value Allotted	Operating Costs and Expenses	13,041,864
	Cash Dividend Per Share	2
	Shareholder's Cash Dividend and Bonus	2,268,725
	Income Taxes	547,870
	Employee Wages and Benefits	3,753,956
	Social Expense	2,730
Economic Value Retained	Retained Earnings	7,428,382
	Net Income (after tax)	3,083,789

¹ The Cash Dividend Per Share was approved by the Board during the meeting on March 18, 2020 and has been released after the AGM's approval on June 18, 2020.

² Financial data is extracted from the 2019 Consolidated Financial Statement of E Ink Holdings Inc. and Affiliates and audited and verified by Deloitte Taiwan after auditing.

Government subsidy for Yangzhou Plant in 2019

Item	Subsidy Amount/(RMB)
Integration of Informationization and Industrialization Management System Benchmark	200,000
Jiangsu Integration of Informationization and Industrialization Experimental Enterprise	165,000
Yangzhou Economic and Technological Development Zone Director's Quality Award	200,000
Yangzhou City Innovation Coupon for 2018	100,000
Fund Allocation from Business Development Special Fund (Foreign Investment Quality Improvement) for 2018	100,000
Total	765,000

According to "Regulations Governing Application of Investment Tax Credits to Corporations or Limited Partnership Participating in Research and Development", E Ink has applied for an R&D write-off equivalent to NTD 303,323, 840 in Taiwan in 2019; our Yangzhou Plant also applied for a government subsidy of RMB 765,000.

III. Tax Governance

E Ink's Tax Risk Management and Commitment

E Ink Holdings Inc. (henceforth referred to as E Ink) is a world-leading manufacturer and supplier of ePaper-related products, with subsidiaries in Taiwan, the USA, Japan, mainland China, and South Korea. In response to the international trends of tax governance and to fulfill our corporate citizen obligations, we have been paying close attention to the latest changes in tax regulations and potential tax risks across the world.

Distribution of our subsidiaries: Taiwan, the USA, Japan, mainland China, and South Korea.

Scope of tax management: business income tax, indirect taxes, and other taxes.

Major risks	Tax commitment
<ul style="list-style-type: none"> Tax disputes due to ambiguities in tax regulations. Increase in compliance costs due to discrepancies in OECD's legislation progress for anti-tax avoidance (ATA). Changes in tax laws and tax rewards measures and their effects on tax planning. The effects of the US-China trade war and the inability of the Company to participate in major FTA zones on tax affairs. 	<ul style="list-style-type: none"> Ensure compliance with tax regulations, accurate tax calculation, and timely tax payment. Remain vigilant on government reward for innovation and tax policies for re-investments. Adhere to principles of ethics and integrity in the handling of tax-related affairs. Ensure compliance with the arm's length principle (ALP) in transactions among subsidiaries and the internationally accepted transfer pricing principles as announced by the OECD. Refrain from tax avoidance or aggressive tax planning through tax havens. Maintain positive communication with competent tax authorities. All major Company decisions shall consider the impact on tax affairs. To disclose related tax information in the financial statements, annual report, and annual general meeting of shareholders per the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and relevant laws and regulations.

Memberships of Associations

We are one of the initiators of the Taiwan TFT LCD Association (TTLA) and currently serve as a director of the association. We have made positive contributions to the development of Taiwan's panel industry. The TTLA is composed of an HSE committee, technology committee, materials committee, and equipment committee - all of which we have been actively involved in. At the same time, in response to the government's policy for green power and promotion of renewable energy development, E Ink has subscribed to numerous renewable energy certificates (RECs) and became the executive director of the National Renewable Energy Certification Center. E Ink is also a member of the Institute of Internal Auditors-Chinese Taiwan. In addition to complying with the International Standards for the Professional Practice of Internal Auditing and professional ethics, we have also integrated governance, risk management and internal control for the development of internal control and audit so that we can ensure effective control of the environment within the Company and improve our operational performance. In addition, we are also a member of The Allied Association for Science Parks, the Taiwan Display Union Association (TDUA), and the Taiwan Electrical and Electronic Manufacturers' Association and attend relevant discussions and meetings.

In light of the development of IoT and smart city, we are driven to promote ePaper as the optimal display technology for reading, writing, and various IoT applications, E Ink has also been actively taking part in relevant international associations and organizations.

- We participated in the Digital Stationery Consortium (DSC) to promote e-ink and handwriting recognition technology to optimize relevant technologies and aggressively establish common standards to accelerate the popularization of related technologies with other DSC members so that we can deliver a better digital writing experience to users.
- We also participate in associations including the armMBED, Digital Signage Multimedia Alliance Taiwan, Taiwan Digital Publishing Forum, and SEMI-FLEX Tech to promote smart, paperless applications of ePaper in users' day-to-day lifestyles and business.
- E Ink is also a member of the AirFuel wireless charging organization and currently serves as a member of its Board of Directors. We intend to promote EPD of ultra-low power consumption that incorporates wireless charging technologies to create battery-less EPD devices that are suited across several vertical industries such as logistics, digital signage, smart city, retail, and consumer electronics.

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.



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	Degree of Impact	Frequency of Occurrence	Control Strategy
Continual operation	Compliance	Fluctuations in global politics, economy, and industry trends would indirectly influence relevant environmental and trade regulations/requirements that could, in turn, impact the Company's costs and profits	High	Low	Foster the Company's response capabilities to ensure continual operation.
Product technologies	Technological R&D	The development of innovative technologies can facilitate business development for the value chain by driving up the profit margin from product distribution and strengthen the Company's core competitiveness	High	High	Product differentiation, refinement of technological quality to boost the competitive edge of our products; strategic alliance and collaborations.
Financial Risk	Foreign Exchange Risk	This is because we use foreign currencies (mainly USD) in export trade.	High	Medium	1. Keep track on the exchange rate change and enhance capital utilization efficiency. 2. Offset with income and expense for the short run, and make timely hedging for new capital demand with long-term foreign currency loan or forward exchange.
	Interest Rate Rise	Long-term and short-term loans and financial derivatives.	Medium	Low	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.	Medium	Medium	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. Due to the financial structure and operating status of offshore affiliates, it is possible that frauds or problematic financial situations will not be disclosed in time. 2. Potentially ineffective fund dispatch or utilization among group members resulting from potential foreign exchange control or taxation consideration.	Medium	Low	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."	Low	Low	1. Review the inventory of various raw materials weekly to determine optimal stock planning. 2. Carefully assess suppliers and aggressively cultivate supply sources.
	Rapid changes in supply and demand	Rapid changes in supply and demand could lead to an increase in stock and warehousing costs or loss of customers due to under production.	Medium	Medium	Plan and simulate various production-sales situations based on purchase order estimation to dynamically adjust the production plan.
Information System Risk	Confidential Information Leakage	Theft, tampering, damage, loss, or leakage of trade secrets, patents, and research and development data.	Medium	Low	Strengthen the security of IT equipment firewalls, anomaly management, and reporting and detection mechanism
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.	Medium	Low	1. Establish standard operating procedures and arrange employee education and training periodically. 2. Update hardware protection and conduct inspections periodically.
	Environmental Stewardship	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.	Low	Low	Reduce air pollutant emissions and wastewater discharge. Reinforce water saving and wastewater recovery. Control the use of recyclable materials.

Status of Audit Mechanism Operation

E Ink has an internal audit unit that operates independently and answers directly to the Board of Directors. It is responsible for auditing the financial, sales along with other operational/managerial aspects of E Ink and its subsidiaries. In addition to being presented to the Board of Directors during Board Meetings, the Chairman and Audit Committee may also be debriefed on specific audits on a regular or ad-hoc basis.

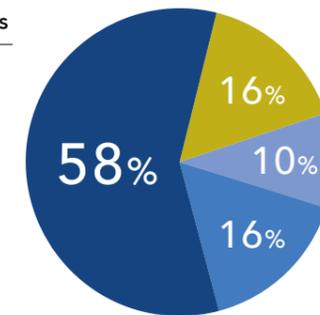
Apart from implementing the annual program according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Audit Office also conducts project audits when deemed necessary to assess and detect potential defects in the internal control system on time and to make recommendations for improvement. In addition, for the Yangzhou Plant, auditors are also required to audit and supervise the entire process of large procurement projects; inventory returned finished and semi-finished products and raw materials every quarter; and supervise the disposal of scraps to further reduce potential risks in relevant operations.



The diagram below illustrates E Ink's audit result of Taiwan Plants and Yangzhou Plant in 2019. All rectifications and improvements have been completed in full.

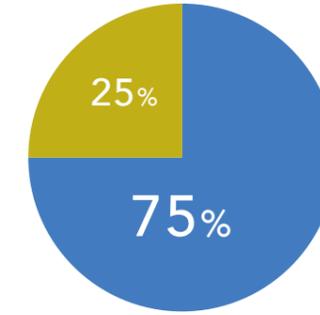
Ratio of audit item

EIH Taiwan Plants
audited 38 times



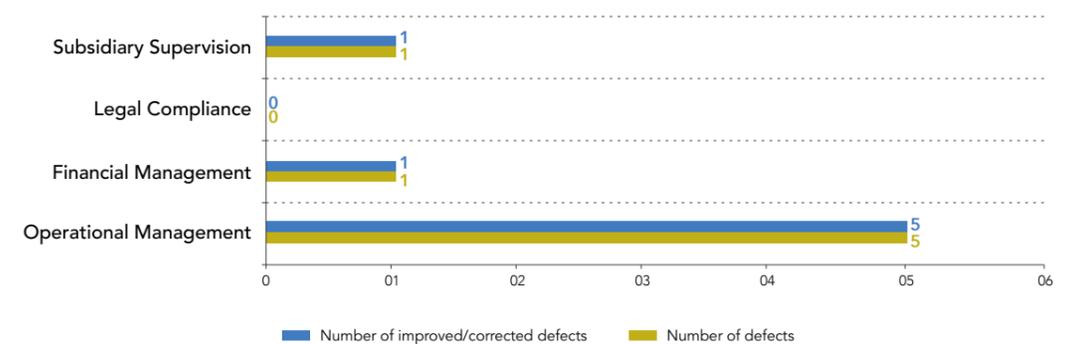
- EIH Financial Management
- EIH Legal Compliance
- EIH Subsidiary Supervision
- EIH Operational Management

EYZ Yangzhou Plant
audited 9 times



- EYZ Legal Compliance
- EYZ Operational Management

The ratio of oversights found in audits and rectifications completed





Chapter 03

Innovative · Smart Experience

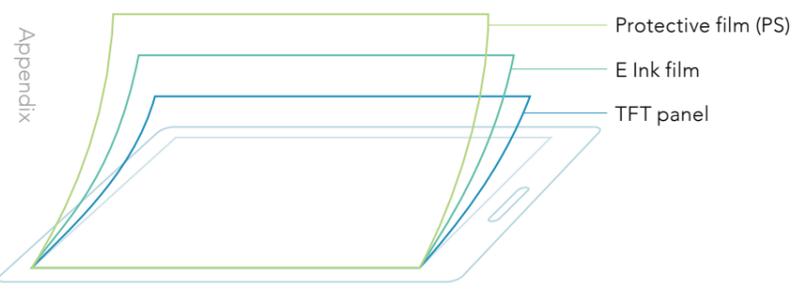
3-1 User-centered brand-new experience

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

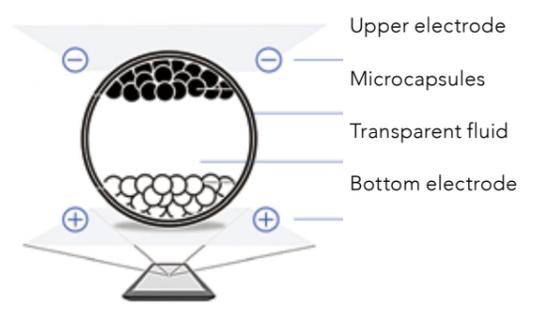
Reflexive display uses light in the environment and external light sources without the need for a backlight module, which requires constant use of energy. And as such, in addition to reducing power consumption and being eco-friendly, the display also does not emit blue light that is harmful to the eye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

ePaper: Paper-like display

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



E Ink Film Operating Principles



ePaper: Paper-like display

- Ultra-low power consumption
- Continuous display without consuming power
- Ultrawide viewing angle
- Lightweight
- Support for handwriting input
- Rollable
- Paper-like quality
- Viewable under sunlight
- Easy on the eyes and bluelight free
- Durable and resistant to cracks
- Colorful

Bi-stable | Reflective | Flexible

According to statistics from various research institutions, the total number of parcels that were delivered around the world in 2018 reached a stunning 87 billion pieces and some have even predicted that number to reach 200 billion by 2025 (note 1). The fact is, numerous trees have been fallen for the manufacturing of shipping packaging used for logistics purposes just for the global electronics sector alone.

Let's suppose that out of all the 87 billion parcels that were sent around the world in 2018, just 1% of it used reusable logistic crates as an alternative to traditional paper cartons, coupled with ePaper to display the contents of the parcels; suppose each paper carton weigh about 250g on average, that means we could save almost 220,000 metric tonnes of pulp. That amount is roughly equivalent to approximately 5,200,000 trees saved in a year (note 2) and if the Daan Park has about 6000+ trees in it, our solution would help to save enough trees to fill 870 Daan Parks.

Take the retail business for example, with the trend of online-to-offline (O2O) emerging strong, as online retailers change their prices very frequently, physical stores now find themselves updating price tags accordingly and this drives up the replacement rate for paper labels. The USA for example; there are approximately over 38,000 supermarkets of varying types scattered across the country and they are using up to 1.28 billion paper labels (Note 1). If all they do is to change the price label once a week, our electronic shelf labels (ESL) can help them save nearly 66.9 billion pieces of paper labels a year. Suppose each label is approximately 2.9-inch in size, that quantity would translate to 2.1 billion pieces of A4 paper. That amount is roughly equivalent to approximately 2,500,000 trees saved in a year (note 2). If the Daan Park houses approximately 6000+ trees in it, our ESL can save an amount of trees that can fill 41 Daan Parks.

1 Pitney Bowes, 2019 2 Claudia Thompson, 1992. Recycled Papers: The Essential Guide, MIT Press, Cambridge, MA
 3 Nielsen TDLinX, 2017 4 Claudia Thompson, 1992. Recycled Papers: The Essential Guide, MIT Press, Cambridge, MA

E Ink has been devoted to the development and refinement of "ePaper" as its core product. Starting from the black and white ePaper in the beginning, the Company later developed tri-color ePaper (Black/White/Red and Black/White/Yellow) and finally in 2019, E Ink has declared the year to be the first year of Color ePaper by launching its latest Advanced Color ePaper (ACePTM) and Print Color ePaper, thereby ushering a new era of color ePaper products. Not only that, we have also optimized and leveraged our strengths in ePaper to aggressively create opportunities with our ecosphere partners to achieve concrete success in various domains of application such as retail, transportation, public display, education, healthcare, logistics, outdoor signage and so forth. By establishing our presence with various applications in the niche market, we have successfully ventured into other domains where LCD and LED displays to become less favorable solutions.

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

As ePaper is ultra energy-saving, with paper-like quality that is suitable for extended reading, coupled with digital handwriting technology, it is now possible to achieve authentic handwriting experience on ePaper, making it an ideal carrier as a student's "e-school bag" and the display device for their homework. ePaper has effectively evolved into a prime medium for smart learning and teaching experience, minus the potential threat to students' vision. E Ink has continued to collaborate with its ecosphere partners in the reading and education domain, launching new models of e-Readers and eNotes in the market that feature ePaper as the key component, with larger displays. The new products also come with various improvements and new features, including water resistance, support for audiobooks and connectivity to online libraries, and so forth to deliver superior user experience for the average consumers.

Not only that, in the smartphone market that places great emphasis on high brightness and dazzling colors, but E Ink's partner Hisense has also instead chosen to focus on mobile readers and users with eye ailments by launching two eReader mobile devices - the Hisense A6 dual-screen smartphone and the Hisense A5 eReader smartphone. These products not only feature the same functionalities one would expect from conventional smartphones but they offer the additional advantages of being easy on the eye and superior reading experience thanks to ePaper. For users who are avid readers or those working on the go looking for digital mobile devices that do not strain their eyes, these products are hard to beat.



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

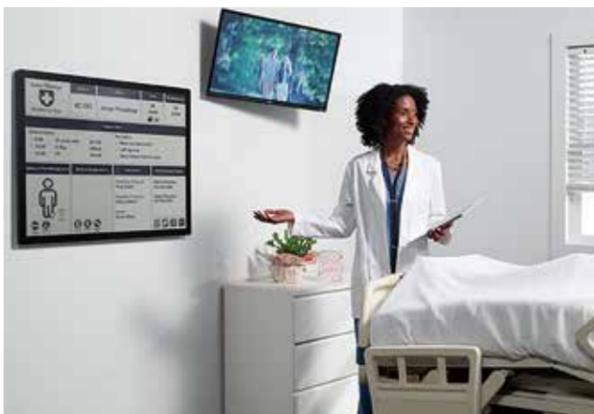
Following the latest advancements in medical technology and demands for improvement in healthcare quality, smart medicine has become a global trend, and personalization, predictive medicine, and digital healthcare are poised to become the focus of relevant developments in the near future.

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

E Ink and RyPax - a pioneer in molded fiber packaging have worked together to create a smart and sustainable packaging that utilizes ePaper to display content information as a replacement for package inserts that are normally printed in multiple languages to reduce

paper consumption. Not only that, the solution also features smart features such as monitoring and reminders to display personalized content, making it an ingenious application that brings eco-friendliness and personalized healthcare together.

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



Besides, large signs and posters containing various information and messages can be found at various care centers and retirement communities. By using ePaper smart signage as an alternative to printed materials and large posters to digitize the information/contents that need to be delivered, the solutions enable optimal update efficacy and better information accuracy while allowing the folks to enjoy a more comfortable environment and superior viewing experience. This will in turn improve their satisfaction without compromising environmental protection by significantly reducing paper consumption and potential pollution from printing ink.

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

ePaper in smart logistics

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

As the display on ePaper is always on without requiring power, E Ink has further improved upon this unique characteristic to develop batteryless solutions that make use of wireless connectivity; with relevant wireless transmission technologies such as NFC or UHF, power can be delivered to the ePaper to refresh the screen without the need for additional power. Batteryless solution coupled with EPD makes it possible to achieve a clear and visible display of relevant logistic information and bar codes. This solution is an ideal match with smart logistics tags as it enables the real-time update of information to reduce manpower costs, lower error rates, and boost operational efficiency.

In light of the increasing percentage of passengers opting to use self-service check-in kiosks at airports around the world in recent

years, to improve passengers' experience by offering luggage tracking services to help address the issue of luggage loss, smart luggage tags have become a solution that offers significant potential. The always-on characteristic without a power source of ePaper makes the creation of luggage tags that always display passenger information without the need for power possible. Not only that, being a batteryless solution, it means that passengers, airlines, and airports no longer have to worry about battery safety. And as such, ePaper has already become the optimal solution for e-luggage tags and the preferred solution for airlines and luggage manufacturers. In fact, ePaper has already been featured in relevant applications. Presently, China Eastern Airlines has already adopted the solution for experimental projects and we look forward to having more airline customers choosing ePaper.

E Ink has been working constantly with luggage tag manufacturers, luggage manufacturers, airlines, airports, platform, and system integration service providers in recent years and we have gradually constructed an ecosystem for ePaper luggage tags. We expect more prospective partners to join our ecosystem so that we can work together to create more value.



ePaper in smart retail

In light of the trend of expedited digital transition for retailers around the world, E Ink's long-term commitment towards the development of electronic shelf label (ESL) in the application, the ESL ecosphere has gradually taken shape and brought forth positive developments; in Europe, USA and China where new retail has become the latest fad in the country along with other Asian regions, many large franchises, hyper-marts, retail stores and so forth have already adopted the solution with impressive results and ongoing growth.

On top of that, E Ink has also developed color ePaper and successfully launched large color ePaper signages to incorporate the appeal of the color display into the unique strengths of ePaper for specific settings of application such as the display of promotional information by retail stores and special campaigns.



E Ink's ACeP has been chosen by Isetan department store in Japan, with ACeP signages featured for various promotional activities at their stores.

ePaper in smart transportation

Out of all IoT devices featured in the domain of a smart city, transportation, and public display devices stand to face the toughest tests from the outdoor environment, with features such as ultralow power consumption, wireless networking, wireless power supply, and outdoor viewability becoming common key requirements.

Focusing on the native advantages of ultralow-power consumption and great viewability under direct sunlight of ePaper, E Ink has also added solar charging capabilities to ePaper, thereby eliminating the need for costly and messy excavation for basic infrastructure to achieve quick construction. This makes the technology an ideal solution for remote regions where accessibility to power may become an issue. Because of the aforementioned advantages, ePaper has won global acclaim and enjoyed extensive applications, such as smart bus shelter, parking meters, parking signs, fuel price sign, and even e-license plates; E Ink's ePaper has become the go-to solution for all these applications. In the domain of smart transportation, ePaper has already witnessed diverse applications with continual growth. Not only that, the technology has also helped numerous cities speed up the process of smart and digital transition while contributing to environmental protection and sustainable development.



West Japan Railway Company deploying 16 units of 42-inch electronic signage in a pilot program at Osaka Station.



Presently, many smart bus shelters have already been built in Taipei, Taoyuan, Taitung, and Kinmen. Not only that, other cities around the world including New York, Vienna, Copenhagen, Sydney, Shanghai, Naju have also adopted this system, with this ePaper smart bus shelter appearing in major cities and steadily increasing in number.

Building the ePaper ecosystem and creating value with strategic partners

According to the forecast of IHS Markit Ltd. (a London-based global information provider), the number of IoT devices in the world will reach 22.9 billion by 2030 and the native characteristics of ultralow power consumption, backlight-less, paper-like quality and wide viewing angles in the outdoor environment of EPD make it an ideal choice to achieve diverse applications in this digital era and its eco-friendly quality of ultralow-power consumption makes it the best display solution currently available for smart city IoT.

In order to fully leverage ePaper's energy-saving and eco-friendly advantages, we have proactively teamed up with suppliers and customers while communicating with end-users in the field with customers to understand end-users needs. At the product design

phase, we define product specifications and functions, simulate and test potential issues, integrate relevant hardware and software in collaboration with customers to provide total solutions. At the end-user trial phase, we keep track of the actual status of end-user usage to prepare for the next innovation cycle based on their feedback.

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

E Ink ePaper: The best display in the era of IoT



Winning the COMPUTEX Choice Award and Taiwan Excellence Gold Award in 2019

E Ink Hardware TCON T1000 was chosen as the recipient of the COMPUTEX Best Choice Award by the Taipei Computer Association.

E Ink's TCON T1000 is the world's first TCON IC -- E Ink Hardware TCON T1000 (T1000) that features MIPI-DSI interface. T1000 is built with the standard MIPI-DSI for LCDs and it integrates E Ink's exclusive ePaper image algorithm and driver waveform to facilitate the task of system integration for customers, making it easier for them to incorporate ePaper in their products while offering customers the flexibility of choosing the matching processor depending on the application to lower the developmental threshold for ePaper applications.





"E Ink WTP EPD" to receive the Gold Quality Award for Taiwan Excellence Award

Our WTP EPD comes with a display area of roughly 2.9-inch and is compatible with wireless transmission technologies such as NFC or UHF for data transmission and screen refresh. The ePaper will maintain the last image shown on the display without consuming power. In other words, it is a batteryless display.

It is an ideal alternative for paper tags as it offers greater efficiency and reduces the likelihood of manmade errors. Because of these advantages, it is the optimal human-machine information delivery interface out there in the domain of IoT applications, such as logistic tags, warehouse tags, luggage tags, pill tags, electronic ID, and so forth.

The results of innovative applications for ePaper in different smart domains featured at major shows and events in 2019

The 76th China Educational Equipment Exhibition

E Ink products were featured at the 76th China Educational Equipment Exhibition. With "Achieving high-tech green learning and teaching model with ePaper" as the theme, we collaborated with the ePaper Technology and Application Association to focus on demonstrations for smart classrooms and smart campus by comprehensively showcasing the extensive assortment of ePaper technology in scenarios of smart education.



Footage of E Ink featured in the 2019 China Educational Equipment Exhibition, Chongqing



SID 2019 (Society for Information Display)

At the annual SID Symposium, E Ink has unveiled its two latest technological platforms for advanced ePaper material and active ePaper thin film, with a focus on the Company's all-new E Ink JustTint™ and E Ink JustWrite™. Also featured at the symposium were E Ink's ACeP (Advanced Color ePaper) with improved refresh rate for page-turning, large flexible ePapers, and ePaper solutions with smart network connectivity for retail and healthcare applications.



E Ink@ SID 2019 footage

COMPUTEX 2019

E Ink presented a series of its solutions at COMPUTEX 2019 with the theme of "ePaper - An Ideal Display for Smart City & IoT." Working with partners from our ecosphere in the domains of vertical application, we have presented a series of thematic display areas including smart transportation, smart retail, smart healthcare, smart office, ePaper information display solutions, smart lifestyles and so forth to showcase the IoT and smart paperless solutions made possible with EPD. In addition, we also displayed our large E Ink JustWrite™ solution for handwriting applications and batteryless ePaper tag solution.



E Ink@ COMPUTEX 2019 footage



Touch Taiwan 2019

As an extension to the theme of "ePaper - An Ideal Display for Smart City & IoT," E Ink presented a series of prospective ePaper technologies with color ePaper, flexible ePaper, foldable ePaper, batteryless ePaper and so forth along with ePaper's various applications in retail, logistics, transportation, healthcare and day-to-day scenarios at Touch Taiwan 2019 (from August 28 through August 30, 2019).



E Ink@ Touch Taiwan 2019 footage

DIDAC 2019

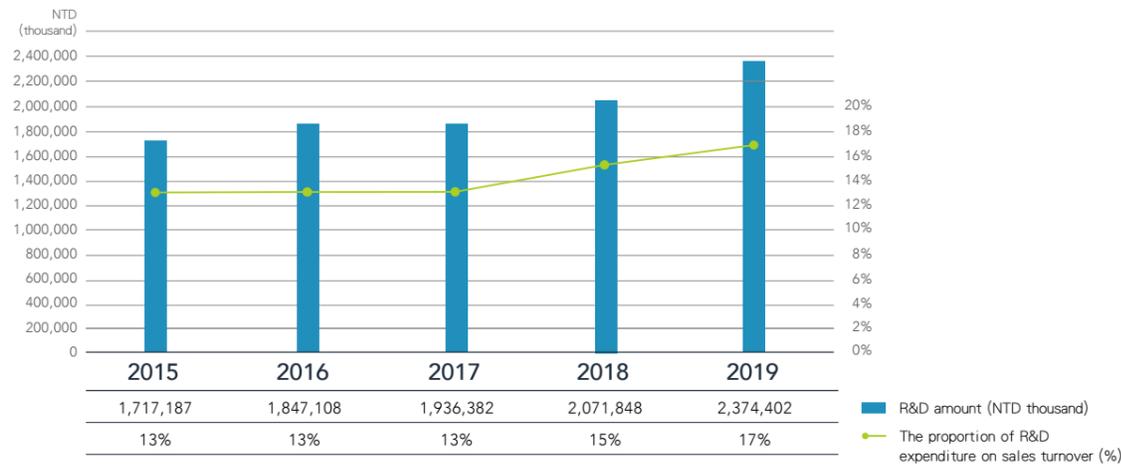
E Ink brought its ePaper technology as the ideal display solution for the education industry to Bengaluru in India to be featured at India's largest education equipment exhibition - DIDAC. E Ink looks forward to sharing the advantages of ePaper (i.e. it's vision-friendliness, power-saving, light, and compactness) with prospective partners in the education ecosphere so that we can work together to create more diverse and digital terminal equipment for teaching and examinations for students and teachers in different regions in India to boost their learning and teaching quality.



3-2 Technical and innovation capacity

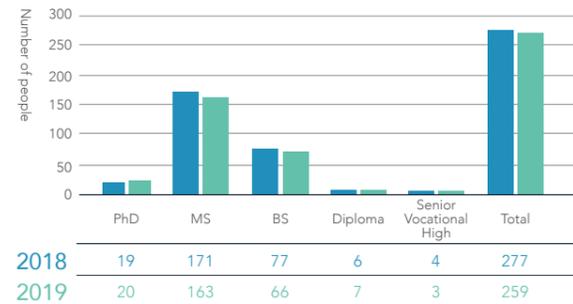
Product and Technology Innovation

In 2019, 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 2019 we invested about NT\$2.374 billion in R&D; which translated to an impressive 17% of the Company's sales turnover. This reflects the fact that technology innovation and product development are very important to E Ink. We are aware that continuous and sustained injection of R&D energy is our only path to achieving our goal of sustainable development. In the coming year, our total investment in related R&D projects will remain at 12~15% of our revenues.



With regards to our R&D personnel pool, in 2018 we had 277 personnel; though the number had fallen slightly to 259 in 2019, we have still managed to keep our R&D staffs within a specific range.

In addition to committing significant R&D resources, we have also strengthened our collaboration with various organizations and parties in academia and different sectors to achieve fruitful results.



Collaborative development with external organizations

Partner	Technology developed	Outcome
Domestic academic institutions	Improvement of dynamic color saturation for color ePaper	Development of new chipset that incorporates image algorithm IP
Domestic academic institutions	Development of AOI for the inspection of Mura defect	Completion of the initial version of the AOI software
Foreign academic institutions	Assessment of fully printed substrate and its application in EPD	Completion of Inkjet print process integration, electrical property verification, and substrate sample
Domestic R&D institutions	Development of wireless power charging control IC design	Completion of the development for the initial version of RF-DC chipset

E Ink places great emphasis on its patent deployment and has established a Patent Committee (comprising division level R&D supervisors) to be responsible for the establishment of a reward mechanism for patents and trade secrets. In addition, the Committee would host patent review meetings to identify and select patent and trade secret propositions that are highly valuable to offer a monetary award for approved propositions and enlist the expertise of external patent offices to apply for patents externally.

In 2017, 2018, and 2019, the number of patents we've acquired came to 140, 93 and 97; the number of patents we have acquired in 2019 translated at an annual growth rate at around 4%. We look forward to increasing both the quantity and quality of patents we acquire so that we can truly consolidate our competitiveness in ePaper technologies.

Acquired patents	2017	2018	2019
Domestic	49	38	29
Overseas	91	55	68
Total	140	93	97

Outcome of key technology and application development

(1) E-ink technology

The e-ink is made up of millions of microcapsules or microcup, each roughly being the same size as the diameter of a strand of human hair. Each microcapsule contains positively charged white pigments and negatively charged black pigments suspended in a transparent liquid. Because opposite polarities attract, when the ink is electrified, the white or black pigments in a microcapsule will move to the top in corresponding blocks for users to see the white or black color. By coating a layer of e-ink on a plastic film and then mounting a thin film transistor (TFT) circuit over it, we can form pixel graphics with a driver IC to create an electronic paper display (EPD).

The control of pigments in multiple colors is achieved with a single substrate and material along with waveform driving technology. In order to accommodate the needs for different applications, apart from the dual-color ePaper Carta™ (with black and white pigments), E Ink later developed pigments of three different color combinations (black/white/red or black/white/yellow) with its Spectra™, followed by the Advanced Color ePaper (ACeP™) with four color pigments (cyan, magenta, yellow and white). ACeP is the first EPD that is capable of producing full color at every pixel without the use of a color filter array through colored pigments. This technology significantly improves upon the issue of lower brightness due to the color filter to render images in vibrant colors that can rival the quality of posters printed on traditional paper to achieve a paper-like texture that is as detailed as an oil painting. This technology has certainly set a new milestone for reflexive color ePaper.

2019 marked the first year of color ePaper for E Ink and apart from commercial signage that was already in deployment, we are also looking to introduce it to other applications such as digital photo frame, ESL, and so forth in 2020. In terms of technology, E Ink has achieved a significant breakthrough by dramatically reducing refresh speed from 10-15 seconds to merely 3 seconds. This critical improvement will open the door to more opportunities for application for color ePaper.

Name of ePaper	Carta™	Spectra™	ACeP™
E Ink			
Product photo			
Color	Dual color	Tri-color	Colorful
Pigment color	Black and white	Black, white, and red Black, white, and yellow	Cyan, magenta, yellow, and white.
Features	<ul style="list-style-type: none"> Highest reflection rate Quick response High contrast 	<ul style="list-style-type: none"> High contrast One additional color 	<ul style="list-style-type: none"> Resolves light attenuation without using filters Full color gamut
Major applications	Applications requiring dynamic display: <ul style="list-style-type: none"> e-Reader eNote Mobile devices Electronic shelf label Wearables Signage 	Applications requiring dynamic display: <ul style="list-style-type: none"> Electronic shelf label Logistic tag Storefront advertisements Medical application 	Applications requiring dynamic display in color: <ul style="list-style-type: none"> Signage eTag e-Reader

(2) Print-Color ePaper

Technologies and product application development for color ePaper has always been the focus and goal for E Ink's R&D team. We take pride in our successful development of the Print-Color filter. Compared to conventional glass color filters, our Print-Color ePaper is lighter in weight and more compact. In terms of the actual colors displayed, through special image processing, we were able to display the same text resolution (i.e. 300dpi) as standard black and white ePaper products on the market. Not only that, this print color ePaper can also be integrated further with other technologies in development, such as flexible ePaper, front light touch control, and so forth to achieve the objective of mass production for products of relevant applications.



Comparison between other ePaper available in the market and E Ink's color print ePaper, displaying text at 300 dpi and images



Application of flexible ePaper on e-Notes and laptop PCs

(3) 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. 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.

E Ink has been actively working with world-leading manufacturers by supplying them with the Mobius module using plastic substrates for product mass production. Their products have won immediate critical acclaim after release. In 2018, we aggressively pursued product application by launching the e-Note and ePaper for laptop application. Apart from enhanced performance, we were able to achieve significant breakthroughs in writing speed and energy efficiency.

(4) Foldable ePaper

When it comes to electronic devices, the demand for ease of portability has been steadily increasing. Through ePaper thinning, new material development, stress simulation, and mechanism design, we have developed the foldable ePaper technology for tablet-sized EPD to be folded into smartphone-sized EPD to significantly improve the portability and convenience of EPD at the same time. In addition, this foldable EPD retains the paper-like readability and electro-magnetic resonance (EMR) writing touch for use in the eReader, eNote, and other innovative applications to increase product value and differentiation. In addition to the 10.3-inch foldable ePaper that supports handwriting function, we have improved upon this technology in 2019 and unveiled our large foldable ePaper at an incredible 31.2-inch at SID. The large foldable ePaper is great for applications such as architectural blueprint, with great potential for more applications to be explored.



31.2-inch large foldable ePaper (left) and 10.3-inch foldable ePaper with handwriting functionality (right)

(5) Wireless power transfer EPD technology

Our wireless power transfer EPD is a perfect combination of ePaper and wireless power transfer technology. By leveraging and matching the ultra-low power consumption of ePaper with the micropower generated through wireless signal transfer, we were able to supply sufficient power to power the EPD to change display only on-demand to save power consumption from the prolonged duration of standby. Wireless power transfer EPD technology is suitable for a range of applications, including radio frequency identification (RFID) in near field communications (NFC) and ultra-high frequency (UHF). With an NFC or UHF reader, the technology makes ideas such as ePaper greeting cards, ePaper labels, and even ePaper ID possible, thereby achieving battery-free display on a broader range of devices. The technology was selected for the Gold Quality Award in the 2019 Taiwan Excellence Awards.



"E Ink WTP EPD" to receive the Gold Quality Award for Taiwan Excellence Award in 2019

(6) Lag-free ePaper JustWrite



Our JustWrite is a new writing application of the ePaper that achieves a natural writing effect without the need for a TFT substrate. With a lag that spans no more than a millisecond, the JustWrite offers a writing experience that is almost identical to writing on a piece of paper or a whiteboard. With a simple electronic device, the user will be able to achieve e-writing and paste the paper over any surface to achieve digital handwriting in different scenarios.

The JustWrite ePaper technology is a patented asset of E Ink with a paper-like effect, quality contrast, and backlight-free reflexive display features, like all other offerings in our ePaper product line family, with one iconic feature - zero lag for digital handwriting. Being a full-plastic display, JustWrite is highly durable and lightweight and these qualities make it perfectly suited for devices with handwriting features such as digital whiteboards, e-Note, e-Tag, and so forth.

Future R&D plans and application trends

In the next five years, E Ink will stay on our current R&D direction by working on technologies that relate to display size expansion, color increase, lower-power consumption, lightweight, touch, writable, and flexible ePaper products. In terms of product application, apart from continuing the development of applications and related technologies of ePaper products for our e-Reader, we will also be expanding the scope of ePaper applications outside of EPD.

The direction of technological R&D and new product applications

1. We will be researching and developing advanced technologies such as the ACeP, flexibility, lower power consumption, and so forth with process capacity enhancement in order to reduce production costs while keeping up with our patent deployments to retain our technological lead.
2. We will continue to leverage the strengths of ePaper to improve our development for reading and products with handwriting applications such as e-Readers and e-Notes.
3. We will also focus on ePaper's low power consumption to develop more products for the IoT application market, such as ESL, mobile devices, smart homes, digital signages, and so forth.
4. We will keep working on the development of ePaper design evaluation kits and turnkey solutions so that our customers will be able to incorporate ePaper into their new products and applications faster.
5. We will strengthen our strategic collaboration and cross-domain alliances with domestic and foreign companies to jointly invest technologies and resources towards the development of ePaper display technology as the foundation for our sustainable operation.

3-3 Quality persistence

Quality Policy

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

Our Hsinchu Plant has been certified with quality-related systems/customer audits including ISO 9001, SONY GP and Amazon by establishing respective quality management systems and operating these systems through the PDCA cycle, customers have visited our production facilities to carry out an onsite audit of our manufacturing processes to ensure satisfactory product quality.

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

Product Environmental Quality Policy



◀ ISO 9001 Certificates
From left to right: E Ink Holdings and Transcend Optonics

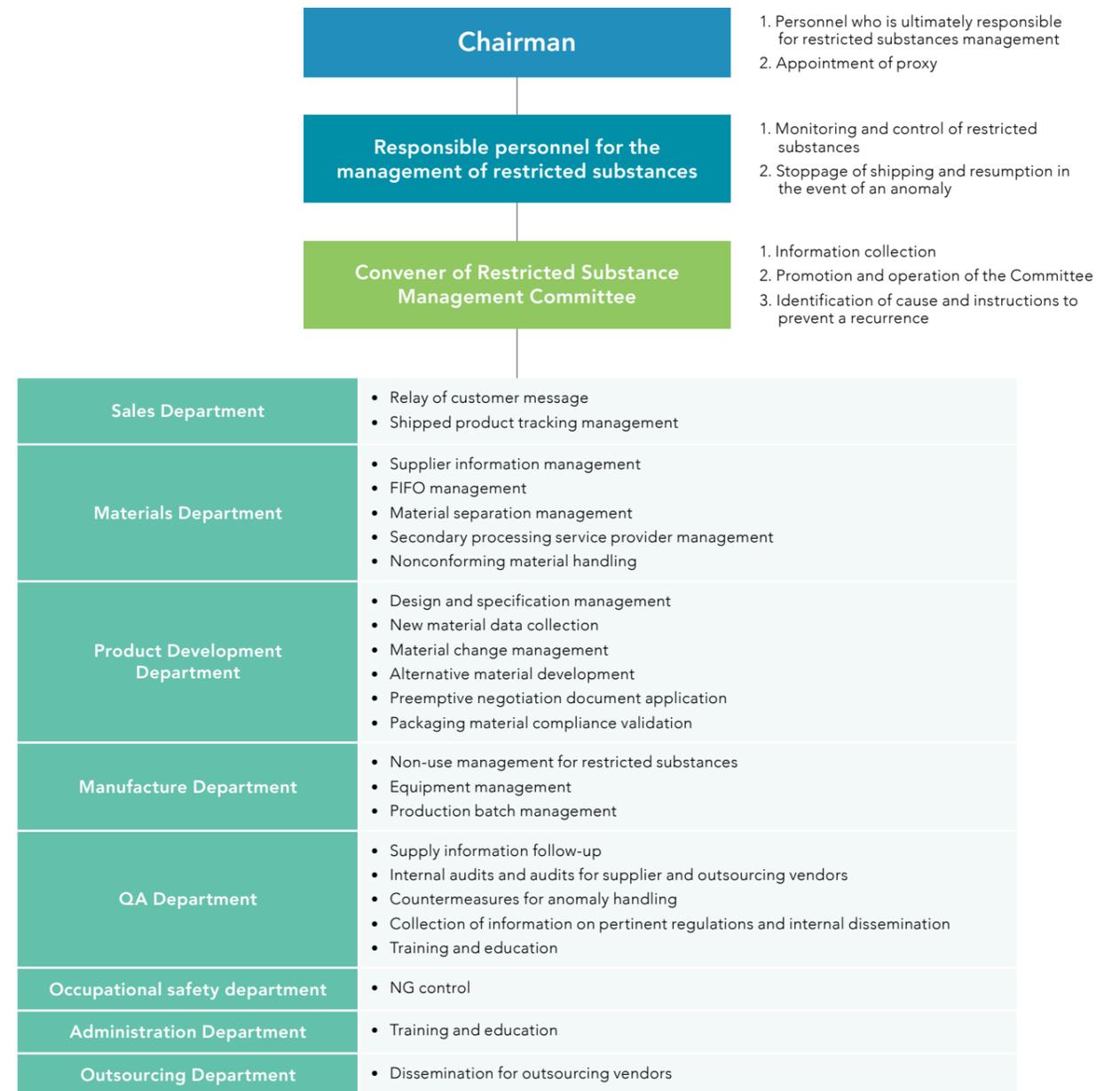
- 1 To optimize and promote the product environmental quality assurance organization and earnestly maintain and improve product environmental quality.
- 2 To abide by environment-related laws, regulations, protocols, and customer requirements and implement total quality management on materials, parts and secondary materials used on products from product design, material procurement, product manufacture, and shipping to ensure products contain no environment-related substances to be controlled in products as requested by customers.
- 3 To comply with the customer's product environmental quality requirements by establishing a product environmental assurance system for all processes, covering product design, procurement, material warehouse management, manufacture, and finished product warehouse management.
- 4 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.
- 5 To verify the product environmental quality system through internal audits in order to make continual improvement of the management system.
- 6 To improve the employee's awareness and support of product environmental quality and support activities for product environmental quality assurance.

Management of Restricted Substances

To ensure the parts, raw materials, packing materials, and components we use on products do not contain environment-related substances to be controlled in products; to comply with current laws and codes; to meet customer requirements; to protect Earth and the environment, and to reduce impacts on ecosystems. As such, we ask all suppliers to supply only materials that comply with our environmental and quality policies right at the beginning of the development of new parts and components for products while taking customers' requirements for restricted substances for internal review before incorporating it into E Ink's Restricted Substances. Apart from compliance with the RoHS and REACH directives, free from halogen and conflict minerals, and specific control standards requested by customers, we also require our suppliers to submit their lists of restricted substances and an RBA/GeSI Conflict Minerals Report. Currently, our suppliers are required to make a declaration of non-use of conflict minerals and the response rate from our materials and component suppliers is 100%. Should materials or components from our supplier contain specific environmental control substances or conflict minerals, the supplier in question shall assume full responsibility for relevant indemnification that may incur. Currently, materials supplied by suppliers conform with the restricted substance requirements. In addition, our products are shipped with packaging materials with the RoHS Label for identification purposes. We had zero cases of product-related nonconformity or violations reported in 2019.

Environment-Restricted Substances Management Flowchart

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

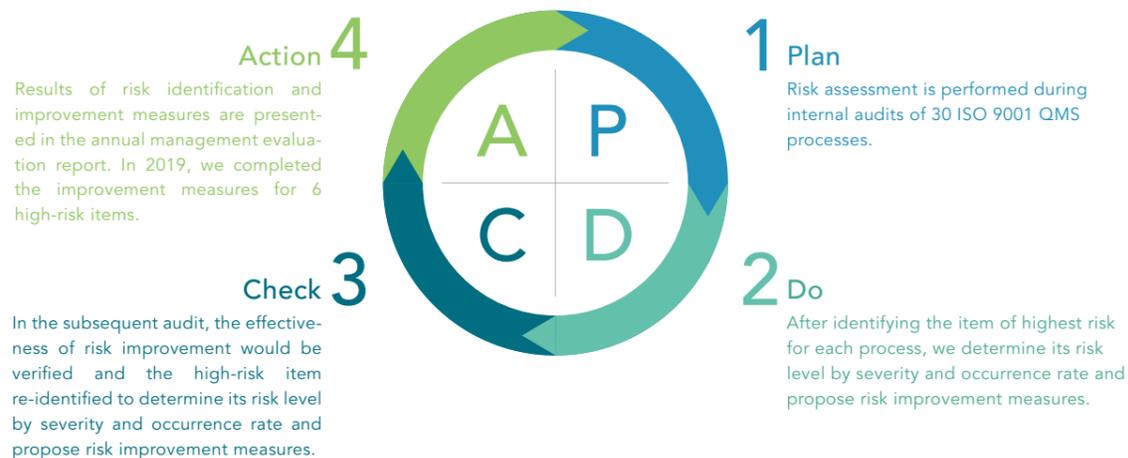


Restricted substances: Chemical substances that have been identified in the RoHS and customers that cannot be used in products, such as lead, cadmium, mercury, hexavalent chromium, specific brominated flame retardants and so forth.

The "Environment-Restricted Substances Management Committee" revised regulations on the responsible personnel in 2019 and made a company-wide announcement on the scope of E Ink's Green Product (GP) management to ensure that all parts and components are compliant with pertinent requirements while continuing to verify the status of the Company's GP and its requirements. In the event of any change in or customer specification or amendment in international GP, the company would conduct an internal evaluation to adjust relevant standards and SOPs before informing all relevant units regarding the adjustments. For example, Sony issued an official correspondence on June 3, 2019 to remind its suppliers to implement more stringent management on manufacturing processes and delivery with regards to four PAEs (DEHP, BBP, DBP, DIBP). The reason for this is because the aforementioned substances are more likely to be subjected to material transfer or pollution when exposed to high temperature/high pressure/prolonged exposure or friction. Through means of an announcement, E Ink aims to inform all suppliers regarding new additions to existing lists of controlled/restricted/hazardous substances (including auxiliary materials, consumable materials without part number, and any material that is not included in the BOM) and directions for control. Not only that, the Company also asks that all suppliers provide their commitment to restricted substances or self-declaration from material suppliers for new equipment in the future, existing equipment, and secondary parts/materials to ensure compliance with pertinent regulations and E Ink's regulations. There were 8 categories for auxiliary/consumable materials without part number in 2019, and samples for all have been tested for PAE content, with an achievement rate of 100%

Quality risk management

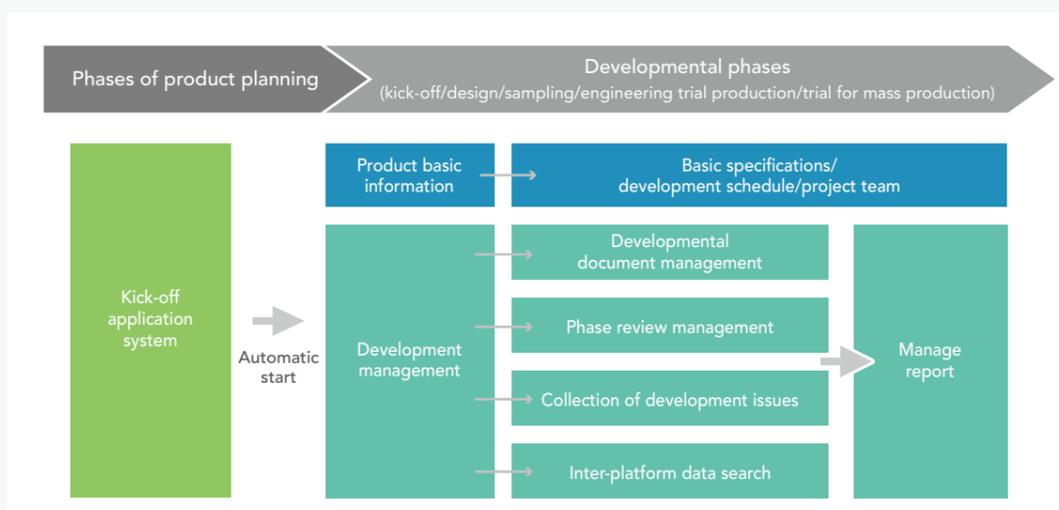
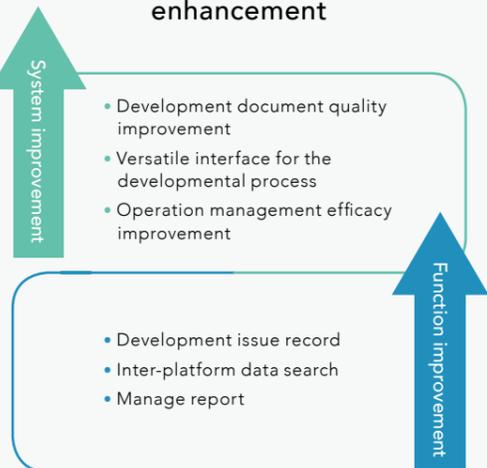
Risk management is an essential component in the operation of ISO management systems and as such, we have established relevant processes for risk assessment and identification in the hopes of identifying high-risk items and seeking solutions to reduce their impact on our business operations.



Product data management (PDM) 2.0

E Ink introduced the PDM 2.0 system in July 2019. The Product Data Management system is a document record platform that keeps track of documents from product development/design/manufacturing/quality assurance at the various stages throughout the product development process. Through systematic logging and verification, PDM helps us to improve the quality and efficiency of product development and quality-related follow-up after mass production. Due to E Ink's diverse product development processes and commercial models, our original PDM system is no longer adequate to accommodate our needs and as such, the QA Unit has been collaborating with PM/RD/MFG/IT in the spirit of continuous improvement to adjust and modify the original system to meet our current demands for PDM 2.0. The system is expected to dramatically improve our documents during the developmental phases and operation quality and boost our process efficacy.

System improvement and function enhancement



Continuous Improvement of Production Performance

Apart from making reference to customer feedback and promoting various product quality improvement programs, we discuss quality-related problems at the customer's premises and hold meetings with key customers half-yearly to discuss issues relating to business practice, design, and quality in order to maintain a good cooperation 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. E Ink has received several customer acknowledgments and recognitions in 2018 for our product quality. Our Hsinchu Plant, Linkou Plant, and Yangzhou Plant have all received the Grade-A Supplier distinction from our key customer SONY Green Partner.

Process improvement planning

The initiation of the Sales Process Improvement Division stemmed from the concept of "One Team One E Ink" for advanced organization and refinement of our existing business processes. Concrete measures include the control of relevant process execution and inspection points for inter-departmental process and system integration to facilitate inter-departmental collaboration. The improvements are not limited to process optimization but also cover digitization, integration of existing systems, an examination of functions, operation optimization, and so forth.

Implementation outcome and benefits :



Our Yangzhou Plant established its "Continual Improvement Plan (CIP)" back in October 2014 to advocate the ARCI (accountable, responsible, consulted and informed) concept as a way to encourage employees to take the initiative to seek out problems in the existing production process and propose possible corrective measures to help them develop their capacity for systematic and analytical thinking, problem-solving, efficient work habits and corporate culture for voluntary problem correction. In 2018, the plant continued to promote its CIP campaign and added the quality control circle (QCC) component to boost the proportion of employee participation and quality improvement. CIP and QCC proposals can be made by individuals or by teams, with a primary focus on quality improvement, yield rate improvement, efficiency enhancement management optimization, and cost reduction. Once submitted, the proposals will be assessed and evaluated internally in order for the plant to select and reward the recipients of the "Accountable Star" and Accountable Team," followed by relevant planning to put the proposals into action.

Outstanding Accountable Team

Apart from constantly improving the capacity and awareness of our employees through training and education, we also place great emphasis on employee participation so that they would be able to learn through their involvement in projects. By implementing a project team mechanism for horizontal operation, steps have been taken to strengthen the exchange between different departments and commend outstanding teams. This is to encourage more employees to seek and explore different ideas through working and carry through with their optimization solutions.

Outstanding Teams of the Year

Through the introduction of approaches such as integrating automated production, process integration, technique optimization, and so forth, our employees were able to significantly improve production efficiency and reduced relevant costs by up to **68%**.



Accountable Team of the Year 1 - Quality Improvement

To improve the quality performance for our products at the client end and reduce quality costs, the yield rate improvement team has been established in January 2019 with the mission of accomplishing specific goals of quality improvement through rectification of major oversights, improvement of personnel inspection capacity and communicating with customers to reach consensus on reasonable specifications. In 2019, our key product yield rate grew from **35.8%~74.2%**, with impressive improvement.



Accountable Team of the Year 2 - Introducing the second source for raw material

Members of the team were driven by one singular belief; they took on different roles and worked together to capitalize on their creativity and sought new approaches. As of the end of 2019, the team has helped E Ink saved over **1 million RMB** through the means of introducing the second source.



Accountable Team of the Year 3 - Energy conservation and carbon reduction

In the face of various problems due to dated equipment with performance decline and old systems at the Yangzhou plant, the Energy-saving and Cost-reducing Team put their collective expertise to full use and aggressively explored different initiatives for energy conservation and cost reduction in different domains with an intrepid spirit for innovation. The team implemented a total of 13 items for major energy-saving and cost reduction in 2019, along with 90 items for minor improvement and helped to save approximately **2.75 million RMB**.



Newly constructed building for R&D and inspection

Starting from 2019, Yangzhou Plant has been involved in the construction of a dedicated research and development center for ePaper technology to transform into a professional development and production base for color ePaper. We expect relevant development and inspection for ePaper products and technologies to take place in this building and we will strive to meet the requirements needed to become a national-level ePaper laboratory and inspection center in order to truly transform Yangzhou Plant into a national R&D and development center for ePaper so that we can achieve our goal of one-stop operation that covers R&D to production as we gradually realize our vision of becoming all-in-one. The building is due for completion in August 2020 and will be officially inaugurated later in October. The building will occupy a total floor area of 5600m², with total investment reaching **100 million RMB**. We also plan to invest more than 50 million RMB within the next two years.



The building will feature various green designs. Apart from the outer walls that will feature thermal insulating materials, space on the rooftop will be reserve for future installation of PV panels if deemed feasible. In addition, the comfort of personnel has also been taken into account in the design of the overall environment; apart from ensuring adequate ambient lighting and ventilation, we have also planned specific areas for employees to engage in recreational activities in the hopes of creating an ideal working environment.

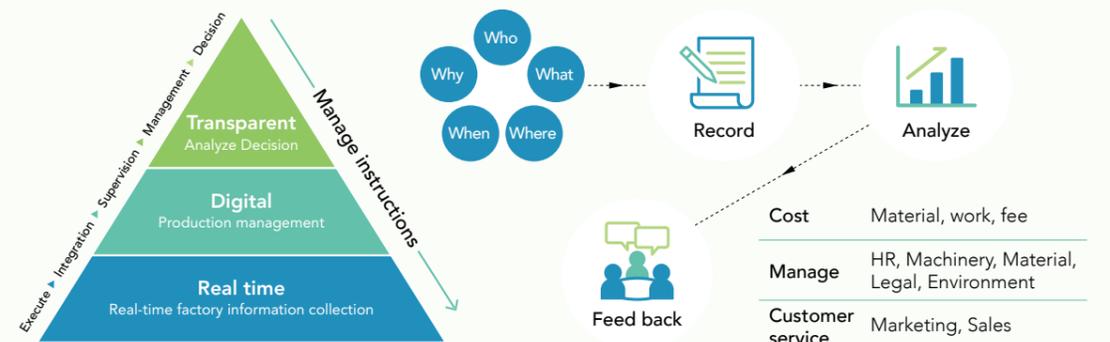
Total participation and process efficiency improvement

Through approaches such as process improvement brainstorming meetings, public announcement and commendation, offering tangible rewards, and so forth, Yangzhou Plant has sought to encourage employees to boldly propose suggestions for improvement to promote process efficiency and reduce production costs. Through the implementation of various improvement initiatives in 2019, Yangzhou Plant managed to reduce its consumption of various materials by approximately **16%**.



Promotion of Smart Manufacturing

Yangzhou Plant has been aggressively introducing various measures for informatization and industrialization in recent years. In 2019, in addition to receiving Jiangsu Province Enterprise Technology Center certification and high-tech enterprise certification, Yangzhou Plant has also introduced various system databases to integrate relevant information for processes, production, order, and warehousing to achieve production management that is more innovative, smarter, faster and more accurate.



3-4 Customer relationship management

Customer Satisfaction

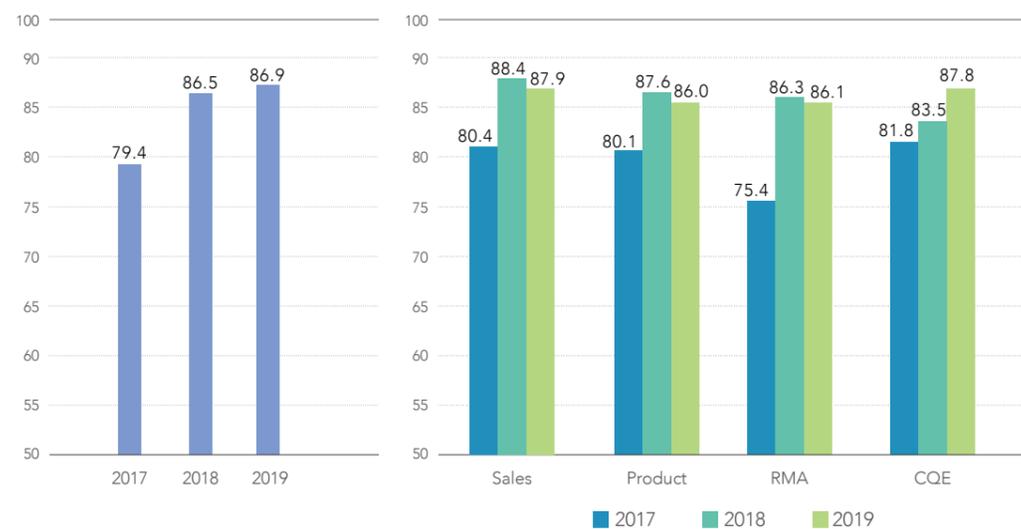
We fully understand that customer demand and satisfaction are the key to business operations. Therefore, we provide quality customer service and maintain sound customer relationships to boost sales achievements. In addition, through close and complementary interaction with customers, we aim to improve 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.

E Ink has been actively promoting and implementing customer satisfaction surveys and ranking for different BUs based on their revenues within the group by selecting customers of high contribution or those who promise great potential for further development. Each year, the customer satisfaction survey is conducted using an online electronic questionnaire sent to corresponding customers and verified over the phone, by email, fax, or direct completion of the questionnaire. Items for the survey include: "product satisfaction," "sale and order delivery satisfaction," "CQE service efficiency satisfaction" and "RMA service efficiency satisfaction." In addition, we also survey customer satisfaction for two specific product categories: consumer electronics (CE) and IoT.



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 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.

Customer satisfaction has been steadily increasing over the past three years, and the results for 2019 stayed consistent with that of 2018, and looking at the four major aspects of the survey, our overall customer satisfaction has remained at over 80%.



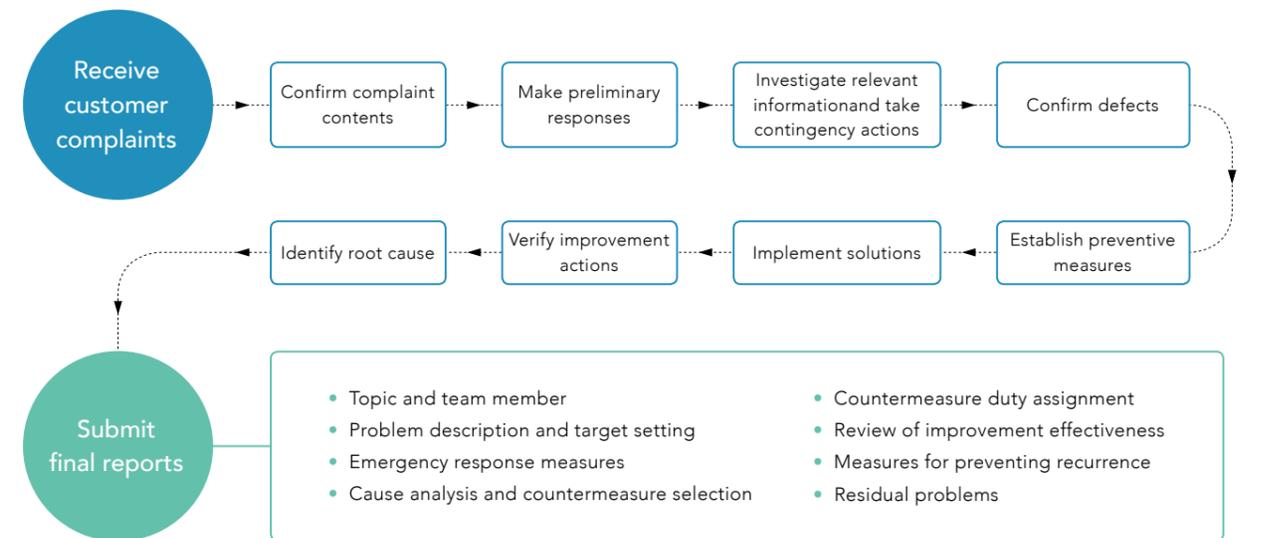
Customer Satisfaction Survey Results - Overall

Customer Satisfaction Survey Results - Four Dimensions

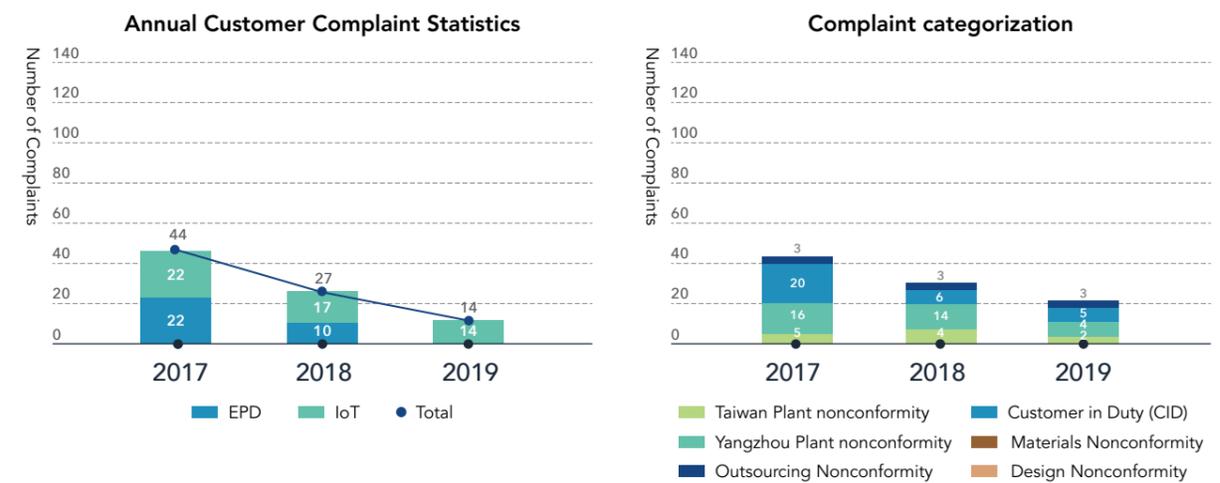
After analyzing the satisfaction survey results, we delivered the outcomes to the respective units and submitted them for the annual management review. For the few customers with average satisfaction scores that fell in 2019 compared to 2018, the situations were discussed at the management review meeting, and related windows, including the sales and product satisfaction, sale and order delivery satisfaction, RMA service efficiency satisfaction, and CQE service efficiency satisfaction have been asked to assist in the investigation of the cause(s) of dissatisfaction. Risk assessment is also conducted on the potential problem(s) that customers might have an opinion on, with continual improvement measures implemented to ensure that specific issues with customer satisfaction could be properly addressed.

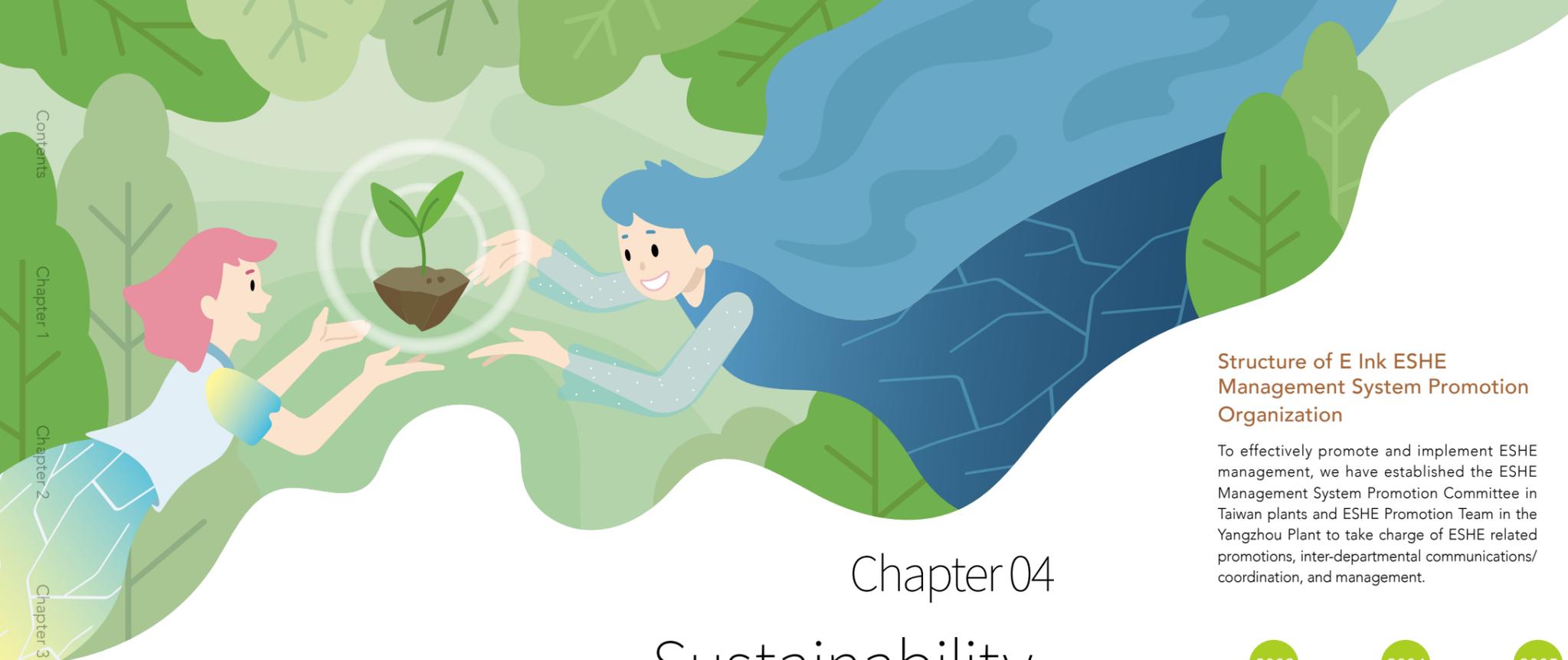
Response to Customer Feedback

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 14 customer complaints were received in 2019 - 13 complaints less than the 27 in 2018.





Chapter 04

Sustainability · Green Co-Prosperity

4-1 Environmental protection

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

ESHE Policy

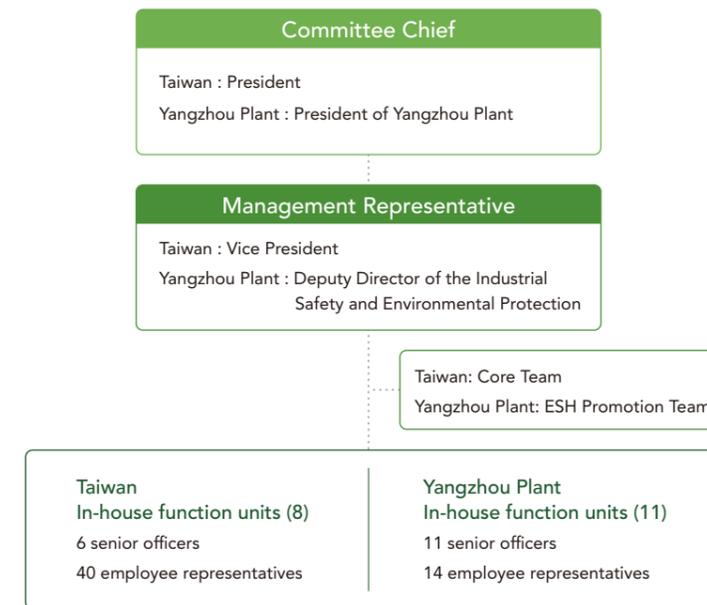
Environment Prioritization, Safety Supremacy, Total Participation, Sustainable Operations

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

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

Structure of E Ink ESHE Management System Promotion Organization

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



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



E Ink ISO 14001 Certificate E Ink ISO 14064-1 Statement

Proactive follow-up on environmental regulation and responses

As environmental protection regulations become stricter in China, Yangzhou Plant has established mechanisms for regulatory identification and response to gather relevant information and data on pertinent regulations (i.e. addition, annulment, amendment) and as of 2019, the plant has followed more than 300 articles of relevance and implemented in-house compliance review in accordance with new regulations while arranging for related training and notification during the monthly EHS meeting and management review meeting for the managers.



4-2 Address to climate change

Climate change related financial disclosures

The impact of climate change on different aspects of sustainability has not only been growing by the day but also plays a crucial in determining the development and direction of the market. In light of the uncertainty from climate changes and the impending transition in global energy structures, E Ink has been aggressively implementing projects of energy and water conservation and carbon reduction in conjunction with the Company's policies for economic development, environmental protection, and sustainable development. We strive to boost our resilience against climate change and build a culture of environmental sustainability through the identification and mitigation of climate change-related risks and developing energy-saving products and services.

In 2019, E Ink referred to the Task Force on Climate-related Financial Disclosures (TCFD) as published by the Financial Stability Board (FSB) in our identification of climate risks and opportunities. We have also established specific management strategies, indicators for measurement, and goals based on the results.

Governance	Our CSR Committee is the governing body that will be responsible for management relating to climate-change issues, with the Chairman being the commissioner. The Committee will continue to promote governance for climate-changes, risks, and opportunity assessment and arrange for meetings for discussions on action items, promotion of sustainable development, and so forth.
Strategy	From the major risks and opportunities identified, E Ink has established corresponding strategic direction for the potential financial impacts that we may face from climate risks.
Risk management	We have adopted the TCFD framework for the identification of risks from climate changes and formulated specific management measures that would reduce the risks or mitigate their impacts.
Indicators and Goals	Indicator Reduce GHG emission per unit of product manufactured; increase our subscriptions of renewable energy; reduce water consumption and raise the volume of wastewater recycled; strengthen supply chain management.
	Goal For Hsinchu Plant, we aim to achieve an average power conservation rate of 1% per year between 2015-2019; for Linkou Plant, we will aim for the energy consumption of 15 kWh of power/m ² of product as our goal for energy conservation.

Identification of climate change risks and opportunities

Based on the 2°C scenario as published by International Energy Agency and potentially more dire temperature situations, we have studied materials including our internal/external stakeholder surveys and assessments, international researches and reports, trends in domestic/international sectors and so forth to identify the physical risks and transition risks that E Ink may face due to the effects of climate changes. For the risks and opportunities identified, we then carried out analyses on the chances of occurrence and severity of impact while assessing our corresponding countermeasures for each risk to establish specific strategic direction for relevant climate changes.

The primary climate change risks we have identified in 2019 include changes in renewable energy laws, escalating severity of extreme climates, and uncertainty in market signals. Our opportunities from climate change include the development of new products or services through research and innovation, reducing water resource consumption and resource recycling, and reuse.

Climate Change Risk		Risk category	Risk identification	Risk description	Location of financial impact	Response and management measures
Chance of occurrence	High	Transition risks Policy and regulations	Changes in renewable energy laws	Absence of green power supplier or inadequate supply of green power to reach the proportion of green power that is required by law	<ul style="list-style-type: none"> Input cost Operating cost 	<ol style="list-style-type: none"> Implement regulatory identification Actively seek out sources of green power Independently install power generating equipment, self-generation for self-use is compliant with pertinent regulations
	Low			Escalating severity of extreme climates (i.e. typhoons and floods)		<ul style="list-style-type: none"> Input cost Revenue Supply chain Date
	Low	Market Risk	Uncertainty in market signals	Market changes due to sustainability trends	<ul style="list-style-type: none"> Input cost Revenue Supply chain Date 	Vigilantly pay attention to market information, become more sensitive to the market, adjust response strategies and reduce risks
Climate Change Opportunities		Opportunity category	Opportunity identification	Opportunity description	Location of financial impact	Response and management measures
Chance of occurrence	High	Products and Services	Develop new products or services through research and innovation	Mitigate the impact of climate changes through constant research and innovation for the development of new products	<ul style="list-style-type: none"> Reduce input cost Supply chain Reduce time cost 	Expand ePaper design and application and innovative research
	Low			Increase proportion of water-saving facilities, reduce operating costs, increase the volume of water conserved, increase reuse rate of recycled water		<ul style="list-style-type: none"> Reduce operating cost Reduce input cost
	Low	Energy efficiency	Reduce water resource consumption	Reduce the number of chemicals used, recycle and re-use parts and materials, re-use waste processing fees, reduce costs	<ul style="list-style-type: none"> Reduce operating cost Reduce input cost Supply chain 	<ol style="list-style-type: none"> Recycling and reuse of chemicals at Linkou Plant Working with our supplier to recycle chemicals and packaging materials
	Low	Energy efficiency	Resource recycling and reuse			

Energy Consumption Management

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.

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



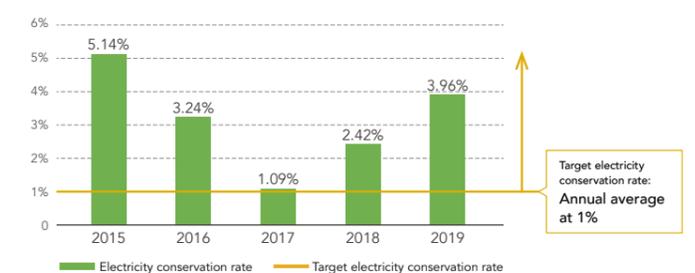
ISO 50001 Certificate

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

Presently, our plants in Taiwan are operating per the government's energy policy, with Hsinchu Plant aiming to achieve an annual average power conservation rate of 1% between 2015-2019, while Linkou Plant will strive to achieve the goal of reducing energy consumption to 15 kWh/m² of product as our goal for energy conservation.

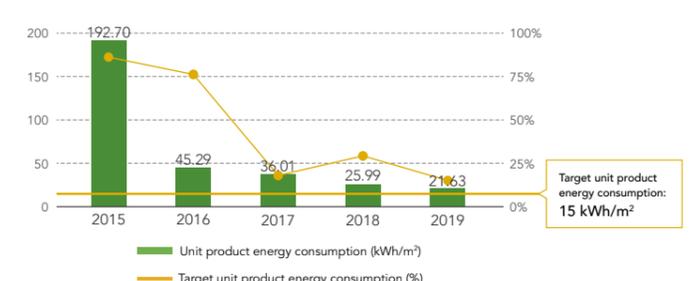
After Hsinchu Plant transformed from a mass-production plant into an experimental plant, we have gradually adjusted the facilities and production equipment for better energy conservation in conjunction with our in-house energy-saving program. Consequently, our annual energy conservation rate at Hsinchu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

Electricity conservation rate of Hsinchu Plant (%)



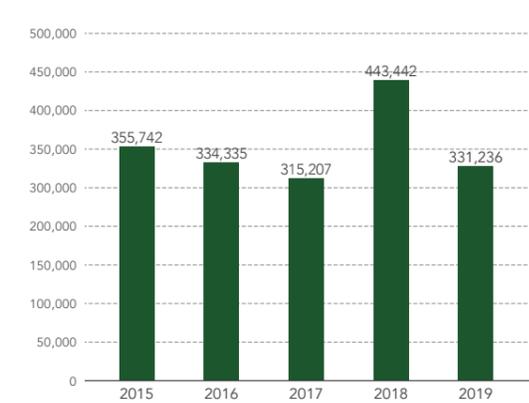
Despite the increase in production capacity in recent years, Linkou Plant has maintained a steady level of power consumption and as such, the unit product energy consumption of the plant has been falling significantly each year. Moreover, as Linkou Plant involved mostly in the development of new materials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

Unit product energy consumption of Linkou Plant (kWh/m²)



As far as Yangzhou Plant is concerned, due to the multiple energy-saving that were implemented simultaneously with increased production capacity in 2015, the intensity of electricity consumption of the Yangzhou Plant fell significantly compared to 2014 and has been steadily reducing after that. Nevertheless, Yangzhou Plant's power consumption grew slightly in 2018 due to capacity transfer as a result of plant relocation, and yet production capacity has dipped slightly due to reduced utilization rate. Consequently, the plant's product unit energy consumption and GHG emission intensity increased slightly. In 2019, all machinery and facilities have been properly installed for operation, and the plant's capacity has been restored to a normal production schedule with adequate manpower in place. As expected, the plant's product unit energy consumption promptly returned to the level of previous years.

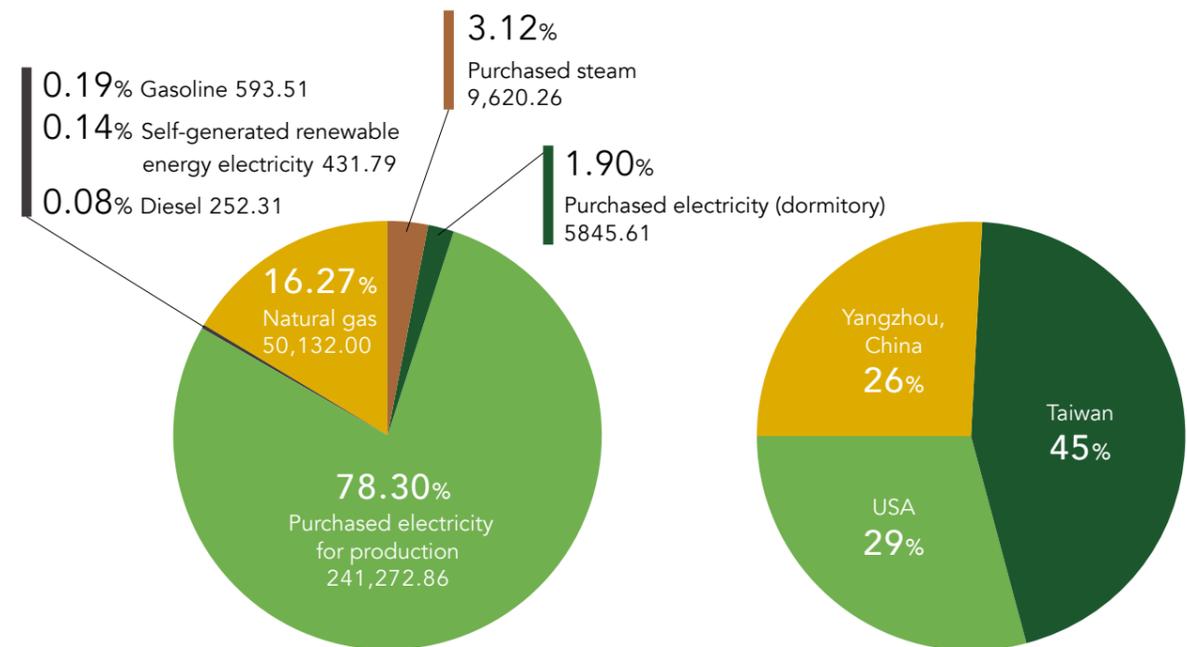
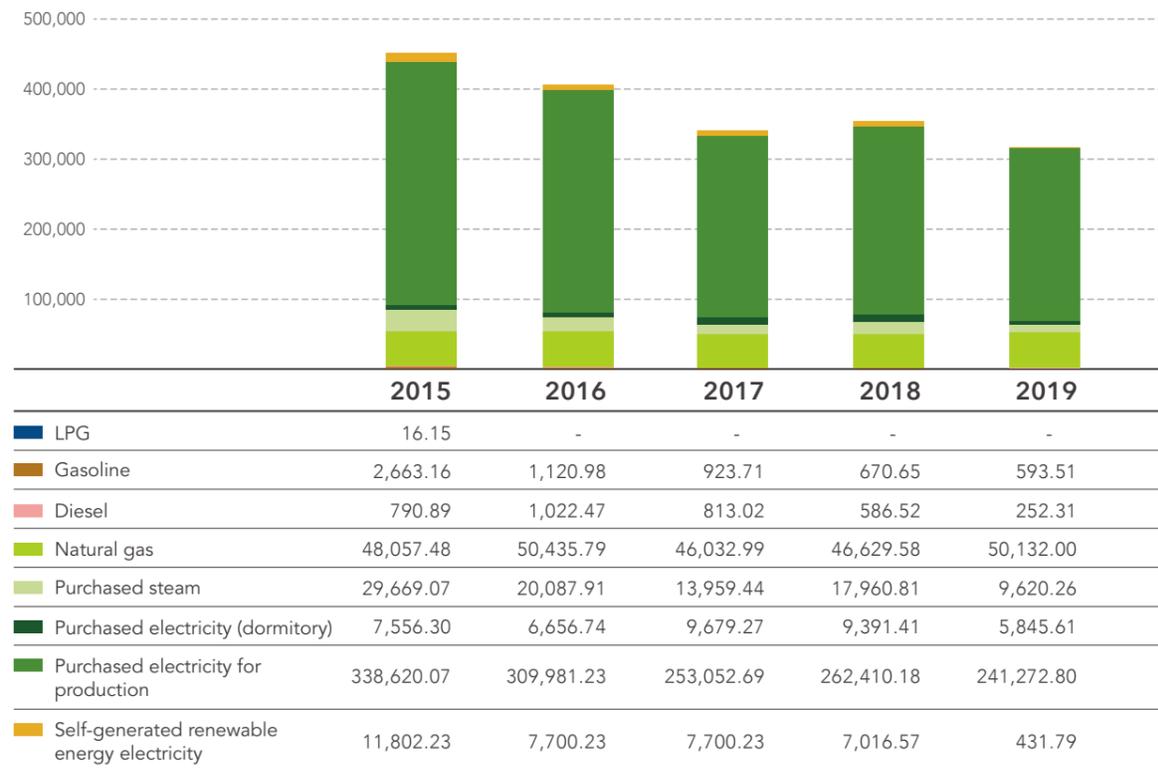
Unit product energy consumption of Yangzhou Plant (GJ/m²)



Status of energy consumption

Our total 2019 energy consumption was 308,148.00 GJ for all production. Power used for production purposes is mostly externally purchased (i.e. externally purchased power and renewable we generated on our own) and it accounts for more than 78% of our total energy consumption.

Total Energy Consumption in 2015-2019 (GJ)



2019 Total Energy Consumption (GJ)

Proportion of 2019 total energy consumption of major E Ink production bases worldwide

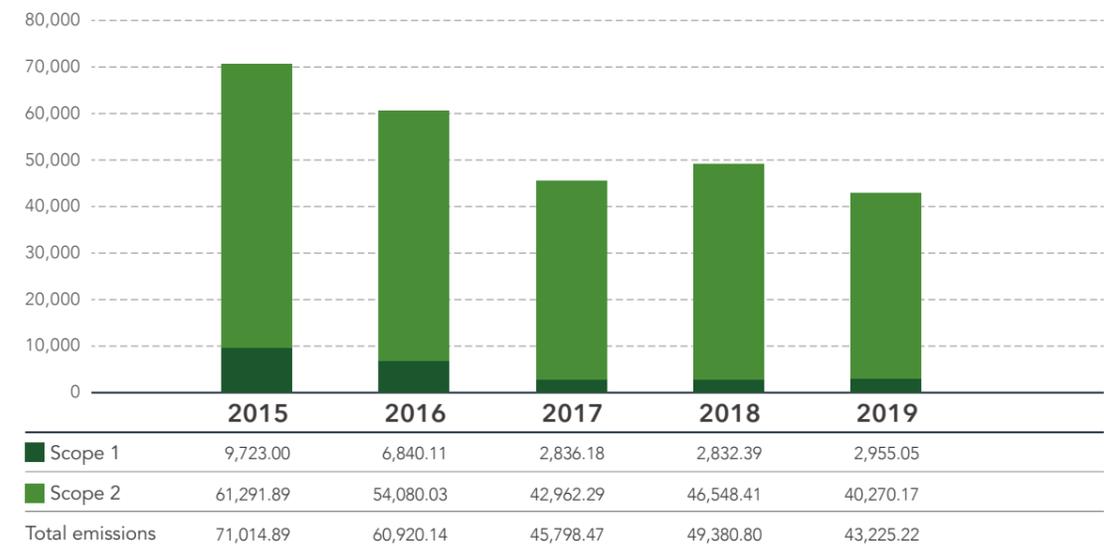
GHG Emissions

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

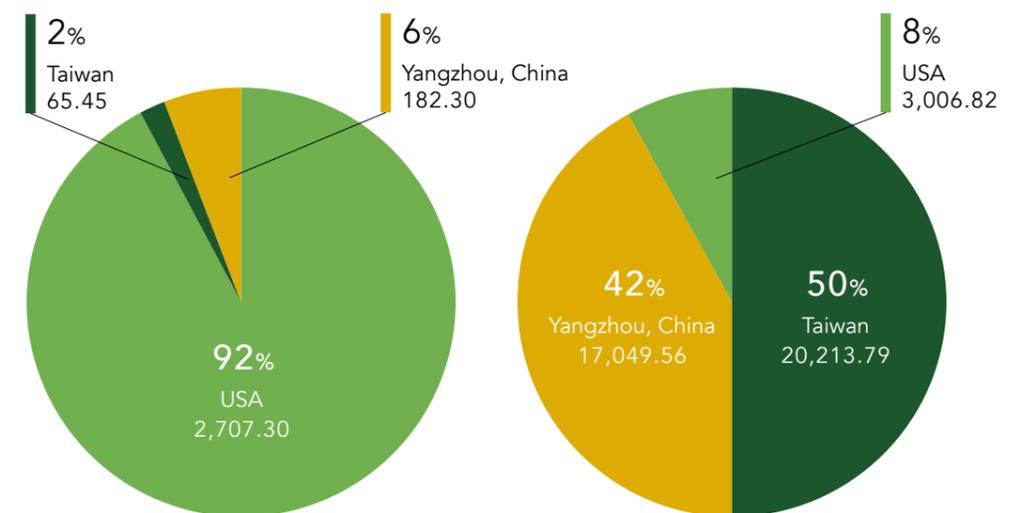
Both Hsinchu Plant and Yangzhou Plant began GHG inventory in 2005 and we have conducted third-party verification according to ISO14064-1 in the same year, while the Linkou Plant implemented GHG inventory and external verification voluntarily. Starting from 2013, Hsinchu Plant became the first group of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

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

Total GHG emissions (tCO₂e)

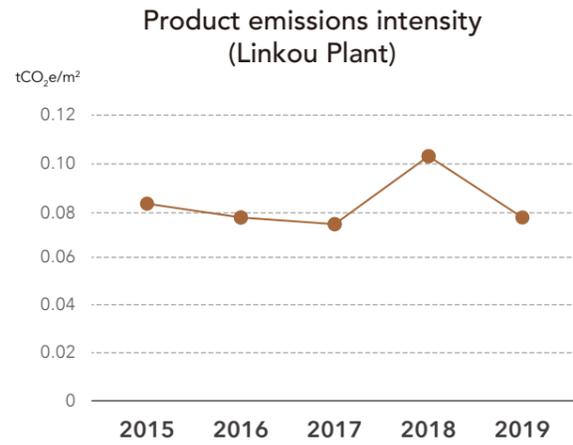
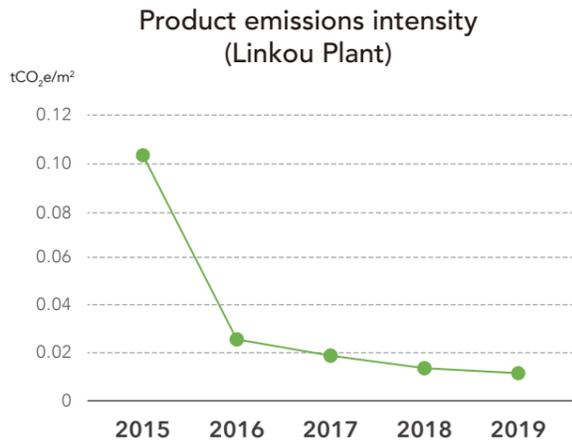


2019 GHG emissions of major E Ink production bases worldwide



Scope 1
GHG emissions (tCO₂e)

Scope 2
GHG emissions (tCO₂e)



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

To support the renewable energy certificate (T-REC) trade promoted by the government, E Ink has subscribed to a total of 262 T-RECs in 2017, 686 T-RECs in 2018 and 597 T-RECs in 2019. According to the statistics on REC transaction from the National Renewable Energy Certification Center (Taiwan), as of May 31, 2020, we have traded a total of 1,645 T-RECs and we are currently the top enterprise with the highest T-REC transactions, which accounted for 29.56% of all T-REC transactions in Taiwan. We will continue to subscribe to RECs as our way of demonstrating our support for green power and determination to conserve energy and reduce carbon through action.

Green Power

Green power refers to the energy that is generated with zero or near-zero CO₂ emission. Compared with other methods of power generation (e.g. thermal power, over-developed renewable energy), green power causes a much less environmental impact. Primary sources of green power include solar power, wind power, hydropower, biomass, nuclear power, geothermal power, and so forth. Solar and wind power happen to be our main sources of green power in Taiwan. According to the definitions provided by the Bureau of Energy, any power generated by renewable energy generating equipment can be defined as green power.

About Renewable Energy Certificate

A Taiwan Renewable Energy Certificate (T-REC) functions as the ID for green power issued by a third party after verifying the equipment and generation capacity of its source as green energy. As of now, world-leading enterprises including Google, Apple, Facebook, and so forth have pledged to operate on 100% green power, and RECs serve as proof of energy use.

Q&A : What are the benefits of green power?

1. The development of green power will naturally accelerate the development of renewable energies, which will, in turn, lower our nation's dependence on imported energies and fossil fuel while reducing CO₂ emission.
2. The purchase of green power can be perceived as a manifestation of environmental stewardship by enterprises. As green power has a carbon emission factor of zero during its generation, it is more aligned with existing global trends for environmental protection and helps to make our products more competitive. With many internationally renowned brand names announcing their intention to be a part of the RE100 initiative, they will naturally ask their supply chains to follow through and work towards operating on 100% green power.

What are the benefits of T-REC?

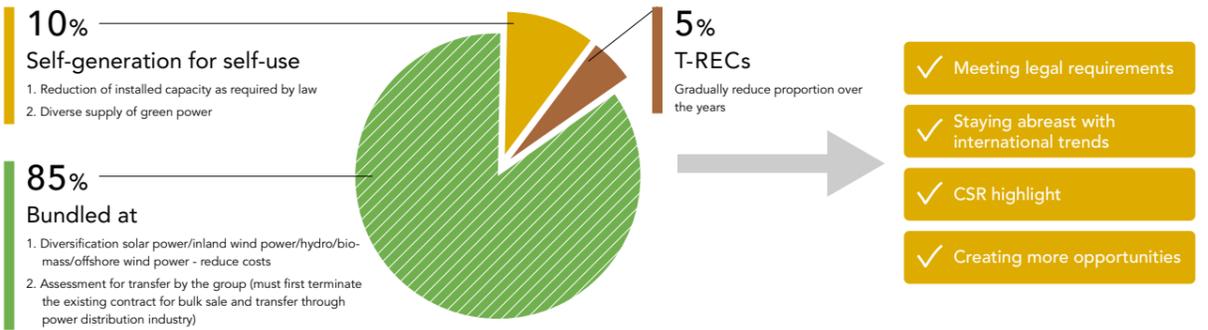
Power companies can apply for T-REC as proof of green power generation and sell it to users buying green power, or the environmental benefits of green power to users through REC. Buyers can use T-RECs in their GHG inventory or domestic/international enterprise ratings such as the Carbon Disclosure Project (CDP) as proof of using green power. Owners of self-usage power generation equipment can also apply for REC as proof of using green power and use it in their enterprise ratings.

For more information, please visit the National Renewable Energy Certification Center at:



<https://www.trec.org.tw/>

Green manufacturing strategy



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

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

Year	Total output capacity (kWh)	Total electricity bill saved (NT\$)
2014	2,202,462	1,520,000
2015	3,275,241	1,590,000
2016	2,143,751	1,267,000
2017	2,143,136	1,377,000
2018	1,952,345	1,961,000
2019	116,067	116,000
Total	11,833,002	7,831,000

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



2. Process Energy Management

Through process equipment replacement, machine operation optimization and management, and installing LED lighting inside the factory building, we endeavor to minimize energy consumption in the production process and thereby achieve the goal of energy saving and emissions reduction. In 2019, our energy-saving initiative focused primarily on reducing power consumption by 3,136,502 kWh and steam generation by 1,048 tonnes (equivalent to 14,225 GJ and also equivalent to a carbon emission reduction of 2,206 tCO₂e).

Energy Conservation and Carbon Reduction Programs in Taiwan Plants

Hsinchu Plant Cooling Tower Renewal Project

The cooling tower on the 2nd floor of plant facility building CUB at Hsinchu Plant has been replaced with a new tower, with the main motor unit replaced with a 30HP VFD motor. Not only that, old thermal materials have also been replaced to improve heat exchange efficiency and we expect the change to allow us to lower the temperature setting for the cooling tower.

- ✓ Energy-saving efficiency: 236,131 kWh/year
- ✓ Cost saved: NT\$590,327.5/year

Hsinchu Plant Re-Layout Project

Although the Clean Room Cell area at Hsinchu Plant only had a utilization rate of 25%, the area has been maintained to run around the clock at CLASS 1000. And as such, relevant equipment has been relocated to the PAT area to keep all relevant machinery running in the PAT area with the Cell area closed to reduce non-essential energy consumption while increasing the utilization rate for the Clean Room.

- ✓ Energy-saving efficiency: 1,448,928 kWh/year
- ✓ Cost saved: NT\$3,622,320/year

Hsinchu Plant CUB Light Fixture Replacement Project

All existing T8 light fixtures in the duty room, conference room, water monitoring room and corridors on the 2nd floor of plant facility building CUB at Hsinchu Plant have been replaced with LED, with specific placements adjusted to reduce the number of fixtures by five units.

- ✓ Energy-saving efficiency: 13,103 kWh/year
- ✓ Cost saved: NT\$,32,758/year

Hsinchu Plant Array Filter Coverage Project

The array area in the cleanroom of Hsinchu Plant originally had 36 circulating fans to maintain airflow within the cleanroom. We have covered up 1600 pieces of ULPA filters to reduce the space being ventilated. The number of operating circulating fans have also been reduced to 18, with fan speed still maintained at a speed that does not affect airflow within the cleanroom.

- ✓ Energy-saving efficiency: 1,140,480 kWh/year
- ✓ Cost saved: NT\$,2,851,200/year

Hsinchu Plant Cooling System Operating Mode Adjustment Project

The system originally has two cooling water pumps operating at low frequency. The project involves changing to one motor operating at a higher frequency to maintain normal pressure for cooling water supply.

- ✓ Energy-saving efficiency: 133,332 kWh/year
- ✓ Cost saved: NT\$,333,330/year

Hsinchu Plant Wastewater Recycling & Treatment System UV Lamp Power Saving Solution

By halting experimental processes at the cleanroom, we were able to maintain stable effluent quality and lower the TOC level in the effluent. After evaluating the UL LAMP + active carbon treatment system, we have decided to turn off the rear UV LAMP exposure and opted to use only active carbon treatment as long as the effluent quality is within reasonable status for energy conservation.

- ✓ Energy-saving efficiency: 55,814 kWh/year
- ✓ Cost saved: NT\$,139,535/year

Yangzhou Plant Energy Conservation and Carbon Reduction Project

Vacuum Machine Integration and Optimization Project

Under the premise of fulfilling the needs of the production lines, the plant adjusted the operating parameters of the vacuum machine and turned down one of the units as a backup unit.

- ✓ The adjustment would help to conserve 95,040 kWh/year
- ✓ The adjustment would help to reduce operating and maintenance expenses by RMB 67,000/year

LED Light Fixture Replacement

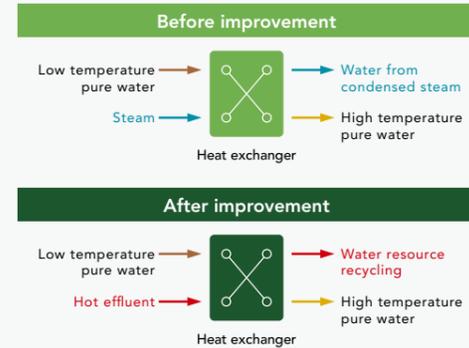
In 2019, Yangzhou Plant replaced a total of 285 light fixtures in offices, cafeteria, and various areas with energy-saving lamps.

- ✓ The replacement helped to conserve 13,674 kWh/year

Pure Water System Auxiliary Hot Water Reconstruction Project

The plant has changed the heat source for its pure water system from steam to hot effluents discharged before the effluent is recycled and reused in order to reduce the steam requirement.

- ✓ The project helped to save 1,048 tonnes of steam per year and RMB 185,000 from relevant costs



Note: The performance of each energy conservation program is calculated based on equipment specifications and operating hours before and after improvement.

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.

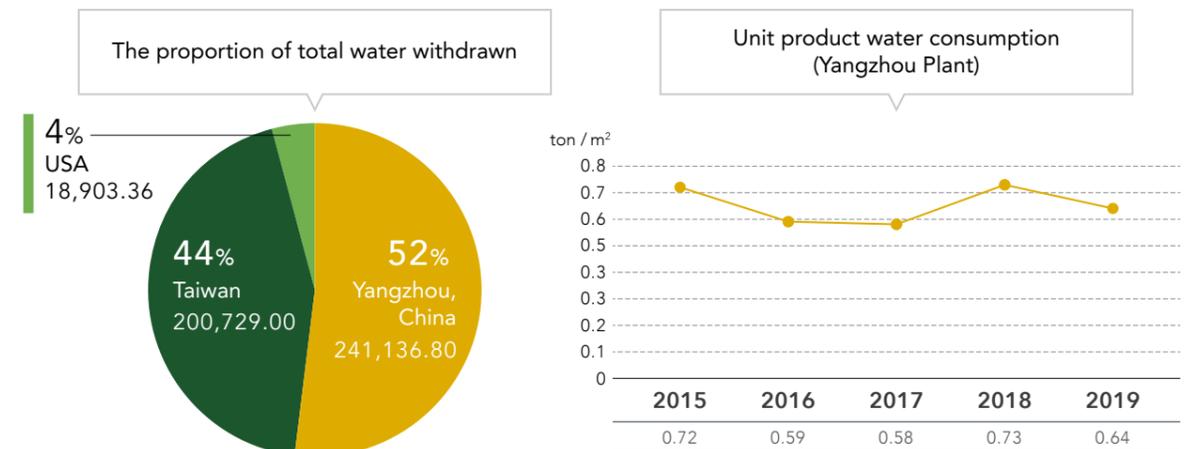
In recent years, we have spared no efforts to save and reclaim water, thus reducing the water consumption of each plant, and the unit product water consumption has also reduced. However, as Hsinchu Plant in Taiwan used to be a display substrate manufacturing facility and has been transformed into an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

Status of water consumption (m³)



註：針對2015-2018數據進行修正。

The proportion of total water consumption for major E Ink production bases worldwide in 2019



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

Highlights of Water Saving Projects for 2019

Water Conservation Project at Yangzhou Plant

Discharged Wastewater Recycling Project

By taking the layout of drain pipes at the plant into consideration, we examined the quality and quantity of water available and mixed a portion of the wastewater for reuse.

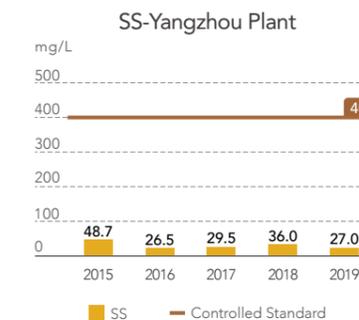
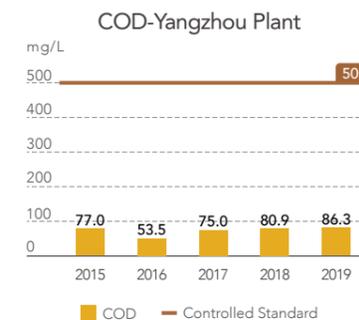
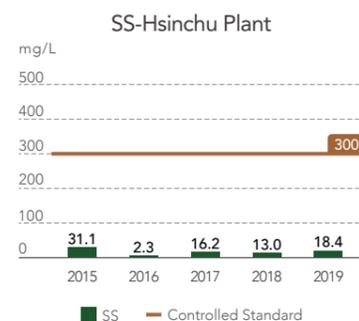
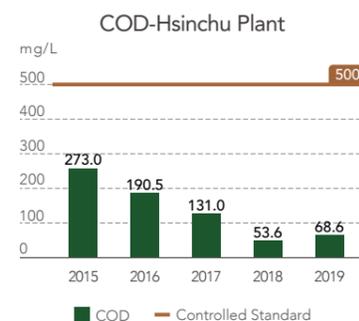
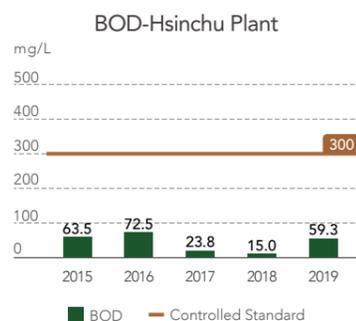
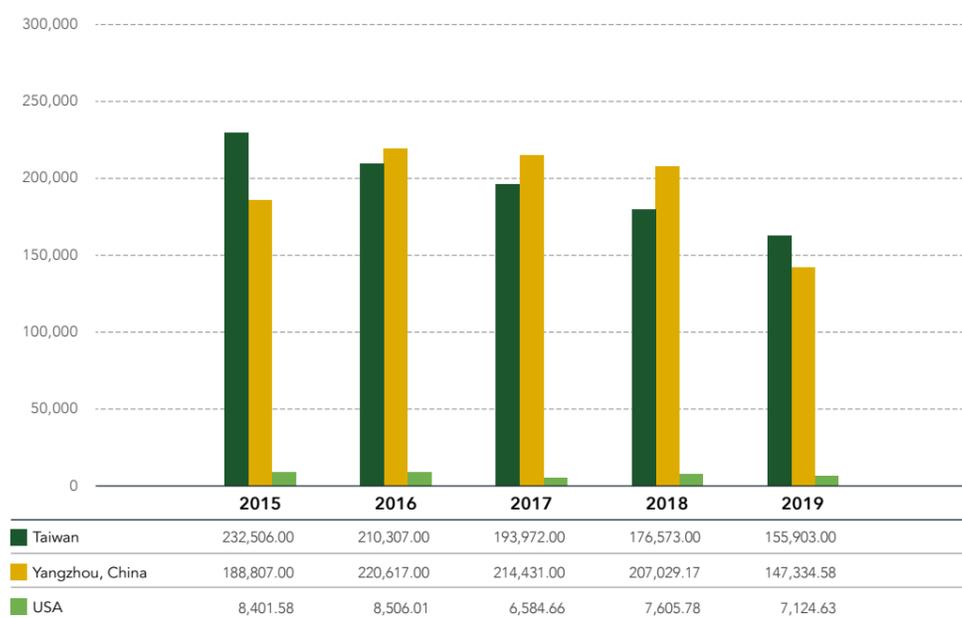
- ✓ We were able to conserve 54,495 tonnes of tap water
- ✓ Year and save RMB 182,000 for water utility
- ✓ Year and RMB 73,000 for pollution tax/year

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 discharge and water quality management

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

Volume of wastewater discharge (m³)



Hsinchu Plant Wastewater Discharge Reduction Solution



Air pollution control

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

	Air pollutants annual total emissions (ton)	2016	2017	2018	2019
Hsinchu Plant	VOCs	0.7154	0.3093	0.8814	0.4323
	HCl	0.0417	0.0053	0.00867	0.0081
	HF	0.01373	0.00022	0.0017	0.0163
Linkou Plant	VOCs	0.59	0.33	0.40	0.88

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

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

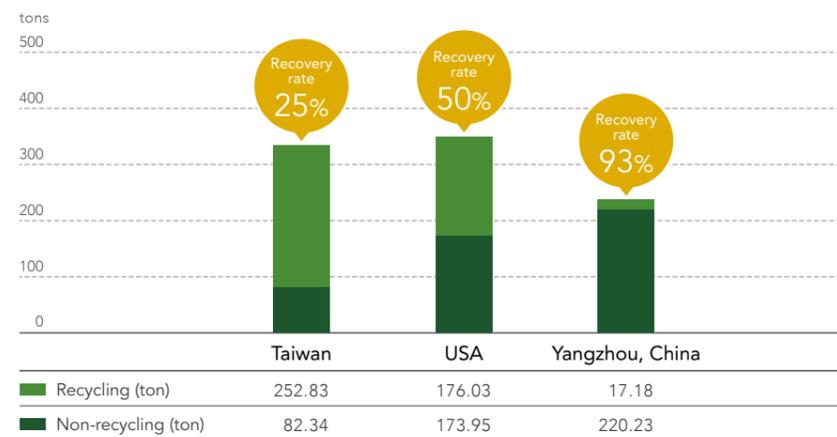
Proper waste management

At E Ink, legal compliance and environmental impact reduction are the prime concerns in 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.

Based on the business opportunities and management of waste disposal contractors, we arrange the annual audit program to administer waste disposal and processing contractors. Through random in-car inspection, we determine if contractors legally dispose of and process our waste to control the flow and final disposal of waste. In 2018, we participated in the Allied Association for Science Park Industries and the Taiwan TFT LCD Association to perform joint audits on the common waste disposal/processing contractors of members. We also conducted onsite inspections and other documentary evaluations to evaluate contractors through different aspects and from different angles, such as health, safety, environmental protection (HSE), and risk management. Based on the onsite inspection results, we request for continual improvement from contractors. We also provide the audit results for the reference of members to select contractors.

2019 Waste Outputs and Disposal Methods

Waste type	Disposal method	Taiwan	USA	China
General Waste	Total output (ton)	217.59	289.84	215.90
	Incineration (ton)	152.90	96.19	0
	Landfill (ton)	5.08	21.00	0
	Recycling (ton)	59.39	172.65	210.00
	Others (ton)	0.22	-	5.90
Hazardous waste	Total output (ton)	117.80	60.14	21.51
	Incineration (ton)	93.03	58.84	7.14
	Landfill (ton)	0	-	0
	Recycling (ton)	22.95	1.30	10.23
	Others (ton)	1.82	-	4.14
	Outsourced for processing	0	-	0
Total	Total output (ton)	335.39	349.98	237.41
	Incineration (ton)	245.93	155.03	7.14
	Landfill (ton)	5.08	21.00	-
	Recycling (ton)	82.34	173.95	220.23
	Outsourced or processed by other means (ton)	2.04	-	10.04



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 liquids in the Linkou Plant have 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. In addition, we have also been promoting our waste separation policy to employees and equipped kitchens and employee rest areas with trash cans for different types of garbage: trash, paper waste, plastics, aluminum foil packages, glass, and metal cans. We even labeled each trash can in both Chinese and English for local and foreign employees to identify them in order to enhance the recovery and recycling rate of household garbage.

To establish a complete waste management mechanism, the Yangzhou Plant began keeping a full record of waste outputs in 2015 for the management reference. Recyclable packaging materials, such as paper and plastics, are the main type of waste. The 2019 recovery rate was up to 93%. In addition, Yangzhou Plant has also been encouraging employees to submit proposals to cutting expenses in production processes, such as machinery efficiency enhancement, waste reuse, used paper recycling and reuse, expanding usage frequency for consumables, and so forth.

ePaper Revitalization Project

In light of the emerging concept of a circular economy, Yangzhou Plant took the initiative to establish its ePaper Versatile Utilization Promotion Team to focus on the circular usage and reuse of ePaper products in 2017. Driven by the concept of product usage diversification, the team sought to create a new corporate culture of using EPD as a replacement for regular paper used for general company operation activities to reduce material consumption.

As of 2019, the team has developed at least **10** circular vitalization programs for ePaper and used more than **100** pieces of EPD in various activities within the year.



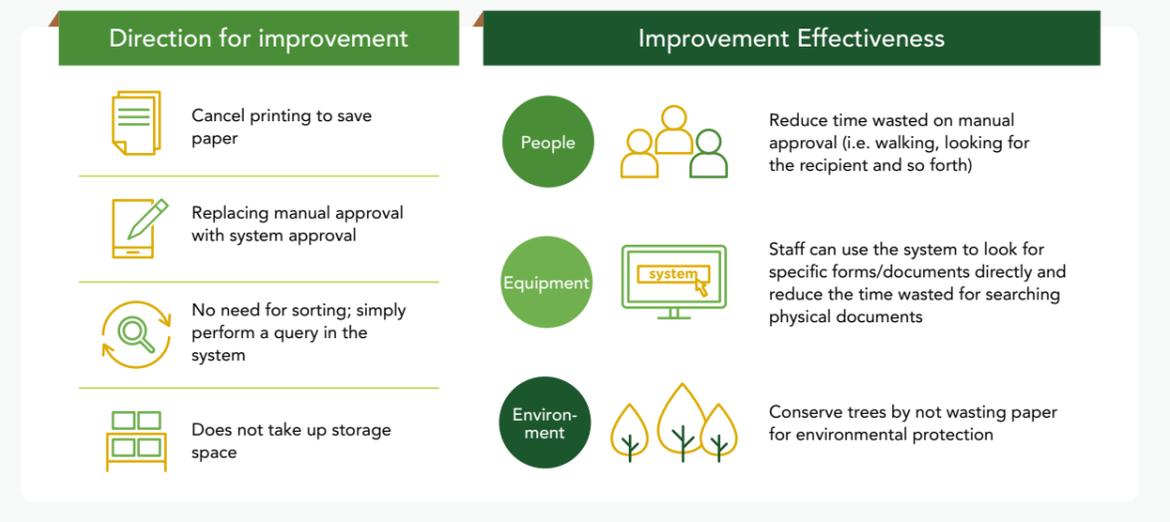
▲ Name plates for meetings

▲ Wall of digital photographs on EPD

▲ In-house name plates

Promotion of paperless warehousing operations

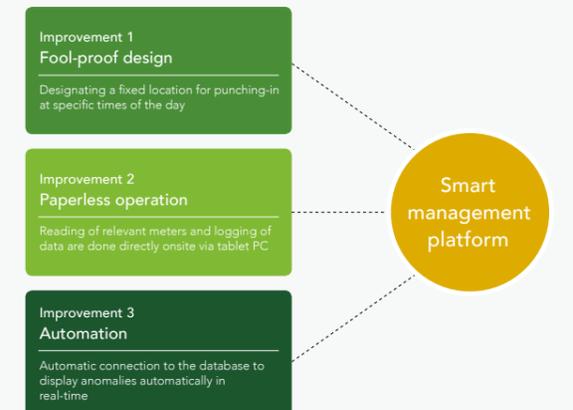
In 2019, Yangzhou Plant also introduced paperless warehousing operations to dramatically reduce the costs and consumptions of manpower, paper, photocopying, and so forth for relevant paperwork and approval processes. It is estimated that this solution will help the plant to save more than 550,000 sheets of paper, which is roughly **equivalent to 4.4 tonnes** of GHG emission.



Smart Meter Reading Program for Patrolling Personnel

In the past, designated personnel on duty are expected to read the meters of various equipment twice each day and manually enter the data into the system. The task not only demands a significant portion of time and manpower but has also become a waste of paper with low data utilization rate. And as such, Yangzhou Plant independently developed a software management system in 2019 for an application to be installed on tablet PCs to achieve smart reading and data analysis to effectively reduce manpower and paper resource requirements.

✓ The program will save 3,680 sheets of paper/year, which is roughly equivalent to 30KG of GHG emission.



4-4 Building a sustainable supply chain

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

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 truly fulfill our vision for co-prosperity with local communities.

Scale of Local Procurement in 2019

Item	Materials		Parts and Accessories		Machines and Equipment		Total Purchase	
	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Local procurement amount (NT\$1,000)	76,029.428	2,121,862.987	31,240.712	8,841.404	32,312.504	55,259.104	139,582.644	2,185,963.496
General procurement amount (NT\$1,000)	787,418.546	8,664,601.343	31,240.712	9,676.532	34,891.314	517,843.409	853,550.572	9,192,121.284
Percentage of local procurement amount (%)	9.66%	24.49%	100%	91.37%	92.61%	10.67%	16.35%	23.78%
Number of Suppliers	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Number of local procurement suppliers	71	45	88	33	38	162	197	240
Total number of local procurement suppliers	115	86	88	34	39	175	242	295
Percentage (%) of procurements from local suppliers	61.74%	52.33%	100%	97.06%	97.44%	92.57%	81.40%	81.36%

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

Compared to 2018, our local procurement in Taiwan declined primarily because Linkou Plant expanded its EPD production capacity in 2019 and over 90% of the raw materials needed had to be imported. Presently, E Ink is actively assisting and certifying domestic suppliers and we hope to gradually increase the ratio of our local procurement in the next two years. For China, our local procurement ratio went up because we began using significant quantities of products sourced by local panel suppliers in order to reduce the lead time between order placement and shipment arrival as it would reduce our transportation costs and lower carbon emission from the transportation process.

Supply Chain Cooperation

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

Touch panel

In addition to collaborating with our strategic supply chain in joint design and development to improve our suppliers' production technologies, level of craftsmanship and product quality, E Ink has also been working to facilitate the development of the optronics sector as a whole. In 2019, we have been working with a world-leading manufacturer of electromagnetic screens for digital handwriting applications to jointly develop eNote products with handwriting and flexible screens.

Panel suppliers and TFT substrate suppliers

Starting from 2016, we have been working with leading Taiwanese TFT LCD manufacturers for the in-depth development of TFT substrates with their TFT equipment and R&D resources. The fruits of our development with these domestic TFT LCD partners have been showcased in various domestic and international fairs and trades shows as our way of fulfilling our "technology in Taiwan" commitment.

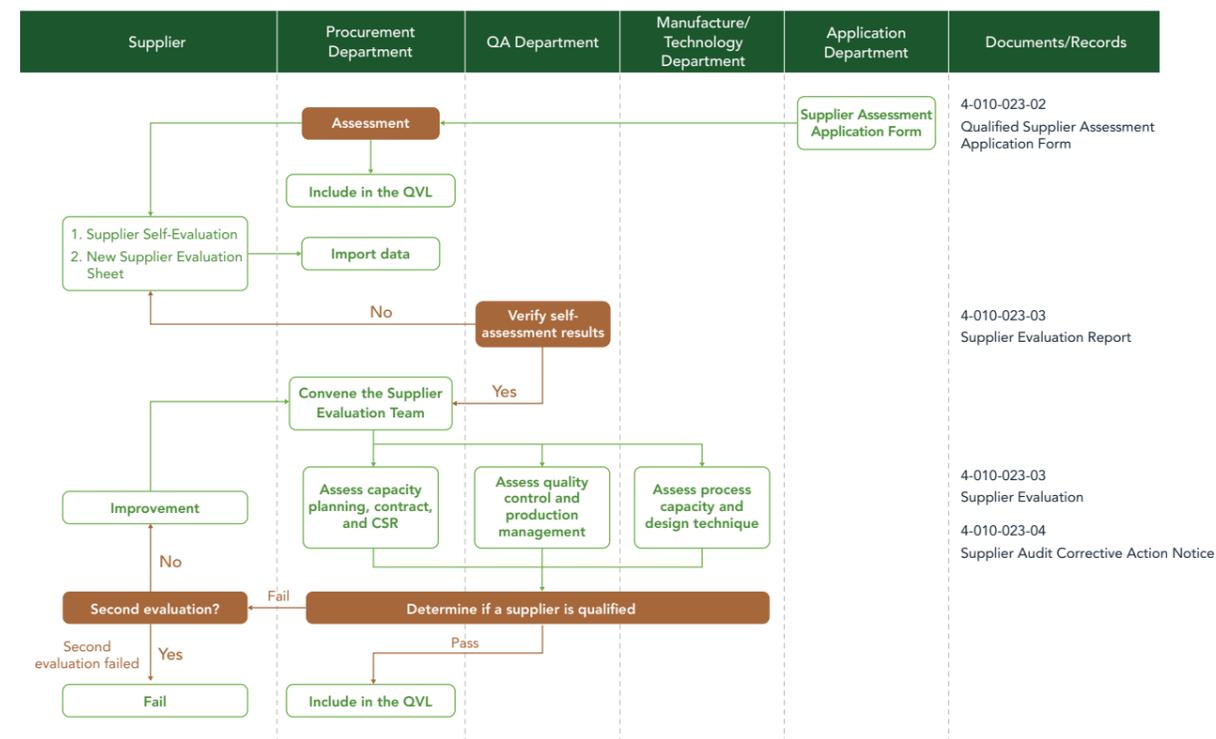
In response to our strategy for co-prosperity and co-development with local suppliers, from 2017, we initiated an in-depth collaborative TFT substrate technology development with leading TFT LCD manufacturers in China to diversify our TFT substrate sources and progressively implement local procurements to shorten the carbon footprint from transportation for a win-win. Thus far, we have engaged three local TFT LCD manufacturers in China operating at an international scale in our operational strategies.

Supplier Evaluation Process

At E Ink, we have established a complete set of procedures for supplier evaluation to select quality suppliers through these procedures, which serve as our guidelines for processes such as supplier development, evaluation, and recognition in order to fulfill our requirements for production and business operations.

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

Supplier Evaluation Flowchart



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

Supplier CSR Audit Items

Environmental, occupational safety, and health management system	Assessment for impact on society	Health and safety	Labor practices assessment	Social evaluation
ESH performance certification	Negative impact on local environment	Occupational safety and health unit and its staff	Work training	Clean transaction commitment
	Emission permission	Safe workplace	No underaged employees	Whistle-blowing mechanisms
	Waste handling and disposal	Occupational disaster or dispute	Compliance with pertinent regulations on overtime work	
	Environment related violations and penalties	Management of hazardous chemicals	Non-discrimination	
		Relevant qualifications for equipment operators	Non-compliance with freedom of association and collective bargaining	
		Health checkup/examination		
		RoHS instrument operator health examination		

Results of 2019 Supplier Audit

Year	Supplier Type	Assessment for impact on society	Health and safety assessment	Labor practices assessment	Social evaluation
2019	Number of New Suppliers	3	3	3	3
	Number of Existing Suppliers	13	13	13	13

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

The average score of our 2019 supplier audit came to 87.19 points, including one new supplier that failed the initial audit by our audit team because the said supplier has transitioned its business and terminated its raw material/part/component process. Coupled with the fact that we do not anticipate continued production for the product model in the future, the procurement unit has therefore informed the supplier regarding the termination of the audit. All other suppliers have passed our audit.

Supplier Clean Transaction Commitment

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

Focus of the Clean Transaction Commitment:

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

2019

By 2019, a total of 66 suppliers have signed the new Clean Transaction Commitment.

2019/11/14

Our supplier electronic system was officially launched for operation on November 14, 2019 and effective immediately. New suppliers will be required to submit their signed commitment when setting up their profiles in our system. Those who fail to do so must provide their reason and obtain explicit consent from E Ink's divisional supervisor before they can upload their information and receive their supplier code in order to complete their new supplier application procedure.

Supplier Risk Assessment

Even though E Ink is already working with several suppliers, due to considerations such as costs, delivery date, quality, and other factors, we still find it necessary to seek out new suppliers so that we can develop superior products and services. As we focus on improving ePaper performance, we need to place equal emphasis on timeliness and cost and avoid new suppliers with high financial, operational, production, or technological risk. And as such, our procurement unit will first gather relevant information about supplier candidates and perform a risk assessment and the results of which would serve as abasis of consideration for other units in future collaborations. The procurement unit will also perform a periodic risk assessment for existing suppliers to reduce the risk of supply chain disruption.

Financial Risk

In recent years, a number of our suppliers have either gone out of business or gone through restructuring due to financial issues stemming from poor management. In order to gain more accurate understanding and control of the supply chain and stabilize material supply, we have gathered and updated the business status, financial information (including gross profit margin, net profit margin, liquidity ratio, quick ratio and so forth) in 2019 for routine prevention and risk management for 14 suppliers. In the future, we will continue to update the financial status and market information of material suppliers every quarter to confirm the following:

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

Environmental Risks

In 2018, we encountered a potential issue with supply shortage due to specific environmental protection issues that our FPC suppliers were experiencing. To prevent similar situations from recurrence, we immediately performed a targeted survey on our supply chain in China that might have waste emission issues in 2019 for a total of 14 suppliers.

Based on their responses, we could understand if there is risk on supply discontinuity due to the environmental protection audit of the Chinese government. In the future, we will continue to monitor suppliers, take precautionary actions, and perform risk management to ensure materials supply continuity.

Assessment and control of second sources

The demand for seeking secondary sources of materials can be attributed to three reasons: to avoid the risks of having one single source, supplier ECN and procurement cost reduction. Presently, through means of product management, supply chain quality engineering, joint meetings for R&D and procurement personnel, the proposition for the need of secondary sources shall be proposed by procurement and after participants at the meeting have agreed, the planning of relevant testing will be entrusted to R&D personnel while supply chain quality engineering staff will check to see if related procedures were compliant with ISO requirements. The secondary source platform went successfully in 2019 because of comprehensive budget planning for secondary source verification at the beginning of the year. At the end of the year, the budget utilization rate exceeded 98%. The achievement of the secondary source included the timely supply of PCBs in the second half of 2019, when the original flexible PCB supplier was forced to shut down operations for violation of the environmental protection requirements in mainland China. In addition, the secondary source shortened the delivery time and made the delivery more versatile, as witnessed by the new supplier of the anti-glare coating for the eBook and second wafer packaging and testing source referred by our IC supplier. The value of the secondary source platform comes from the possibility to make up for the inadequacy of the existing supply source at the product design phase and open the door to supply chain optimization even after mass production. Not only that, the platform also serves as a source of encouragement for existing material suppliers to continue improving their quality of material and cost advantages. The control of the quality system is the key to success for the secondary source platform. With the quality system, we make our verification procedures more accurately defined and efficient and after customers acknowledge alternative material, we will be able to ensure the quality of mass production.

Supplier Feedback Channels

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



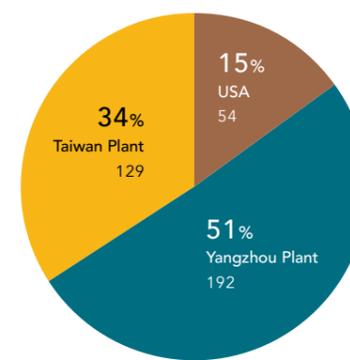
Chapter 05

Happy · Workplace Growth

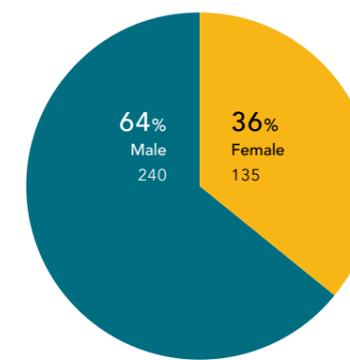
In addition, we respect the right of employment for people with disabilities and abide by the laws and regulations. In 2019, apart from hiring three severely visually impaired masseurs, we hired five employees with moderate to mild disabilities, at a proportion greater than Taiwan's statutory requirements.

In terms of turnover, we had a total of 246 new employees in 2019 and they make up 12% of our total employee pool with no significant change compared to 2018 (11%); 375 employees resigned and the resignation rate for 2019 came to 19%, which is a significant increase from that of 2018 (12%). Upon closer inspection, excluding non-voluntary resignations, deaths, retirements (a total of 27 employees), approximately 60% of the employee turnover is attributed to resignation due to personal career planning. In other words, the primary cause for higher employee turnover for 2019 is due to employees' personal reasons, followed by the adjustments that were made to our production line operations at the Hsinchu plant as relevant personnel did not accept the Company's proposed arrangements and opted for their severance package instead. That is the secondary cause for the higher employee turnover in our Taiwan plants for 2019.

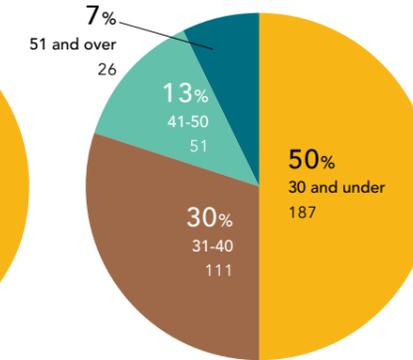
Region Distributions of Separating Employees



Gender Distributions of Separating Employees



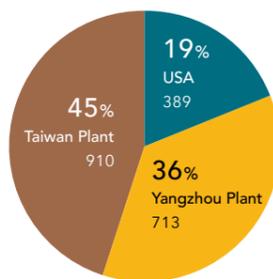
Age Distributions of Separating Employees



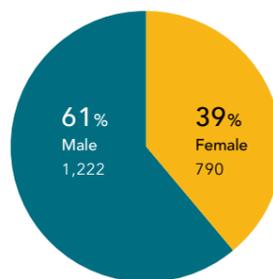
5-1 Management Overview

2019 Employee Overview

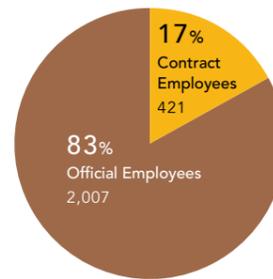
Global Employees



Gender



Official-Contract Employees



Employee Position



¹ Executives are manager and above.

² The Yangzhou Plant actively promotes industry-academia programs to recruit interns every year for in-house practicum and offers interns with training/education on related professional skills. The internship usually lasts for 3-6 months, and all are direct labor. In 2019, there were 3,001 interns in total, including 1,904 males and 1,097 females.

³ At the end of 2019, the workforce structure of the Yangzhou Plant included 405 Contract Employees and 404 interns. All employees in the Taiwan and Yangzhou plants are full-time employees. The US plant has 385 full-time employees and 4 part-time employees, of which 3 are female and 1 is male.

In terms of our overall manpower structure in Taiwan for 2019, there haven't been any notable changes. Thanks to the solid foundation and groundwork we have established in the past, E Ink was able to retain its talents. By intensifying the delivery of E Ink's core beliefs and values, we have optimized our competency selection and evaluation system while selecting applicants for an interview in accordance with their vocational skills and personality, we were able to identify newcomers who can relate to E Ink's values. We also enhanced our training for newcomers in order to help them accept our corporate culture and acknowledge E Ink's goals. This will in turn boost personnel stability and help newcomers quickly acclimatize themselves to the Company and develop their careers. In terms of appointment, we hope to better understand employees' expectations of E Ink and create a positive cycle of mutual benefit and codependency by making our performance evaluation system open platform.

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

As for Yangzhou Plant, since it is a local custom for people to return to their hometown for the Chinese New Year and some of them would find another job after the holidays are over, the turnover rate would naturally be higher during this time of the year. Nevertheless, the "Wage Reform Program" that Yangzhou Plant introduced has substantially improved wage levels and benefits for our employees. Consequently, the plant's turnover rate for last year has fallen significantly compared to the past and the annual employee satisfaction survey also revealed higher satisfaction compared to 2018.

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

¹ Senior management refers to the vice president or officers of higher positions in Taiwan and division directors or officers of higher positions at the Yangzhou Plant. In Taiwan, 100% of senior management are locals, while Yangzhou Plant has 10% of its senior management being locals.

2019 Campus Sprouting Campaign

To brand E Ink and expand channels for talent recruitment, we actively implement the campus sprouting campaign.

Discovering E Ink

- Senior E Ink employee visiting campuses for keynote speeches intended for postgraduate students
- Presents an introduction of E Ink, illustrates ePapers' diverse applications in conjunction with live demonstrations to stimulate students' interests in interesting and engaging ways.

Keynote speeches at National Chiao Tung University



Keynote speech 1
ePaper Practices in The IoT Era



Keynote speech 2
Reading and notetaking in the IoT Era

Product Promotion

To speak at different campuses and organize experimental courses to present E Ink's product applications and provide an opportunity for students to get their hands on our products, thereby helping them to better understand the strengths and characteristics of ePaper.

Establish interaction

We've planned interactive courses and assigned our employees and assistants to separate students into groups so that the teaching assistants could help explain the operating principles of ePaper and relevant content to the students. We have also dispatched our personnel to teach and go over relevant content at these campuses to help students gain a deeper understanding of ePaper.

Experimental course to present operating principles of ePaper for participating students



5-2 Building A Positive, Beautiful and Happy Workplace

Respect for Human Rights

E Ink Human Rights Policy

All E Ink locations abide by the local rights and regulations, the International Bill of Rights, and the ILO Declaration on Fundamental Principles and Rights at Work to eliminate acts that prejudice human rights, to treat and respect employees, contract and temporary personnel, and interns with dignity.

The E Ink Human Rights Policy applies to E Ink and its affiliates.

Implementation

- 1 Provide a safe and healthy work environment in compliance with related laws and regulations.
- 2 No use of child labor.
- 3 Ban forced labor.
- 4 Eliminate discrimination to ensure equal opportunity.

Apart from strict compliance with the Labor Standards Act and the related laws and regulations, we are committed to respecting human rights in the employment, management, and development of employees. In Taiwan, we arrange training/education on policies in relation to human rights in the orientation training. In 2019, 103 hours of related training/education were given to all 103 new employees in 8 sessions.



Due diligence on human rights risks

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

Human rights issues	Management approaches	Chance of occurrence	Degree of Impact	Mitigation measure	Compensatory measure
Workplace safety	<ul style="list-style-type: none"> We passed the OHSAS 18001 external verification (which changed version to ISO 45001 in 2020) and established relevant operating procedures and guidelines for due implementation to safeguard employees' safety at work and maintain workplace safety. 	High	Low	<ul style="list-style-type: none"> We have established corrective & preventive measure handling procedure that enables employee feedback, shortcomings found during routine inspections, corrections by competent authorities and so forth can be handled and dealt with immediately. 	<ul style="list-style-type: none"> We have established specific management solution and planned annual budget that is designated for immediate improvement.
Employee health	<ul style="list-style-type: none"> We have established our employee health management procedure as stipulated in the Occupational Safety and Health Act to outline the planning and implementation of affairs such as health checkup, health promotion and so forth. 	Low	Low	<ul style="list-style-type: none"> Implement annual employee health checkup with items and frequency superior to the legal requirements. Plan and implement health promotional activities and workshops every year. 	<ul style="list-style-type: none"> Plan relevant health promotional activities based on the outcomes of annual employee health checkup/consultations. Arrange for practicing physicians to visit the plants to consult with employees individually and arrange for work resumption/transfer depending on the situation.
Child Labor	<ul style="list-style-type: none"> Under pertinent regulations, E Ink does not hire child labor under the age of 15; care has been given to carefully review job applicant's personal information and when applicants come on board, they would be verified against their personal information. 	Low	Medium	<ul style="list-style-type: none"> During potential candidate selection, job applicants would be verified for their age and job descriptions. When they come on board, responsible personnel shall verify the newcomers against their personal information to ensure compliance with the law. 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations.
Forced or compulsory labor	<ul style="list-style-type: none"> Employees must be informed in advance prior to performing overtime work and may only engage in overtime work after giving consent. The signing of the employment contract shall be carried out under the premise that there will be no violation with the labor-related regulations and that employees are free to sign or not sign the contract. Employees have the authority and freedom to terminate their labor contracts and stop offering their service. 	Low	Medium	<ul style="list-style-type: none"> Employees must be informed in advance prior to performing overtime work and may only engage in overtime work after giving consent. The signing of the employment contract shall be carried out under the premise that there will be no violation with the labor-related regulations and that employees are free to sign or not sign the contract. Employees have the authority and freedom to terminate their labor contracts and stop offering their service. 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations.
Work hours	<ul style="list-style-type: none"> Work hours shall be established in the work regulations in accordance with pertinent laws and submitted to the competent authority for approval prior to informing our employees via public announcement. We host routine labor-management meetings for communication and negotiations. 	Low	Low	<ul style="list-style-type: none"> We will hire adequate manpower based on production capacity to accommodate actual needs. We will periodically review our existing systems and regulations and update them in accordance with the latest regulations to ensure proper control of work hours. 	<ul style="list-style-type: none"> We will establish work hour management and follow-up mechanism. We will strengthen relevant training and dissemination about work hours.

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

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.

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.



Intranet: My E Ink / E Inker

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



Employee Suggestion Boxes

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

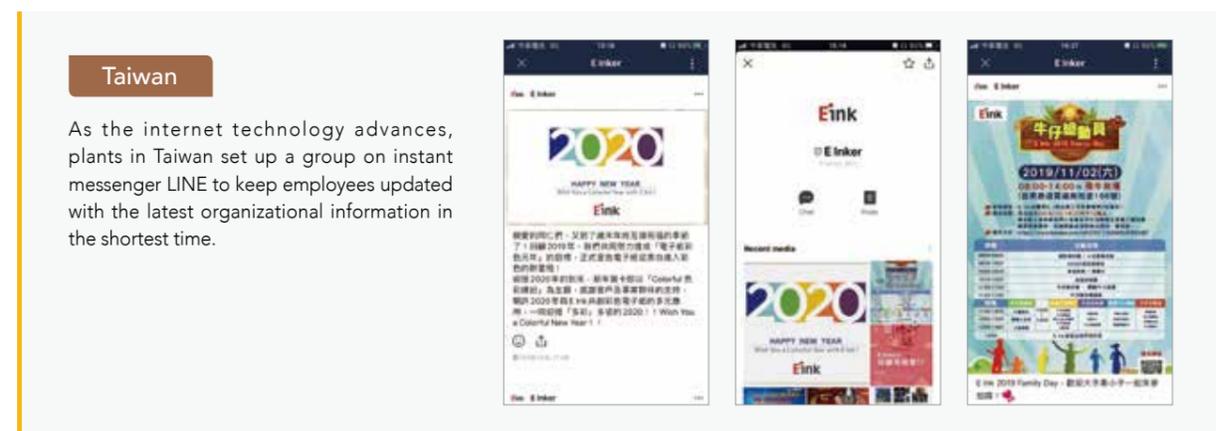


Employee Seminars

We organize employee seminars or employee congresses every quarter for employees to openly and directly communicate with the management.

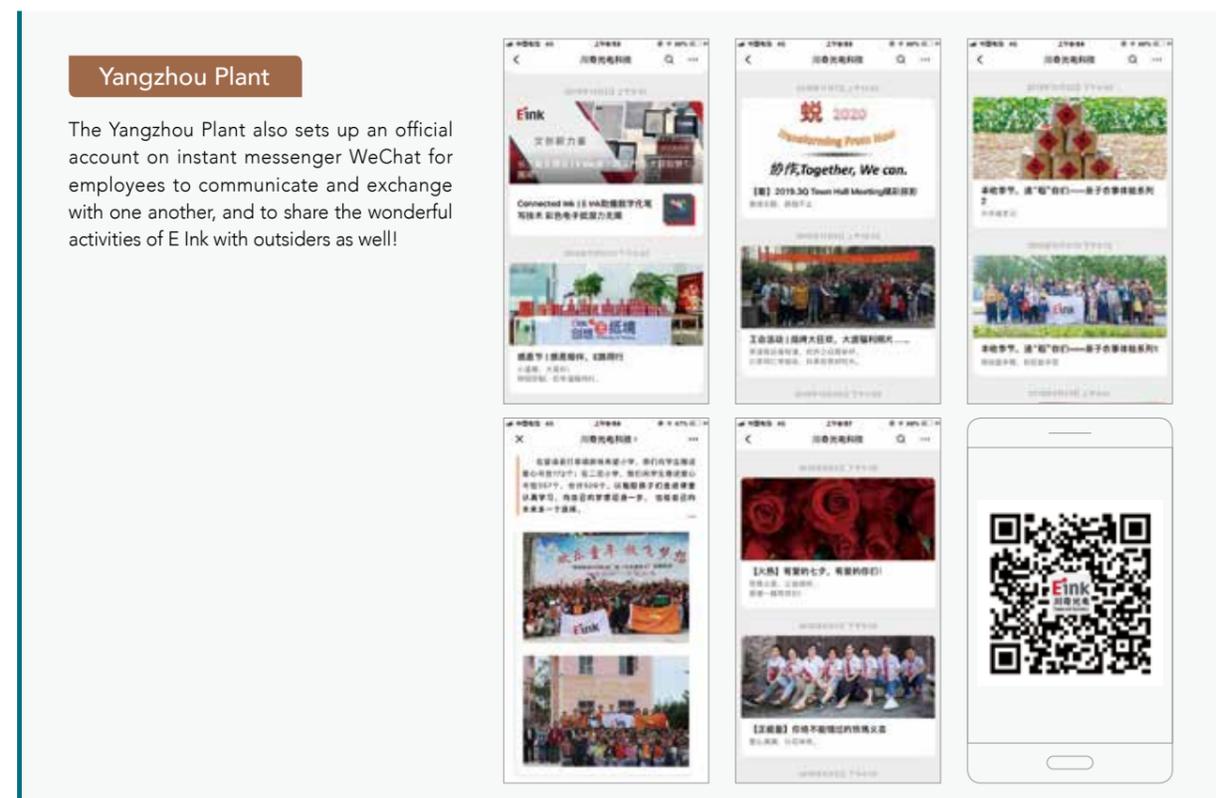
Taiwan

As the internet technology advances, plants in Taiwan set up a group on instant messenger LINE to keep employees updated with the latest organizational information in the shortest time.

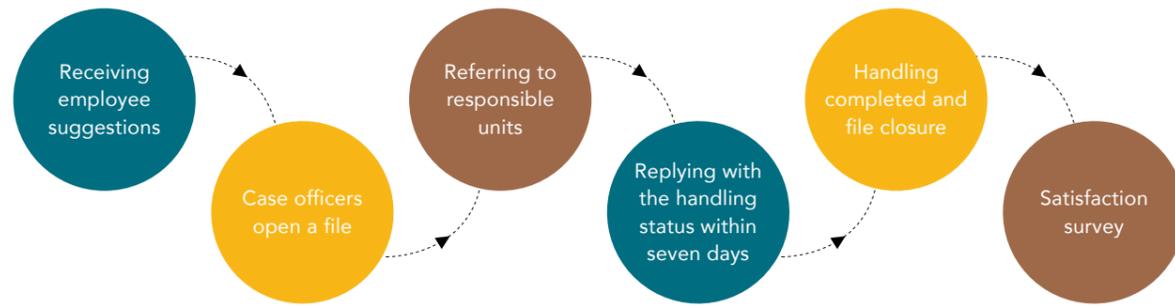


Yangzhou Plant

The Yangzhou Plant also sets up an official account on instant messenger WeChat for employees to communicate and exchange with one another, and to share the wonderful activities of E Ink with outsiders as well!



Employee Suggestion Handling Process



Communication meetings with employees at plants in Taiwan in 2019

Meeting	Number of Meetings	Number of Proposals	Number of Closed Cases
Labor-Management Meeting	4	27	27
Employee Welfare Committee Meetings	4	20	20
Seminars with Direct Production Workers	1	0	0
Seminars with Indirect Production Workers	4	0	0

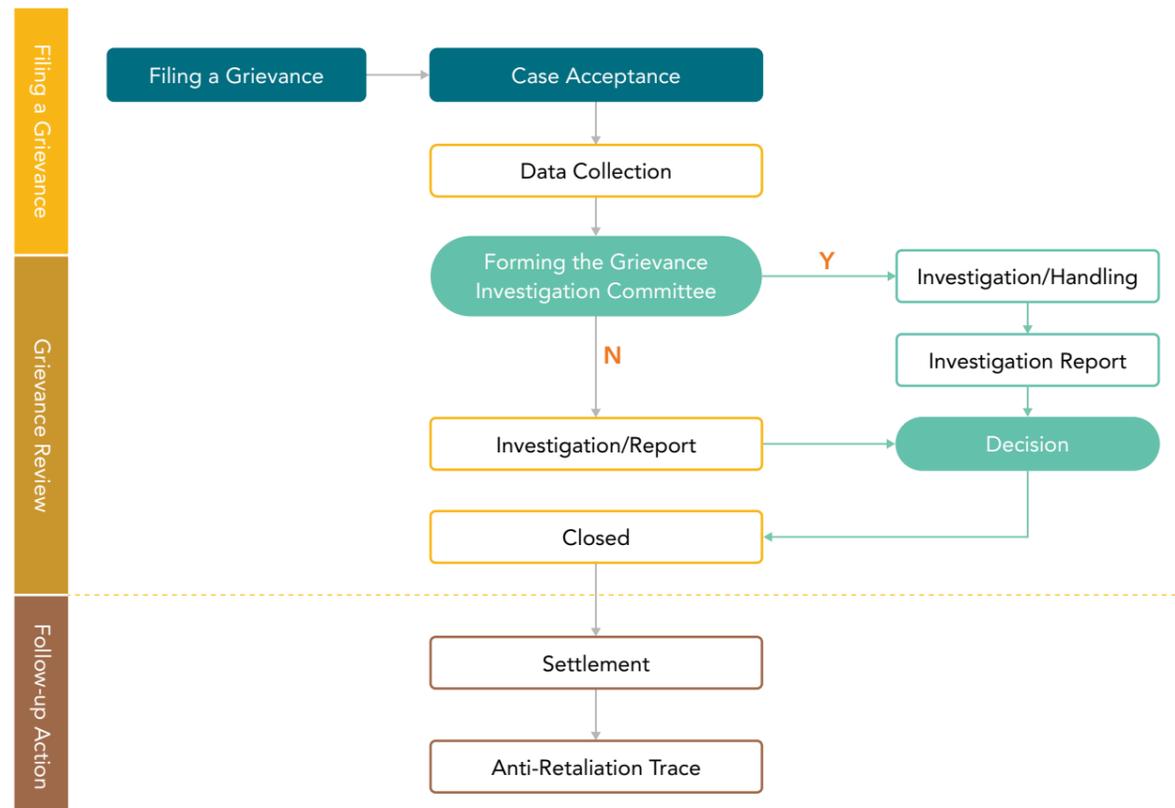


▲ e-DM for internal communication

Employee Grievance Mechanisms

To prevent workplace sexual harassment, unfriendly work environments, and improper leadership from causing physical and mental stress on employees, we have specifically established regulations for addressing and handling grievances to effectively resolve problems, enhance organizational commitment, and raise employee productivity.

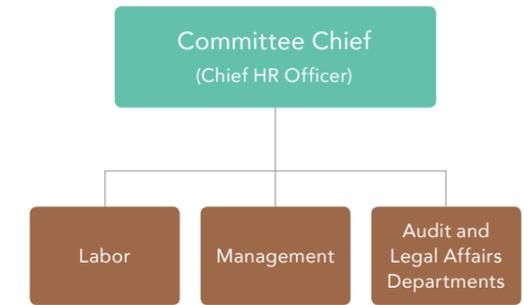
Employee Grievance Flowchart



Missions of Grievance Investigation Committee

- 1 Understanding, coordination, and follow-up of a grievance and compilation of the closure report.
- 2 Evaluation and decision of a grievance.
- 3 Handling grievances on sexual harassment, unfriendly work environments, and improper leadership based on the non-disclosure, objectivity and impartiality principles.
- 4 Maintaining confidentiality in investigation and protecting the privacy and personality rights and interests of the concerned party.
- 5 Preventing the complainant from retaliation of any form after case closure.

Framework of the Grievance Investigation Committee



Wages and Benefits

At E Ink, we build 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 accountability, teamwork, and innovation and value the effort 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 and design a fair and competitive remuneration system. We pay new employees better than the local minimum wage. Most importantly, we ensure equal remuneration for employees regardless of gender, race, religion, political affiliation, marital status, and union membership. In addition, based on the principle of profit sharing, we offer performance and year-end bonuses based on the company's business performance and the employee's own performance to attract and retain outstanding talents.

Here at E Ink, we perceive our employees to be the Company's most valuable asset and we endeavor to create the best working environment, wages, and benefits for all our employees around the world. And as such, we have formulated specific reward and bonus mechanisms that provide incentives in proportion to employees' contribution to the Company. According to the Market Observation Post System managed by TWSE, among all listed businesses involved in the photovoltaic industry in 2019, the average employee wage for E Ink ranked 4th at NT\$ 1.186 million, which is significantly higher than the average salary of NT\$ 806,000 offered by other companies in the same industry and the NT\$ 818,000 offered by other listed companies in the photovoltaic industry.

To improve overall employee benefits, we salary employees 13 months a year as of 2018. Besides enhancing our average wage competitiveness in the high-tech industry to enable us to recruit better talents, this adjustment is also recognition of the continuous contributions of employees.

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

Item	Taiwan Plant	Yangzhou Plant	USA
Male	1.04	1.1	2.69
Female	1.04	1.1	2.93

Female-to-male wage ratio

Employee type	Taiwan Plant		Yangzhou Plant		USA	
	Female	Male	Female	Male	Female	Male
Non-unit heads	1	: 1.09	1	: 0.99	1	: 1.09
Unit heads	1	: 1.16	-	-	1	: 1.10
Workers	1	: 0.82	1	: 0.77	1	: 1.05

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

Number and average wage of non-executive full-time employees and difference from the previous year

	2018	2019	Difference
Number of non-executive full-time employees	877 persons	879 persons	Increased by 2 persons
Total amount of wage of non-executive full-time employees	NT\$933,630,000	NT\$937,905,000	Increased by NT\$4,275,000
"Average Wage" of non-executive full-time employees	NT\$1,065,000	NT\$1,067,000	Increased by NT\$2,000
"Median wage" for full-time employees in non-managerial positions	-	NT\$923,000	-

*Our average wage, the median wage for 2019, and the median wage for 2018 have been audited and certified by the CPA.

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.

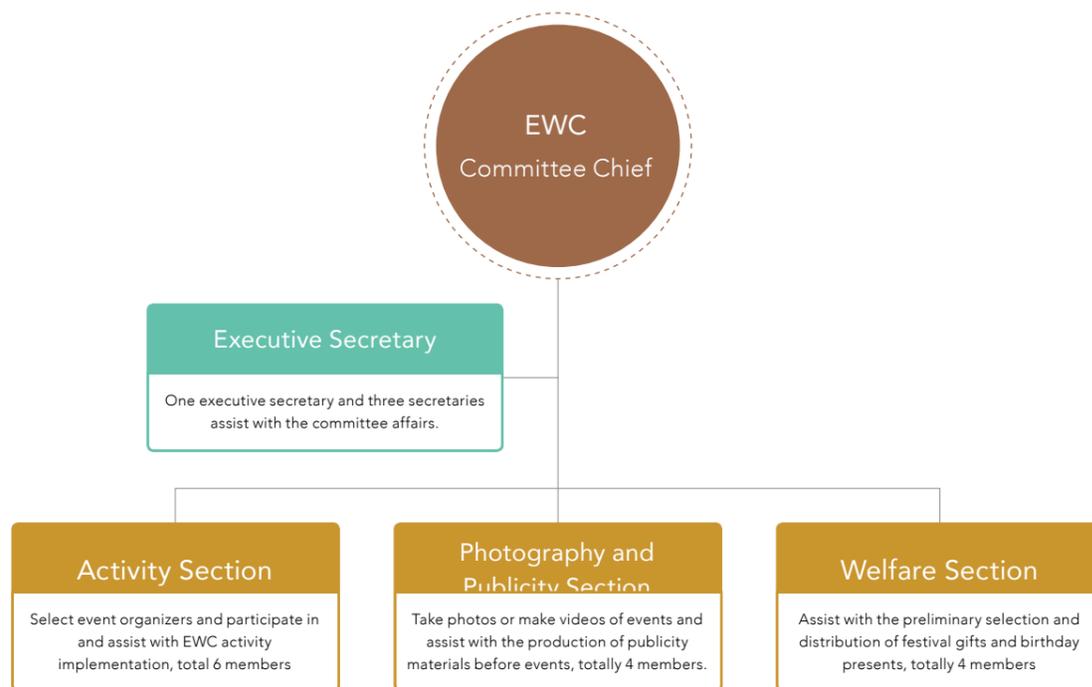
List of Employee Benefits of E Ink Taiwan

Wage and Bonus System	<ul style="list-style-type: none"> Well-established salary structure Employee bonus and employee stock ownership plan (ESOP) Annual performance rewards Patent rewards
Medical Insurance and Healthcare	<ul style="list-style-type: none"> Employee group insurance Employee health examinations Travel insurance Occupational accident insurance Labor Insurance and National Health Insurance
Thoughtful Benefit System	<ul style="list-style-type: none"> Staff discount for E Ink products Allowances for birth, injuries and diseases, hospitalization, emergency assistance, marriage, and funeral. Birthday/festival vouchers and gifts Annual travel allowance Massage house A wide variety of employee restaurants and meal subsidy Pre-planned special leave scheme

Note: ESOP, annual performance rewards, and patent rewards are for staff only.

E Ink Employee Welfare Committee (EWC)

Improve employee benefits, enhance organizational commitment, promote health, and combine with philanthropy



Employee Events for Taiwan Plants

2019 Outing - Day Trip

Wangyou Valley in Keelung, Cycling in Houfeng, Taichung and Aogu Wetland in Chiayi

The four EWC aims are: Improve employee benefits, enhance organizational cohesion, promote health, and incorporate charity in our activities. In 2019, the EWC has tied the company Outing One-Day Tour with the annual organizational goal of innovation - to offer employees an innovative and novel way of visiting different attractions in Taiwan by offering three itineraries: Wangyou Valley in Taichung, Cycling in Houfeng, Taichung and Aogu Wetland in Chiayi. All three itineraries were met with overwhelmingly positive responses from our employees.



2019 Summer Night Party

A Festival of Music

E Ink has organized employee singing competitions at its Linkou and Hsinchu Plants and the open square that employees go through each day at the gate has been transformed into a venue for Japanese-styled music festivals. The event has successfully drawn the attention of all passers-by in the neighborhood. Employees only have to submit video clips of their performance to take part in the competition and on the day of the finals, we were genuinely surprised by how many of our staff are talented in their singing techniques and voices (so much so that we were beginning to wonder if they had picked the wrong profession). Their beautiful voices and songs had been a treat for us all and the event also featured various stalls of delicious delicacies and food trucks to ensure that everyone present would have a delightful summer party.



2019 Family Day

Tongxiao Flying Cow Ranch - A Rally for Cowboys/Girls

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 event was held in November 2019 at Tongxiao Flying Cow Ranch in Miaoli. With close to 2,000 participants, the program includes a performance by MOMO Family, competitive games for employee teams, family games, fair for charity, live performance on stage along with an assortment of amusement facilities and food for all participants to play and eat to their hearts' content. The day was tremendously satisfying and enjoyable for all participants!



2020 Annual Party

For our 2020 Annual Party, E Ink has chosen "Color Fun - A New World Blooming" as the theme for the party to reflect our hopes of ushering in a new world of vibrant color in 2020!

For this party, we invited the choir from Yixing branch of Jiaxing Primary School in Hsinchu - the team that wowed the judges at the 31st Franz Schubert Choir Competition in 2018 and won a Gold Diploma to perform for everyone at the party as we enjoyed a feast for our stomachs and our minds whilst savoring the angelic voices of the singing children.



In an effort to promote a culture of teamwork and commend team achievements and performance, during September 1 through 30 each year, the nomination for team merits of the current year within the company would take place. Nominees will be assessed and evaluated for their performance in five critical components of "teamwork success promotion": common goal, execution power, teamwork, information sharing, and leading by example. The purpose of this event is to stimulate and encourage teamwork within the company and shape our corporate culture of cooperation. Each year, we will choose five teams as the teams of the year and each team stands to win a maximum cash prize of NT\$200,000. The chosen teams of excellence will be commended during the Annual Party.



Introduction of Jaeger new model for superior efficiency and cost reduction; the enhanced efficiency has passed customer inspection



LKO E4.1x cost down makes ePaper affordable yet superb in quality (+E4.1f line speed up to 9fpm project) Introduction of Jaeger new model for superior efficiency and cost reduction; the enhanced efficiency has passed customer inspection



System application development service solution



Restructuring of E Ink Material BU



CSR Committee

Employee activities of Yangzhou Plant

Our Acre of Field

In 2018, they experienced the fun and joy of planting rice paddy; the cool sensation of water flowing over the top of their feet, the slushy feeling of the soft soil beneath their feet, the adults and children from Transcend Optronics had an unforgettable time. We have but one small wish - in 2019, we hope to help more employees and their children to experience the joy of growing and harvesting rice paddy.

Plant the seeds in spring; plow the field in summer, harvest the rice in autumn, and let the field rest in winter. From the seeds to a bowl of steaming white rice, the event helps us to learn to respect nature and cherish its gifts - through participation, knowledge, action and involvement. June 15 - it was a beautiful day, with a gentle breeze that lifted our spirits. At the classroom of nature at Transcend Optronics' acre of field (Yangzhou Plant), we welcomed our new friends.

Quality family time in the field

At the first sight of the paddy field, the children were filled with amazement and curiosity and at Transcend Optronics' paddy field, the children had the first-hand experience of farming and each seedling that has been planted is waiting at a leisurely pace for the season of harvest.



Summer of Joy

The joy of Straw Hat Painting

Father's Day is celebrated worldwide on June 16 and this is a special opportunity for children to hand-weave straw hats and draw their favorite pictures to be given as a unique gift for their fathers. Straw hats, pens, paint, coupled with children's rich imagination and creativity that knows no boundaries, even simple straw hats can be transformed into a truly unique fashion statement.

Preparing Rice Balls Together

If there's any food that is small yet full of "warmth," it would probably be rice balls. With a selection of carefully prepared ingredients of great texture, the participants made this delicious dish with their hands by wrapping the ingredients in balls of rice.



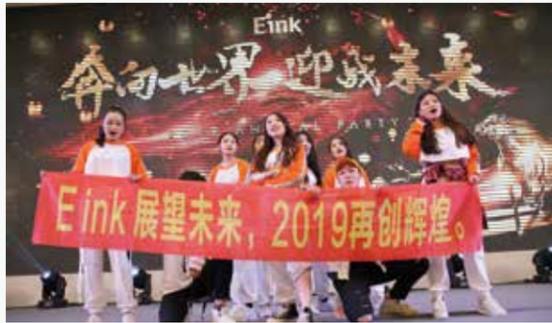
A Season of Bountiful Harvest

A seedling planted in spring can yield countless grains in autumn; it is the hard work in spring that paves the way to the joyous harvest in autumn at Transcend Optronics' paddy field.

After harvesting, the grains have to be threshed, unhusked, sifted, and so forth. After the ritualistic routine like filling the packaging with the newly prepared rice, tying with a string and affixing with a label, the blessing rice is born. Cooked on-site in the simplest way possible, participants prepared delicious food that is closest to their natural flavors as they relished the atmosphere and experience of authentic countryside cuisine.



"Race to the World and Challenge the Future" - 2019 Annual Party



Employee Seminar - Town Hall Meeting



Trip to Taiwan for Yangzhou Plant Employees



Thanksgiving Flash Event



Employee Clubs and Societies in Taiwan

Learning oriented

photography club, handicraft club, zen club

Service oriented

volunteer club

Sports oriented

yoga club, badminton club, hiking club, table tennis club

Craft Club



Coaster DIY

Hiking Club



Muscular Club



Making of jelly flower

Statistics on Parental Leave of Absence

Item	Taiwan Plant			Yangzhou Plant			USA		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
A Total number of employees applying for parental leave of absence in 2019	6	2	8	1	0	1	4	5	9
B Total number of employees due to return to work after taking parental leave in 2019	9	1	10	0	0	0	4	5	9
C Total number of employees that did not return to work after parental leave in 2019	5	1	6	0	0	0	4	5	9
D Number of employees due to return to work after taking parental leave in 2019 applying for leave extension	1	0	1	0	0	0	0	0	0
E Total number of employees retained 12 months after returning to work following a period of parental leave in 2018	1	2	3	1	0	1	2	7	9
F Total number of employees taking parental leave of absence in 2018	1	2	3	1	0	1	2	7	9
Reinstatement rate %= C / (B-D)	62.5%	100%	66.7%	-	-	-	100%	100%	100%
Retention rate %= E / F	100%	100%	100%	100%	-	100%	100%	100%	100%

Note 1: Full-time employees in Taiwan Plant qualified for the parental leave of absence may apply for the leave.

Note 2: Women employees working for more than two years at Yangzhou Plant with children under one year old may apply for the leave. This measure is superior to that provided by local regulations.

Retirement Benefits

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

Labor Standards Act

Every month, we contribute 2% of the total amount of employees' salaries to the Labor Pension Reserve supervised by the Labor Pension Supervisory Committee. Currently, the balance of the Pension Reserve Special account is at NTD 65.79 million.

Labor Pension Act

Every month, we contribute 6% of the labor pension to the labor pension personal account for employees under the Bureau of Labor Insurance in accordance with the Table of Monthly Contribution Classification of Labor Pension.

• For more details, please refer to our financial statements.

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

5-3 Multiple Development and Growth for Employees

In hope of equipping all employees with the "accountability, teamwork, and innovation" team DNA. We implemented the competency training for employees to combine competencies with their work. We also developed six core competencies and a complete training and education map based on the E Ink DNA and organization's vision, value, and management philosophy to equip employees with all the competencies required for realizing the core value.

Initiating action

- Quick response
- Independent action
- Surpass requirements

To take actions voluntarily to accomplish the targets or missions or surpass the designated requirements. Proactive and non-passive.

Work standards

- Set high standards
- Think thoroughly
- To assume responsibility
- To encourage others to assume responsibility

To set high-performance standards for oneself and others, to hold a strong sense of mission to accomplish a mission successfully. Set higher standards for oneself than others.

Contributing to team success

- Common goal
- Execution power
- Collaboration
- Information sharing
- Self-exemplification

Proactively participate in team missions and contribute to team success.

Adaptability

- Attempt to understand changes
- Hold a positive attitude toward changes
- Adjust own behavior to adapt to changes

To maintain high performance after a change in work and the environment and make effective adjustment under the new work framework, process, requirements, and culture.

Continuous learning

- Work related
- Appropriate method
- Expansion of effect
- Application of acquired knowledge and skills
- Challenge the unfamiliar

To proactively seek and participate in learning opportunities and apply the acquired new knowledge and skills to work.

Innovation

- Challenge established models
- Use multiple resources
- Expand the scope of thinking
- Assess different solutions
- Benefit work

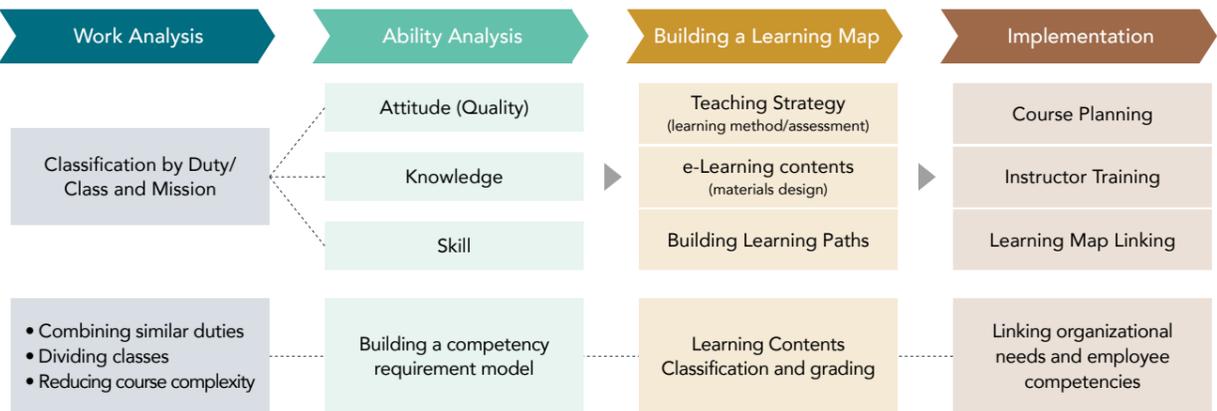
To develop innovative and feasible solutions for work and resolve problems with different or new methods or opportunities.

We value employee cultivation and development. Therefore, we shape an organizational leaning culture by encouraging employees to engage in continuous learning and self-growth. Apart from creating a positive work atmosphere and environment, we fuse accountability with the organizational culture and emphasize, emphasize the demonstration of the "One More Ounce" spirit, and treasure the value and effort of each employee. We firmly believe that fruitful results come from the concerted efforts of all 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.

As for employee training, the Company remains devoted to talent training around the world and has adopted systematic planning of core competency for the task of talent cultivation and starting from 2019, the Company launched its global online education platform - E Ink University to offer custom-tailored education and training courses for different employees based on their duties and job grades to boost our competitiveness as a whole. In light of the severe threat that the COVID-19 epidemic has brought upon the world, the Company has also changed its regular training courses to compatible online training (e-learning) so that employees can arrange and schedule their own training according to their work hours. At the same time, we have implemented learning experiment in our U.S. facilities for employees to learn the Python programming language, thereby making it an essential skill for all employees during the digital learning wave and we are trying to apply the model to all our global facilities so that every E Ink employees would be better equipped to cope with the latest developments in IoT and smart solutions.

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 by transforming strategic map into competence map, before it is converted once more to learning map in the hopes of stimulating organizational creativity and thereby enhancing overall competitiveness with comprehensive and abundant learning resources.



The fundamental competencies of each grade, including general employees, managers, and directors, are defined based on the organizational culture and competency. Training courses are developed and designed based on different job competencies (core competency, managerial competency and professional competency) to enhance employees' performances.



Core competency

This covers the required general education and training courses for all employees to acquire their core competency and appreciate E Ink's core spirits. The motif of promotion for core competency focused on innovation as we planned 6 sessions of core competency courses for new employees in conjunction with orientation training to strengthen their cultivation of corporate culture. We also organized the "Breakthrough from adversity and turn your future around" keynote on innovation and invited Logan Hsu (renowned motivational speaker) to be the featured speaker. The training attracted a total of 101 participants. Not only that, we also introduced "Innovation at Work" to our e-Learning course, with 642 employees completing the training.

Managerial competency

Management training at this level is developed specifically in accordance with the actual needs for managerial competency development. Contents of this training include clarification of organizational goals, the establishment of organizational development strategy, management capacity, strategic goal management, department performance management and job execution management, and so forth.

Professional competency

To further the development of talents, nurture multifaceted and holistic key talents to strengthen our organizational competitiveness, achieve knowledge and experience-sharing through departmental professional training and external resources by providing a comprehensive and multidimensional learning environment to optimize training/education.

A structural system of training and development



New Employee Training

In order to help new employees quickly acclimate themselves to our corporate culture and shorten their exploration time, dissemination of our overall corporate culture and introduction to the organizational framework have been the focus of our orientation training for new employees in 2019. By communicating our corporate values and philosophies with them, we aim to help new employees assimilate our corporate culture more quickly; by providing them with adequate and the latest information and resources, we endeavor to boost their feeling of security. In 2019, our plants in Taiwan organized 6 sessions of orientation for 93 employees and 2 sessions for new executives. Yangzhou Plant organized 63 sessions of orientation for 207 new employees. Our USA Plant organized 28 sessions of orientation training for 102 new employees.

Internal Instructor Cultivation

In order to encourage our employees to share and pass down their experiences and knowledge with others and shape a culture of learning at E Ink, we have established our "Internal Instructor Management Procedure" and organized an internal instructor training program to improve internal instructors' teaching techniques and quality of material preparation. In 2019, we held 1 session of "International Instructor Certification Training," with contents covering teaching techniques, teaching material preparation, and practical examination. A total of 19 employees have completed the training and received their qualifications as our internal instructors.

e-Learning Platform - E Ink University

Knowledge management has become a vital issue for enterprise competition and operational management in the 21st century. E Ink perceives organizational knowledge and experience as our critical assets and apart from improving our corporate competitiveness by building upon our core competencies and creating values, we have also introduced our e-Learning Platform - E Ink University in 2019 to provide employees with a platform for knowledge and experience sharing to achieve ubiquitous dissemination of knowledge and make learning on-demand with e-learning. Thanks to the hard work of our internal instructors, we have already created 45 professional online courses in 2019.



Course introduction screen



Course learning screen



Departmental supervisors will be able to effectively monitor and manage employees' learning status

Voluntary learning is strongly encouraged for employees at Yangzhou Plant

In order to encourage employees to further their education, Yangzhou Plant launched its Wechat Jingdaka APP in 2019 as a way to incentivize employees with rewards with its check-in feature by making use of their blocks of spare time throughout the day for learning. The courses promoted for 2019 included emotional management, becoming a successful professional manager, and so forth. In 2019, a total of 49 participants took part in the training.



E Ink University

We established our E Ink University at the USA Plant to provide employees with multi-dimensional training/education opportunities to help them acquire new skills to improve work performance, help the Company maintain continual growth, and retain outstanding talents. At our E Ink University, apart from taking courses, employees can also exchange with and learn/teach from one another. In addition, we also conduct surveys on course quality to gather feedback from participants and their supervisors so that we can keep optimizing the overall effectiveness of training.

Practical courses

- Instructors are either employees or experts outside of the company.
- There are more than 100 courses to choose from, including technology, leadership capacity, core skills, health and safety, and so forth.
- Over 1,000 employees have taken these courses.

e-Learning

- 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.



Participation in the United Nations Global Compact (UNGC)

Our US branch has been selected as a member of the United Nations Global Compact (UNGC) in 2019 for its commitment to sustainable development and outstanding performance in the area. E Ink was chosen as one of the only 8 companies to be a Young SDG Innovator in 2019 and we sent three employees to be part of the program, with the privilege of accessing the online resources of the United Nations Academy. The privilege and the resources would no doubt enable us to learn about the best course of action for CSR by serving as critical references in our future CSR strategies and relevant developments.

Employee Participation and Takeaway

Roger Sabourin Jr., Senior Engineer



I am thrilled to be given the opportunity to be a part of the UNGC Young SDG Innovator Program in 2019 on behalf of E Ink. In the program, I was not only able to interact and work with representatives from 7 major companies but also had access to precious resources of Arizona State University, the UN, UNGC, and other organizations. My participation in the program and all other extra training I was able to receive at E Ink shall become the foundation of my personal growth here at the Company.

Roger Sabourin Jr., Snr. Engineer 1, South Hadley, Supply Chain Engineer, Operations

E Ink also enabled my participation in the Young Sustainability Development Goals Innovator Program (YSIP) in collaboration with the United Nations Global Compact (UNGC). This program has allowed me to work with and learn from 7 other major companies as well as some high powered resources at Arizona State University as well as within the UN and UNGC. This program and additional training taken with E Ink U has been fundamental in my growth at E Ink.

Colleen Cannon, Engineer



Education and training are a crucial part of my career and thankfully through E Ink University, I still have plenty of learning opportunities. Whenever a new course becomes available, I'd jump at the opportunity to keep learning and enjoy the experience while facilitating further growth of my expertise as I continue to explore different topics and motivate myself. E Ink University plays a huge role that makes my career at E Ink such a pleasant experience; compared to other tech start-ups, E Ink University is truly an invaluable educational asset that the Company should definitely take pride in.

Colleen Cannon, Engineer 2, Billerica, Development Team.

"Education has been incredibly important throughout my career. Being an Inker, I'm fortunate enough to still have access to a classroom experience through E Ink University.

When there's a new course offering, I always take advantage of the opportunity to continue learning.

Whether it's relearning fundamentals from college, like statistical analysis, or new concepts through interactive workshops like Design Thinking, I'm constantly learning (and having fun!) at my job.

This allows for professional growth, exploration of new topics, and personal enrichment. Having access to E Ink U is a significant reason why I love being an Inker, and I'm certain others feel the same. It is an asset to E Ink that sets it apart from other innovative tech companies, and we should be proud of that."

Xiaolong Zheng, Scientist



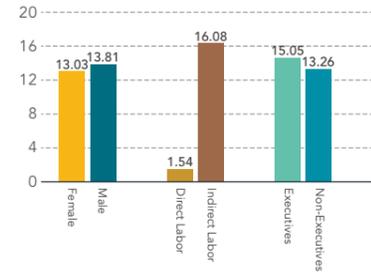
Prior to joining E Ink, I was primarily involved in the field of science and technology. I am extremely grateful to E Ink University for giving me new opportunities to dabble in other courses such as innovative design, operating models, and management along with many others. These learning experiences not only helped me to broaden my skill set, attain growth in my mindset but also enabled me to learn the ways to boost cohesion between departments and specialists, and facilitate collaboration. E Ink University is a precious platform that enables us to keep learning and hone whatever skills we have; it facilitates our career development at the Company and helps to maintain E Ink's competitive edge.

Xiaolong Zheng, Scientist 3, Fremont, Research

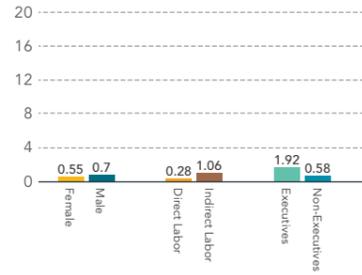
"Before join E Ink, most of my past education is focused on STEM related subjects. I am so appreciate that E Ink University gives me the opportunity to learn something else like design thinking, business model and management etc. Being exposed to these learnings not only helps me to expand skills and adopts a "growth" mindset but also enables me to improve cohesion and collaboration between different function and specialists. That being said, E Ink University is a valuable platform for each individual to continuous leaning and hone their skills that is benefit to both personal career development and company's long term competitive advantage."

Achievements of Training and Education in 2019

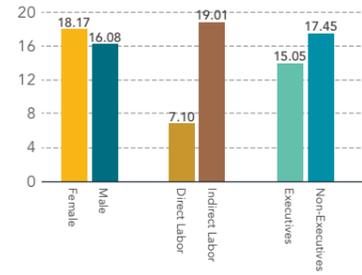
Average Hours of Train Per Employee in Taiwan Plant



Average Hours of Train Per Employee in Yangzhou Plant



Average Hours of Train Per Employee in USA



OHSAS 18001 certification

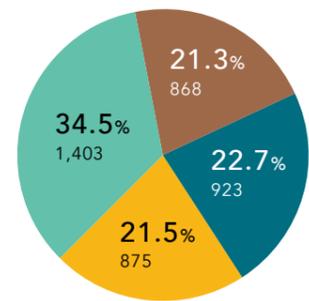


The Yangzhou Plant passed OHSAS 18001 certification



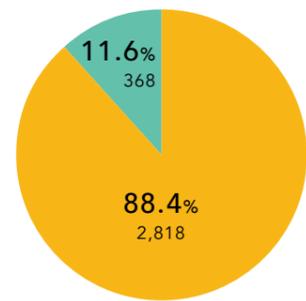
CNS 15506 (TOSHMS) certification

Number of Hours of Courses in Taiwan Plant (Person/Hour)

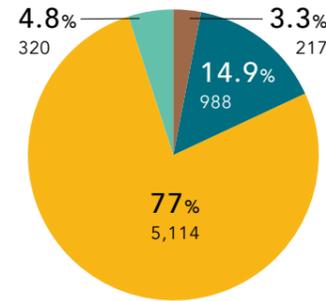


- Orientation Training for New Employees
- Core Competency Training and Education
- Managerial Competency Training and Education
- Professional Competency Training and Education

Number of Hours of Courses in Yangzhou Plant (Person/Hour)



Number of Hours of Courses in the USA (Person/Hour)



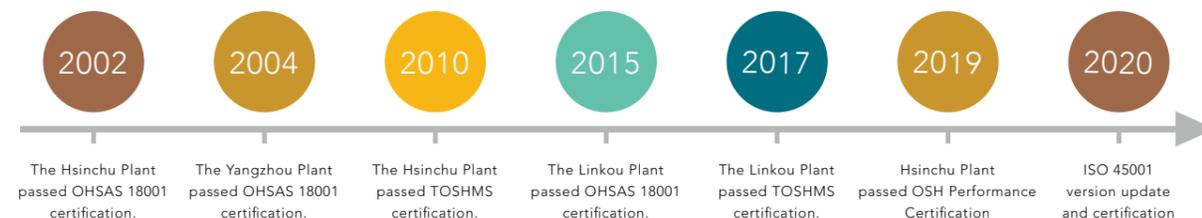
Based on the organizational goal, leaning roadmap, global trend, and product R&D status, we will continue to plan and expand the variety of courses in the future.

5-4 Maintaining a Safe and Healthy Work Environment

While employee safety and health are exceptionally important to us, we build a healthful, safe, and comfortable work environment, 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.

Occupational Health and Safety Management

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



Plans and Expenses for the Promotion of HSE Management System in Recent Years

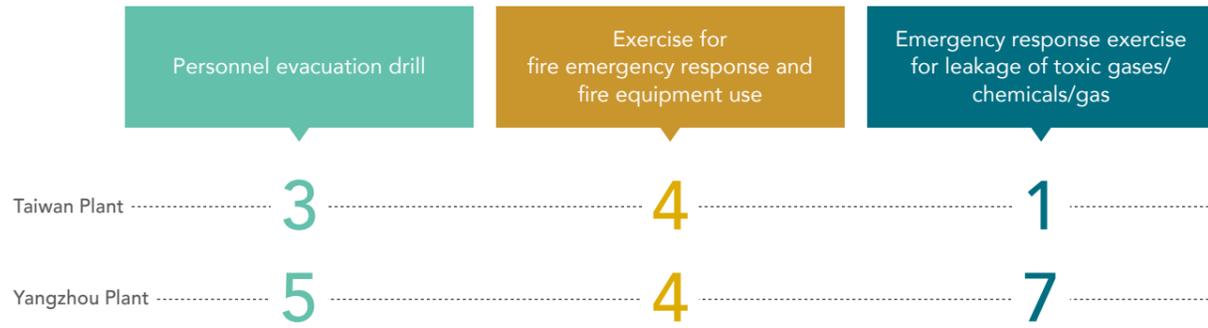
Item	2015	2016	2017	2018	2019	
Management Programs Completed in Taiwan	Number of Complaints	3	5	11	9	8
	Total Expense (NT\$ ten thousand)	93	243	209	230.5	160.5
Management Programs Completed by the Yangzhou Plant	Number of Complaints	33	32	32	31	34
	Total Expense (CNY ten thousand)	36.4	28.3	42.5	32.8	41.5

We have established an OSH 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 2019, the OSH Committee meeting of the Hsinchu Plant was attended by 15 labor representatives, accounting for 56% of all attendees, and the OSH Committee meeting of the Linkou Plant was attended by 17 labor representatives, accounting for 57% of all attendees. Through the quarterly committee meeting, we review the plant's management approach, compliance, and effectiveness, aiming to build a good work environment for employees to work away from worries.



Emergency Response Process and Exercises

We have established an emergency response process and 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.



Statistics on Industrial Safety Incidents



Occupational Injuries Over the Years

Unit: Case

Region	Type	2015	2016	2017	2018	2019
Taiwan Plant	In-house	0	0	1	5	3
	Outside of plant (traffic accidents)	14	6	17	7	6
	Subtotal	14	6	18	12	9
Yangzhou Plant	In-house	18	5	7	4	6
	Outside of plant (traffic accidents)	6	4	7	2	2
	Subtotal	24	9	14	6	8
USA	In-house	2	2	4	1	2
	Outside of plant (traffic accidents)*	-	-	-	-	-
	Subtotal	2	2	4	1	2

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

2019 Occupational Injury Statistics- Official Employees

		Occupational Accidents		Working days lost Number of occupational injuries	Number of occupational injuries Injury rate	Injury rate Lost day rate	Lost day rate Total absentee days	Total absentee days Absentee rate	Absentee rate Occupational Accidents
		Occupational Accidents	Working days lost						
Taiwan Plant	Female	4	0	18.25	4	0.46	0.45	1,091.83	975.46
	Male	5	0	17.7	5	0.58	0.56	1,383.78	1,236.29
	Subtotal	9	0	35.95	9	1.04	1.01	2,475.61	2,211.75
Yangzhou Plant	Female	4	0	220.06	4	0.40	0.54	4,403.37	4,729.64
	Male	2	0	10.18	2	0.20	0.27	2,298.93	2,469.27
	Subtotal	6	0	230.24	6	0.60	0.81	6,702.30	7,198.92
USA	Female	0	0	0	0	0	0	-	-
	Male	2	0	128	2	0.56	37.39	-	-
	Subtotal	2	0	128	2	0.56	37.39	-	-
Note	Taiwan Plant: Out of the nine occupational injuries reported, three were in-house incidents, the remaining six were traffic accidents that took place outside the plant. Yangzhou Plant: Out of the six occupational injuries reported, four were in-house incidents, the remaining two were traffic accidents that took place outside the plant.								

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.

Note 5: 2019 ODR was 0%.

Note 6: Due to the US labor laws and regulations, data regarding absenteeism and AR of the USA plant was not disclosed.

2019 Occupational Injury Statistics: Other Workers (such as contractors and interns)

		Occupational Accidents		Number of occupational injuries	Injury rate Number of injuries
		Number of injuries	Number of fatalities		
Taiwan Plant	Female	0	0	0	0.00
	Male	0	0	0	0.00
	Total	0	0	0	0.00
Yangzhou Plant	Female	0	0	0	0.00
	Male	0	0	0	0.00
	Total	0	0	0	0.00
USA	Female	0	0	0	0.00
	Male	0	0	0	0.00
	Total	0	0	0	0.00

From the table above, it is evident that most accidents in Taiwan between 2012 and 2019 occurred outside of the plant. In terms of accident type, most accidents outside of the plant were traffic accidents during employee commutes; for in-house accidents, we had a case involving fall accident. For Yangzhou Plant, most of the external accidents in 2019 had been outside of plant traffic accidents for employees in commute; the majority of in-house accidents were mostly due to operational negligence that resulted in clamping, falling, and cuts caused by glass.

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. To prevent fall injuries, additional warning signs have been put up and potential factors that could lead to missed steps have been eliminated. 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.

Process safety evaluation and improvement at the Linkou Plant and application for process safety facility subsidy from the Ministry of Labor

In light of the expanded capacity at Linkou Plant in recent years, we have witnessed an increasing amount of organic solvents used in relevant processes and the growing risks of fire hazards and explosion have become something we have to address. Through this process expansion project, we were not only able to upscale our manufacturing facilities, reduce manual operations, but also enhanced the safety of our process. The expansion involves the designation of an explosion-prevention area and the introduction of explosion-proof equipment. By upscaling our process machinery and advancing to semi-automation, we were able to reduce manpower needed, lower employees' work hours but also increase production capacities. Relevant equipment now features PLC monitoring to offer instant monitoring of equipment/process status and effectively improves the safety of relevant processes.

In addition, we've also invited consultants from Safety and Health Technology Center to conduct process safety evaluation at our Linkou Plant and offer their advice on our current status of manufacturing process piping and instrumentation diagram (P&ID) by inspecting relevant equipment, pipelines, storage tanks, containers, instrument control, and operational practices to identify potential risks that we might not be aware of. With their recommendations for improvement, we were able to implement gradual improvements at the plant, such as improving airtightness for process equipment, monitoring oxygen concentration for relevant processes, installing safety interlocking mechanisms between equipment, adding static grounding to various equipment and components for additional protection.

During the period of process safety evaluation and guidance, our consultants also encouraged the Plant to apply for Ministry of Labor's subsidy to help business entities improve their existing process safety and our application for the new production line for black particle WIP we have set up at the plant and after the preliminary review and onsite verification by the process safety improvement subsidy audit taskforce, our representatives made a presentation at the Occupational Safety and Health Administration and successfully received the full subsidy of NTD 2 million.



Static grounding

Grounding wire connection for different parts and components of the centrifuge

An interlocking mechanism for the centrifuge

Improvement measure to reduce minor injuries at the Yangzhou Plant

In an effort to eradicate the likelihood of major occupational hazards, Yangzhou Plant continues to implement specific measures aimed at preventing accidents of minor injuries, with key measures including:

- 1 Adopt specific control measures through risk identification and engineering protection at the source of issues.
- 2 Enforce specific methods and procedure for the handling and cleaning of glass sheets for relevant personnel;
- 3 Introduction of daily inspection mechanism (i.e. strict inspections for onsite personnel to put on protective gloves and how they handle/clean glass sheets);
- 4 Reduce onsite personnel's contact with glass by using suction balls to retrieve glass sheets instead;
- 5 Maintain 100% employee induction training and examination passing rate;
- 6 Continue to gather relevant information on incidents of minor injuries for analysis and implement corresponding improvements immediately.

Trends of minor injuries between 2017-2019



Improvement measure for contractor operation at Yangzhou Plant

Yangzhou Plant takes the safety of on-premise contractor operations very seriously. And as such, when the contractor personnel arrives at the plant, apart from implementing relevant training, we've also improved our training for operation supervisors in 2019 to improve contractor personnel's awareness for safety while adopting a higher standard in the supervision of contractor operations to ensure full compliance with pertinent safety regulations in their work.

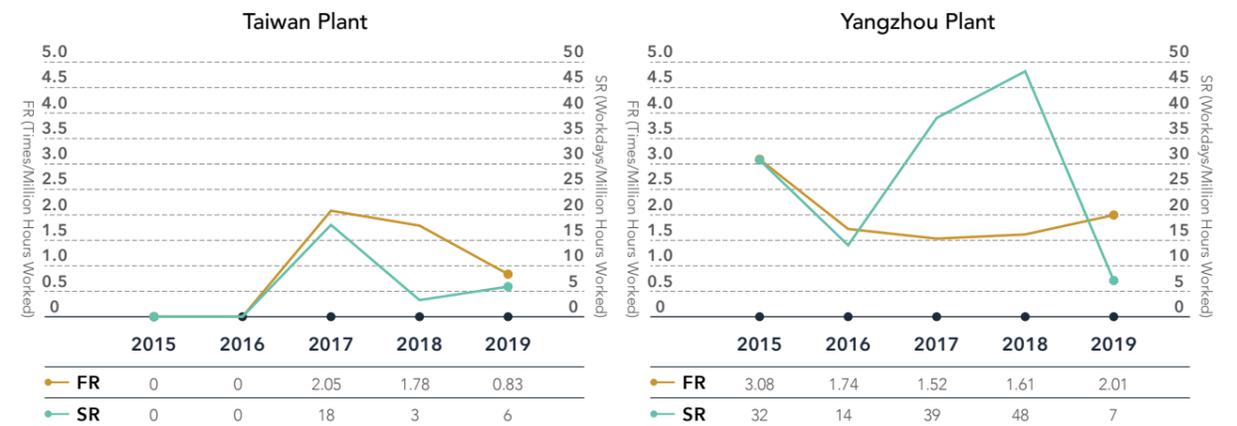
In 2019, Yangzhou Plant audited a total of 65 onsite operations performed by 28 contractors and found 6 instances of violation, with the key issues being the commencement of work when the work order has yet to be approved and failure of onsite personnel to put on all relevant protective equipment as required. Yangzhou Plant will continue to monitor and remind contractors to carry out self-inspection and self-improvements to prevent potential accidents.



Contractors training



Training for an in-house operation supervisor



Disabling Injury Frequency Rate (FR)

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

Disabling Injury Severity Rate (SR)

$$SR = \frac{\text{Number of Total Workdays Lost} \times 10^6}{\text{Total Man-Hours Worked}}$$

In 2019, the FR and SR in Taiwan came to 0.83 and 6 respectively and for Yangzhou Plant, the figures were 1.61 and 48 respectively. We have continued to arrange safety education for employees to raise their awareness of safety. Both our Hsinchu Plant and Linkou Plant took on the "Zero Accident Work-Hours" challenge to express their determination to eliminate occupational injuries. Due to occupational injuries in 2019, Hsinchu Plant had to reset the clock unfortunately and thus by the end of 2019, Hsinchu Plant went accident-free for 45,870 hours, while Linkou Plant hasn't had any occupational accident for up to 868,467 hours thus far.

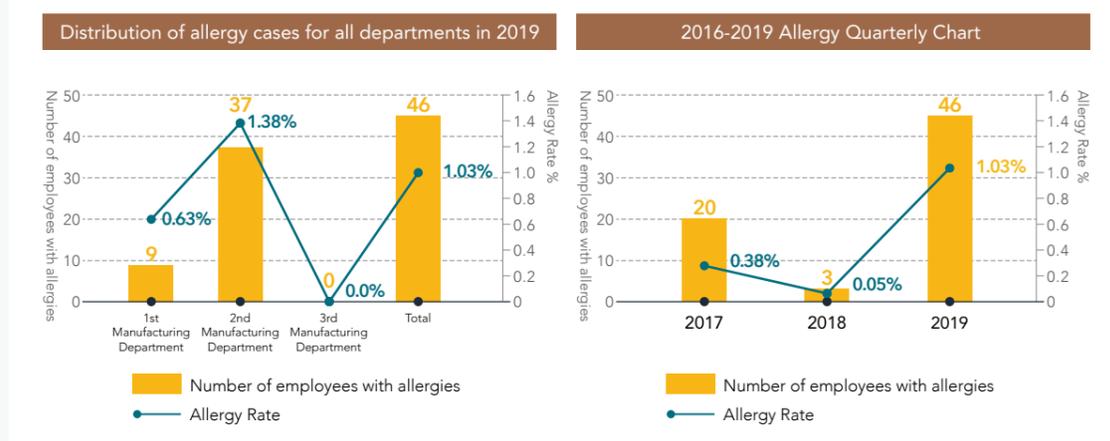
In work environment management, we periodically detect toxic substances in the environment by the law and provide workers with appropriate personal protective equipment (PPE) to ensure employees work in a comfortable and healthy environment.

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: n-hexane operation and lead. Therefore, we arranged special physical examinations for employees before hiring them for and transferring them to such tasks. At the end of each year, we also arrange special health examinations for them. For workers requiring grade 2 or higher-grade control or with anomalies shown in the results, we will refer them to the infirmary for regular follow-up. We also arrange one-on-one interviews with occupational medicine specialists during the in-house service for workers with health anomalies to understand the content and environment of their work, their daily life habits, and family history for occupational medicine specialists to give them and the company advice for improvement. We also host health promotional seminars for personnel involved in special operations in order to help them better understand the potential health risks they might be exposed to. Besides caring for workers in the high-risk group, we encourage all employees to participate in health promotion activities.

Allergy Survey Results of the Yangzhou Plant

We have surveyed the allergic symptoms of employees having had contact with chemical substances related to work with questionnaires. In 2019, 46 employees reported having an allergy, with an incidence rate of 1.03%, which was within our annual KPI requirement of ≤3% with no incidents of severe allergy.

The analysis of the cause of a higher incidence of allergy found that most cases could be attributed to employees' failure to put on protective gloves at all times. We have implemented specific measures to ensure correct usage of protective gloves through dissemination and reached out to our protective glove suppliers to request for improvement in glove quality and better protection.



Improvement in occupational illness assessment and control

According to pertinent national regulations, Yangzhou Plant has compiled its occupational hazard forecast and evaluation report in 2019 and in this report, we have clearly established the items and categories of occupational illness hazards and the protective facilities and measures we will be introducing. In 2019, Yangzhou Plant conducted its in-house occupational hazard factor onsite inspection and evaluation for report generation and we expect to complete our occupational illness control effectiveness evaluation in 2020.

Risk assessment	Occupational illness hazard control effectiveness evaluation
For construction projects with potential hazards for occupational illnesses, specific facilities and designs for protection shall be incorporated prior to construction in accordance with relevant requirements established in pertinent laws, regulations, charters, and standards.	In the occupational illness effectiveness control evaluation, we will compile in the near future, the report will include specific categories of occupational illnesses/hazards and the degree of compliance after relevant protective facilities/measures have been introduced as suggested in the evaluation.

LOHAS Workplace

Badge of Accredited Healthy Workplace

To provide employees with a healthy and safe work environment, we participated in the "Healthy Workplace Accreditation" organized by the Health Promotion Administration in 2018. Creating a non-smoking workplace, enhancing employees' knowledge for personal care, reducing unhealthy risk factors and stress, actively building a healthy workplace, and offering a safe and secure workplace for employees has always been our goal of health promotion. In 2018, E Ink successfully acquired its "Badge of Accredited Healthy Workplace".

In 2019, we continued to take part in activities organized by Health Promotion Administration that related to "Healthy Workplace Accreditation" by hosting a series of events and seminars on the topic of workplace health promotion and went one step further to receive our "Badge of Accredited Healthy Workplace" - Smoke-Free & Health Promotion. In the future, we will continue to work towards creating a healthy and safe work environment that is built to promote better health and wellness for all employees.



Seminar on stress management and physical exercise at Linkou Plant



Seminar on ergonomics at Hsinchu Plant



Logo of the Badge of Accredited Healthy Workplace (in Chinese)



Logo of the Badge of Accredited Healthy Workplace

AED secured workplace certification

In an effort to create a truly safe and secure work environment for all employees, we have placed an AED (automatic external defibrillator) unit each at both Hsinchu and Linkou Plants in 2016 and invited qualified instructors to conduct training for all employees. Every participant has been given the opportunity for hands-on practice and operation of the unit. In 2017, we held a total of 6 AED+CPR training sessions for general employees, with a 100% training completion rate. In 2019, we carried on to organize another 7 AED+CPR training with a 93.3% completion rate. Both our plants have received the AED secured workplace certification from Hsinchu City Government and Taoyuan City Government respectively. In their learning and participation in the AED+CPR emergency rescue training, all employees showed great enthusiasm and motivation because the contents were not only useful for themselves but can also come in handy in the event of contingencies should their family members require first aid. Guided by principles of taking care of employees and their family members' health, it is the wishes of E Ink Infirmary that all employees learn these critical first aid skills through relevant training so that they are always prepared to administer aid within the critical time window.



AED secured workplace certification - Hsinchu Plant



AED placement - Hsinchu Plant



AED+CPR Training and Practical Instruction - Hsinchu Plant



AED secured workplace certification - Linkou Plant



AED placement - Linkou Plant



AED+CPR Training and Practical Instruction - Linkou Plant



Workplace Health Care for Women and Women in Maternity

For the protection of our female employees, E Ink has strictly forbidden female employees in pregnancy/postpartum female employees from engaging in potentially dangerous operations. For employees in pregnancy, we would also express our best wishes through congratulatory notes (sent via email) and offer a gift of a special package designed for soon-to-be-mothers. We have created our "Environment and Operation Hazard Assessment Form" for employees to perform their own assessments and inform their supervisor if necessary to arrange for occupational illness physicians to come to the plant and provide whatever assistance may be needed and advice for employees regarding things they should watch for at the plant during their pregnancy. Not only that, we have also established an isolated nursing room, furnished with relevant tools for sanitization and cleaning, along with designated parking spaces for employees in pregnancy.



2019 Taiwan Plant Health Promotion Plan

Apart from the most popular weight-loss series activities among our employees, we also encourage smoking employees to quit their habit this year along with a variety of campaigns including screening for four different cancers, influenza shots, publishing the latest information on healthcare and epidemic on our intranet regularly with the assistance from local health bureau. Not only that, we have also organized an assortment of seminars and workshops on health, physical exercise, and nutrition to provide more knowledge for employees to improve their health.

In 2019, our weight loss series activities have been aptly renamed to "Your Health, Your Call" and we encouraged employees with high BMIs to take part in these activities. In addition to the classes for sports and nutrition, we also kept the weight-loss incentive system we had from 2018 and added awards for those who were able to lose weight and kept the lost weight off, along with a lucky draw for the Healthy 10,000 Steps activity to encourage participants from last year to maintain their reduced body weight. Consequently, the combined total of weight loss for 2019 increased significantly from 181.2 kg in 2018 to 294.7kg in 2019, along with an even more substantial increase in waist-size differences. We also changed the Healthy 10,000 Steps challenge in 2019 and enabled participating employees to keep their individual tallies by submitting their total steps in a day from their sports bands or smartphones. In a span of 3 months, our participants completed a total of over 250,000 steps taken cumulatively. By setting a target that is realistic and achievable with a little effort, we've helped employees to cultivate the right habit of walking numerous times throughout the day. At the end of the challenge, employees who met their goals also received rewards for their efforts. The challenge turned out to be even more popular among our employees, with more than 100 participants, accumulating a total of 65,716,796 steps. More importantly, employees have cultivated the healthy habits of exercising daily, being prudent with their diets, and being conscious of their health by the end of the challenge.



Healthy 10,000 Steps 2019.07.03-2019.09.27



Weight Loss Campaign 2019.07.03 - 2019.09.27



2019 Health Promotional Campaign Presentation - Group photograph of participants at Linkou Plant



2019 Health Promotional Campaign Presentation - Group photograph of participants at Hsinchu Plant

Onward to Better Health-The Initiative of Joy at USA Plant

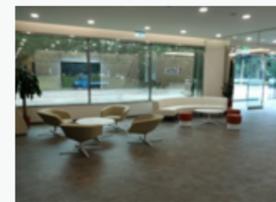
In 2019, the USA Plant launched its Initiative of Joy for Employees through its online platform to encourage employees to take the initiative to lead healthy lifestyles, such as healthy eating, engaging in physical fitness and exercising, and so forth. By registering on the platform, employees will be able to collect points and redeem them for prizes, such as gift cards at major retail stores, and so forth. Each employee may redeem up to a maximum of USD 100 worth of points per quarter. The initiative is our attempt to encourage employees to pay more attention to their own health and create positive cycles.

Hsinchu Plant Work Environment Improvement

In the original design of E Ink's Hsinchu HQ Administrative Building, there have been several inadequacies in planning (such as not having enough conference rooms, inadequate sound isolation, poor route planning for visitors wishing to use washrooms, insufficient space at the office area and so forth). And as such, we have decided to launch our office renovation project at our Administrative Building in 2019 to redesign the current spatial layout in order to make the office space more comfortable and thereby boost employees' productivity. After the renovation, our new conference rooms (large and standard), office area and visitor area have become much more comfortable for employees based on their feedback and they have been very satisfied with the renovation as they no longer have to worry about not being able to use the conference rooms as before, which would delay their work progress. Now, our employees have access to a better work environment that helps to better plan their schedules.



1F visitor reception lobby



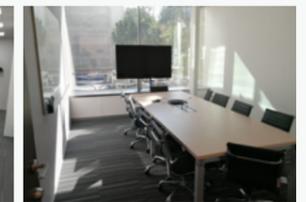
Lobby reception area



Anterior visitor reception area



1F large conference room



1F standard conference room



1F lobby display room



4F office area



Elevator lobbies on various floors

Yangzhou Plant Creating a convenient and happy workplace environment

In order to make more efficient spatial use at Yangzhou Plant while improving the convenience and pleasant atmosphere at the employee dormitory, Yangzhou Plant carried out several public space optimization and decoration projects in 2019.

Creative usage of unused space



A new shop that offers cosmetics and household products



Reconstruction of withered lawn at the plant



Replacement of power charging station of electric bikes for employees



Replacement of treadmills at the employee gym



Chapter 06

Care • Towards an e-Future

6-1 Social Inclusion

Social Inclusiveness

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

Volunteer Leave

In order to encourage employees to join the rank of volunteer services, we introduced the one-day (8 hours) paid volunteer leave in 2017. In 2019, 8 employees had applied to deliver a total of 64 hours of volunteer services. The employees who applied for the volunteer leave mostly took part in our "eRead for the Future" eReader mobile library project and other related activities. We hope that more of our employees would take advantage of their volunteer leave as an opportunity to contribute their time outside of work towards philanthropy and engage in more diverse social services.

6-2 Mobile Care Hand by Hand

eRead for the Future

Origins

Reading is the origin of knowledge acquisition, and e-reading will become an inevitable trend as technology thrives

Through reading, one can acquire knowledge in different fields and improve one's cognitive, linguistic, analytical, inferential, and other competencies. And as digital technology integrates with education, e-reading will become an inevitable trend.

Despite its robust and positive development, digital technology has brought a negative impact on the growth and learning of children

With devices such as desktops, tablets, and smartphones with internet connectivity becoming an inseparable part of our daily lives, students nowadays have a hard time resisting the temptation of internet videos, games, and real-time dynamic information.

According to the data from the Ministry of Health and Welfare (MOHW), the blue light emitted from LCD displays will stimulate human eyes to produce free radicals through the extended use of 3C electronic products at a short distance, thus causing harm to retinal cells.

Aim

- In conjunction with our management strategy of generating greater value for e-Paper for our partners in the ecosphere and collaborating with our supply chain partners, we wish to give back to the society as outlined in our core values to promote positive development in our society.

Link to SDGs



- To utilize the characteristics and strengths of ePaper (see Chapter 3) and create an ideal carrier, our e-Reader provides children with a focused and comfortable reading experience.



Goals

Short-term Goals

- To assist more supply chain partners in providing more resources to contribute to local students; continue to promote e-reading and eye-caring features to the general public and push for e-reading.
- We performed an analysis of social return on investment (SROI) of the "eRead for the Future" program initiated in March 2018 to understand the advantages, disadvantages, and effectiveness of the program so that we can improve upon it and maximize its value.

Mid-term Goals

- Operating based on the core of "digital technology, reading, and knowledge," we plan to revisit schools that have received our donation of e-Readers and find out how their students have fared with using our products when working with local governments to jointly promote digital reading workshops, digital reading competition, and other promotional activities to achieve a greater degree of success in popularizing e-reading.
- To expand the participation of our stakeholders; apart from our employees and supply chain partners, we hope to invite our customers, local communities and so forth to contribute their resources within their capacities to promote e-Readers and e-books to schools across Taiwan so that we can construct our e-Reader mobile library, which will help to enrich children's lives with diverse bits of knowledge waiting to be found in books.

Long-term goals

- To deliver e-Readers and a rich selection of e-books to schools in all parts of Taiwan at the pace of "One Year One City" and make digital reading more prevalent.
- We also hope to continue pooling resources from enterprises, the society and individuals to build a self-sufficient philanthropy platform.

Model of Implementation for eRead for the Future

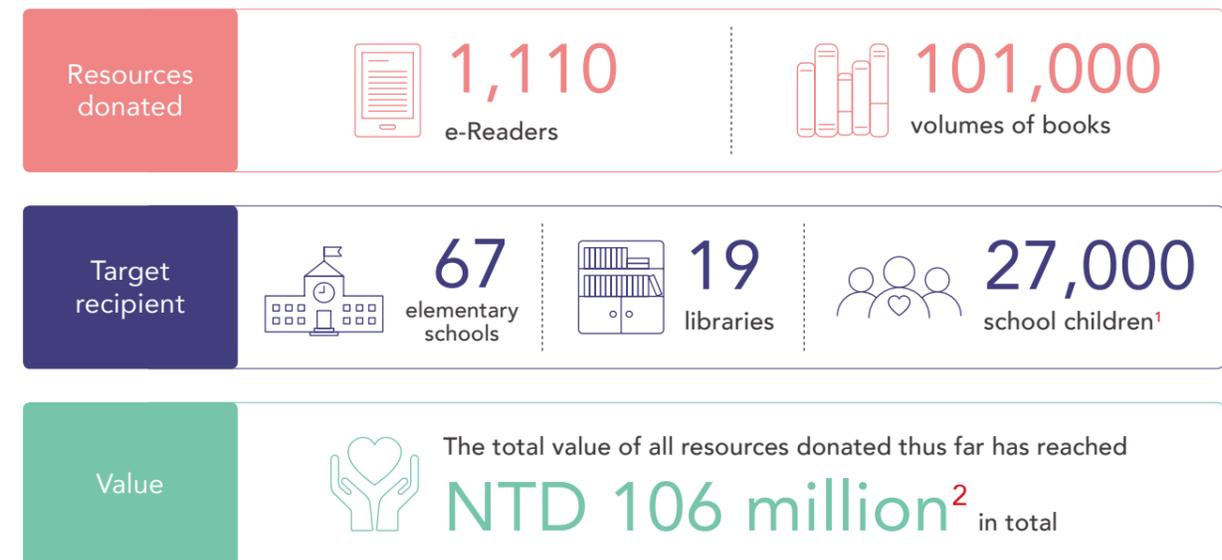
"eRead for the Future" is a philanthropic program initiated by E Ink. Through it, we aim to provide students with comfortable and vision-friendly reading experience with our core ePaper technology in collaboration with our e-Reader ecosystem partners by involving their expertise, products, and technical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



History of development



Cumulative benefits of Reading for the Future



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

¹ The total number of school children includes all students enrolled in the 16 elementary schools in Nantou County, 10 schools in Changhua, and the elementary school students in Chiayi County.

² The monetary value of the donation for e-Readers and e-books is calculated based on their corresponding market prices of NTD 10,000.



Outcomes for eRead for the Future Project in 2019

2019 marks the 3rd year of our launch and promotion of the “eRead for the Future” project in Taiwan. And we shall continue to embrace the objectives of “digitization, reading, and knowledge” as the core of the project while we expand our construction of libraries for e-Readers and our promotion of digital reading.

Establishment of a new e-Reader Library:

Working with our partners for the 3rd time as we venture into Chiayi County and getting publishers involved for the 1st time to enrich existing contents

On top of working with our familiar partners Netronix Inc. and Readmoo, we were able to reach out to Hsin-Yi Foundation - an established foundation renowned for 40 years of profound experience in early education for children and involve the foundation to support our “eRead for the Future” project by having the foundation to recommend 20 carefully selected books. Not only that, the foundation was also engaged in the process of porting the contents from the physical books into their e-book versions to further flesh out the existing digital library of children’s books for younger students in Taiwan and promote digital reading locally.

Apart from donating e-Readers and e-books to students at 41 elementary schools in Chiayi County, the “eRead for the Future” project also brought electronic resources to the project to libraries by donating to 18 township libraries and municipal library (19 libraries in total) in order for elementary schools that have not received our donation to register (as classes) to borrow books and expand the influence of digital reading promotion.

In 2019, we collaborated with Chiayi County Government and donated 450 e-Readers along with 45,000 e-books valued at approximately NTD 51 million to the recipients.



2019 Highlight Video



Ingraining e-Reading:

Leading children into the world of digital reading

In order to promote digital reading at a deeper level, we collaborated with the Nantou County Department of Education in 2018 to integrate “reading, digitization, and teaching” from the core of our planning for digital reading promotion activities in two phases. Phase one has already been implemented in 2018 in the form of seminars and workshops on digital reading and teaching and through the exchanges between participants from academia, industries, and schools.

In 2019, we organized our “Ingraining Reading” Competition that involved participants from the 16 elementary schools that received our donation of e-Readers, with seed teachers from Nantou County for reading picking the e-books for the event. Depending on which grade the participants are from, participants from grades 3-6 would compete in composition writing (based on their takeaway from reading) and those from grades 1-2 would be competing in a drawing contest instead. The Ingrained Reading Competition attracted more than 500 participants, all of them sharing what they have through their reading.

During the planning of the competition and preparation, apart from inviting professional teachers for reading to be our judges, we have also invited our employees to take part in the online drawing popularity PK match by having our employees vote on their favorite submissions from the younger participants. Through the preliminary rounds held in each school and the second round involving multiple schools, we have chosen our recipients for the top three prizes and honorable mentions. The prize presentation ceremony was held on May 30, 2019 jointly by E Ink and Nantou County Department of Education. We had close to 70 award recipients, their parents and teachers attend the ceremony.



Word of thanks from teachers

Nantou County Caotun Elementary School Principal, Chen, Wen-Tsan

He firmly believes that reading involves consistent accumulation of effort and through the Ingraining Reading program, he hopes that students would have an opportunity for a brighter future by actively engaging in reading. The principal also shared his takeaway from promoting the importance of reading over the past 18 years. Regardless of which school he served, he would lead by example and make it a rule that the entire school should be reading at 7:30 AM as the scheduled time for reading and through the activity of “Reading Together at Classrooms”, having representatives from each grade to go to his office to present their takeaways from reading to get a souvenir and so forth. He has not only offered a sense of achievement for his students but also help them fall in love with reading. In terms of effectiveness, during his year of reading promotion, his school made an impressive 8-point improvement in its teaching evaluation. At the reading competition, participants from Caotun Elementary School placed first in both the grade 5-6 and 3-4 divisions and won second place in the grade 1-2 division - very impressive results indeed.

Nantou County Department of Education, Teacher, Chang Cheng-Yi

In contrast with reading and drawing on traditional paper, the composition and drawing competition involved the use of e-Reader for reading. The activity not only works wonderfully as a promotion for reading to help students improve their language skills but also offers great benefits in several areas, such as the promotion of digital reading, promotion of ePaper as an alternative for vision-protection for children and its eco-friendly properties and reducing the gap in educational resource availability. I hope to see more participants from businesses or even individual participants in this event so that more can come forward to contribute to the reading and learning competency for children in Nantou County. We also hope that “Read for the Future” would become a great starting point for the Department to keep working with passionate companies such as E Ink to create futures of limitless possibilities for all children.

2020 Ingraining Reading Competition in Changhua County

Our “eRead for the Future” -Ingraining Reading Project went smoothly in its promotion in Changhua County in 2019 with an impressive outcome. All in all, we received a total of 241 submissions from elementary school students across the county, with 64 winning submissions. We gave out gift vouchers with a total worth of NTD 24,900 as rewards and offered additional EDP products to be given out as prizes for E Ink Employee Popularity Ranking Award to be a part of this meaningful CSR event.



Our original plan was to organize a prize-giving ceremony for selected entries of book reading takeaways and illustrations for the competition hosted by Changhua County Government on Children’s Day in 2020. But due to the outbreak of COVID-19 epidemic abroad, we had to cancel the event and instead asked principals from the participating schools to present the certificate of merit and gift vouchers to the prize-winning students at morning assemblies or other gatherings as a way to encourage students from reading and engaging in creative work. In an effort to thank E Ink for the lengths that the company has gone through to benefit students in Changhua County, the magistrate has personally presented a certificate of appreciation at the County Government Supervisor Meeting held in June 2020 to E Ink representative to extend the County Government’s gratitude for the success that the “eRead for the Future” project has accomplished in the past three years.

USA Plant

Donation of e-books

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



Local Care

As a member of society, we uphold the spirit: Contributing what is taken from society to society and continuously investing labor and funds to contribute to the construction of a quality society and the natural environment. Here at E Ink, we believe that apart from monetary donations, philanthropy also involves the promotion of social welfare and helping those in need of help in society through the teamwork of our employees, charities, the government, and our partners and their voluntary participation in CSR.

Taiwan

Meeting for Indirect Employees - Tidbits of Joy through Charitable Work

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



E Ink Family Day - Charitable Fair

When it comes to Family Day, we will never forget to make charity part of it! Our Family Day event for 2019 was held at the Flying Cow Ranch and in order to integrate elements of charity for the event, we’ve invited local disadvantaged minorities and charitable organizations to set up booths at our fair. Organizations include Miaoli Disadvantaged Minority Care Association, De Fang Nursing Home, Miaoli Hwa Yen Development Center, and so forth. The booths attracted a significant number of visitors at the fair and raised more than NTD 30,000 of charitable funds! Also, as an extension to the charitable event of donating receipts to charity, all visitors could take part in the lucky draw for great prizes as long as they donate 5 receipts. The fair on Family Day carried a pink-colored motif and turned out to be tremendously fun for everyone involved!



Outing Beach Cleanup

Apart from recreational outings as our itinerary for employee retreat in 2019, we also threw in beach cleanup into the mix by combining our sight-seeing trip with it at Badouzi Intertidal Zone in Keelung. From the tour guide, participants learned about local history, culture, and landscape as they put on straw slippers and strolled leisurely in the intertidal zone to relish the beauty of the coast at a profound level. And as they strolled, they also picked up whatever waste they could find along the shore.

A total of 148 participants comprising employees and their families attended the activity with great enthusiasm. During the 3 hours of beach cleaning, participants cleared away a total of 52kg of wastes and debris in the area. In a gesture of appreciation for our help in safeguarding the ocean, Badouzi Tourism Promotion Association presented a certificate of gratitude to E Ink.



Yangzhou Plant

2019 Maitian Project - Staying True to Our Initial Aspiration and Press on for Love

Starting from 2012, Yangzhou Plant has launched the Maitian Project to unite the company, employees, and their families as one to assist schools in rural regions by providing relevant resources. As of 2019, the project had involved 19 events on different scales and donated more than RMB 580,000 to help students at 9 different schools.

My Love Piggy Bank

More than 800 employees and their family members from Yangzhou Plant came together to be a part of this event that began in January and concluded in July. The amount raised was then remitted to the recipient in September. Everyone from Transcend Optronics went in with full passion and drive to do good for others!

We donated a total of **RMB 30,972**
All the proceeds went towards the School Bag of Love



Charity Sale of Rose

On the day of Chinese Valentines’ Day, employees, their family members, and volunteers of Maitian Project worked hand in hand in the preparation of roses to be sold to their customers in a charity sale. A total of 55 volunteers took part in the charity event and everyone relished their memories of beauty and compassion from their involvement.

We raised a total of **RMB 8,000**
All the proceeds went towards the School Bag of Love



School Bag of Love

We came to Guizhou and visited the Xinchang Elementary School of Hope and Erni Elementary School in Dayi Township, Wangmo County. With the funds we've raised, we purchased 529 school bags of love in the hopes of helping the children to realize their aspiration of "Small School Bags to Big Dreams."



Love Classroom

We have brought art classes to the mountains by offering local children with paper and colored pens to capture their colorful childhood on paper. We hope our art classes will become a bridge that takes the children to the kingdom of artistry and thereby make the lives of elementary students in these remote areas more colorful.



USA

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. In 2019, they raised over NTD 400,000 worth of charitable funds and resources. On top of that, the USA Plant has also been actively involved in social participation activities to build and foster positive relationships with neighboring communities through various sponsorships. In 2019, the USA Plant donated approximately NTD 750,000 to various recipients.

Charitable Donations

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

The USA Plant participated in the "The Valley Bike Share" system and donated approximately NT\$ 360,000 (USD 12,000) in South Hadley in 2019, Massachusetts towards the establishment of a bike rental station to provide residents with a more convenient, eco-friendly, and healthy form of public transportation.



Sponsorship for local activities and education

The USA Plant has committed itself to bond and maintains close ties with various communities. In 2019, the plant sponsored various music events such as MillPond Live, Berkshire Hills Music Academy Springfield Orchestra, and so forth by donating approximately NTD 210,000 (USD 7,000).



Employee fundraisers and donations

Employees from the USA Plant have voluntarily taken part in numerous charitable fundraisers, such as Ride to Defeat ALS, charity walks and rides for cancer research, Thanksgiving resource collection, collection and donation of personal hygiene and sanitation products (close to 1,000 items), iron man pentathlon to protect plant diversity and so forth.



Volunteer activities

Maintain and protect local environments

Employees from USA Plant have worked with local NGO OARS to clean up rivers and beaches.



Volunteer services for food bank

Employees from USA Plant took the initiative to work with the food bank by performing volunteer services in order to assist local families in dire needs while reducing waste of food.



Appendix

Cross Reference with GRI Standards Reporting Indicators for Sustainability Report

Indicators for Generic Disclosures		Corresponding Sections (including description of omission)	Page
Organizational Profile (2016)			
102-1	Name of the organization	2-2 Global deployment	27-28
102-2	Primary brands, products, and services	2-2 Global deployment	27-28
102-3	HQ location	2-2 Global deployment	27-28
102-4	Location of operations	2-2 Global deployment	27-28
102-5	Ownership and legal form	2-2 Global deployment	27-28
102-6	Markets served	2-2 Global deployment	27-28
102-7	The scale of the organization	2-2 Global deployment 2-4 Strategy focus and growth	27-28 35-38
102-8	Information on employees and other workers	5-1 Team overview Appendix - Social Information	80-81 124
102-9	Supply chain	4-4 Building a sustainable supply chain	76-79
102-10	Significant changes to the organization and its supply chain	There has been no significant change to the organization and the supply chain in the scope of the report for this year	-
102-11	Precautionary principle or approach	2-4 Strategy focus and growth 4-2 Address to climate change	39
102-12	External initiatives	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.	-
102-13	Membership of associations	2-4 Strategy focus and growth	38
Strategy (2016)			
102-14	Statement from senior decision-maker	Letter from the Chairman	04-05
102-15	Key impacts, risks, and opportunities	2-4 Strategy focus and growth 4-2 Address to climate change	39 64
Ethics and Integrity (2016)			
102-16	Values, principles, standards, and norms of behavior	2-3 Business ethics and integrity and sustainable governance	33-35
Governance (2016)			
102-18	Governance structure	1-4 CSR Visions and Strategic Management 2-3 Business ethics and integrity and sustainable governance	25 29-32
Stakeholder communication (2016)			
102-40	List of stakeholder groups	1-2 Identification of Stakeholders	18
102-41	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.	-
102-42	Identifying and selecting stakeholders	1-2 Identification of Stakeholders	18
102-43	Approach to stakeholder communication	1-3 Identification and management of material topics	21-22
102-44	Presenting material topics and items of concern	1-3 Identification and management of material topics	18-22

Indicators for Generic Disclosures		Corresponding Sections (including description of omission)	Page
Reporting practice (2016)			
102-45	Entities included in the consolidated financial statements	Report Profile	01
102-46	Defining report content and topic boundaries	Report Profile 1-3 Identification and management of material topics	01 20
102-47	List of material topics	1-3 Identification and management of material topics	19-20
102-48	Restatement of information	No such thing was reported this year.	93 71-72
102-49	Changes in reporting	No such thing was reported this year.	-
102-50	Reporting period	Report Profile	01
102-51	Date of most recent report	Report Profile	01
102-52	Reporting cycle	Report Profile	01
102-53	Contact point for questions regarding the report	Report Profile	01
102-54	Claims of reporting in accordance with the GRI Standards	Report Profile	01
102-55	GRI content index	Cross Reference with GRI Standards Reporting Indicators for Sustainability Report	118-121
102-56	External guarantee/assurance	Report Profile Appendix Report Assurance Statement	01 126-129

Management Approach (2016)		Corresponding Sections (including description of omission)	Page
103-1	Explanation of the material topic and its Boundary	1-3 Identification and management of material topics	20
103-2	Management approach and its elements	1-3 Identification and management of material topics	23
103-3	Evaluation of the management approach	1-3 Identification and management of material topics	23

Economic Aspect		Corresponding Sections (including description of omission)	Page
GRI 201: Economic Performance (2016)			
201-1	The direct economic value generated and distributed on an accruals basis	2-4 Strategy focus and growth	35-37
201-3	Defined benefit plan obligations and other retirement plans	5-2 Building a healthy, positive, and beautiful workplace Please refer to our financial statements for details	87-93
201-4	Financial assistance received from government	2-4 Strategy focus and growth For details of the government shareholding, please refer to 4.1.2 Shareholder Structure in 2019 Annual Report	37
GRI 202: Market Presence (2016)			
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	5-2 Building a healthy, positive, and beautiful workplace	87
202-2	The proportion of senior management hired from the local community	5-1 Team overview	81
GRI 203: Indirect Economic Impacts (2016)			
203-2	Significant indirect economic impacts	6-2 Mobile Care Hand by Hand	108-117
GRI 204: Procurement Practices (2016)			
204-1	The proportion of spending on local suppliers	4-4 Building a sustainable supply chain	76
GRI 205: Anti-corruption (2016)			
205-2	Communication and training on anti-corruption policies and procedures	2-3 Business ethics and integrity and sustainable governance 4-4 Building a sustainable supply chain Anti-corruption related policies have been announced to all board members this year. This year, one director of the board of directors received anti-corruption related education and training, accounting for 11%. The data on anti-corruption education and training for employees of the Yangzhou plant and the USA plant this year are not yet available and will be disclosed in the future.	33-35 78

Environmental Aspect		Corresponding Sections (including description of omission)	Page
205-3	Confirmed incidents of corruption and actions taken.	No such thing was reported this year.	-
GRI 206: Anti-competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	We are involved in two lawsuits concerning anti-competitive behavior, antitrust, and monopoly. CopyTele has voluntarily dropped all charges on us, and subsidiary Hydix took no further legal actions.	35
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	4-2 Address to climate change Appendix - Environmental Information	65-66 122-123
302-3	Energy intensity	4-2 Address to climate change	65
302-4	Reduction of energy consumption	4-2 Address to climate change	65-66 70
GRI 303: Water (2016)			
303-1	Water withdrawal by source	4-3 Resource recycling management Appendix - Environmental Information	71 123
303-3	Water recycled and reused	4-3 Resource recycling management	71
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	4-2 Address to climate change Appendix - Environmental Information	67 123
305-2	Indirect (Scope 2) GHG emissions	4-2 Address to climate change Appendix - Environmental Information	67 123
305-4	GHG emissions intensity	4-2 Address to climate change	67-68
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4-3 Resource recycling management	73
GRI 306: Effluents and Wastes (2016)			
306-1	Water discharge by quality and destination	4-3 Resource recycling management Appendix - Environmental Information	72-73 123
306-2	Waste by type and disposal method	4-3 Resource recycling management	74
GRI 307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	2-3 Business ethics and integrity and sustainable governance	35
GRI 308: Supplier Environmental Assessment (2016)			
308-1	New suppliers that were screened using environmental criteria	4-4 Building a sustainable supply chain	78

Social Aspect		Corresponding Sections (including description of omission)	Page
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	5-1 Team overview Appendix - Social Information	81 124
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-2 Building a healthy, positive, and beautiful workplace	87-93
401-3	Parental leave	5-2 Building a healthy, positive, and beautiful workplace	93
GRI 403: Occupational Health and Safety (2016)			
403-1	Worker representation in formal joint management-worker health and safety committees	5-4 Maintaining a Safe and Healthy Work Environment	99
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	5-4 Maintaining a Safe and Healthy Work Environment	100-104
403-3	Workers with high incidence or high risk of diseases related to their occupation	5-4 Maintaining a Safe and Healthy Work Environment	100-104
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	5-3 Multiple development and growth for employees	98

Social Aspect		Corresponding Sections (including description of omission)	Page
404-3	Percentage of employees receiving regular performance and career development reviews	All employees have received a performance evaluation	-
GRI 405: Diversity and Equal Opportunity (2016)			
405-2	The ratio of basic salary and remuneration of women to men	5-2 Building a healthy, positive, and beautiful workplace E Ink does not pay employees differently by gender.	87
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	No such thing was reported this year.	-
GRI 407: Freedom of Association and Collective Bargaining (2016)			
407-1	Operations and suppliers in which the right to freedom	No such thing was reported this year.	-
GRI 408: Child Labor (2016)			
408-1	Operations and suppliers at significant risk for incidents of child labor	No such thing was reported this year.	-
GRI 409: Forced or Compulsory Labor (2016)			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No such thing was reported this year.	-
GRI 411: Rights of Indigenous Peoples (2016)			
411-1	Incidents of violations involving rights of indigenous peoples	No such thing was reported this year.	-
GRI 412: Human Rights Assessment (2016)			
412-2	Employee training on human rights policies or procedures	5-2 Building a healthy, positive, and beautiful workplace	82-83
GRI 414: Supplier Social Assessment (2016)			
414-1	New suppliers that were screened using social criteria	4-4 Building a sustainable supply chain	78
GRI 415: Public Policy (2016)			
415-1	Political contributions	No such thing was reported this year.	-
GRI 416: Customer Health and Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such thing was reported this year.	-
GRI 417: Marketing and Labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	No such thing was reported this year.	-
417-3	No such thing was reported this year.	No such thing was reported this year.	-
GRI 418: Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such thing was reported this year.	-
GRI:419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	2-3 Business ethics and integrity and sustainable governance No non-compliance with laws and regulations in the social and economic area was reported this year.	35

Cross Reference with Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies

Rules Requirements	Corresponding Sections	Page
Number of non-executive full-time employees, average wage and median wage of non-executive full-time employees, and their difference from that of the previous year	5-2 Building a healthy, positive, and beautiful workplace	87
Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and targets used to assess and manage climate-related issues	4-2 Address to climate change	64

Appendix

Environmental Statistics

Overview of employee composition

Energy Type	Region	Original Unit				
		2015	2016	2017	2018	2019
Self-generated renewable energy electricity (GWh)	Yangzhou, China	3.28	2.14	2.14	1.95	0.12
	Subtotal	3.28	2.14	2.14	1.95	0.12
Purchased electricity for production (GWh)	Taiwan	61.49	56.84	41.59	40.33	37.92
	USA	8.56	8.74	11.27	12.31	11.74
	Yangzhou, China	24.06	20.57	17.46	20.29	17.39
	Subtotal	94.11	86.15	70.33	72.93	67.05
Purchased electricity (dormitories) (GWh)	Taiwan	0.03	-	-	-	-
	Yangzhou, China	2.07	1.85	2.69	2.61	1.62
	Subtotal	2.10	1.85	2.69	2.61	1.62
Purchased steam (ton)	Yangzhou Plant	10,578.00	7,162.00	4,977.00	6,403.62	3,429.94
	Subtotal	10,578.00	7,162.00	4,977.00	6,403.62	3,429.94
Natural gas (m ³)	Taiwan	961.78	441.70	-	-	-
	USA	1,376,839.87	1,454,863.37	1,331,074.61	1,351,723.06	1,436,746.43
	Yangzhou, China	58,470.00	51,942.00	44,194.00	41,369.00	60,983.00
	Subtotal	1,436,271.65	1,507,247.07	1,375,268.61	1,393,092.06	1,497,729.43
Diesel (L)	Taiwan	4,639.00	3,348.52	3,905.32	2,403.50	4,683.17
	USA	1,530.44	1,461.17	1,857.88	2,157.68	1,920.28
	Yangzhou, China	17,693.58	23,329.29	18,571.73	9,736.90	595.58
	Subtotal	22,503.27	29,092.49	23,132.91	16,688.24	7,179.03
Gasoline (L)	Taiwan	5,776.22	7,891.88	8,861.51	5,631.98	5,496.73
	Yangzhou, China	75,827.69	26,456.92	19,442.63	14,917.93	12,689.58
	Subtotal	81,603.91	34,348.80	28,304.14	20,549.91	18,186.31

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

E Ink's Energy Consumption Statistics (converted to GJ)

Energy Type	Region	Conversion to GJ				
		2015	2016	2017	2018	2019
Self-generated renewable energy electricity	Yangzhou, China	11,802.23	7,700.23	7,700.23	7,016.57	431.79
	Subtotal	11802.2272	7700.2336	7700.2336	7016.568	431.79
Purchased electricity for production	Taiwan	221,255.78	204,523.96	149,655.26	145,117.02	136,450.55
	USA	30,790.64	31,441.48	40,556.96	44,284.87	42,251.53
	Yangzhou, China	86,573.65	74,015.80	62,840.46	73,008.29	62,570.78
	Subtotal	338,620.07	309,981.23	253,052.69	262,410.18	241,272.86
Purchased electricity (dormitories)	Taiwan	107.95	-	-	-	-
	Yangzhou, China	7,448.36	6,656.74	9,679.27	9,391.41	5,845.61
	Subtotal	7,556.30	6,656.74	9,679.27	9,391.41	5,845.61
Purchased steam	Yangzhou Plant	29,669.07	20,087.91	13,959.44	17,960.81	9,620.26
	Subtotal	29,669.07	20,087.91	13,959.44	17,960.81	9,620.26
Natural gas	Taiwan	32.19	14.78	-	-	-
	USA	46,085.58	48,697.19	44,553.73	45,244.87	48,090.78
	Yangzhou, China	1,957.11	1,738.60	1,479.26	1,384.70	2,041.22
	Subtotal	48,074.88	50,450.57	46,032.99	46,629.58	50,132.00

Energy Type	Region	Conversion to GJ				
		2015	2016	2017	2018	2019
Diesel	Taiwan	117.69	137.25	84.47	191.36	164.59
	USA	51.35	65.30	75.83	52.95	66.79
	Yangzhou, China	621.85	819.92	652.71	342.21	20.93
	Subtotal	790.89	1,022.47	813.02	586.52	252.31
Gasoline	Taiwan	188.51	257.55	289.20	183.80	179.39
	Yangzhou, China	2,474.65	863.43	634.51	486.85	414.13
	Subtotal	2,663.16	1,120.98	923.71	670.65	593.51
	Total	427,374.38	389,319.91	324,461.12	337,649.15	308,148.35

Note: The conversion factor is subject to the government published a conversion factor for heating value.

E Ink's GHG Emission Statistics

Region	Scope	2015	2016	2017	2018	2019
Taiwan	Scope 1	6,698.90	3,782.42	88.00	66.06	65.45
	Scope 2	32,485.65	29,988.82	22,003.92	22,331.34	20,213.79
	Emissions subtotal	39,184.55	33,771.23	22,091.92	22,397.40	20,279.24
USA	Scope 1	2,729.05	2,593.48	2,741.27	2,546.36	2,707.30
	Scope 2	2,106.46	2,191.21	2,237.52	3,151.52	3,006.82
	Emissions subtotal	4,835.51	4,784.69	4,978.79	5,697.88	5,714.12
Yangzhou, China	Scope 1	430.63	316.43	296.42	219.97	182.30
	Scope 2	26,615.03	21,853.68	18,072.15	21,065.55	17,049.56
	Emissions subtotal	27,045.66	22,170.11	18,368.56	21,285.52	17,231.86

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 Yangzhou Plant have passed third-party verification.
3. The GHG inventory outcomes of the USA Plant are estimated based on energy consumption.
4. We adopt IPCC-AR4 data for GHG emission potential.
5. GHG emissions are consolidated by operational control.
6. GHGs in the calculation include the following classes: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.
7. Scope 2 emissions are subject to a location basis.

E Ink's Water Resources Statistics

Region	m ³	2015	2016	2017	2018	2019
Taiwan	Water withdrawn	288,117.00	252,902.00	256,383.00	240,101.00	201,729.00
	Reclaimed Water Volume	382,106.00	304,881.00	184,942.00	171,185.00	188,477.00
	Reclamation Proportion	133%	121%	72%	71%	93%
	Effluent Volume	232,506.00	210,307.00	193,972.00	176,573.00	155,903.00
USA	Water withdrawn	23,794.38	26,933.62	20,902.87	22,276.08	18,903.36
	Reclaimed Water Volume	-	-	-	-	-
China	Effluent Volume	8,401.58	8,506.01	6,462.67	7,473.58	7,034.50
	Process water withdrawal	236,009.00	166,005.00	140,834.00	153,626.00	139,782.00
	Domestic water withdrawal	123,316.00	122,907.00	104,387.00	82,758.00	73,977.20
	Purchased hot water	23,813.00	22,846.38	22,818.32	22,402.46	27,377.60
	Reclaimed Water Volume	34,586.00	35,093.00	4,983.50	7,801.00	14,728.00
	Effluent Volume	No process effluent (all considered as domestic sewage)				
Reclamation Proportion	9.0%	11.3%	1.9%	3.0%	6.1%	

1. All water consumed is tap water and subject to water bills.
2. Taiwan: After meeting the discharge standard, the wastewater of Hsinchu Plant is discharged to the HSP sewage treatment plant for treatment. The discharge is subject to the readings on the meter. Linkou Plant has no wastewater.
3. China: In January 2011, the Yangzhou City Environmental Protection Bureau approved the Yangzhou Plant to shut down the sewage treatment plant and discharge the effluents directly. The discharge is calculated at 80% (effluent discharge coefficient) of the withdrawal.
4. USA: Wastewater is discharged to the wastewater discharge system after treatment and the discharge is subject to meter readings.

Appendix

Social Information

Overview of employee composition

Employment Type	Taiwan Site			Yangzhou Plant			USA		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Official Employees	596	309	905	359	354	713	265	124	389
Contract Employees	2	3	5	215	191	406	5	5	10
Total	598	312	910	713	545	1119	270	129	399
Employment Type	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Executives	121	24	145	22	2	24	90	24	114
Non-Executives	477	288	765	337	352	689	175	100	275
Total Number of Official Employees	598	312	910	359	354	713	265	124	389

Number of New Official Employees

Region	Gender		Age				Total	%
	Male	Female	30 and under	31-40	41-50	51 and over		
Taiwan Site	71	20	30	43	17	1	91	4.5%
Yangzhou Plant	78	22	83	15	2	0	100	5.0%
USA	37	18	28	11	11	5	55	2.7%
Total	186	60	141	69	30	6	246	12.2%
%	15.2%	7.6%	7.0%	3.4%	1.5%	0.3%	12.2%	-

Number of Resigned Official Employees

Region	Gender		Age				Total	%
	Male	Female	30 and under	31-40	41-50	51 and over		
Taiwan Site	80	49	25	59	33	12	129	6.4%
Yangzhou Plant	121	71	141	39	10	2	192	9.5%
USA	39	15	21	13	8	12	54	2.7%
Total	240	135	187	111	51	26	375	18.6%
%	11.9%	6.7%	9.3%	5.5%	2.5%	1.3%	18.6%	-

Achievements of Training and Education

Average Education/ Training Time	Taiwan Site						Yangzhou Plant						USA					
	Male	Female	Direct Labor	Indirect Labor	Executives	Non-Executives	Male	Female	Direct Labor	Indirect Labor	Executives	Non-Executives	Male	Female	Direct Labor	Indirect Labor	Executives	Non-Executives
Physical Training Courses	6,388	2,862	1,095	9,250	1,622	7,628	163	113	110	166	23	253	3,010.00	1,681.50	285.50	4,406.00	989.50	3,702.00
e-Learning course	1,047	491	61	1,538	237	1,301	64	60	0	124	17	107	715.00	453.00	0	1,168.50	693.00	475.00
External Training Courses	824	712	19	1,517	323	1,213	26	23	0	49	6	43	536.00	118.50	240.00	414.50	33.00	621.50
Average Length (hours)	13.81	13.03	1.54	16.08	15.05	13.26	0.70	0.55	0.28	1.06	1.92	0.58	16.08	18.17	7.10	19.01	15.05	17.45

Training Course Type

Course Type	Taiwan Site			Yangzhou Plant			USA		
	Employees trained	Course frequency	Length (participant hours)	Employees trained	Course frequency	Length (participant hours)	Employees trained	Course frequency	Length (participant hours)
Orientation Training for New Employees	272	12	1,403	92	63	368	102	28	320
Core Competency Training and Education	704	2	868	0	0	0	109	4	217
Managerial Competency Training and Education	340	7	923	0	0	0	98	8	988
Professional Competency Training and Education	683	97	875	357	35	2,818	1,825	116	5,114

Appendix

Report Assurance Statement

Deloitte.**勤業眾信**勤業眾信聯合會計師事務所
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www.deloitte.com.tw**INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT**The Board of Directors and Stockholders
E Ink Holdings Inc.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Corporate Social Responsibility Report ("the Report") of E Ink Holdings Inc. ("the Company") for the year ended December 31, 2019.

Responsibilities of Management for the Report

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

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

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (revised) (ISAE 3000 (revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

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

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

Independence and Quality Controls

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

Conclusion

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

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 3, 2020

Notice to Readers

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

APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	GRI Number	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI 205-3: 2016	Confirmed incidents of corruption and actions taken	Cross reference with GRI Standards reporting indicators for sustainability report	The results and total numbers of confirmed incidents of corruption amid the organization, employees, and business partners in Taiwan region in 2019.
2.	GRI 302-4: 2016	Reduction of energy consumption	4-2 Address to climate change	The yearly reductions in energy consumption as results of conservation and efficiency initiatives taken by Yangzhou plant in 2019.
3.	GRI 303-1: 2016	Water withdrawal by source	4-3 Resource recycling management Appendix - Environmental information	The total volume of water withdrawn by source in Taiwan region in 2019.
4.	GRI 401-1: 2016	New employee hires and employee turnover	5-1 Management overview Appendix - Social Information	By ages and genders in Yangzhou plant in 2019, the total numbers and percentages of new employee hires and employee turnover.
5.	GRI 401-3: 2016	Parental leave	5-2 Building a positive, beautiful and happy workplace	By gender in Taiwan region in 2019, the total numbers and percentages of employees that took parental leave, and that were predicted to return, actually returned to work and were still employed 12 months after returned to work.
6.	Other indicator	The amount and percentage of investment in R&D, and the numbers of R&D employees and patents acquired	3-2 Technical and innovation capacity	The amount and percentage of investment in R&D, and the numbers of R&D employees and patents acquired in Taiwan region in 2019.



Corporate Social Responsibility Report