

2015 Corporate Social Responsibility Report





Cover Story

The sun rises, bringing lights and hope to all things on the earth. People live happily on this planet with rich resources. However, as technology improves every day, lifestyle have been constantly changing driven by human desires. Machinery gradually replaced labor, brought glory to human species yet burden to Mother Earth. Fueled by the process of modernization, energy development has been pushed to an extreme by the greedy mankind demanding every bit of natural resources.

ELAN CSR cover design this year is inspired by solar trains, which bring convenience to human life and no harm to the planet.

The Green train departs from ELAN, symbolizing ELAN's determination to be one of the leading corporates in making contribution to environmental protection and fulfilling commitment to social responsibility.

"Green Environment + Green Design + Green Product = Green Corporate" This is ELAN's vision of caring for the environment, as well as a standard we set for ourselves. We have always believed that environmental protection and industrial safety are necessary factors for corporate sustainable development. Therefore, with Green environmental protection as the starting point and Green design as product design ideas, ELAN demonstrates recycle spirit during product development. From product concept, design, mass production, to waste reduce, recycling, and reuse, ELAN cherishes every bit of environmental resources and searches for ways to use them as efficient as possible. ELAN is fully committed to the development of Green products in hope to make an effort in preserving this beautiful land we all live in.

Editorial Policy

About This Report

This is ELAN Microelectronics Corporation's second issue of Corporate Social Responsibility Report, which presents the main contents of corporate governance, efforts and performance data of environmental protection and social participation, and upon release of this report, complete disclosure of relevant information of interest and effective communication to stakeholders, provide guarantee of transparency, to ensure confidence and we sincerely hope and look forward to give guidance and encouragement to people of all walks of life.

Reporting Period and Scope

This covers the whole year from January 1, 2015 to December 31, 2015, in sustainable management strategies and business continuity activities. In this report, the so-called ELAN Group refers to ELAN's parent company, also included in the part of the ELAN Group affiliated companies are (Metanoia Communications Incorporated, Avisonic Technology Corporation, PiXORD Corporation and ELAN (H.K.) Microelectronics Corporation). For this report, ELAN, Metanoia, Avisonic, PiXORD and ELAN (H.K.) disclose the organizational entity. All of the following are referred to as this Group.

Major Changes during the Reporting Period

ELAN	Without any major changes.
Metanoia	2015 Capital increase and issuance of 5 million new shares accounted for 8% of the total capital. There was no significant changes in the organization scale, ownership or supply chain.
Avisonic	Without any major changes.
PIXORD	Without any major changes.
ELAN (H.K.)	Without any major changes.

Report Basis and Review

The contents of the report is based on the G4 version of the guidelines issued by the Global Reporting Initiative (GRI), AA1000 Account Ability Principle Standard, AA1000AS Assurance Standard, due to the regional characteristics of the industry and also with reference to the Electronic Industry Code of Conduct (EICC), the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", the full text of the final report and the GRI G4 standard framework is provided in the comparison table for reference.

The SGS Taiwan Ltd had verified that this report conforms to GRI G4 version of the core options standard and AA1000AS (Account Ability 1000 Assurance Standard) Type II Moderate assurance level, and attached with SGS external assurance statement.

Report Release

This is released in English, Traditional and Simplified Chinese versions. Complete report files will be placed on the company's website, available to the general public and for stakeholders' query reference. In the future we will continue to issue an annual report on a regular basis.

Contact Information

Regarding the contents of this report, if you have any questions or suggestions, we welcome you through our website/stakeholder area, or contact us in the following:

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Stakeholders' website: www.emc.com.tw/twn/Social_Responsibility06.asp
Company Website: www.emc.com.tw

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Message from the Chairman

Leading Manufacturer of Intelligent Human Machine Interface (HMI)

ELAN is one of the world's leading Human Machine Interface IC designer; specializing in touchscreen and touchpad chip development and modular solutions. Its products are mainly used in smartphones, tablets, NBs and all kinds of consumer electronics products. ELAN maintains a leadership market position in the global NB applications; it ranks first in touchscreen wafer world market share and ranks second in the touchpad module market share.

ELAN was founded in 1994, and in response to the global industry trend, ELAN Group integrates related product technologies to wired/wireless communications as the core, combined with the

Smart Grid, Smart Lighting, security monitoring Human-Machine Interface (HMI), and providing complete solution program. ELAN will uphold the already solid R&D capacity to help customers and cooperation partners achieve their business objectives and success experiences, and along with common cooperation understanding with the upper, middle and lower stream of the semiconductor industry, tailored for customers to create highquality, internationally competitive products, and expect to accomplish the three ultimate goals of Winning (for the Consumers, the Customers, and the Company).

In our efforts to stride forward towards achieving our goals, and also to establish a safe and healthy environment in order to prevent work-related disasters and diseases; we are committed to the international community and its recognized guidelines in accordance with accepted standards, upholding human rights of employees and staff and giving them the respect they deserve. When carrying out any business activities, we adhere to the highest standards of business ethics, and try to reduce the negative impact on the environment and natural resources, while protecting public health and safety. In order to fulfill our social and environmental responsibility of good corporate citizenship, we promote economic, environmental and social progress, to achieve the goal of sustainable development.

ELAN in November 2014 formally established the Editorial Committee for the Corporate Social Responsibility Report, showed the corporate governance, environmental protection and community involvement efforts and performance data. On April 21, 2015, with the approval of the Board of Directors, the ELAN Corporate Social Responsibility Committee was officially established. The Board of Directors decided to appoint General Manager I. H. Yeh as the President of the Corporate Social Responsibility Committee and Vice Manager Kuo-Lung Yen as the Vice President. The committee aims to add social responsibility policies as one of the indicators for each department's performance and will review its effectiveness in the monthly quality meetings. By issuing annual Corporate Responsibility Report, we hope to disclose more information and to maintain a friendly and effective communication with our stakeholders.

Through the ISO 9001 system, ELAN raise the level of quality up to world recognition and establish operational SOP (Standard Operating Procedure), effectively avoid fault as a result of personnel changes that occurs, allow the entire organization to fully communicate, cross-sector cooperation mode of operation seems to take shape. Secondly, the implementation of monitoring quality control mechanisms, comprehensive prevention of the chances of failure, reducing business costs. Build customer satisfaction and customer complaints mechanisms, and exceed customer expectations. Finally, through policies and goals, build consensus and consistency to meet organizational requirements

and good corporate image as the ultimate goal, at the same time also achieve the most basic product marketing international licenses. Current ELAN customer base includes well-known companies at home and abroad. In view of the increasingly serious global environmental pollution and ecological damage, formation of ozone layers and other major environmental issues such as rapid changes in the global climate, threatening human survival and future development. As global citizens, we actively take the initiative in international environmental protection. In recent years we have already continuously obtained SONY GP (SONY Green Partners), ISO 14001 environmental management system certification. Nonetheless, we began to import and promote the certification of the OHSAS (Occupational Health and Safety Assessment Series) 18001 system in December 2015 and have successfully obtained the certification in May 2016. The company's future development policy will still be affected by external competitive environment, regulatory impact and the overall business environment, but we will insist on cultivating core technology, and integration of video, voice, and entertainment, constitutes a powerful advantage of cost-effective chip image.

The concept of system integration offers customers a world - class competitive solutions; and implementation of business strategies, build networks and develop a blueprint for patent, continue to adhere to invest in developing new products, enhancing IC performance and quality, play their core competitive edge, creating a brighter foundation for revenue and profit.

Chairman and Managing Director

I. H. Yeh



1 Company Profile

- 1.1 Organization History
- 1.2 Operational Performance
- 1.3 Financial Assistance Obtained from the Government
- 1.4 Risks and Opportunities
- 1.5 Organization's Supply Chain
- 1.6 Organizational Response to Early Warning Guidelines or Principles
- 1.7 Investor Relations Transparency



Company Profile

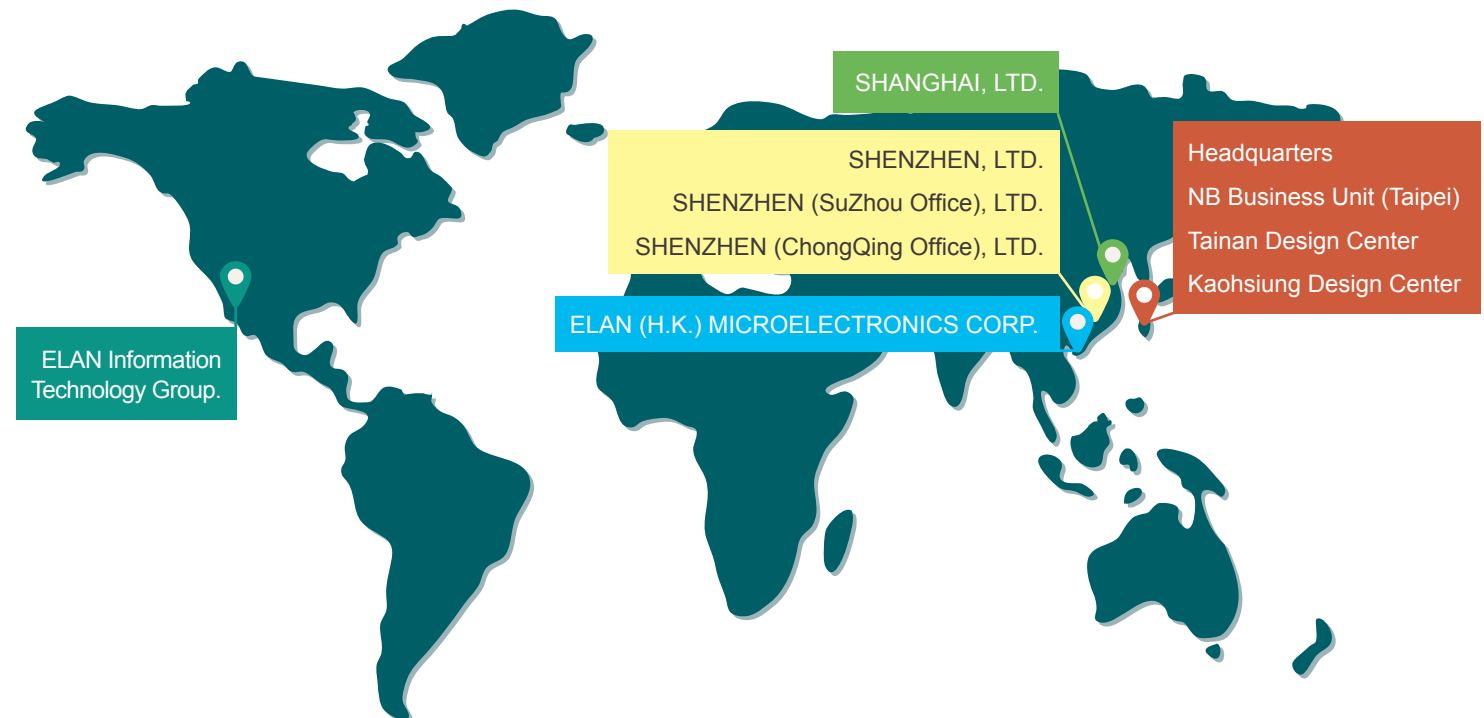
Date Founded: May 1994

Capital: 4.411 billion NT dollars (2014/12/31)

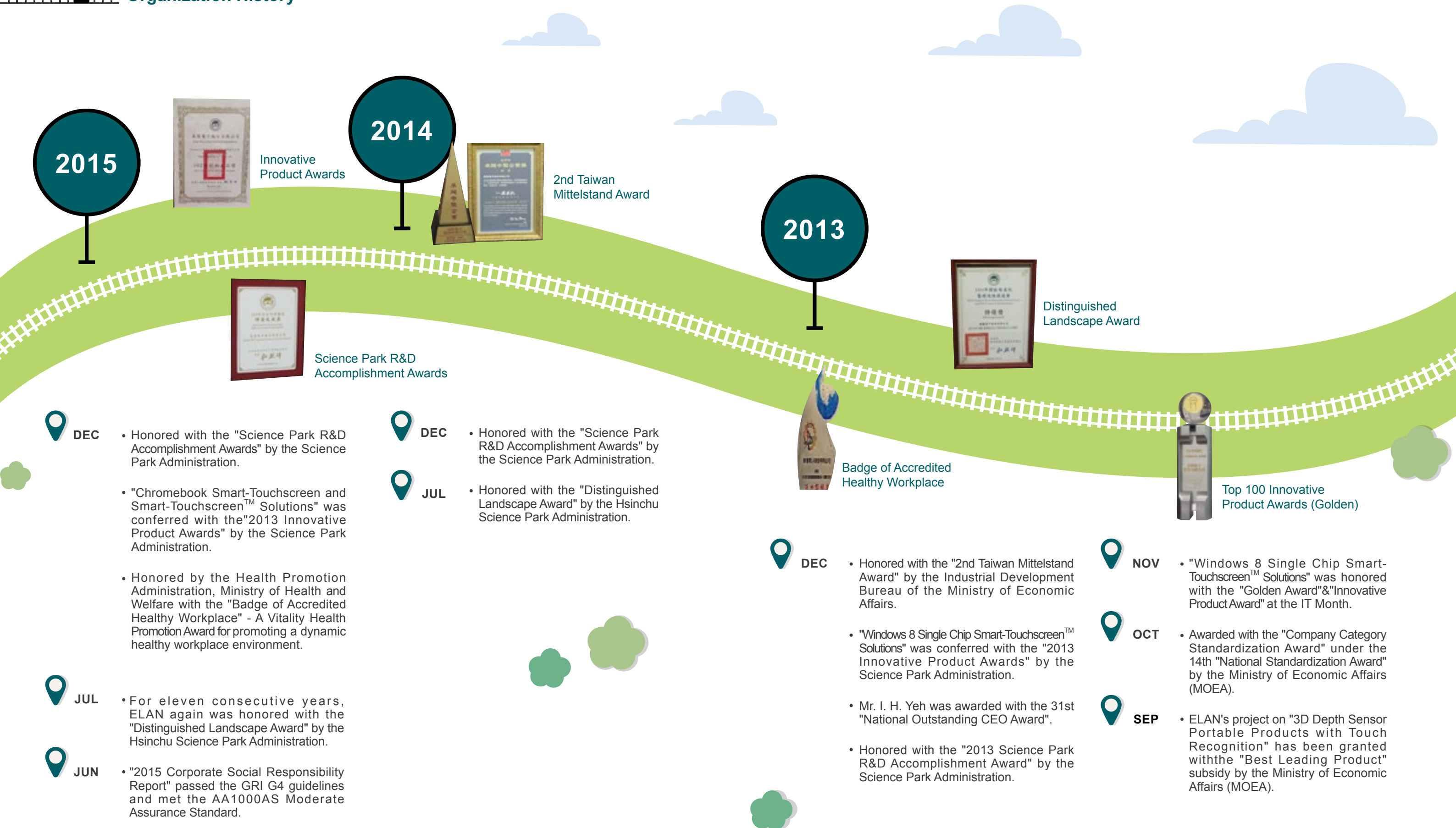
Main Products: The Group is engaged in the development, production, manufacture and sale of consumer touch control integrated circuits, NB input device research module, network communications integrated circuits, image processing integrated circuits, security monitoring modules and other products.

Company Address: No. 12 Innovation 1st Road, Hsinchu Science Park.

ELAN Microelectronics headquarters is located in Taiwan's Hsinchu Science Park. The company was listed in Taiwan in March 2001. In response to increasingly fierce competition in the global electronics industry, and to strengthen its global layout, ELAN has currently set up module plant Business Unit in Zhonghe District, New Taipei City, dedicated in notebook product design, development and production; set up research and development bases both in Kaohsiung Software Park, and Tainan; Business and After-Sales Service Centers in Shenzhen, Shanghai, Suzhou, and Chongqing China, set up Shipping and Customer Service Center in Hong Kong, and set up a Business Strategy Planning Center in the United States. Business bases set up in the country create employment opportunities. In response to the rapid growth performance of ELAN Group, by the end of 2015 the number of fulltime employees has reached 984, with main sales markets for Taiwan, China, Hong Kong, the United States and Japan.



Organization History



Operational Performance

Touch-control industry had grew steadily in 2015 and entered a mature phrase. As the growth of the three major applications touch smartphone industry slowed down, laptops and tablet PCs are showing a recession in growth as well. Overall, it was a difficult and arduous year for ELAN. ELAN Microelectronics was one of the important members of the global touch industry supply chain. However, with the many domestic and foreign manufacturers investing into the already mature touch industry, the average selling prices were significantly affected and resulted in the overall annual revenue to decrease by 14% compared to the previous year. In 2015 consolidated revenue reached 6.605 billion dollars, due to upholding a strong competitive advantage as well as optimization of product combination, making the combined gross margin maintained at a high level of 42%. Consolidated operating margin reached 12%. Consolidated pretax profit reached 0.91 billion dollars, representing a decline of 46% compared with that in 2014. Consolidated after-tax net profit of 0.74 billion, after-tax net profit attributable to the parent company reached 0.82 billion dollars, representing a decline of 44.7% compared with that in 2014.

***To improve business performance and encourage enterprises to sustainable development, at the end of each year, the Group set the operational goals for next year. After that, through monthly performance meetings, review the actual performance situations, in case when there's a fall, provide related improvement method in order to ensure that the operation target can be reached smoothly. Implement effective consolidation of market share/promotion, as a basis for amended annual operating plan.**

Note: * Disclosure on Management Approach (DMA)

Friendly Reminder:
The Disclosures on Management Approach (DMA) provides information on how an organization manages its economic, environmental and social impacts, and how it identifies, analyses and responds to these potential impacts.

Direct Economic Value Generated and Allocated by the Organization (Consolidated Basis)

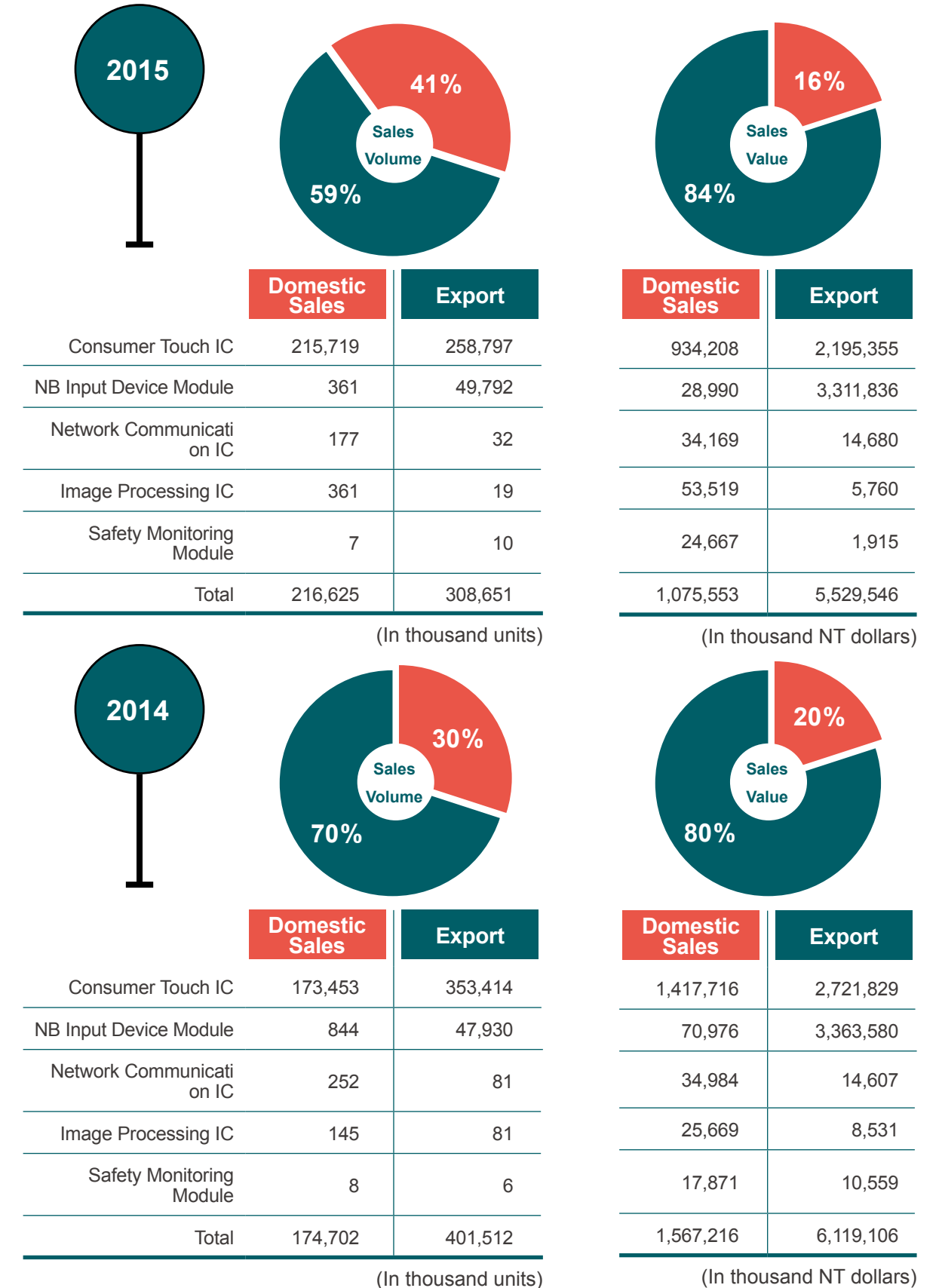
(In thousand NT dollars)

Item	Year	2015	2014
Operating Income		6,605,099	7,686,322
Operating Margin		2,813,686	3,523,924
Operating Profit		848,884	1,433,528
Non-operating Income and Expenses		62,826	254,741
Pre-tax Net Profit		911,710	1,688,269
Income Tax Expenses		172,764	283,537
Current Net Profit		738,946	1,404,732
Total Assets		9,284,645	10,166,979
Total Liabilities		2,193,482	2,296,826
Total Equity		7,091,163	7,870,153
Earnings Per Share (EPS)		1.98	3.61

Note 1: The data source is based on the ELAN Annual Report consolidated financial statements on Pages (including subsidiaries not included in the scope of this report, such as ELAN Information, ELAN Investment, ChipER Technology, ELAN Shanghai and ELAN Shenzhen, etc.).

Note 2: The data for 2014 was restated in order to meet the 2013 International Financial Reporting Standards. Adjustment were made for the following items: net profit, non-operating income and expenses, net profit before tax, current period net profit, total liabilities and total equity.

Sales Value Table (Consolidated Basis)



Note: The data source is based on the 2014/2015 ELAN Annual Report consolidated financial statements on Page 60/82 (including subsidiaries not included in the scope of this report, such as ELAN Information, ELAN Investment, ChipER Technology, ELAN Shanghai and ELAN Shenzhen, etc.).

Summary of Distribution of Economic Benefits (Individual)

(In thousand NT dollars)

Item	Year	Company's Revenues	Operating Cost	Employees' Salaries and Benefits	Interest Payments or Dividends	Payment of Government Funds	Donation
ELAN	2015	6,455,625	4,013,736	1,204,907	1,588,121	172,503	1,643
	2014	7,580,992	4,581,723	1,202,932	1,523,244	275,296	1,597
Metanoia	2015	48,926	105,431	147,260	917	0	0
	2014	49,578	83,543	145,359	0	0	0
Avisonic	2015	60,494	41,927	41,571	265	0	0
	2014	34,200	27,605	40,072	39	0	0
PIXORD	2015	27,019	17,867	38,299	1	0	0
	2014	28,430	17,934	49,097	496	0	0
ELAN (H.K.)	2015	1,214,301	1,012,947	10,784	0	0	0
	2014	1,412,389	1,361,649	10,032	0	0	0
Total	2015	7,806,365	5,335,839	1,442,468	1,589,304	172,503	1,643
	2014	9,105,589	6,072,454	1,447,492	1,523,779	275,296	1,597

Note 1: The data sources are from ELAN and the individual financial reports of each company.

Note 2: Operating Costs: Including cost of goods sold and operating expenses (but excluding staff salaries and benefits, donations, depreciation and amortization).

Note 3: Employees' Salaries and Benefits: Includes salaries bonuses, insurances, and pensions. Wages for temporarily labors, such as consultants, physicians, etc., are excluded.

Note 4: Interest Payments or Dividends: Dividend payments on 2014/2013 cash dividend.

Note 5: Payment of Government Funds: Current income tax expense.

Note 6: Donation: Donations to charitable organizations, non-governmental organizations, research institutes (excluding commercial development or campus recruitment, etc.)

1.3

Financial Assistance Obtained from the Government

(In thousand NT dollars)

Name Company	Type	Government Organization	Item	Amount for 2015	Amount for 2014	Description
ELAN	Financial Incentives	Hsinchu Science Park	R&D Performance Award	250	405	
			Innovative Product Awards	250	N/A	
	R&D Subsidies	Ministry of Economic Affairs	3D Depth Sensor Portable Products with Touch Recognition	7,334	14,830	Accountant Verification
			Tax Deductions&Credits	33,949	45,082	Accountant Verification
Metanoia	None	None	None	None	None	
Avisonic	None	None	None	None	None	
PIXORD	None	None	None	None	None	
ELAN (H.K.)	None	None	None	None	None	

1.4

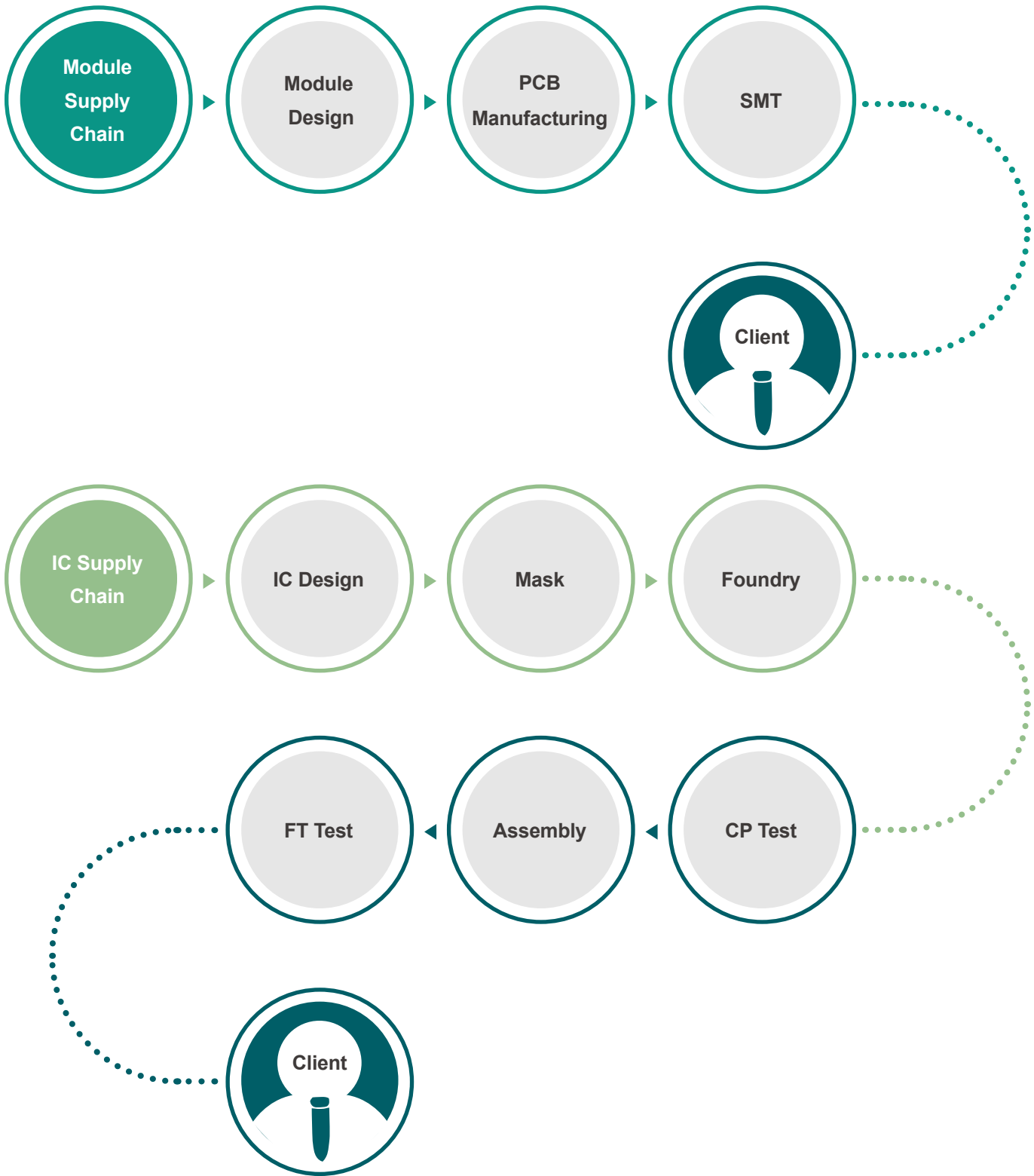
Risks and Opportunities

With regards to the financial impact of climate change and other risks and opportunities arising from the activities of the organization, ELAN, in addition to monitoring climate change in Taiwan and overseas territories, also continuously pay close attention to new issues related to international environment.

The area of concern is not only for ELAN factory, it has gradually extended to the location of the supply chain, research on possible existence of supply or break potential risks. On the other hand, considering the future open access to a lot of government organizations and related information, ELAN began implementing greenhouse gas examination in 2014 and has set a goal to reduce Carbon and save energy for at least 1% on the Key Performance Indicator (KPI) each year.

Organization's Supply Chain

ELAN is a professional IC and module design company. Wafer production, post-production and full outsourcing, the overall supply chain with crucial success, so manufacturers continued to maintain domestic and foreign foundry, upstream and downstream packaging and testing manufacturers' cooperation partnerships, in order to achieve more cost-competitiveness. At the same time, the touch panels, LCD panels, NB assembly factories, and other supply chain vendors, in order to ensure smooth delivery of products, maintain a more long-term and close partnership with customers.



Organization's Supply Chain

(In thousand NT dollars)

Company Name Supplier Type		ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)	
		No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount
IC Cutting	2015	Local	4	7,474							
		Non-local	2	2,907							
	2014	Local	7	14,959							
		Non-local	1	2,549							
IC Mask	2015	Local	4	40,909							
		Non-local	1	6,993							
	2014	Local	6	32,925	1	1,038	1	2,489			
		Non-local	2	3,462							
IC Pack-aging	2015	Local	15	388,996	4	2473	3	7,205			
		Non-local	6	215,543							
	2014	Local	16	343,101	5	2,981	2	1,853			
		Non-local	7	221,769							
IC Wafer	2015	Local	6	742,549	1	14,859	1	10,963			
		Non-local	2	399,632							
	2014	Local	5	832,744	1	16,046	2	2,716			
		Non-local	2	408,428							
IC Test	2015	Local	10	196,806	5	629	3	1,576			
		Non-local	5	38,147							
	2014	Local	11	235,471	8	1,161	3	321			
		Non-local	4	38,594							
Module PCB	2015	Local	7	632,105			2	683	5	1,425	
		Non-local	3	75,388							
	2014	Local	10	726,756			2	556	4	2,628	
		Non-local	1	195							
Module SMT	2015	Local	8	55,671			2	1,790	13	3,760	
		Non-local	6	369,059							
	2014	Local	13	366,585			2	890	8	3,667	
		Non-local	3	31,508							

Company Name Supplier Type			ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)	
			No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount	No. of Supplier	Transaction Amount
Module Raw Material	2015	Local	67	439,927			42	9,647	137	11,993		
		Non-local	12	78,383					7	680		
	2014	Local	71	537,423			2	586	140	21,602		
		Non-local	10	57,809					4	879		
Transportation Distribution	2015		57	16,663	3	930	7	38	8	137	6	841
	2014		58	18,870	4	874	4	19	17	488	5	8,851
Other Services	2015		511	1,825,271	168	50,484	34	4,495	107	10,377	15	8,779
	2014		532	255,231	129	34,864	25	4374	163	13,044	15	18,280

1.6

Organizational Response to Early Warning Guidelines or Principles

The company is committed to support and comply with any externally enacted economic, environmental and social regulations, principles, or other initiatives. So that all business activities can meet the latest external initiatives, regulations and principles, the company assigned Industrial Performance Management (IPM) nonscheduled visits to the GRI website and Government regulations information website, to gather the latest news exterior initiatives and regulations. CSR team members are also responsible for receiving request and proposals from customers, government agencies, community groups and other shareholders, according to review of existing operational compliance, take relevant response measures. Any non-compliance with the economic, environmental and social regulations, principles, or other initiatives enacted by the exterior affairs, the company shall make its best effort to improve in the shortest possible time in order not to have any negative impact on the shareholder groups, the individuals and the socio-economic and on the goals for the environment. At the same time in the product design, when there's information of the emergence of environmentally hazardous material, even if there is no clear evidence beforehand to prove it is harmful to the environment, ELAN will not use it, not because there is no ability, no benefits and deliberately do not face it.

The company provides customers with professional IC design service, not directly to customers, with regards to economic, environmental and social regulations, principles, or other initiative issues, although the economic scale is not big with participation of a dominant position, but the company has coordinated with the customers and requested for signed support or ensure compliance with the exterior's developed economic, environmental and social standards, principles or other initiatives and related management standards certified by third-party certification bodies, such as EICC (Electronic Industry Code of Conduct), ISO 14001 (Environmental management systems of the International Organization for Standardization), etc.

1.7

Investor Relations Transparency

1. Establishment of the company's official website, "Investor Relations" which contains:

- (1) Financial Information: Monthly Sales Report, quarterly and annual reports.
(2) Investment Column: stock price information, calendar Dividend, shareholders, corporate briefings, message subscription and contact information.

*2. In 2014~2015 the company's official website released a total of 8 company news, and dozens appeared in print and Internet media.

	2015	2014
Number of Press Releases	2	6

*3. The competent authority in accordance with the relevant provisions, in 2014~2015 issued many major messages in MOPS.

	2015	2014
Number of major messages	25	18

*4. The fixed monthly release of revenue information (including key product development schedule) is simultaneously presented in Chinese and English locally and abroad.

*5. Annual shareholders' meetings were convened on 2014/6/24 and 2015/06/02.

*6. Held four presentations in each Investor Conference in 2014 and 2015, the time information were as follows, and audio and video files were uploaded to the "Stock Exchange WebPro (<http://webpro2.twse.com.tw/WebPortal/>)" and "the company website".

2015		2014	
2015/11/11	2015 Third quarter Investor Conference	2014/11/11	2014 Third quarter Investor Conference
2015/08/04	2015 Second quarter Investor Conference	2014/07/29	2014 Second quarter Investor Conference
2015/05/20	2015 First quarter Investor Conference	2014/04/22	2014 First quarter Investor Conference
2015/03/03	2015 Fourth quarter Investor Conference	2014/02/18	2014 Fourth quarter Investor Conference

*7. Corporate investments at home and abroad in 2014~2015 and many corporate meetings as shown below. These include "one-to-one or a set of many faceto-face communication (including participating in securities forum)" and "realtime teleconferencing".

	2015	2014
Number of Corporate Meetings	76	97

ELAN

Metanoia

1. Non-public company 2. Convene annual shareholders' regular meetings (2014/6/24, 2015/6/10)

Avisonic

Convened annual shareholders' meetings on 2014/6/24 and 2015/6/10.

PIXORD

- In its annual report disclosed related party transactions
- The parent company ELAN, disclosed to the public the business relationship and trade messages
- Convene annual shareholders' regular meetings (2014/6/24, 2015/6/10)

ELAN (H.K.)

Same as parent company ELAN official website

Note: *Disclosure on Management Approach (DMA)

Dinosaur History
Ichthyosaurus

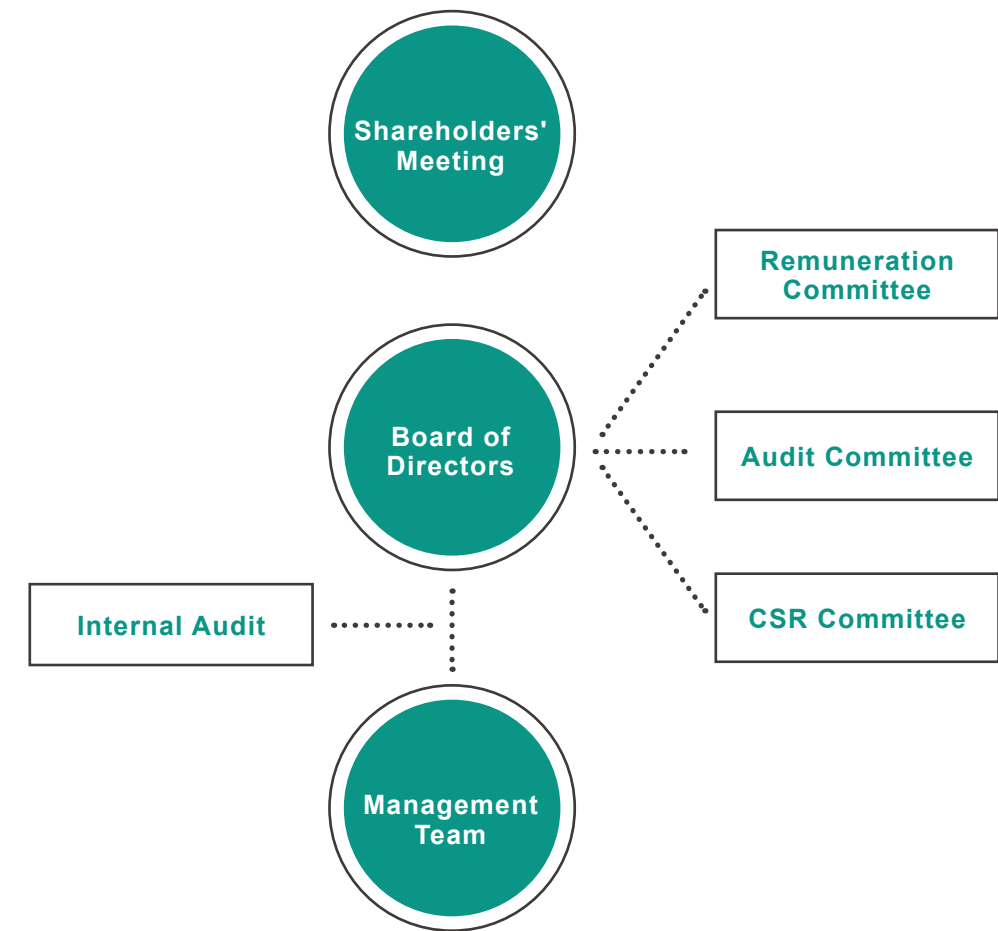
Ichthyosaurus is a kind of large-sized dolphin-like and fish-like sea dwelling reptile. Their existence dated back to the early Jurassic period. Not only could they smoothly produce fingerling Ichthyosaurus directly in the sea, they also took care of their fingerling Ichthyosaurus and guided them in their learning and growth.

The Ichthyosaurus's body can completely adapt to the evolution of the marine environment, and they can move freely and quickly in the water, plus their vision and sense of hearing is strong, as if they are already the leader in the sea. Ichthyosaurus in the dinosaur world enjoyed a great reputation, has outstanding ability in group management. Similarly, ELAN Group knows how to support growing business relationship of small dragon enterprises, and also take into account the advantages that the subsidiary companies bring. ELAN leads the team to travel freely in the midst of the ocean of science and technology, and the robust energy of the Group's R&D in the sea of the dragon clan is really dominant.

2.1

Highest Governance Body

ELAN's Board of Directors is the highest governing body. On the eighth session of the board meeting, the Board comprises of four directors and three independent directors, whom were appointed by the Broad of shareholders to hold office from 2015/6/2~2018/6/1. ELAN's Board authorized two members (Board Chairman I. H. Yeh and Director Kuo-Lung Yen) as the key members of the Company's management team. The Chairman of the Board, in accordance with the board meeting's adopted resolutions, determine the company's future business direction, and declare the operations and Labor Conference related matters to the manager-level and above executives, then carried out by the top management to inform the employees.



義隆電子股份有限公司104年度股東常會



義隆科技股份有限公司104年度股東常會



2

Corporate Governance

2.1 Highest Governance Body

2.2 Principles of Business Ethics and Integrity

■ Composition of ELAN and Affiliate's Board of Directors

ELAN			Metanoia		
Name	Title	Sex	Name	Title	Sex
I. H. Yeh Yu Long Investment Corp.	Director	Male	I. H. Yeh	Director	Male
Kuo-Lung Yen	Director	Male	Kuo-Lung Yen	Director	Male
Chi-Lin Wea Tsung Long Investment Corp.	Director	Male	Dennis Liu	Director	Male
Te-Chen Chiu	Director	Male	Chien-Te Wu	Director	Male
Hou-Ming Chen	Independent Director	Male	Didier M.H. Boivin	Director	Male
Hsien-Ming Lin	Independent Director	Male	Andy Wu	Supervisor	Male
Mao-Kuei Lin	Independent Director	Male	Mandy Chen	Supervisor	Female

Avisonic			PiXORD		
Name	Title	Sex	Name	Title	Sex
I. H. Yeh	Director	Male	I. H. Yeh	Director	Male
Chien-Te Wu	Director	Male	Chien-Te Wu	Director	Male
Kuo-Lung Yen	Director	Male	Tsung-Liang Yang	Director	Male
Vincent Tao	Director	Male	Ben-Hsien Chang	Director	Male
Meng-Chun Lin	Director	Male	Chung-Chi Lien	Director	Male
Andy Wu	Supervisor	Male	Andy Wu	Supervisor	Male
Wen-Ya Tseng	Supervisor	Female	Wen-Ya Tseng	Supervisor	Female

ELAN Chairman Mr. I. H. Yeh concurrently serves the post as general manager. He is well-experienced in the company's operating conditions, also without any difficulty in finance and business making policy. Even director and supervisor members have finance and business-related experiences; among them are two legal corporate directors and one director as shareholder, one director and three independent directors without shareholder's rights.

ELAN	ELAN Board of Directors convenes at least once every quarter, with a total of 8 meetings in 2015 (3/3, 4/21, 5/11, 6/2, 6/11, 8/3, 11/6, 12/17) and a total of 10 meetings in 2014. The Board of Directors, in accordance with relevant laws and regulations set the related economic, environmental and social standards. In 2015, has set the Procedures for Ethical Management and Guidelines for Conduct, Ethical Corporate Management, Codes of Ethical Conduct, Personal Information Protection and Management, Dividends and Investment Plan, etc., The proceedings of the Board of Directors' meeting are recorded in the Shareholders Annual Report. The Board makes important resolutions in conformity with the law (Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities) from the date of the Board resolution, before the start of the next business day transactions, to declare to the information website management bulletin designated by competent authorities. In addition to a board meeting convened because of emergency circumstances, the procedure unit has to draft the contents of the discussion proceedings and provide adequate meeting information along with an accompanying notice to every directors and supervisors, seven days before the meeting is convened. Contents of the Matters Discussed: Proceedings of the board meeting held periodically, included the following: (1) Reported Items: a. Minutes of the previous meeting and its implementation b. Important financial business reports c. Internal Audit Business Reports d. Other important matters reported (2) Discussed Items: a. Retained the matters discussed during the previous meeting b. Items discussed during the meeting (3) Extempore Motion
Metanoia	1. In 2015, convened a total of 4 board meetings (2/13, 3/2, 6/25, 7/13, 12/7) and 6 board meetings in 2014. 2. The proceedings of the board meeting, included the following: (1) Reported Items: a. Minutes of the previous meeting and its implementation (2) Discussed Items: a. Retained the matters discussed during the previous meeting b. Items discussed during the meeting (3) Extempore Motion
Avisonic	1. Convened at least once a year. In 2015, 2 meetings were held (3/2, 6/10) and 1 were held in 2014. 2. Contents of the matters discussed: Proceedings of the board meeting held periodically, included the following: (1) Reported Items: Minutes of the previous meeting and its implementation (2) Discussed Items: Items discussed during the meeting (3) Extempore Motion
PiXORD	1. In 2015, convened a meeting on 3/2, and a total of 4 meetings in 2014. 2. Contents of the matters discussed: Proceedings of the board meeting, included the following: (1) Reported Items: a. Contents of the previous resolutions and its implementation status b. Other important matters reported (2) Discussed Items: a. Annual Financial Statements b. Other items (3) Extempore Motion

■ ELAN Remuneration Committee

To ensure fair remuneration and profit-sharing in the organization and establishment of a system linking remuneration to performance, the first Remuneration Committee was set up in December 2010. ELAN reelected the second Remuneration Committee for a period of 2015/6/2~2018/6/1, to assist the Board in the process of implementing and assessing the overall remuneration policies, to improve enterprise management, and promote economic benefits. ELAN's Remuneration Committee is composed of three committee members, Hou-Ming Chen, Simon Lin and Mao-Kuei Lin, one of whom is a convener, and the three have no shareholder rights, nor are members of the management team.

ELAN Microelectronics Remuneration Committee convenes at least twice a year. The members of the committee possess professional qualifications and are independent from regulatory requirements. Salaries of directors, supervisors and managers are determined based on current market demand within the industry (per statistics derived from related industries' annual reports). The committee meeting agenda are set by the convener and all resolutions have to be agreed by majority (more than half) of the attending committee members. After consultation, if the Committee Chairman has no objection on the voted result, the resolution is considered passed and announced on the spot with the result entered accordingly in the meeting minutes. The Remuneration Committee will then submit the resulting resolution to the Board of Directors for further discussion and approval.

The Remuneration Committee convener will serve as the Committee Chairman and acts as the Committee External Representative. His or her main responsibilities include:

1. Establish and regularly review the policies, systems, standards, and structure of performance evaluation; as well as the salary remunerations of the board directors, supervisors and managers.
2. Regularly evaluate and establish salary remunerations for the board directors, supervisors and managers.
3. Persuade the board directors and managers to work out a real competitive incentive pay system in order to attract and retain talented people and continue to improve business performance.

Note: Metanoia, Avisonic, PiXORD, being an unlisted OTC company, has not established a Remuneration Committee yet. Hence, the company does not have relevant committee members.

■ ELAN Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in the fulfilling and monitoring of the Company's quality and integrity in the execution of accounting, auditing, financial reporting processes and financial controls. According to the law of the Republic of China, the members of the Audit Committee shall compose all independent directors. The term of office of the independent directors of the Committee should be three years and may be re-elected for a second term. Also, there should be no less than three members, where one shall be the convener and at least one shall expertize in accounting or finance.

ELAN Audit Committee was set up in June 2015 for a period of 2015/6/2 ~ 2018/6/1. Audit Committee is composed of three committee members, Hou-Ming Chen, Simon Lin and Mao-Kuei Lin, one of whom is a convener, and the three have no shareholder rights, nor are members of the management team. The Audit Committee should convenes at least once a year.

Audit Committee discussed items are as follows:

1. According to Article 14-1 of the Securities and Exchange Law, establish or amend the internal control system.
2. The effectiveness of the internal control system assessment.
3. According to Article 36 of the Securities and Exchange Law, set up or revise the procedures for the handling of major financial business transactions involving acquisition or disposition of assets, engaging in derivative transactions, lending of funds to others, endorsement of others or provision of guarantees.
4. Matters involving the directors' own interests.
5. Major assets or derivative transactions.
6. Major capital loans, endorsement or provide guarantees.
7. Raise, issue or private equity with the nature of the securities.
8. Appointment, dismissal or remuneration of an accountant.
9. Appoint and dismiss finance, accounting or internal audits.
10. Annual financial report and semi-annual financial report.
11. Other company's or the authorities assigned major issues.

The above-mentioned subject should be approved by more than one-half of all the members of the Committee and shall be referred to the resolution of the Board of Directors.

Except for item 10, if less than one-half of all members of the Committee disapprove the subject, the approval of two-thirds or more of all members of the Directors' Board may still approve the subject.

Note: Metanoia, Avisonic, PiXORD, being unlisted OTC companies, have not established a Remuneration Committee yet. Hence, the companies do not have relevant committee members.

Corporate Social Responsibility (CSR) Management Committee

ELAN has formally established a corporate responsibility report editing committee in November 2014 to compile a report on Corporate Social Responsibility (CSR). In April 2015 ELAN set up a "CSR Management Committee" to implement and demonstrate ELAN's determination to promote corporate social responsibility and to make strategic decisions that would boost positive impact to the economy, environment and society.

Currently, the Planning Committee is chaired by the Chairman of the Board, and one Vice Chairman chaired by the Executive Vice President who acts as the Committee Deputy Managing Director. The committee sets up an executive team, headed by the Industry Performance Management (IPM). The Subcommittee has four groups, namely; the Labor-Management Relation and Public Safety group, Environmental Protection and Social Welfare group, Vendor Management and Risk Management group, as well as the Product Design and Customer Rights and Interests group. These four groups are responsible in promoting corporate social responsibility to ensure that all operational activities are in line with the requirements of local laws, rules and regulations, as well as in accordance with customers, community and stakeholders' requirements. Corporate Social Responsibility management systems and related initiatives have already been approved by the Board of Directors on April 21, 2015. The committee aims to add social responsibility policies as one of the indicators for each department's performance and will review its effectiveness in the monthly quality meetings.



2.2

Principles of Business Ethics and Integrity

In 2014, the Board of Directors introduced the Integrity Management Operational Procedure, Integrity Conduct Guide Specification, Integrity Practices Specification, Ethical Behavior Specification, and Personal Data Protection Management Measures. It also assigned the Human Resources to be fully in charge in the revisions of the operating procedures and specifications, its implementation, interpretation and provide consulting services of its contents, as well as archiving, etc. The Human Resources Department is also required to monitor the implementation and validation of the procedures and specifications. If major adjustment is needed related to the established operations, the Board of Directors must be informed.

In case a company personnel is directly or indirectly offered or promised by someone with money, gifts, services, preferential treatment, hospitality, entertainment and other benefits, such offer or promise must be returned or rejected regardless of the position, duty or relation of the offering person. The concerned company personnel should immediately report the incident to his supervisor and inform the company's concerned department at the same time. Any gift received without recipient's consent, should be returned to sender within three days of the date of receipt. If returning the unsolicited offer is not possible, the concerned company department should be asked to deal with the situation. After evaluating the nature and value of the gift, the concerned department may donate the gift to a charitable entity or other appropriate disposal after approval from the company president is received.

***ELAN has developed and introduced Ethical and Credible Management Codes, as well as other relevant Integrity Codes. Training is expected in 2015 to facilitate implementation of the Integrity Management Policy in order to actively prevent dishonest behavior. So far, the committee has not detected any corruption case that violates business integrity. The corruption risks identification and monitoring will continue to be carried out in various operation bases through 2016.**

Note: * Disclosure on Management Approach (DMA)

The Company and its Domestic Professional Associations, External Communications and Cooperation, Associations and Academic Institutions (2014-2015)

	Organization Name	Member	Committee	Remarks
ELAN	Consortium of ESD Protection Technology for Circuits and Systems	●		
	NTU System-on-Chip Center, SOC	●		
	Hsinchu Science Park Bureau	●	●	12 Committees
	Taipei Computer Association	●		
	Chinese Professional Management Association of Hsinchu (CPMAH)	●		General Manager Yeh as Director
	SINOCON Industrial Standards Foundations	●		
	Industrial Development Bureau "Knowledge Management to Promote Industry Settlement Plan" Knowledge Exchange	●		
	Taipei Tech Elite Union	●		2015 New Addition
Metanoia	Hsinchu Science Park Bureau	●		
Avisonic	Hsinchu Science Park Bureau	●		
PIXORD	Hsinchu Science Park Bureau	●		
ELAN (H.K.)	N/A	N/A	N/A	N/A

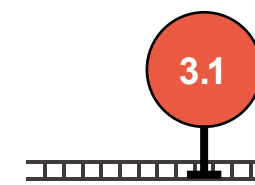
Dinosaur History

Tyrannosaurus

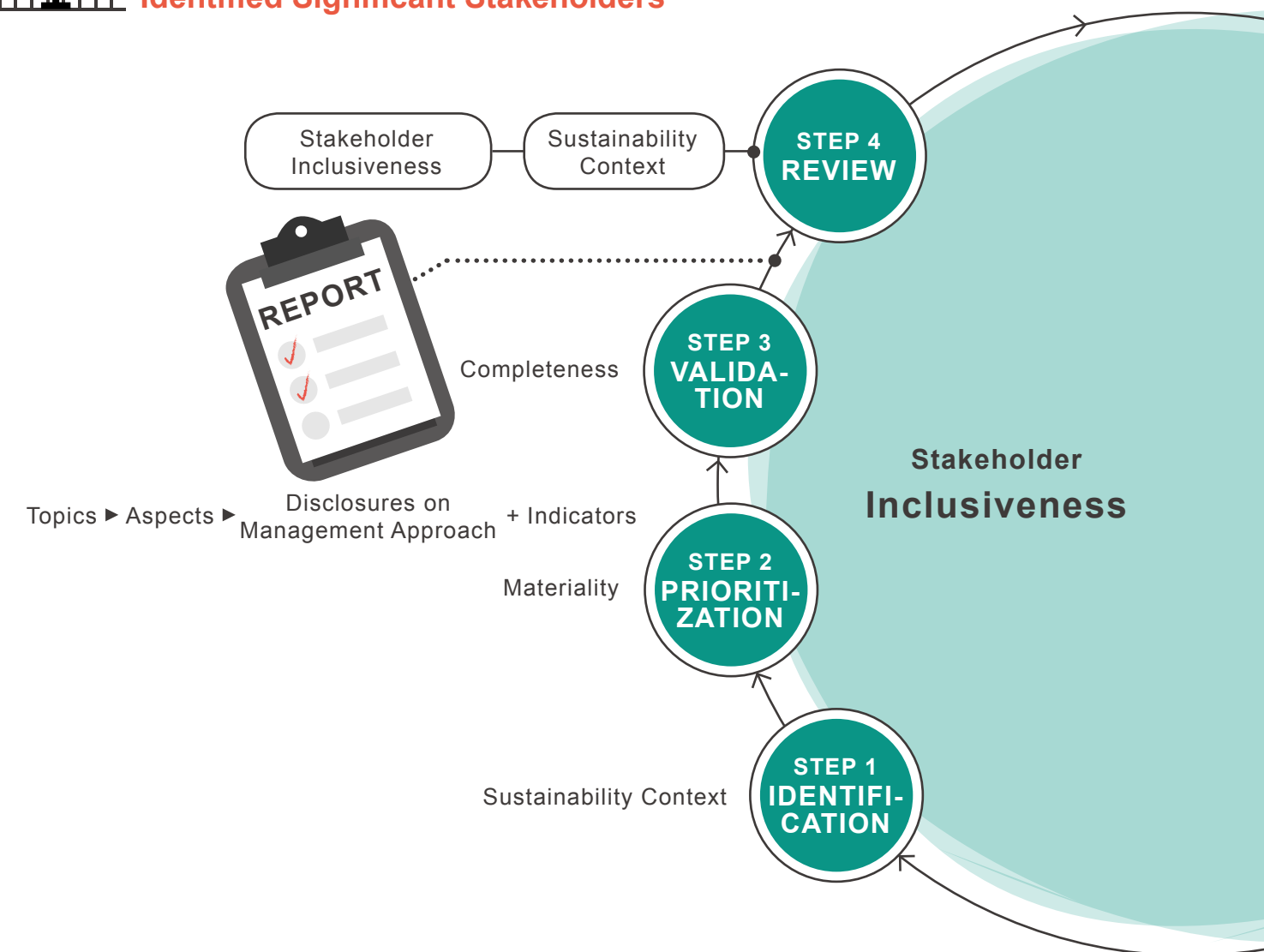
The Tyrannosaurus existed in the last phase of the Cretaceous Period, about 67 million to 65 million years ago. Tyrannosaurus had an exceptional sense of hearing, they were able to collect sounds from a specific direction. Nonetheless, they had an exceptionally developed sense of smell that often helped in quickly targeting food.

ELAN Group is like an emperor with an imposing manner of a Tyrannosaurus, in managing each various dinosaur ethnic groups. In addition to the advantages of sharp claws, sharp teeth and body type, ELAN Group likewise, really knows how to listen to the employees' aspirations, take care of the employees' families as well as fulfill our social responsibilities. Most importantly, like Tyrannosaurus, ELAN has a high degree of alertness, not only can we sense the international market situation, we can precisely define the short-term, intermediate and long-term directions of the company's development. Therefore, ELAN is able to correctly lead the enterprise in sustainable management, continuously evolve, grow, and profit.





Identified Significant Stakeholders



Identified Material Aspects and Boundaries

Application of sustainability context and stakeholders' inclusive principles to identify considerations and other issues, collect stakeholders' needs and expectations of each company's business sector, and the company sustainable development strategy, objectives and departments' Key Performance Indicators (KPI), etc.

Topics that have been collected, took account of the categories to carry out classification according to 46 categories of GRI G4, and then in accordance with company attributes, another seven other categories, with a total of 53 issues. Each unit has to assess whether the 53 issues impact the entities within the organization and outside of the organization, has selected 38 items and questionnaires to gather the stakeholders' concern about the impact of these issues.

ELAN's various sectors' committee member of the CSR editorial board with daily contact with relevant stakeholders listed a total of 65 businesses, with reference to "AA1000 STAKEHOLDER ENGAGEMENT STANDARD 2011" basic principles, classified according to their nature, with an aggregate total of 14 categories of stakeholders. Again, according to Responsibility, Tension, Influence and other comprehensive score, screened out the company's internal/external stakeholders, issuing a total of 324 concern questionnaires. At the same time, the company higher-ups and department heads investigate the impact of the questionnaires.

Attributes of Stakeholders



Responsibility



Tension



Influence

After the implementing secretary collects the assessment results from each department, she (or he) will then evaluate each assessment in accordance with "Dependency", "Tension", and "Influence" category. A score of 2.48 or above is considered "highly apprehensive", while a score of 2.1 or more is considered as "highly impactful." The "highly apprehensive" and "highly impactful" considerations can be summed up in 16 categories.

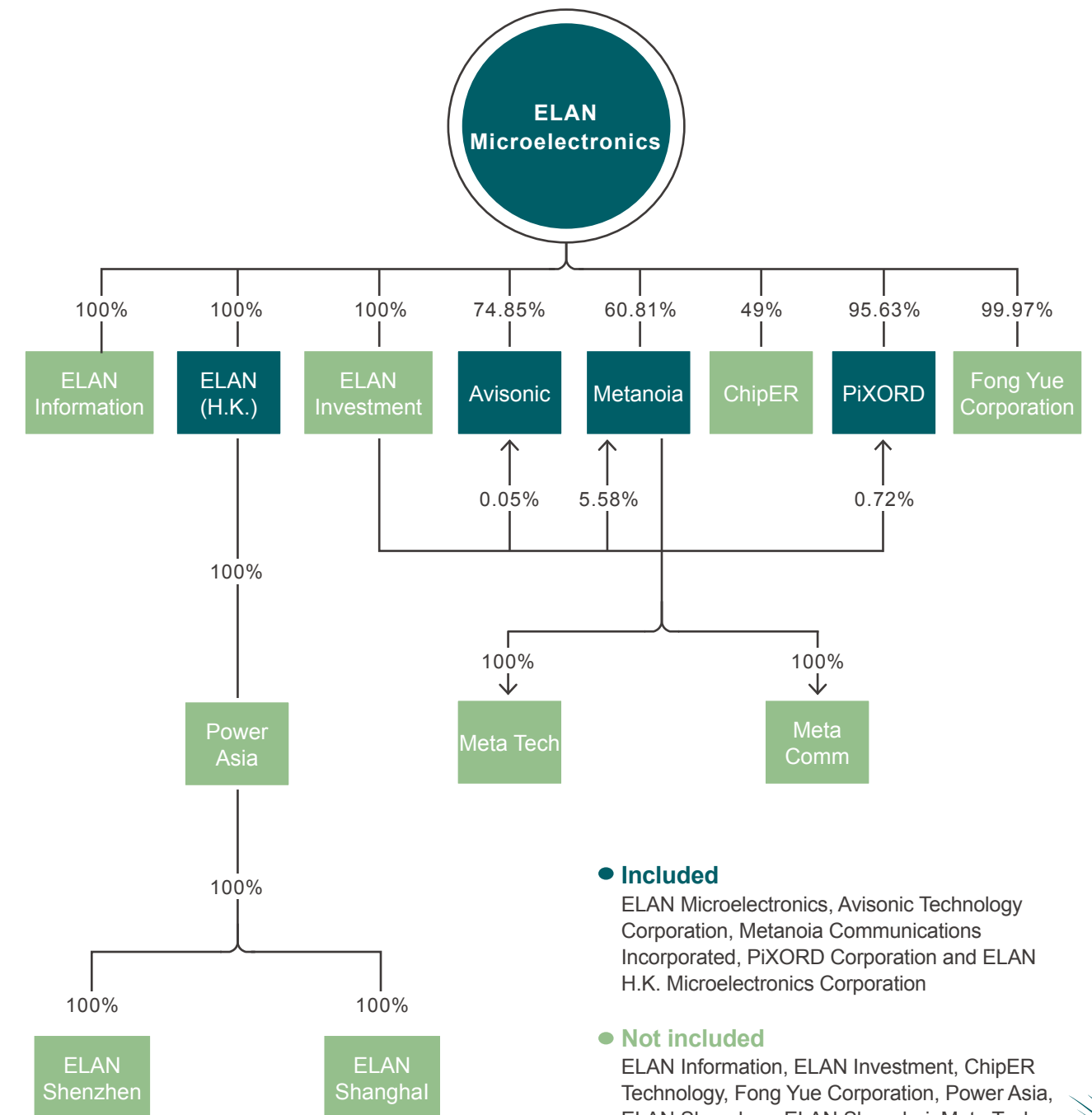
To avoid omission, expectations of the higher management and external experts' suggestions should be taken into consideration. The company will also include the non-priority issues and ELAN's existing 21 material aspects into deliberation. The whole issue is then submitted to the President or his designated representative for confirmation. From the submitted materials, a total of 28 major material aspects are then established for further deliberation, each of which is quite important in considering the final approval of the material aspects.

After further discussions on feasibility of operations with various departments and external experts, the significant stakeholders from within or outside of the company could be identified under seven categories to ensure proper reporting. The result has to indicate the significant impact of the company on the economy, environment, and society. At the same time, the significant stakeholders can also appraise the company's performance.

Due to the fact that this report adheres to core principles in selecting items for disclosure, each major material aspect at least can expose one target. Hence, except for other categories and the single selected material aspect that are not included in the assessment, all other material aspect targets are forwarded to a designated unit for further evaluation. The assigned unit has to review whether the material will impact the company's internal and external organization, provide rating on the degree of the impact (if any) and the degree of concern, then define 40 major indicators to highlight the scope of the CSR report.

Defined Entities within the Organization

In addition to ELAN's parent company, this report also covers the consolidated financial statements of all listed entities within the corporate organization. Hence, the report indicates higher consolidated revenue and higher number of employees. Whether the indicated company registration certificate location is in Hsinchu headquarters, has to be checked further.



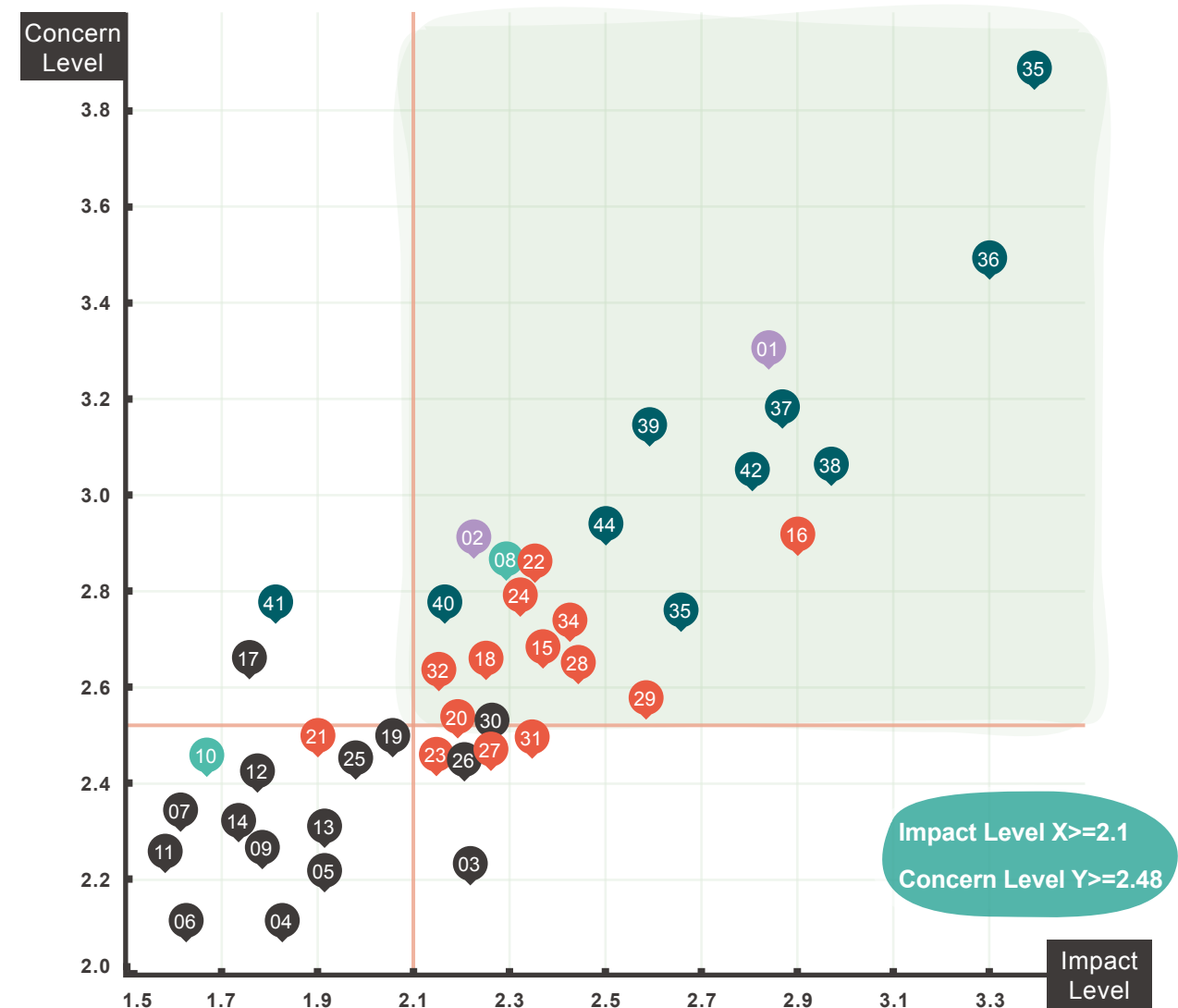
● Included

ELAN Microelectronics, Avisonic Technology Corporation, Metanoia Communications Incorporated, PiXORD Corporation and ELAN H.K. Microelectronics Corporation

● Not included

ELAN Information, ELAN Investment, ChipER Technology, Fong Yue Corporation, Power Asia, ELAN Shenzhen, ELAN Shanghai, Meta Tech., Meta Comm.

Approved Material Aspects



Economy

- 01 Economic Performance
- 02 Market Presence

Environment

- 08 Effluents and Waste
- 10 Compliance
- 28 Anti-corruption
- 29 Social Compliance
- 31 Customer Health and Safety
- 32 Product and Service Labeling
- 33 Customer Privacy
- 34 Product Liability Compliance

Society

- 15 Employment
- 16 Labor/Management Relations
- 18 Training and Education
- 20 Labor Grievance Mechanisms
- 21 Investment
- 22 Non-discrimination
- 24 Forced or Compulsory Labor
- 27 Human Rights Grievance Mechanisms

Others

- 35 Customer Relations Participation
- 36 New Product Development
- 37 Supplier Strategy
- 38 Business Performance Indicator
- 39 Caring for Employees and their Families
- 40 Industry-University Cooperation Program
- 41 Participation in Activities for Public Welfare
- 42 Risk Management
- 43 Product Contribution to World Trends
- 44 Investor Relations Transparency

Scope of Material Aspects Disclosure of the Entities within the Organization and outside of the Organization

✓ Indicates that it has been disclosed ● Indicates that it will be made public in the future

Material Aspect	Index	Boundary	Entities within the Organization					Entities outside of the Organization			
			ELAN	Affiliates				Customers	Agents	Leading Manufacturers' Platform	Suppliers
				Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Economy	1	Economic Performance	EC1 Direct economic value generated and distributed	✓	✓	✓	✓	✓	●	●	●
			EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	✓	✓	✓	✓	●	●	●	●
			EC4 Financial Assistance acquired from the government	✓	✓	✓	✓	●	●	●	●
	2	Market Presence	EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	✓	✓	✓	✓				●
			EC6 Proportion of senior management hired from the local community at significant locations of operation	✓	✓	✓	✓				●
Environment	8	Effluents and Waste	EN22 Total water discharge by quality and destination	✓	✓	✓	✓				●
			EN23 Total weight of waste by type and disposal method	✓	✓	✓	✓				●
	10	Compliance	EN29 Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations	✓	✓	✓	✓				●

Note: Material Aspects of the organization's internal and external boundaries are focused on the disclosure of entities. Former employees and shareholders are not shown in the table.

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Material Aspect			Index	Boundary	Entities within the Organization					Entities outside of the Organization			
					ELAN	Affiliates				Customers	Agents	Leading Manufacturers' Platform	Suppliers
						Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Society	15	Employment	LA1 Total number and rates of new employee hired and employee turnover by age group, gender and region	✓	✓	✓	✓	✓					●
			LA2 Benefits provided to full-time employees (that are not provided to temporary or part time employees), by significant locations of operation	✓	✓	✓	✓	✓					●
			LA3 Return to work and retention rates after parental leave, by gender	✓	✓	✓	✓	✓					●
	16	Labor/ Management Relations	LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	✓	✓	✓	✓	✓					●
			LA9 Average hours of training per year per employee by gender, and by employee category	✓	✓	✓	✓	✓					●
	18	Training and Education	LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	✓	✓	✓	✓					●
			LA16 Number of grievances about labor practices filed, addressed, and resolved through Formal Grievance Mechanisms	✓	✓	✓	✓	✓					●
Society	21	Human Rights – Investment	HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	✓	✓	✓	✓	✓					●
			HR3 Total Number of Incidents of Discrimination and Corrective Actions Taken	✓	✓	✓	✓	✓					●
	24	Human Rights – Forced or Compulsory Labor	HR6 Operations and suppliers have been found as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	✓	✓	✓	✓	✓					●
			HR12 Number of Grievances about Human Rights Impacts Filed, Addressed, and Resolved through Formal Grievance Mechanisms	✓	✓	✓	✓	✓					●
	28	Anti-corruption	SO3 Total Number and Percentage of Operations Assessed for Risks Related to Corruption and the Significant Risks Identified	✓	✓	✓	✓	✓					●
			SO4 Communication and Training on Anti-Corruption Policies and Procedures	✓	✓	✓	✓	✓					●
			SO5 Confirmed Incidents of Corruption and Actions Taken	✓	✓	✓	✓	✓					●

Note: Material Aspects of the organization's internal and external boundaries are focused on the disclosure of entities. Former employees and shareholders are not shown in the table.

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Material Aspect			Index	Boundary	Entities within the Organization					Entities outside of the Organization			
					ELAN	Affiliates				Customers	Agents	Leading Manufacturers' Platform	Suppliers
						Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Society	21	Human Rights – Investment	HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	✓	✓	✓	✓	✓					●
			HR3 Total Number of Incidents of Discrimination and Corrective Actions Taken	✓	✓	✓	✓	✓					●
	24	Human Rights – Forced or Compulsory Labor	HR6 Operations and suppliers have been found as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	✓	✓	✓	✓	✓					●
			HR12 Number of Grievances about Human Rights Impacts Filed, Addressed, and Resolved through Formal Grievance Mechanisms	✓	✓	✓	✓	✓					●
	28	Anti-corruption	SO3 Total Number and Percentage of Operations Assessed for Risks Related to Corruption and the Significant Risks Identified	✓	✓	✓	✓	✓					●
			SO4 Communication and Training on Anti-Corruption Policies and Procedures	✓	✓	✓	✓	✓					●
			SO5 Confirmed Incidents of Corruption and Actions Taken	✓	✓	✓	✓	✓					●

Note: Material Aspects of the organization's internal and external boundaries are focused on the disclosure of entities. Former employees and shareholders are not shown in the table.

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Material Aspect			Index	Boundary	Entities within the Organization					Entities outside of the Organization			
					ELAN	Affiliates				Customers	Agents	Leading Manufacturers' Platform	Suppliers
						Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Society	29	Social Compliance	SO8 Monetary Value of Significant Fines and Total Number of Non-monetary Sanctions for Noncompliance with Laws and Regulations	✓	✓	✓	✓	✓					●
	31	Costumer Health and Safety	PR1 Percentage of the main products and services being measured in the impact assessment to improve health and safety	✓	✓	✓	✓	✓					●
			PR2 Classified by the results, the total number of incidents for the violations of law and voluntary guidelines on health and safety of the products and services in their lifecycles	✓	✓	✓	✓	✓					●
	32	Product and Service Labeling	PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	✓	✓	✓	✓	✓					●
			PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	✓	✓	✓	✓	✓					●
			PR5 Results of surveys measuring customer satisfaction	✓	✓	✓	✓	✓					●
	33	Customer Privacy	PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	✓	✓	✓	✓	✓					●

Note: Material Aspects of the organization's internal and external boundaries are focused on the disclosure of entities. Former employees and shareholders are not shown in the table.

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Material Aspect			Index	Boundary	Entities within the Organization					Entities outside of the Organization			
					ELAN	Affiliates				Customers	Agents	Leading Manufacturers' Platform	Suppliers
						Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Society	34	Product Liability Compliance	PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	✓	✓	✓	✓	✓					●
	35	Customer Relations Participation	Number of Cooperation Projects	✓	✓	✓	✓	✓					
Others	36	New Product Development	Number of Patents	✓	✓	✓	✓	✓					
	37	Supplier Strategy	New implementation rate of supplier CSR evaluation project	✓	●	●	●	●					
	38	Business Performance Indicator	KPI Achievement Rate	✓	●	●	●	●					
	39	Caring for Employees and their Families	Health Promotion Program	✓	●	●	●	●					
	40	Industry-University Cooperation Program	Number of Items	✓	✓	✓	✓	✓					
	41	Participation in Activities for Public Welfare	Number of Items	✓	✓	✓	✓	✓	●				
	42	Risk Management	Risk Management Program	✓	●	●	●	●					
	43	Product Contribution to World Trends	Market Share	✓	●	●	●	●					
	44	Investor Relations Transparency	Number of active communication	✓	✓	✓	✓	✓	●				

Note: Material Aspects of the organization's internal and external boundaries are focused on the disclosure of entities. Former employees and shareholders are not shown in the table.

Stakeholders' Engagement

The company's pursuit of sustainable development must understand the stakeholders' viewpoint, not only to achieve transparent communication, but also as an important reference basis for sustainable development. In addition to aiming at the usual daily business operations in a variety of patterns to keep interaction with stakeholders, ELAN provided an external communication mailbox on the official website as the stakeholders and the company's most basic communication channel.



Within and Outside of the Organization	Stakeholders	Communication Method	Response Method
Within the Organization	Employees	Operation, Labor and capital meeting, employee complaints approach, stakeholder survey	Convene operation and labor-management meeting held to achieve two-way communication effectiveness; and be informed of company-related news through announcements and the company website; through the "Employee Complaint Form", can express sexual harassment case and related petitions, through the Human Resources department, can use the "Complaint Response Form" and reply to the complainant.

Within and Outside of the Organization	Stakeholders	Communication Method	Response Method
Within the Organization	Shareholders	General Shareholder: shareholder's meeting, annual report, material information releases, company website, stakeholder survey	General Shareholders: Annual shareholders' meeting convene in June, with a spokesperson to channel and resolve shareholders' questions, the company's website and MOPS disclose material information.
		Corporate shareholder: company visit, corporate seminar	Corporate Shareholders: Coordinate with corporate shareholders' request to arrange for company visits, the company regularly convene quarterly corporate seminar.
	Affiliates	Telephone, E-Mail, Stakeholder Survey	There are business-related units directly in contact.
Outside of the Organization	Customers	Company Website, Satisfaction Survey, Stakeholder Survey	Questionnaires' reply
	Agents	Company Website, Satisfaction Survey → Customer Questionnaire Reply, Stakeholder Survey	Questionnaires' reply
	Suppliers	Supplier monthly review meeting, supplier audit, Stakeholder Survey	Convene monthly: "Outsource Supplier Committee Meeting" for the production, delivery and other matters reviewed. Convene at the end of the year: "Supplier General Assembly".
	Leading Manufacturers' Platform	Unscheduled meeting to coordinate project, Stakeholder Survey	Marketing and Product Planning personnel, R&D personnel in charge of the project, or specification related communications.

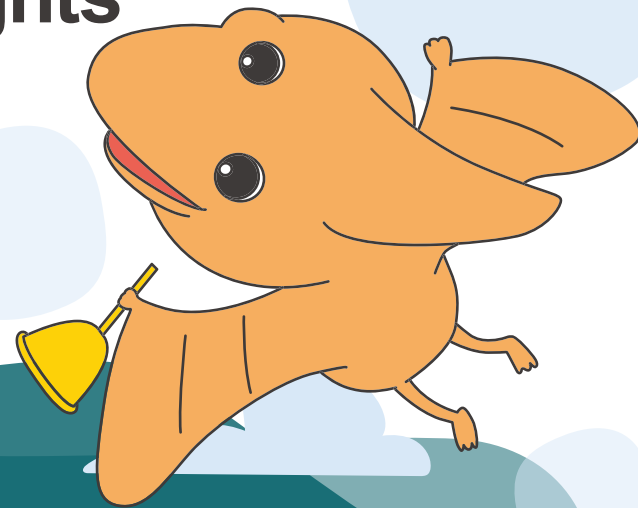
Dinosaur History Stegosaurus

The Stegosaurus lived in the Late Jurassic period, about 155 to 150 million years ago where their family lived and migrated. The double row of plate-shaped objects along its back, in addition to defense capabilities, also had visual display and thermoregulatory functions.

The Stegosaurus understands family structure and how to operate it harmoniously. Let a Stegosaurus deal with problems of relations between ethnic groups, of which they are especially proficient. Like Stegosaurus using its back plates in multiple ingenious applications to survive, ELAN Group will also make good use of tools and methods to fully express our opinions and attain interactive understandings. Always listens to suggestions patiently to find conflicts and common grounds, and establishes good relations with stakeholders and explicit negotiation channels through internal and external communication mechanism.



Product Design and Customer Rights and Interests



- 4.1 Platforms for Customer Relationship and Leadership Involvement
- 4.2 Sound Patent System to Encourage Employees to Active Innovation
- 4.3 Knowledge Management System Accelerates New Product Technology Integration Efficiency
- 4.4 Products Sold as Main Contribution to World Trends
- 4.5 Products and Services Labeling
- 4.6 Value Customer Services, Rights and Interests
- 4.7 Customer Privacy Protection
- 4.8 Customer Satisfaction Survey



At the present stage, Taiwan IC design companies' task has been different, in the past there were those products that rose in the US market, and Taiwan was be very passive to catch up, in accordance with the US market demand for design products. But now the strength of Taiwan's IC design industry has been established, we should play a role in the creation of markets, not just the role as followers.

Innovators can be divided into two types: there are those that guide specification makers and those that participate in common development, also meeting the conditions of the market scale is large enough, in NB, Tablet, Smart Phone, TV peripherals and man-machine interface products, Taiwan manufacturers have been able to lead or participate in the establishment of specifications.

In 2014, the number of mass produced: a total of 29 ICs, a total derivative solution development of 178, and a total of 34 modules. In 2015, the number of mass produced: a total of 24 ICs, a total derivative solution development of 176, and a total of 38 modules.

4.1

Platforms for Customer Relationship and Leadership Involvement

***ELAN understands and actively gets involved in the certification process of Microsoft, Google's leading platform. In addition to related website inquiries (only signed NDA partner queries), confer with Microsoft, Google-related personnel, visit MSDN-related website (Public), by oneself Google search for information, to ensure that the certification is of the latest evolutionary pace. Before the certification specifications were yet to be determined, ELAN assisted in related tests and provided test data, as well as the departments verified the proposed project specifications, for leading platform reference.**

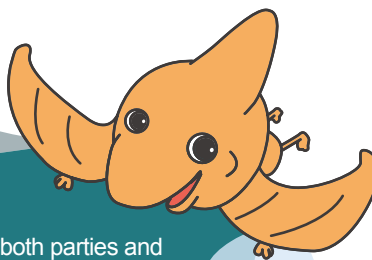
With Microsoft's release of Windows 7, Windows 8, Windows 8.1, Windows 10 certifications, for example, before Windows 8, Windows 8.1, and Windows 10 certification were issued, ELAN indeed assisted Microsoft confirmed the test specifications and made recommendations, and after the certification was issued, it quickly helped customers through the touch certification.

Note: *Disclosure on Management Approach (DMA)

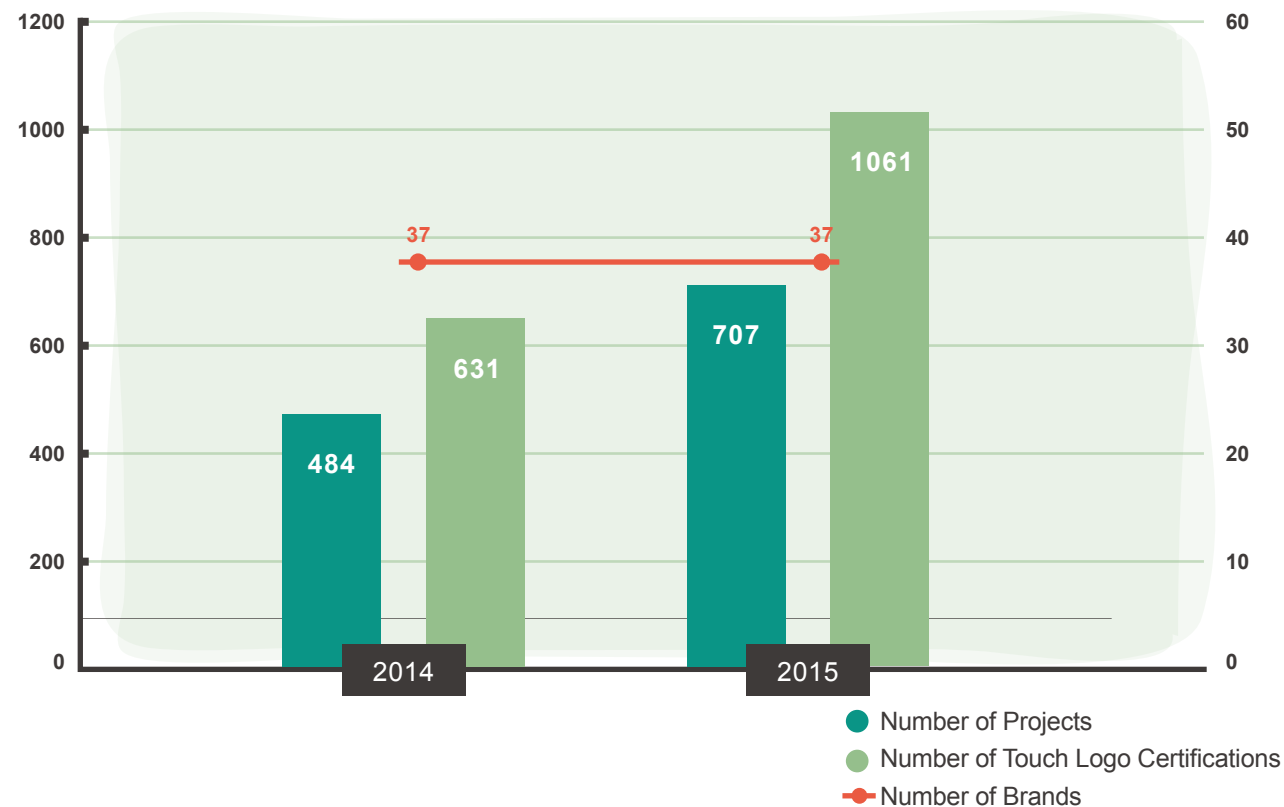
Friendly Reminder:

The Non-Disclosure Agreement (NDA) is a business agreement set to protect the interests of both parties and to prevent any party from disclosing the confidentiality of the cooperation-related information to a third party during the period of cooperation. Meanwhile, note if agreement is constrained by law in both parties' countries.

The Microsoft Developer Network (MSDN) refers to an early service Microsoft provided specifically for developers. A network that developers always visit when developing software or other applications using Microsoft technologies. Also, developers can subscribe to obtain Microsoft's latest software and technical files from time to time.



*Since the release of Windows 7, ELAN has passed 37 brands, a total of 484 projects, and achieved 631 Touch Logo Certification in 2014. In 2015, there were 37 brands, a total of 707 projects, and achieved 1,060 Touch Logo Certification.

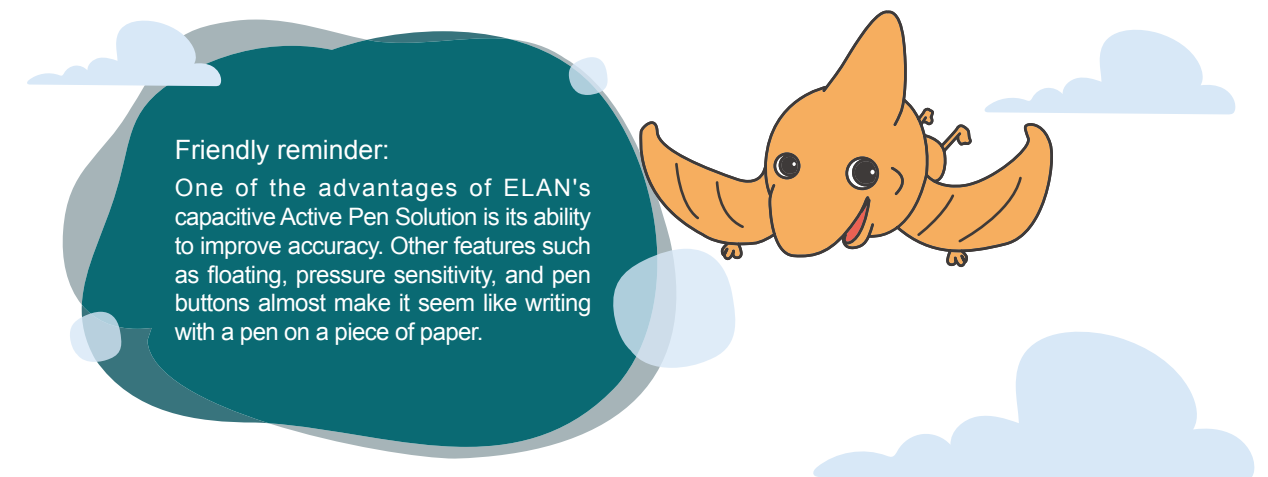


ELAN Touch Pad Solution can simultaneously support both Self-Sensing and Mutual-Sensing functions. Unlike other competitors, facing the stringent requirements of Google Chrome OS, in some test items may have even exceeded Google Chrome's set standard; in addition, though ELAN trackpad Solution has been listed as Chrome Authorized Vendor List (AVL), still we have regularly visited the United States and Taipei Google team, visited related websites (only signed NDA partner inquiries), conferred with Google related personnel, voluntarily Google to find information to ensure that Trackpad Solution at any time could keep up with the pace of the evolution of Google Chrome, plus we have a strong R&D team, a good supply chain management and services, and have won the trust of the customers. ***In 2014, ELAN Chromebook Trackpad has already been adopted by more than 10 models of six well-known NB factories and in 2015, it has been adopted by 26 models of ten well-known NB factories.**

Because of ELAN's previous experience working with Google and ASUS has successfully developed NEXUS 7 tablet. ELAN R&D's technical capability has long been affirmed by Google, so when the new generation of Chromebook was designed, ELAN has participated in the Google specification discussion, and with first-tier NB major manufacturers' collaborative development. ELAN has made a breakthrough from the past Taiwan IC design industry's role which was mostly an epigone or follower of specs, now transformed into a specification joint-maker. With synchronized research and development, and ELAN's practical experience with mass production, products are able to be synchronously released, grasping market opportunities. Because of this, ELAN Chromebook Solution has become a successful Google's strategic partner.

Note: *Disclosure on Management Approach (DMA)

In 2015, Microsoft released a new generation of operating software --- Windows 10. Not only do ELAN's Smart-Touchscreen™ and Active Pen Solution support the touch solution of Windows 10 operating system, they were also the world's first to be certified by Windows and Microsoft Pen. The market share of ELAN's Smart-Touchscreen™ ranks first in the world. To maintain current level, stand out among other competitors in the market and improve our competitiveness, Capacitive Active Pen Solution will become one of the ELAN's featured products.



■ ELAN's Smart-Touchscreen™ & Active Pen Solution is World's 1st with Microsoft Pen



ELAN's Capacitive Active Pen Solution has already been adopted by Microsoft Surface series and Apple iPad pro in 2015. As the ability to support Capacitive Active Pen depends on the ability of touch IC, Elan and Microsoft have been cooperating closely and was given priority to have our Active Pen authorized and certified by Microsoft Win10, way ahead of our competitors in the market. So far, ELAN's Capacitive Active Pen Solution has been adopted by 7 brands and shipments have exceeded 2 million in each quarter.

As Microsoft is to release its next-generation OS in the third quarter of 2016, featuring "Pen" as a main functional update for its new operating system, ELAN's Active Pen application market is bounded to expand upon this new trend. ELAN's Microsoft-supported Capacitive Active Pen is expected to be used in various new models of all major brands in the latter year of 2016.

4.2

Sound Patent System to Encourage Employees to Active Innovation

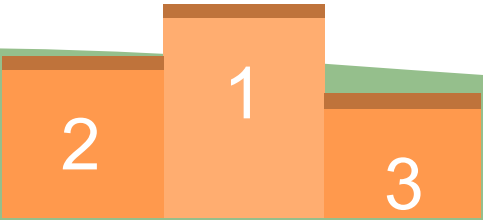
*In order to encourage colleagues to engage in innovative invention, ELAN set up the Intellectual Property Right and Legal Department, a unit dedicated to provide generous bonus system. All innovations put forth by every colleague, with a market value and meet the eligibility requirements prescribed in the Domestic and International Patent Law, in accordance with the "Patent Management Method", employees can apply for a patent award, and patent-protected R&D achievement, to enhance corporate value. The Intellectual Property Right and Legal Department currently hold regular monthly meetings to review patents, each patent application that pass the review, the company gives bonuses for the proposed application; until after the patent has been obtained, the company again gives an approved bonus and appreciates the employees' effort to protect the company's R&D achievement. The Intellectual Property Right and Legal Department also regularly announce every quarter the "Patent Hero List". Sound Patent System promotes employees' sense of achievement, making endless creative energy flow.

Note: *Disclosure on Management Approach (DMA)

ELAN	2015	77 patent applications, *108 certified, accumulated up to 621 patented technologies (statistics up to 2016/7/25)
	2014	75 patent applications, *72 certified
Metanoia	2015	3 patent applications, *6 certified, accumulated up to 14 patented technologies (statistics up to 2016/8/8)
	2014	N/A
Avisonic	2015	No patent application, *13 certified, accumulated up to 36 patented technologies (statistics up to 2016/8/8)
	2014	N/A
PIXORD	2015	No patent application, *0 certified, accumulated up to 2 patented technologies (statistics up to 2016/8/8)
	2014	N/A
ELAN (H.K.)	2015	N/A
	2014	N/A

Note 1: *Disclosure on Management Approach (DMA)

Note 2: Patent information is not available (N/A) for Metanoia, Avisonic, PiXORD, and ELAN (H.K.) for companies did not disclosure the information in 2014.

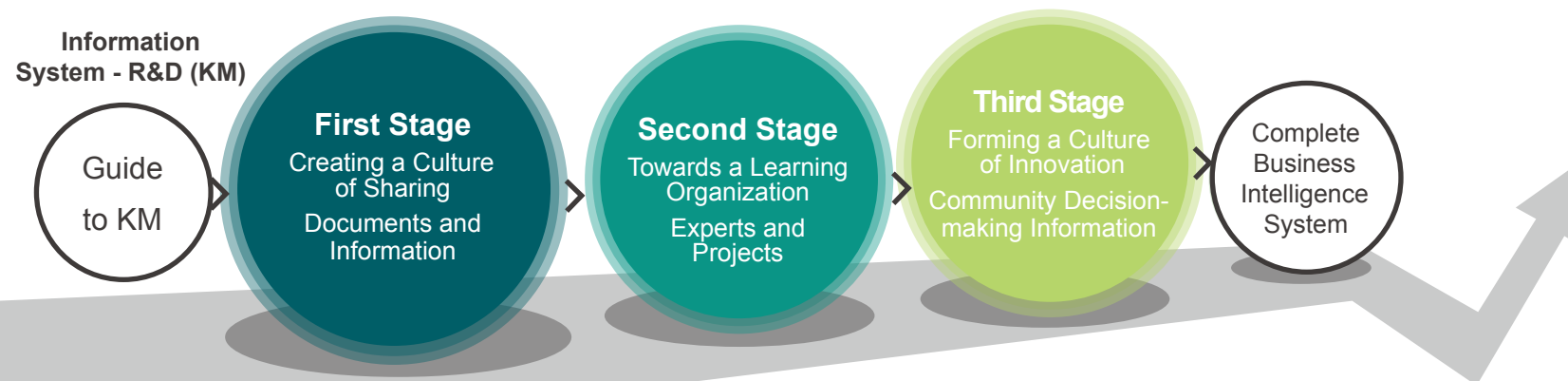


4.3

Knowledge Management System Accelerates New Product Technology Integration Efficiency

Effectively Re-utilize the Long Term Accumulation of Technological Capabilities, and Accelerate New Product Technology Integration Efficiency

Since the launch of Knowledge Management System online in February 2008, as of December 31st, 2015, up to 205,696 visitors logged in, the number of uploaded files reached 37,921. By December 31st, 2014, 205,255 visitors logged in and 32,887 files were uploaded. In 2014, the flow has guided the way to new product development process standardization, utilizing ELAN's high degree of electronic operation, reference series documentations, consolidation of reference information areas and product development of various systems together into a single portal of new product proposals/development/verification process standardization.



Establishment of Knowledge Sharing Mechanism — Knowledge Collection and Recycling

- Document Management System
- Personal Special Area
- KM Portal Website
- Department Folders and Bulletin Board

Establishment of Knowledge Learning Mechanism — Knowledge Management Circulation with Added Value

- Planning Area
- Experts Yellow Pages
- Project Review
- Establishment of Operating (R&D) Process
- E-learning

Establishment of Knowledge Innovation Mechanism — Knowledge Management and Innovation

- Community
- Forums
- Business Intelligence (BI)

Knowledge Management System of the Company is divided into Three Stages, Each Stage has its Own Objectives and Priorities

First Stage

The goal of the first stage aims to form shared culture, and the Information department's focus is on the establishment of knowledge-sharing mechanisms, so that the knowledge gathered can be used again, at this stage the main content is for file management and information.

Currently, the company has established systems for knowledge management portal site, document management system, personal specialized area and Department folder and Bulletin Board.

Second Stage

The second stage aims to move towards a learning organization, and the focus of the information department is in the building up of Knowledge Learning mechanism that allows knowledge circulation and also with added value. At this stage, the main content is for experts and project management.

Currently, the company has established systems for specialized planning area, E-learning, Project Review, work (R&D) process, expert's Yellow Pages.

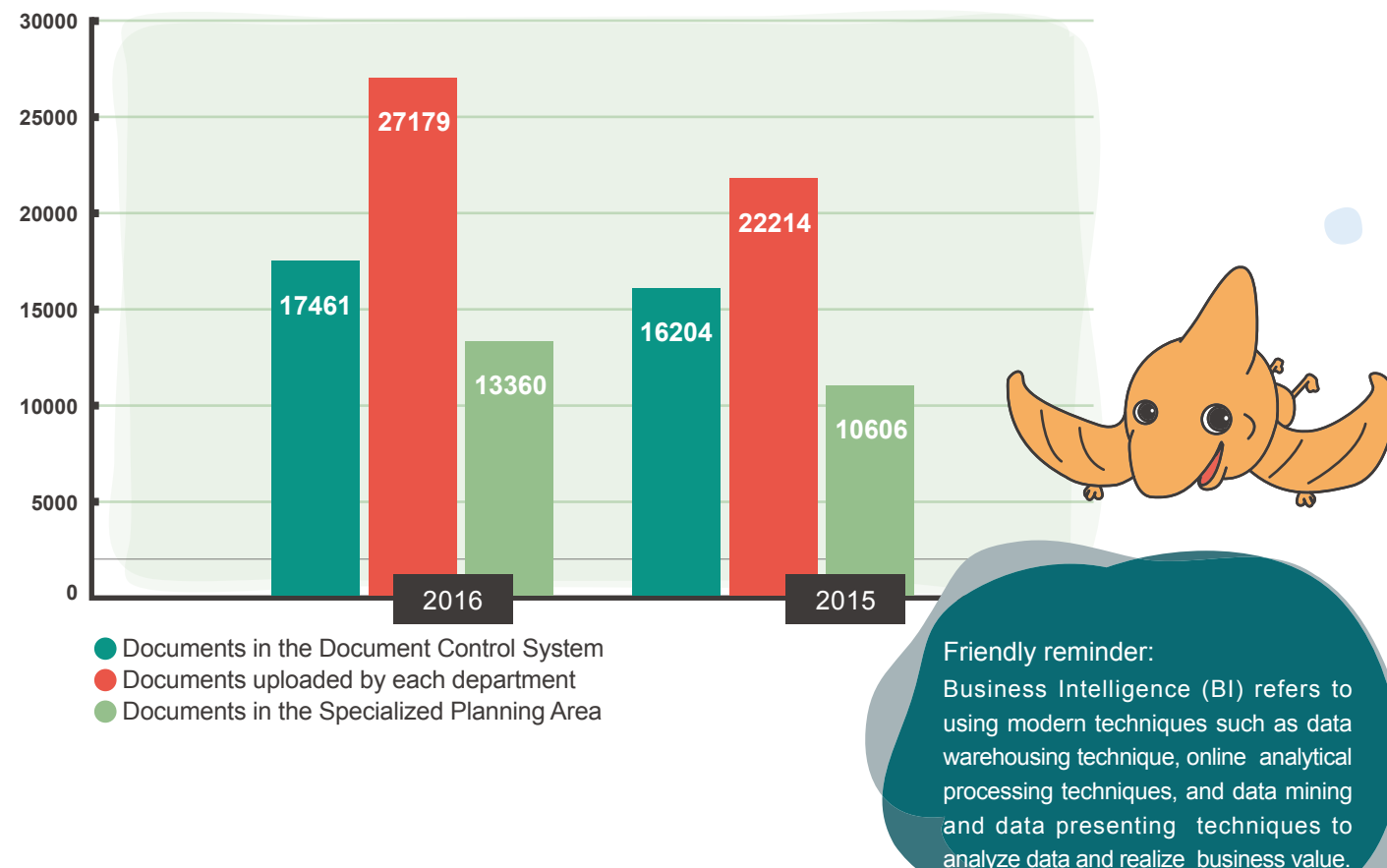
Third Stage

The third stage aims to form a culture of innovation, and the focus of the Information department is on the establishment of knowledge innovation mechanism. At this stage, the main content is for community management and information for making strategic decisions.

Currently, the company has established systems for community discussion boards and Business Intelligence Systems.

Implementation Results

2015	The current Document Control System manages a total of 16,185 technical documentations, 943 system files, 333 other files, adding up to a total of 17,461 documents.	E-learning: A total of 822 online learning courses have been set up, some shared to Shenzhen and Shanghai.
	Every department has uploaded and shared files of up to more than 27,179 documents.	Project Review and continuous improvement of Expert Yellow Pages, community and discussion forums, and completed the establishment of Business Intelligence (BI) system.
	Specialized Planning Area: A total of 616 projects planned, shared project files of up to 13,360 documents.	
2014	The current Document Control System manages a total of 15,016 technical documentations, 877 system files, 311 other files, adding up to a total of 16,204 documents.	E-learning: A total of 769 online learning courses have been set up, some shared to Shenzhen and Shanghai.
	Every department has uploaded and shared files of up to more than 22,214 documents.	Have already established Standard Operating Systems for IC Workflow and Module Workflow.
	Specialized Planning Area: A total of 557 projects planned, shared project files of up to 10,602 documents.	Project Review and continuous improvement of Expert Yellow Pages, community and discussion forums, and completed the establishment of Business Intelligence (BI) system.



■ Industry-University Cooperation Plan

***ELAN Microelectronics continue to cultivate autonomous technology, and pay attention to the academia and technology development trends, as well as the dynamics of the industry, regularly on the site looking for related professors' background and research realm. At any time, in response to company future development, maintain a free flowing communication channel with the industrial circles and the academic circles. Moreover, when entering a new industry or field, we will first conduct an internal inventory of our own technological capacity, then consider the time demands, and look for relevant technological cooperation partners. If there's a suitable partner, will first communicate and discuss with them, after the two parties confirmed their willingness to cooperate, then signing of NDA (Non-Disclosure Agreement), confirm intellectual property rights ownership and contracts. ELAN is committed to the commercialization of the results of industry-university cooperation, creating a win-win situation.**

In 2015, ELAN carried out three industry-university cooperation plans with academic professors and industry experts. Metanoia has one industry-university cooperation plan. PiXORD, Avisonic, ELAN Hong Kong have no relevant cooperation plans. In 2014, ELAN carried out two industryuniversity cooperation plans whereas Metanoia had one and PiXORD, Avisonic, ELAN Hong Kong have no relevant cooperation plans.

4.4

Products Sold as Main Contribution to World Trends

As for the worldwide Intelligent Terminal (I.T.), three major applications all resulted differently. According to Gartner, smartphone sales reached 1.4 billion units in 2015, with an increase of 14.4%, mainly due to the unexpected increased in sales of low-cost smartphones. In contrast, laptop consumption was delayed for reasons such as depreciation of laptop by exchange rates, introduction of new operating systems, and update of central processing units (CPUs). In results, 2015 laptop shipments totaled 164 million units, a 6.3% decline from 2014. Last but not least, tablet PC market is reaching high levels of consumer saturation.

The launches of 2-in-1 laptops and 5-inch and larger smartphones drops the market demand for tablets and affected PC market greatly with shipments totaled 168 million units in 2015, a 12.2% drop compared to last year.

Touch Screen is ELAN's key revenue and the major source of profit. Although Touch-control industry had grew steadily and entered a mature phrase in 2015, the growth of the three major applications touch smartphone industry has slowed down, laptops and tablet PCs have also shown recessions in growth as well. In addition, with increasing domestic and foreign manufacturers investing into the already mature touch industry, the market became even more competitive than it was. Facing strong competitions in the market, in response to the economic uncertainties and industrial competition, ELAN is still fully committed to our touch technology by investing large amount of budget and human resources into R&D. By doing so, we aim to improve our touch technology and its application, optimize product's function while continuing the effort to lower costs. ***Facing all the competitions, ELAN's 2015 shipments on Touch NB chips still exceeded 10 million sets, included major orders from global manufacturers of all first-tier brands, ranked the first in market share in the world. Nonetheless, nearly 20 million of smartphone chips along with 3 million of Tablet PC chips were shipped. In 2015, a total of 30.01 million units of touch screen chips, which support Tablet, NB and Smartphone applications, have been shipped. In 2014, a total of 42.07 million units were shipped.**

Note: *Disclosure on Management Approach (DMA)

***Touchpads are primarily used in laptop computers. ELAN is the world's second largest computer touchpads supplier, with a global market share of more than 25%. To enhance the competitiveness of our clients in the global market, ELAN continues to refine and perfect our chips in characteristics such as single-chip, high-pressure, low noise, and low power consumption. By providing chip products with the best performance, good results have been achieved. *In 2014, a total of 42.07 million units of touch screen chips, which support Tablet, NB and Smartphone applications, have been shipped. Total shipments in 2015 exceeded 43 million units, a 7% annual growth. Sales of Chromebook touchpad modules, in particular, demands a global market share of 82%. Applications on Chromebook touch screen also has a market share of 70%, both dominated the global market.**

ELAN has successfully scored Chromebook, one of the top six laptop brands, by becoming its main touchpad supplier. In 2014, shipments of touchpads for Chromebook application alone reached 1.56 million sets and in 2015, the shipments have surpassed 7.25 million sets. With a blessing of the dual operating system (Window base and Chrome) and a prospect of increasing account penetration ratio, the overall shipments could still increase and aid to the rise of market share. ***Pointing Stick, another product applying on laptops, also dominated the market by ranked as world's first in market share.**

In addition to maintain and enhance the competitiveness of ELAN's two main products --- Touch Screen chip and Touch Pad chip, we are also actively arranging new products and applications. Over the last few years, mobile payments have become an important industrial trend. Using mobile devices such as smartphones, laptops, tablets, and even smart cards, etc., to allow users to complete all kinds of transactions effortlessly. With needs to enhance the security and reliability of mobile payments, fingerprint identification chip becomes a key equipment for the payment industry. Smartphones, ranging from high-end, mid-range, to even low-end, all employed fingerprint identification chips eyeing on the potential business opportunity mobile payment will bring in the future.

Fingerprint identification applications continues to expand, from smartphones, laptops, tablets, extended to smart cards, cars, Internet of Things (IoT), etc. and the function will no doubt play an important role in application devices. In 2015, smartphone (with fingerprint identification function) market is in a take-off phase, with market penetration rate of nearly 30%. In 2016, as the market enters an explosive phase, the smartphone market penetration rate is expected to reach 50%. That is, more than 700 million smartphones will employ the fingerprint identification function, creating huge business opportunity for the market. Meanwhile, products for laptop and tablet applications will also be formally introduced in 2016.

In response to the fast growing fingerprint identification market, ELAN has seized the huge business opportunity and in the fourth quarter of 2015, 1,086 sets of fingerprint identification chips had been shipped successfully to first-tier domestic mobile phone manufacturers. Fingerprint identification chips of many different sizes have been completed in succession, which can be applied to the front, back and side of a smartphone, and chips with better performance and more competitive costs will be introduced in 2016.

Note: *Disclosure on Management Approach (DMA)

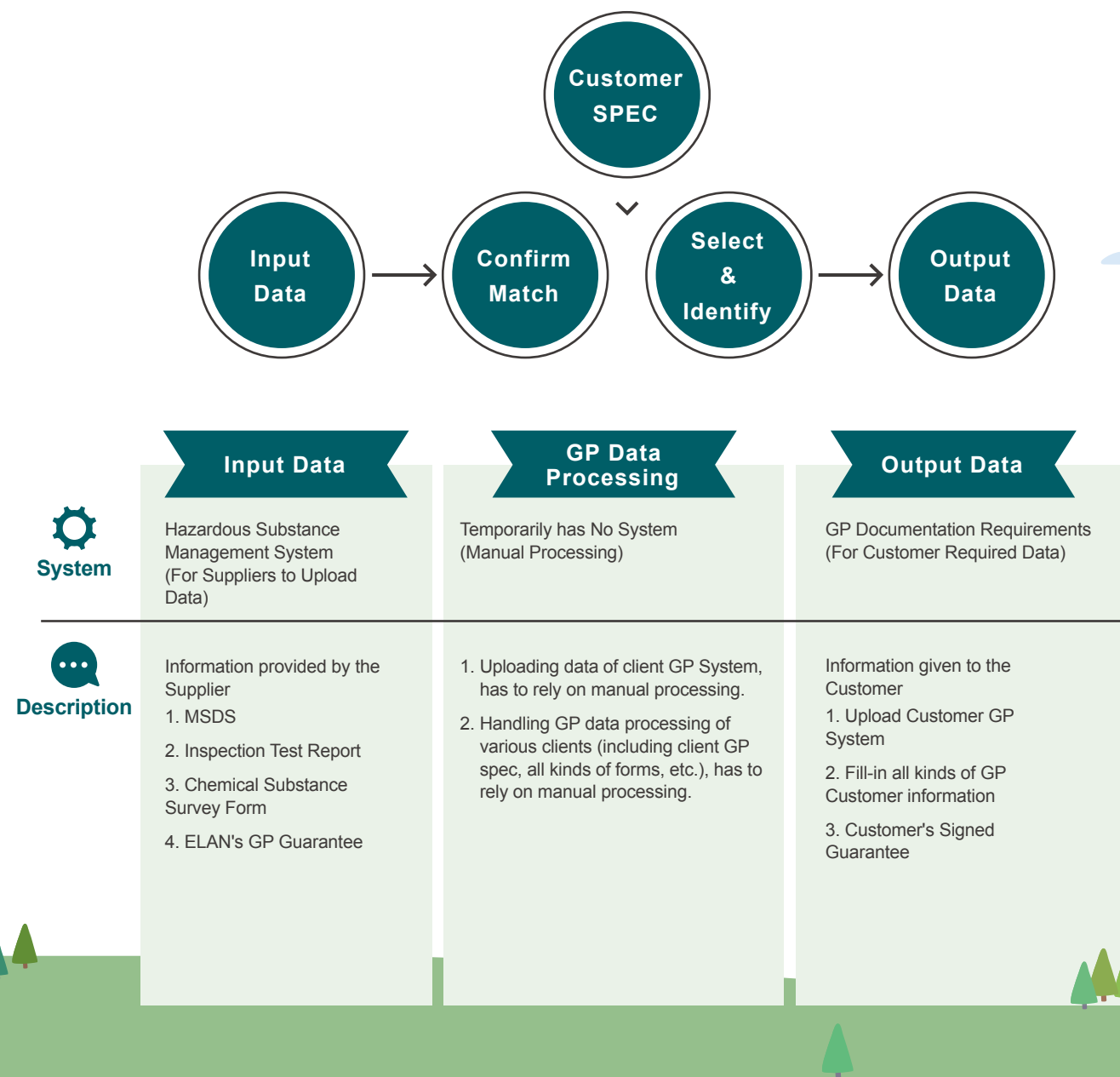
Products and Services Labeling

***1. ELAN established the Hazardous Substance Management Program Book based on international, industrial and customer standards for the prohibited and restricted use of hazardous substances. The Book is also used as the standard to manage the prohibited and restricted use of chemical substances by our suppliers, in order to strictly control all products, spare parts, and materials and to meet international, industrial and customer standards.**

2. Each year, ELAN conducts trainings on harmful substances and communicate with its internal staff and external suppliers.

3. ELAN Microelectronics Quality Assurance Department is currently building Green Product (GP) related system, continuously optimizing the supplier upload system and retaining all customer's needs in it. In the future, all of the customers' requirements will be retained in this system. When there's business or customer requirements, a QA Department colleague assists in determining that those belong to that unit for further processing, and then do a follow-up message transmission.

Note: *Disclosure on Management Approach (DMA)



***4. When shipping, all should be in accordance whether the products are in compliance with affixed relevant Green Logo labels (RoHS, SONY, without any Green logo label) on the carton boxes.**

5. Safe use of products or services: For TP module specifications, in addition to the basic dimension specs. introduced, besides which, should also be marked with the description of the Application Interface, and Connector Pin Setting Instruction to avoid the occurrence of customers' design application error. Another range for the safe use of these products, such should be clearly marked with Supply Voltage, Supply Ripple, Power Consumption, and ESD (No Error), ESD (No Damage), Operating Temp., Operating Humidity, and Storage Temp., Storage Humidity, etc., with Min.~Max. values.

6. For safety-related use of the product specifications and limitations, such as: the Maximum tolerated Voltage, Current and Temperature, etc., all should be documented in the product specifications, enough to allow users to get adequate information and data for design and application considerations. Even though, because of using beyond the specifications and limiting conditions and causing product internal damage, these products are still only very low risk products.

7. IC specifications for product use safety-related specifications and limitations instruction should be stated, such as: Operating Temperature Range, Application Circuits, ESD Information, and Moisture Sensitivity Level, Recommended Reflow Profile, Operating Temperature Range, etc., As for the sales of module specifications, in addition to the abovementioned information, for the Interface, a Special Note to verify the reliability of the information.

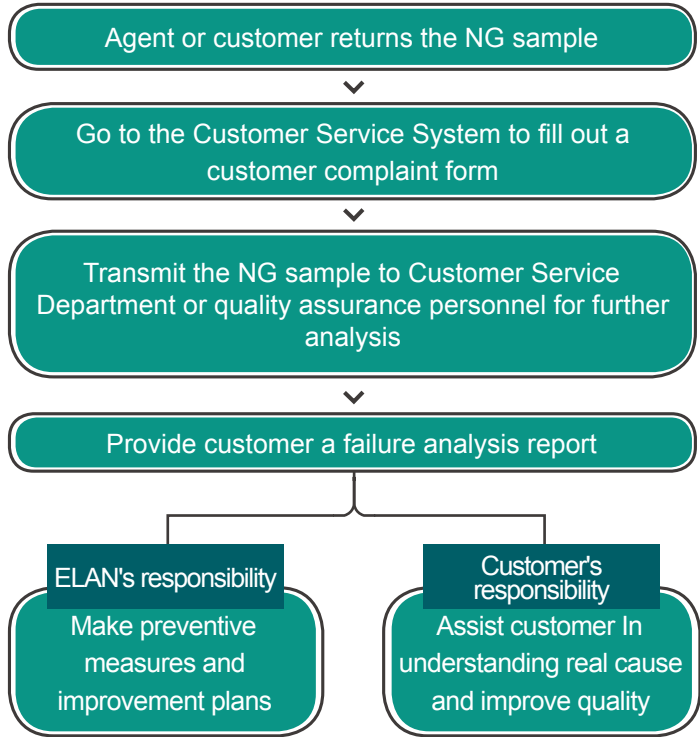
***8. Currently, as for products and services labeling, there's no offences leading to huge fines or related violations of products and services information regulations.**

Note: *Disclosure on Management Approach (DMA)

■ Subsequent Disposal of the Products and its Environmental and Social Impact

1. ELAN's current subsequent disposal of products for scrap, in order to reduce environmental hazards, for the existing products, the Quality Assurance Department has built hazardous substance control system. RoHS, MSDS, Reach, Halogen-free, Conflict Mineral Survey results:
- Go to ELAN official electronic document system to fill in GP documents application → Quality Assurance Department dedicated staff to handle documentation and provide relevant documents back to the customer.
 - Infringement: At the beginning of a cooperation with new customers, Signing of an NDA (Nondisclosure Agreement) → Standard documents provided by ELAN's Legal Department or the other party provided their documents and reviewed by ELAN's Legal representative → Signing after both sides have no objections on the file contents.
 - Customer Complaints about the Quality: Agent or customer returns the NG sample → go into ELAN official website (Customer Service System) to fill out a customer complaint form → Transmit the NG sample to analyze and clarify responsibility → Submit a failure analysis report

If it is ELAN's responsibility, make preventive measures and improvement plans.
If it is Customer's responsibility, assist customer in understanding real cause and improve quality.



- EICC, CSR Investigation: go to the related units of the company to fill in the relevant company conditions -> return to pass to the customers

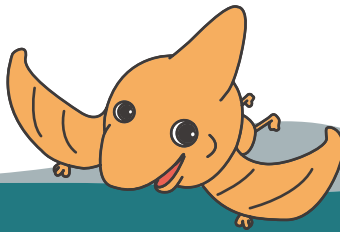
2. New materials will go through BOM (Bill of Materials) management. BOM has Green Product rating requirements; ELAN purchase orders also have Green Product rating requirements.



- ① Compliant with the RoHS(2002/95/EC), the grade is denoted as [] °
- ② Compliant with the Sony(SS-00259), the grade is denoted as [] °

***3. To safeguard personnel's health and environmental safety, ELAN shall comply with customer requirements for chemical substances, and therefore when designing products, all shall be in accordance with the designated Green Product specifications for material selection and strictly require suppliers to limit or ban the use of harmful chemicals. Another also is to require suppliers to provide MSDS, SGS Verification Reports etc., for ELAN internal related verification units to recognize and admit these materials for multiple checks and verification check mechanism in order to ensure once again the safety of all the chosen materials.**

Note: *Disclosure on Management Approach (DMA)



Friendly reminder:

RoHS, stands for "The Restriction of Hazardous Substances in Electrical and Electronic Equipment", is an environmental directive (not a law) passed by the EU in February, 2003 to specify materials for electronic products and their processing standards.

MSDS, stands for "Material Safety Data Sheet", is a note that includes related statistical data for a substance. Its main purpose is to provide manufacturers and first-aid personnel safety procedure and instructions to carefully use this substance.

REACH, stands for "Registration, Evaluation, Authorization, and Restriction of Chemicals", is an EU regulation to assure all chemicals entering EU market are registered, evaluated, authorized, and safely monitored.

■ ELAN Basic Requirements Index

	Substance Name	Limited Value	Note
RoHS	Lead and Lead compounds (Pb)	< 1000 PPM	
	Cadmium and Cadmium compounds (Cd)	< 100 PPM	
	Mercury and Mercury compounds (Hg)	< 1000 PPM	
	Hexavalent Chromium compounds (Cr ⁶⁺)	< 1000 PPM	
	Polybrominated Biphenyls (PBB)	< 1000 PPM	
	Polybrominated Diphenyl Ethers (PBDE)	< 1000 PPM	
	Di-2-ethylhexyl Phthalate (DEHP)	< 1000 PPM	Added in 2015
	Benzyl Butyl Phthalate (BBP)	< 1000 PPM	Added in 2015
	Dibutyl phthalate (DBP)	< 1000 PPM	Added in 2015
Halogen-free	Diisobutyl Phthalate (DIBP)	< 1000 PPM	Added in 2015
	Cl (Chlorine)	< 900 PPM	
	Br (Bromine)	< 900 PPM	
Packaging Materials	Cl (Chlorine) + Br (Bromine)	< 1500 PPM	
	Cd+Pb+Hg+ Cr ⁶⁺	< 100 PPM	

4.6

Value Customer Services, Rights and Interests

ELAN has established entity stronghold layout and network marketing in Shenzhen, Chongqing, Suzhou, Shanghai, Hong Kong, and the United States. Aside from the bases, it has separate customer service centers and strategic planning and management. Has also set up Chinese (Simplified and Traditional Chinese characters), and English external website, which regularly provides industry, company's internal latest information and product catalogs, increase brand exposure, so that consumers around the world can quickly obtain product information. Through the establishment of its website, it gives brand personality, with the effect of having no borders on the internet, and connecting consumers around the world, thus strengthening brand loyalty.

ELAN, through the Customer Service website with a full range of communication channels give feedback to customers, enabling customers to effectively control the status of the bilateral cooperation, manage and track important projects and application programs, access relevant market information, and through customer satisfaction surveys, understand the views of the customers, in order to continuously improve and enhance the quality of our customer service. Such value-added services make the company in the eyes of customers become more of a cooperation partner with scope and efficiency. For the company to strengthen relationships with existing customers and developing new customers have been a great help.

In addition to prioritizing customer requirements for product excellence, we even give more value to customers' success as it is also ELAN's success. We exert continued efforts to establish a far-reaching partnership with customers, and we are committed to providing customers with the best service, thus increase customer satisfaction, become customers' long-term trusted partner. We conduct regular customer satisfaction surveys to ensure that customer needs are understood and properly addressed.

ELAN Microelectronics Corp. Worldwide Locations



• ELAN MICROELECTRONICS CORP.
(Shenzhen, China.)



• ELAN MICROELECTRONICS CORP.
SHENZHEN (ChongQing Office)



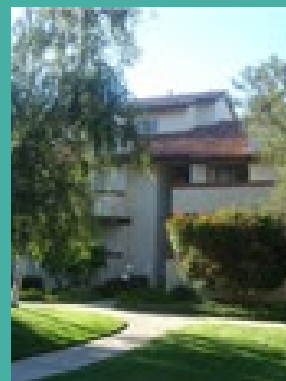
• ELAN MICROELECTRONICS CORP.
SHENZHEN (SuZhou Office)



• ELAN MICROELECTRONICS CORP.
(SHANGHAI, China.)



• ELAN (H.K.)
CROELECTRONICS CORP.



• ELAN Information Technology
Group, U.S.A.

4.7

Customer Privacy Protection

1. Through the company's internal bulletin, ELAN President exhorts all colleagues to fully implement confidentiality of customer information in order to increase and affirm client's trust.
2. Cooperative development plans between the company and customers are covered by Confidentiality Agreement. Being covered by a signed contract, respecting the spirit of cooperation by both sides is definitely expected. The client's requirements must be met. The mechanisms of bilateral cooperation and trade secrets have to be maintained while implementing proper management execution.
3. The company has established integrity management operating procedures and execution guidelines with its implementation delegated to the Intellectual Property Right&Legal Department which is committed in dealing with trade secrets. It manages development, implementation and monitoring of company in-house trade secrets. The department is also responsible for the effective safe-keeping and preservation of the trade secrets to ensure their sustained confidentiality and it has to put in writing in notifying all concerned employees to strictly follow the relevant trade secret rules against divulging company confidential information.
4. In order to promote development efficiency of products during R&D phase, customer's prototype is usually returned to the company premises. The company has established a Prototype Management Control System where an engineer is assigned to oversee the safety and confidentiality of customer's prototype.
5. When a company wants to access ELAN's outsourcing interactive website for customer service, such company needs to apply for permission first from relevant department. Only after the access application is approved and an account number is provided, can such company be allowed to access ELAN customer service website.

***All levels of company personnel are well informed and understand the importance of trade secrets. Each employee, up to the higher management and down to their subordinates, must be trusted by customers with great confidence in order to create an outstanding performance. Since 2014, no complaint on customer privacy violation or loss of customer information is reported nor received. This is mainly due to implementation of the company's existing regulations and company-wide support from all colleagues.**

With extensive experience in mass production, ELAN has achieved to become a leading innovator on touch controller IC industry supply chain and is involved in the specifications development with wellknown brand names; such as Intel UltraBook, Microsoft-Win 8, Google Nexus 7. This includes IC technology development, Product Manufacturing (OMD plant), up to mass production implementation by brand name customers. ELAN's worldwide supply chain provides products at competitive price and fast services that meet customers' requirements. With close coordination and cooperation among various departments, ELAN continues to be committed in offering global integrated logistics, shorten delivery lead time, and increase the rate of meeting customer order requirements and inventory turnover. At the same time, ELAN will further exert efforts in reducing inventory and transportation costs, in order to enhance customer satisfaction.

Note: *Disclosure on Management Approach (DMA)

Customer Satisfaction Survey

*ELAN conduct an e-Customer Satisfaction Survey once every six months to various Product Lines' Key Customers or Distributors, categorized into Delivery and Quantity, IC Quality, Customer Service and Customer Complaints, Technical Services, Marketing Services and other items. The results of the survey are submitted to related departments for review. Since 2014 onwards, the more the Business or Sales unit obtained Customer Satisfaction Score Points and Customer Satisfaction Survey Ratings, is part of their departmental KPI Item (also applicable to ELAN Hong Kong).

Note: *Disclosure on Management Approach (DMA)

ELAN

1. ELAN, for key customers, twice a year conduct customer satisfaction survey in mid-year and end of each year, to evaluate ELAN products and services obtained from customers' perceptions. The statistics are as follows:

- Customer satisfaction questionnaire response rate

- Tracking of customer satisfaction and the improvements

- Classification of the causes of customer dissatisfaction with the sales and services

- Sales and Technical Services score

2. For customer evaluation, address the item with low satisfaction and propose corrective preventive measures. The responsible sales personnel have to understand the customer's causes and propose improvement countermeasures, as well as confirm the effectiveness of the countermeasures.

3. Customer Satisfaction Survey of 2015 contained more CSR-related topics. To understand CSR items about the customers, ELAN expose cases of satisfaction conditions. The topics are as follows:

- Does the Corporate Social Responsibility conditions made public by ELAN satisfy the customers' needs?

4. Refer to the 2015 and 2014 Customer Satisfaction Survey Results as follows:
- | Product Lines | Quantity Issued | | No. of Questionnaire Response | | | | Response Rate (%) | |
|------------------------|-----------------|------|-------------------------------|------|--------------------|------|-------------------|------|
| | | | Sales Services | | Technical Services | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| MCU Products | 21 | 20 | 20 | 19 | 21 | 19 | 97.6 | 95 |
| PC Peripheral Products | 16 | 20 | 15 | 20 | 16 | 18 | 96.9 | 95 |
| Consumer Products | 16 | 20 | 15 | 19 | 16 | 19 | 96.9 | 95 |
| Smart HMI Products | 17 | 22 | 17 | 21 | 16 | 21 | 97 | 95.5 |
| Total | 70 | 82 | 67 | 79 | 69 | 77 | 97.1 | 95.1 |
| Response Rate (%) | | | 95.7 | 96.3 | 98.6 | 93.9 | 97.1 | 95.1 |
- Sales and Technical Services Score for the First Half
- | Category | 2015 | 2014 |
|-------------------------------------|------|------|
| Delivery Period& Quantity (MPC) | 89 | 90 |
| IC Product Quality | 87 | 87 |
| Customer Complaints& Services (QRA) | 87 | 90 |
| Sales Services (SL) | 93 | 93 |
| Technical Services (SA) | 88 | 89 |
- Sales and Technical Services Score for the Second Half
- | Category | 2015 | 2014 |
|-------------------------------------|------|------|
| Delivery Period& Quantity (MPC) | 87 | 86 |
| IC Product Quality | 81 | 84 |
| Customer Complaints& Services (QRA) | 86 | 91 |
| Sales Services (SL) | 91 | 87 |
| Technical Services (SA) | 89 | 88 |
- Sales Services Score: Delivery Period&Quantity + Sales&Services
- Technical service score: IC Product Quality + Customer Complaints&Services + Technical Services
- Sales&Services Score Formula = $\frac{[\sum(\text{Total scores of Sales\&Services on the satisfaction questionnaire}) \times 2]}{\sum(\text{The amount of Sales\&Services satisfaction questionnaires})}$
- Technical Services Score Formula = $\frac{[\sum(\text{Total scores of Technical Services on the satisfaction questionnaire}) \times 2]}{\sum(\text{The amount of technical Services satisfaction questionnaires})}$
1. Major Items Comparison
- | Year | Items | Sales Services Score | Technical Services Score | Total Average Score |
|---------------------|-------|----------------------|--------------------------|---------------------|
| First Half of 2015 | | 89 | 88 | 88 |
| Second Half of 2015 | | 87 | 88 | 88 |
| Difference (%) | | -2 (-2.3%) | 0 (0%) | 0 (0%) |
| First Half of 2014 | | 90 | 89 | 90 |
| Second Half of 2014 | | 86 | 89 | 88 |
| Difference (%) | | -4 (-4.7%) | 0 (0%) | -2 (-2.3%) |
- Note 1: **Description of objectives:** If the semi-annual Customer Satisfaction Questionnaire score falls below 70 or declines a 10% compared to the previous, review meetings will be held to propose improvement strategy.
- Note 2: **Analysis results:** 2014~2015 Customer Satisfaction Questionnaires were compared statistically (using the summarized comparison table above) and the results are all meeting the objectives set by the company.
- 55 2015 Corporate Social Responsibility Report
- 2015 Corporate Social Responsibility Report 56

2. Detailed Comparison

Items Year	Delivery Period and Quantity (MPC)	IC Product Quality	Customer Services and Customer Complaints (QRA)	Sales Services(SL)	Technical Services (SA)
First Half of 2015	89	87	87	93	88
Second Half of 2015	87	81	86	91	89
Difference (%)	-2 (-2.30%)	-6 (-7.41%)	-1 (-1.16%)	-2 (-2.20%)	+1 (+1.12%)
First Half of 2014	90	87	90	93	89
Second Half of 2014	86	84	91	87	88
Difference (%)	-4 (-4.7%)	-3 (-3.6%)	+1 (1.1%)	-6 (-6.9%)	-1 (-1.1%)

Note 1: **Description of objectives:** If the semi-annual Customer Satisfaction Questionnaire score falls below 70 or declines a 10% compared to the previous, review meetings will be held to propose improvement strategy.

Note 2: **Analysis results:** 2014~2015 Customer Satisfaction Questionnaires were compared statistically (using the detailed comparison table above) and the results are all meeting the objectives set by the company.

■ Classification of the Causes of Customer Dissatisfaction with the Sales Services

Questionnaire	Ratio of Dissatisfied Customers			
	First Half of 2015	Second Half of 2015	First Half of 2014	Second Half of 2014
Delivery Period of Orders	0	0	0	0
Delivery Quantity	0	0	0	0
Provide Answered Exchange Information	0	0	0	0
Order Processing Efficiency and Quality	0	0	0	0
Quality of Products Provided	0	0	0	0
Delivery Time in comparison with that of the same industry	0	0	0	0
Delivery Accuracy in comparison with that of the same industry	0	0	0	0
Number of Deliveries Meet in comparison with that of the same industry	0	0	0	0
IC Quality in comparison with that of the same industry	0	0	0	0
Sales Personnel's Quality of Service in comparison with that of the same industry	0	0	0	0
Subtotal	0	0	0	0

Analysis results: 2014~2015 Customer Satisfaction Questionnaires were compared statistically (using the Sales Services table above) and no customer gave dissatisfied response nor bad feedback toward the Sales Services.

■ Classification of the Causes of Customer Dissatisfaction with the Technical Services:

Questionnaire	Ratio of Dissatisfied Customers			
	First Half of 2015	Second Half of 2015	First Half of 2014	Second Half of 2014
Quality of Product Development Tools provided such as ICE or WRITER	0	0	2	0
Quality of New Product Data Sheet and Application and Design Note provided	0	0	0	0
Provide Competitive Products in the Market	0	0	0	0
Processing Quality of Problem Response	0	0	0	0
Technical Services Window	0	0	0	0
Quality of Technical Service Personnel	0	0	0	0
Customer Complaint Handling Time Effectiveness in comparison with that of the same industry	0	0	0	0
Quality of Customer Complaint Response Report (Reasons and Solutions)	0	0	0	0
Quality of Professional Education and Training Provided in comparison with that of the same industry	0	0	0	0
QA Personnel's Response to the Company's Production Yield and Quality Improvement	0	0	0	0
Subtotal	0	0	2	0

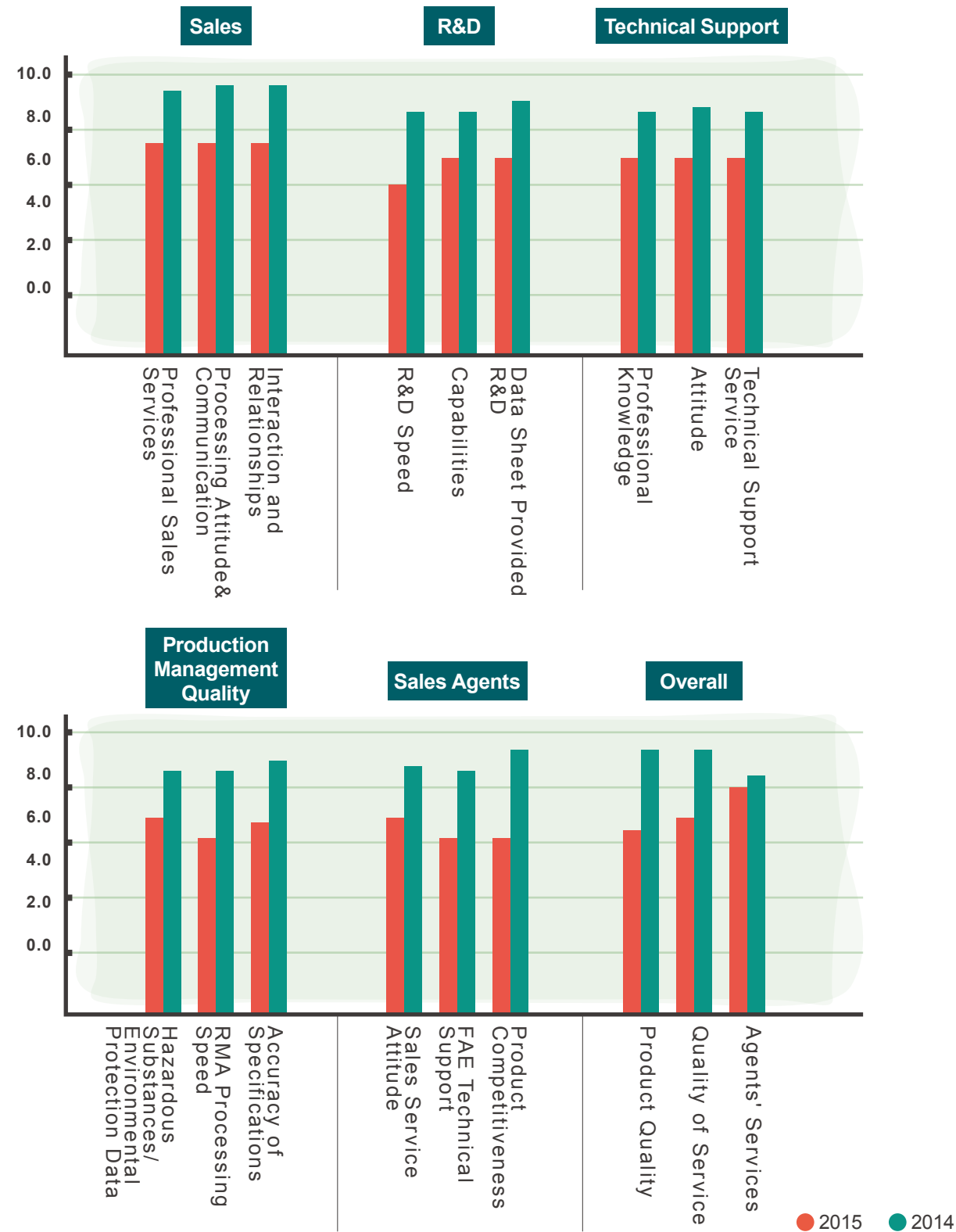
Note 1: **Analysis results:** 2014 Customer Satisfaction Questionnaire is statistically recorded and 2 counts of dissatisfactions were found for the first half of 2014 regarding to "Quality of Product Development Tools provided such as ICE or WRITER".

Note 2: **Improvement results:** Through the "Satisfaction Tracking and Improving System", the 2 accounts of dissatisfactions had been followed up, improved, and completed.

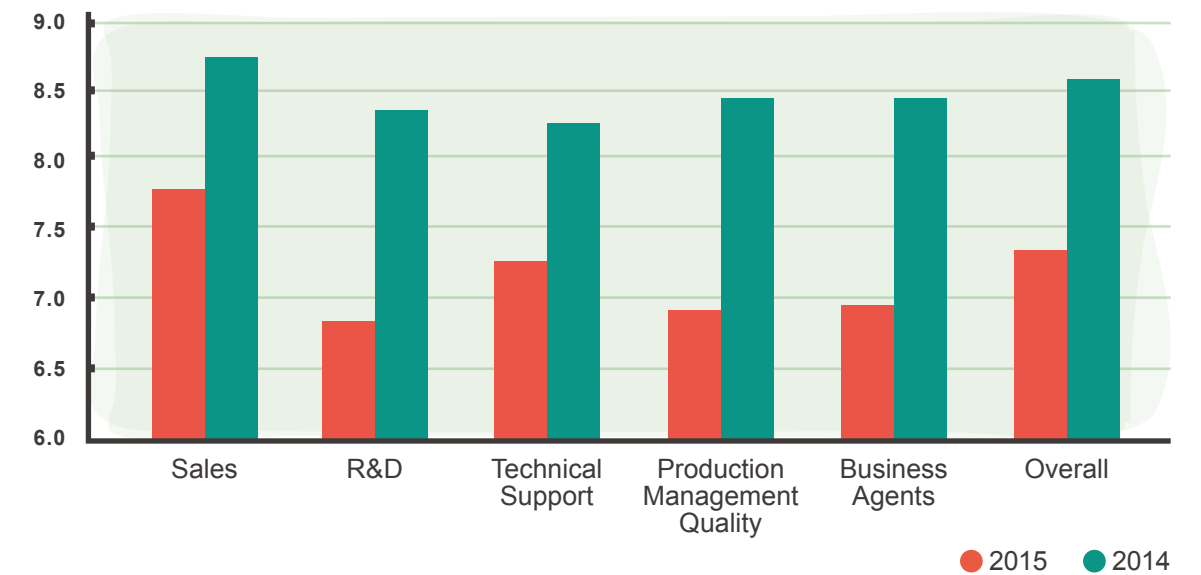
Metanoia

Every year conducts for clients and agents, an e-Customer Satisfaction Survey, divided into Business, Research and Development, Technical Support, Quality of Production Management, Agents, as a whole, these six items as the scope of the investigation, and the results of the survey are submitted to related departments for review.

■ Survey Results Average



■ Survey Results Department Average



Analysis Results:

1.1 Low R&B Speed Score: Customers have responded that ELAN's project review time is too long. Due to the limited human resource in hardware engineers, the response speed is slower.

1.2 Low Production Management Quality Scores: As for IC Quality, some IC production and maintenance problems occurred because some specific direct current with defects were mistakenly shipped to the customer.

1.3 Low FAE Technical Support Score: Customers responded most to FAE Technical Support for the slow customer service response caused by agent turnover.

Improvement Plans:

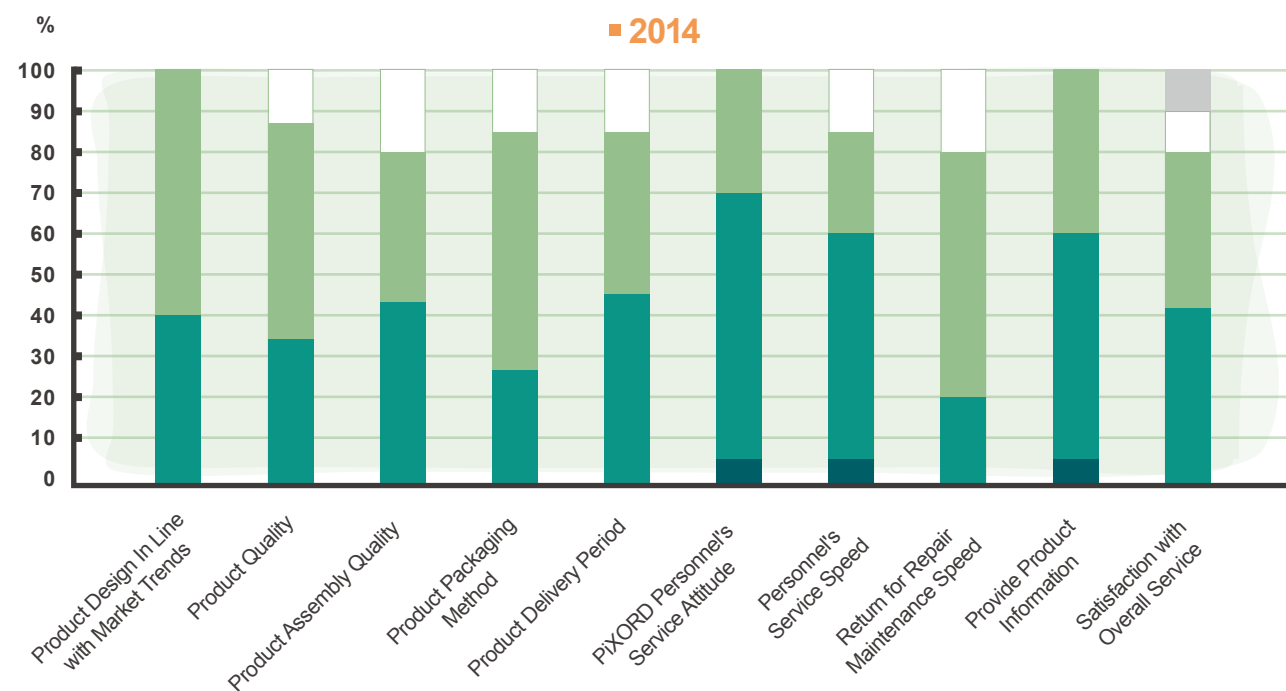
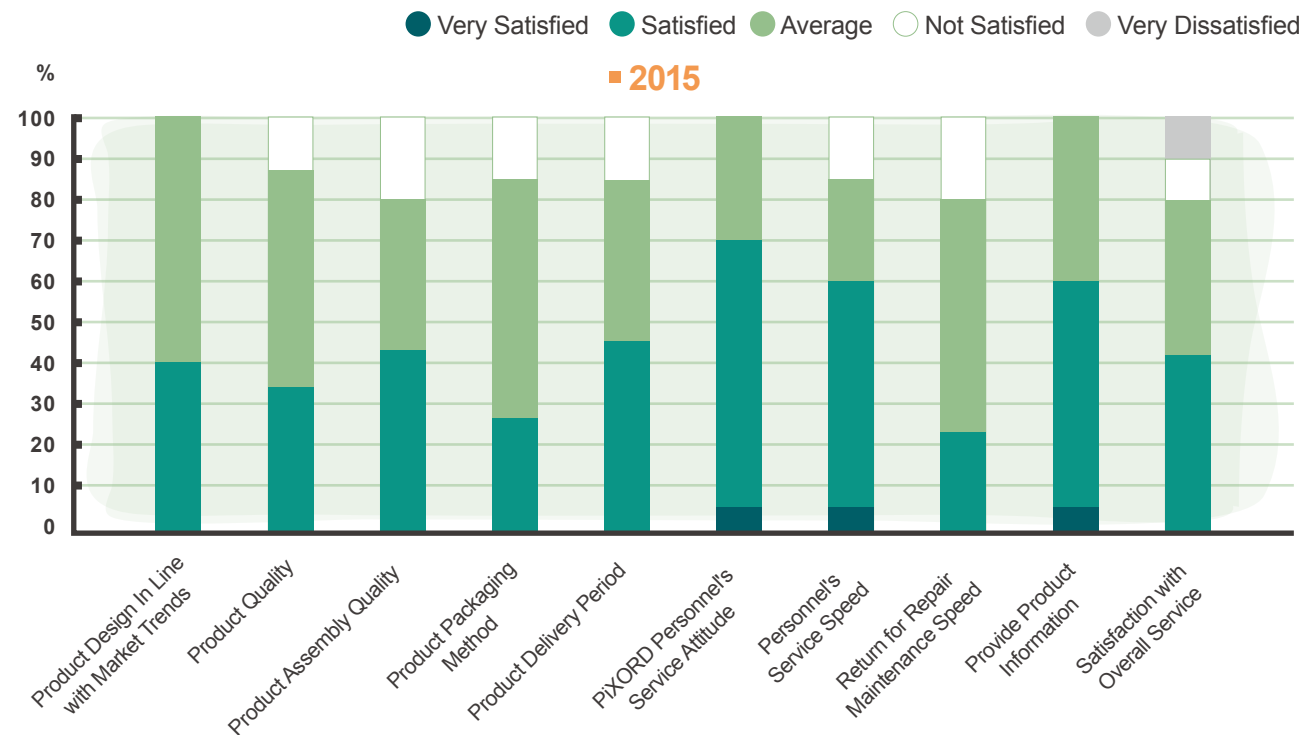
The general manager had appointed relevant departments to carry out improvement plans and directed project managers to urge R&D personnel in strengthening the quality of technical documents. Meanwhile, sales and project management personnel should accurately obtain information such as customer's terminal application market, application specifications, and market price, then conduct a strict project review.

Comparison between 2014 and 2015 Customer Satisfaction Questionnaires:

When compared to the 2014 Customer Satisfaction Questionnaire, 2015 has declined in overall. Scores in "R&B Speed", "RMA Processing Speed", "FAE Technical Support", and "Product Competitiveness" were low in general, fall between 6.5~6.8, while "R&B Speed" being the lowest with a score of 6.5. For Metanoia, "R&D department" scored lowest with a score of 6.9.

PIXORD

Annually conducts for each major customers or agents, an e-Customer Satisfaction Survey, divided into Product Design, Order Delivery Period, Customer Service and Customer Complaints, Technical Services, Marketing Services and other projects, and the results of the survey are submitted to related departments for review.



Analysis results:

Compared to 2014, product designs were in line with market trends and the overall service satisfaction has slightly increased. However, satisfactions in product packaging method and product delivery period have decreased. The company will improve our market personnel through trainings in order for products to develop simultaneously with the market trends. The overall packaging and product delivery period are expected to improve as well as the lacking in overall service. Finally, coordinate with the customer on delivery period to create a win-win situation.

Avisonic

Reserve starting in 2016, for the previous year's key customers or distributors, conducts an e-Customer Satisfaction Survey, the survey contents include Order Delivery Status, IC Quality, Customer Service and Customer Complaints, Technical Support and other items, and the results of the survey are submitted to related departments for review.

Dinosaur History Pterosauria

Pterosaurs were active from the Jurassic to Cretaceous periods. They were the first animals after insects to evolve powered flight, and dominated the skies. They were also creatures closest to dragon that ever appeared on the Earth.

Occupying a vantage point with a wide field of vision like the Pterosaurs, ELAN Group has a clear view of the market variations and customer needs. With the advantages of its far-sightedness, ELAN can easily survive from the sea of fierce competition and is able to explicitly map out a blueprint for future actions. With our core technology, we continue to introduce innovative products in line with market needs. The products we designed often meet market demands closely and are much appreciated by customers. ELAN's innovative energy is just like the Pterosaurs, flying effortlessly and high above other dinosaurs.



5

Supplier Management and Risk Management

5.1 Supplier Strategy

5.2 Business Performance Indicator, Management Process Optimization and Computerization

5.3 Risk Management



5.1

Supplier Strategy

*For ELAN's supplier strategy, the main suppliers have to ensure that the quality, price and delivery can meet the company's requirements. Operating suppliers should meet ELAN's Planning and Development to maintain a certain degree of competitiveness in the same industry. In addition to prioritizing customer requirements for product excellence, we even give more value to customers' success as it is also ELAN's success. With sustained efforts to establish a far-reaching partnership with customers, ELAN is committed to providing customers with the best service, increase customer satisfaction, and become customers' longterm trusted partner. Conduct regular Customer Satisfaction Surveys to ensure that customer needs are understood and properly addressed.

In response to customer demands, we should be encouraging suppliers to meet the company's policies, continue requiring suppliers on environmental regulatory compliance, provision of green products and ban the use of hazardous substances. For the processing of raw materials, suppliers have to guarantee that their products are free of internationally prohibited substances harmful to the environment and ensure compliance with the GP Spec requirements of the customer and many such as RoHS and REACH of the EU, and other government requirements (e.g. Conflict Minerals Survey). For supplier quality, cost, delivery, service, and the subject of goal setting standards, added to the questionnaires, performance evaluation or on-site audit. Increase localization of suppliers, and strengthen the supply chain to enhance risk diversification.

Note: *Disclosure on Management Approach (DMA)

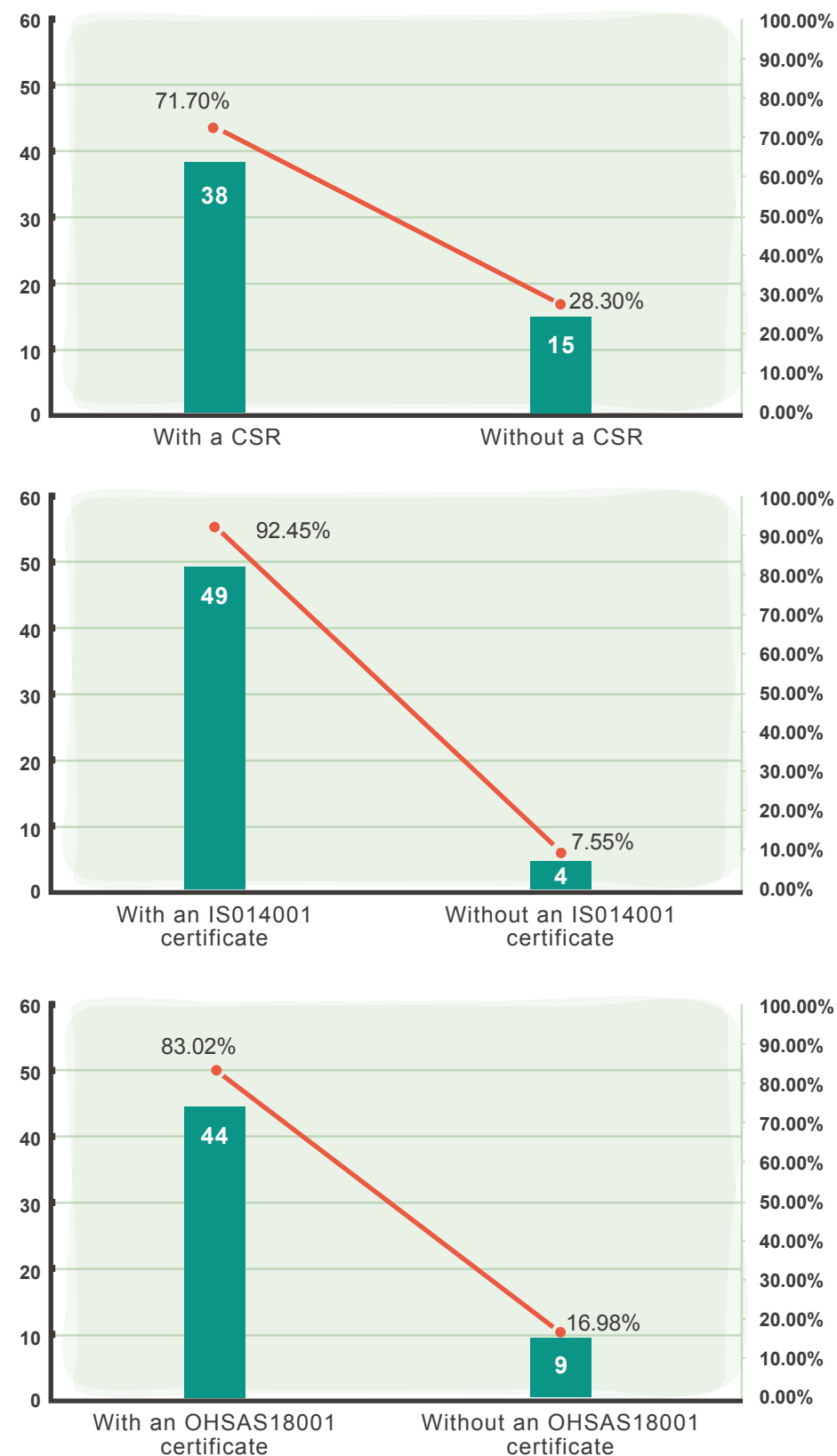
We held a Suppliers Conference at the end of 2015, in addition to advocating ELAN's latest Green Product Policy, also took the opportunity to illustrate that ELAN CSR has promoted the status quo, and also asked the stakeholders to fill out questionnaires. A total of 25 suppliers participated in the conference. By holding annual suppliers conferences, we will be able to further discuss the advocated topics and achieve common goals through Green participation and CSR promotion.

Topics			
Time	Subject	Lecturer	Remark
13:40~14:00	Registration		
14:00~14:20	Opening	Senior Manager ChienWen Tsai	20min
14:20~14:55	1. Environmental Protection Cases (Plastic plate's plasticizer exceeded the standard/Electronic products Comparison/The story of plastic beads/Edible water bottle) 2. 2P-027 Specification Description 3. EU ROHS a. Introduction of Phthalates b. EU RAPEX Reported Cases 4. REACH 2015 Road Map a. EU RAPEX Reported Cases 5. Halogen Testing Requirements 6. Packaging Materials and Waste Instructions 7. 14 batches of REACH 8. SONY Version 14 9. Conflict Minerals	Hsin-Yi Hsu	35min
14:55~15:15	2016 ELAN Laboratory Report Requirements	Hsin-Yi Hsu	20min
15:15~15:20	Q&A	Project Assistant Manager Chia-Ching Yang Hsin-Yi Hsu	5min
15:20~15:35	Break Time		15min
15:35~15:50	ELAN GP Requirements: ELAN "Hazardous Substance Management System" Description	Project Assistant Manager Chia-Ching Yang	15min
15:50~15:55	Q&A	Project Assistant Manager Chia-Ching Yang Hsin-Yi Hsu	5min
15:55~16:10	ELAN CSR Description	Supervisor Shu-Mei Chen	15min
16:10	End		

• 2015 Supplier Conference Agenda

*In the past, the Group has not yet begun to take the environment and human rights standards on the evaluation for supplier selection. From 2015 onwards, the following factors are added to the existing supplier evaluation: (1) whether the supplier provide a CSR Commitment Report. (2) Whether the supplier hold an ISO14001 certificate. (3) Whether the supplier hold an OHSAS18001 certificate. In 2015, ELAN looked into 53 important suppliers in Taiwan and China, the results are as follows:

Note: *Disclosure on Management Approach (DMA)



Labels for the CSR Commitment Report: Basically, is to evaluate whether the supplier provide a CSR or not (Y = Yes, N = No).

*During 2016 new suppliers' evaluation, the following factors will be added to the existing supplier evaluation: (1) Whether the supplier hold an ISO14001 certificate. (2) Whether the supplier look into the OHSAS18001 certificate. In 2018 supplier evaluation and audit, items confirming new supplier's implementation of the ISO14001 and OHSAS18001 certificates will be added.

Note: *Disclosure on Management Approach (DMA)



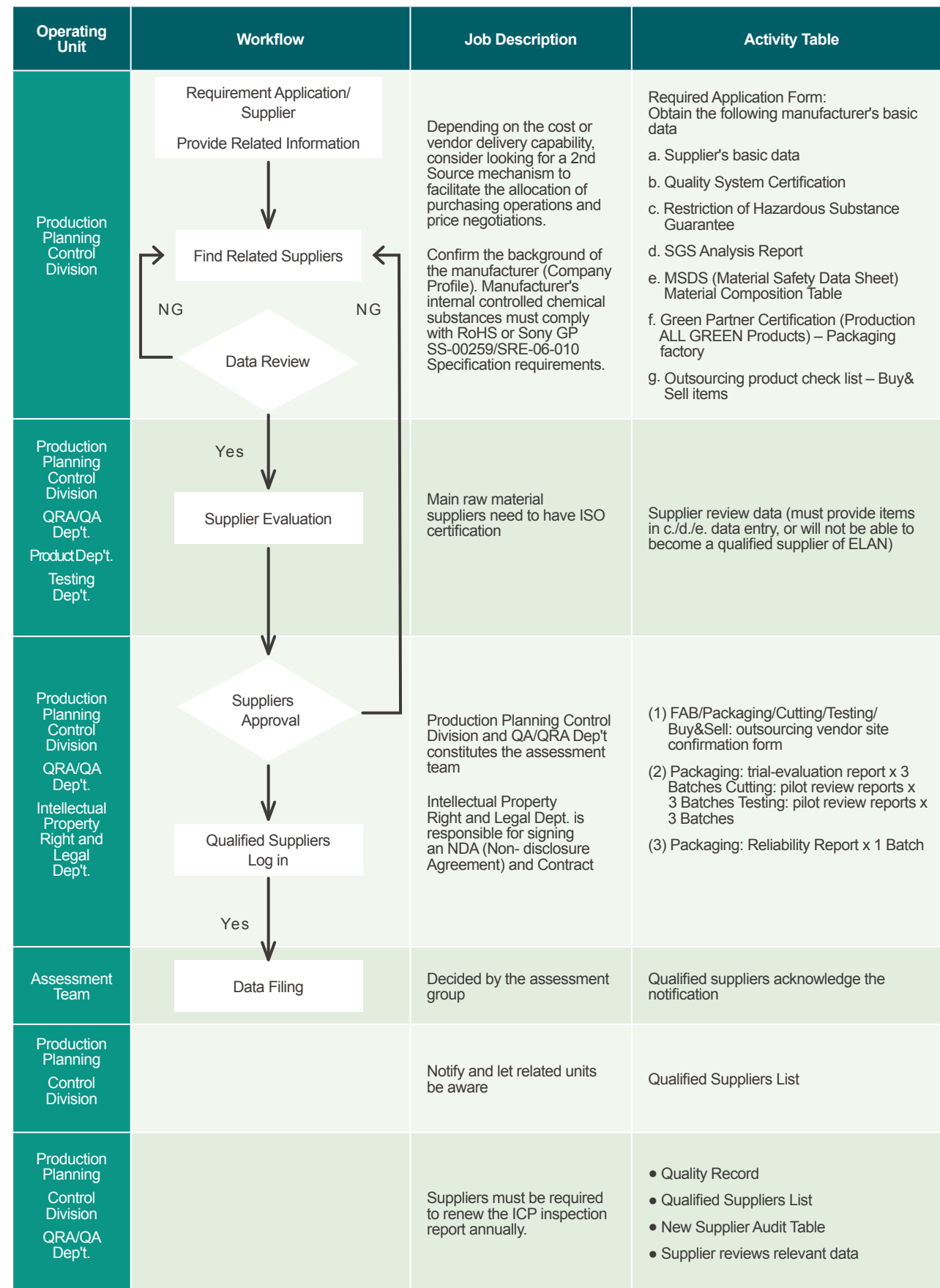
■ Mechanism Integrated into the Organization's Supply Chain

Supplier Management and Evaluation methods are defined in the Supplier Management Procedure and Module Supplier Management Procedure. The Quality Assurance Department must carry out monthly supplier evaluation, monthly communications, monthly meetings; Every year conduct an Annual Supplier Audit on items include: quality System, management of the hazardous substances, unscheduled inspection of suppliers, package reliability monitoring, FT product yield control, and abnormality handling management (production abnormality management/incoming material abnormality management/major abnormality management).

The Purchasing unit considers the cost and quality factors, to meet the conditions of selecting the best supplier. The Purchase Department, jointly with the QA and Production management personnel conduct on-the-spot review, separately in accordance with the suppliers' survey form, as defined in the questionnaire for General Management and Finance Department, Volume Production and Delivery Management, Supplier Processing Environment and Authentication System, etc.... to outsourcing firms, such as on-site inspection evaluation, which requires a total score of 70 points or more (inclusive) are considered preliminary qualified suppliers. Missing a field audit issued by the QA department, the supplier is requested to put forth an improvement plan. After passing through a preliminary review and upon receipt of supplier's improvement plan, the QA Department has to notify the Production Planning to arrange for a trial production operation, to be confirmed as a qualified supplier.

Various categories of manufacturers need to carry out three batches of pilot operations, scored for the processing yield/quality/reliability ratings. After passing each assessment, a Pilot Evaluation Report is issued by the QA Department. Qualified suppliers are registered into the Qualified Vendor List, QVL. For already qualified suppliers (including GP audit), the Quality Assurance Department will set annual audit schedule and monthly evaluation. The Production Planning Department will make an Evaluation Summary on a monthly basis in accordance with price competitiveness, delivery period, quality and price.

■ Qualified Supplier Selection Procedure Flow Chart



Note: The operation flow chart above applies to ELAN, Metanoia, PiXORD, Avisonic. However, operating unit, job description, and activity table will vary depending on the actual operation of each enterprise.

■ ELAN Hsinchu Headquarters Integrated Supplier Audit Scores are as follows:

year	a. Quality System				
	80 - 84	85 - 89	90 - 94	95 - 99	100
2015	0	0	6	12	4
2014	0	2	9	15	3

year	b. Hazardous Material Management System				
	80 - 84	85 - 89	90 - 94	95 - 99	100
2015	2	1	2	5	11
2014	3	3	3	8	12

year	c1. Operating Environment (ESD Electrostatic Protection Capability) (Total 10 points) ^{Note 1}				
	0-2	3-4	5-6	7-8	9-10
2015	0	0	0	0	1
2014	0	0	0	2	14

year	c2. Operating Environment (ESD Electrostatic Protection Capability) (Total: 8 points) ^{Note 1}			
	0-2	3-4	5-6	7-8
2015	0	0	0	20
2014	0	2	1	10

year	d. Total Points ^{Note 2}				
	80 - 84	85 - 89	90 - 94	95 - 99	100
2015	0	2	4	13	3
2014	1	2	7	16	3

Note 1: Due to different versions of the Operating Environment Score Audit Table Form, two kinds of Scores are used (Full 8 points and 10 points).

Note 2: Although two kinds of table format are being used (c1 and c2), the total results were the same.

ELAN follows the Supplier Quality Management Procedure (QP-74-03). To import new suppliers, the R&D Department or the Purchasing Department will first search for suppliers that best fit our needs. Then, the Purchasing Department will convene the QC and the R&D to conduct on-spot evaluations according to the "Trading Manufacturer Quality Checklist" and record the results onto a "Material Purchase Request Form". Finally, the Purchasing Department will sign the qualified suppliers up onto the "Qualified Suppliers List".

ELAN and NID supplier evaluation audit practices, main range is for the PCB, SMT Type, Raw Material Inspection for production inspection mode of evaluation.

■ ELAN and NID Supplier Audit Scores are as follows

PCB Type Key Supplier Evaluation				
Year \ Grade	A	B	C	D
2014	0	5	0	0
2015	0	5	0	0

SMT Type Key Supplier Evaluation				
Year \ Grade	A	B	C	D
2014	0	4	0	0
2015	0	5	0	0

Note 1: Evaluation results are shown in letter grades: A (91 - 100%), B (80 - 89%), C (65 - 79%), D (64% and below)

Note 2: Evaluation is divided into 4 parts: Technology (20%), Quality (40%), Delivery Period (15 - 25%), and Cost (15 - 30%)

Note 3: Audits are based on the "Supplier Evaluation Procedure" (ETDP-0039)

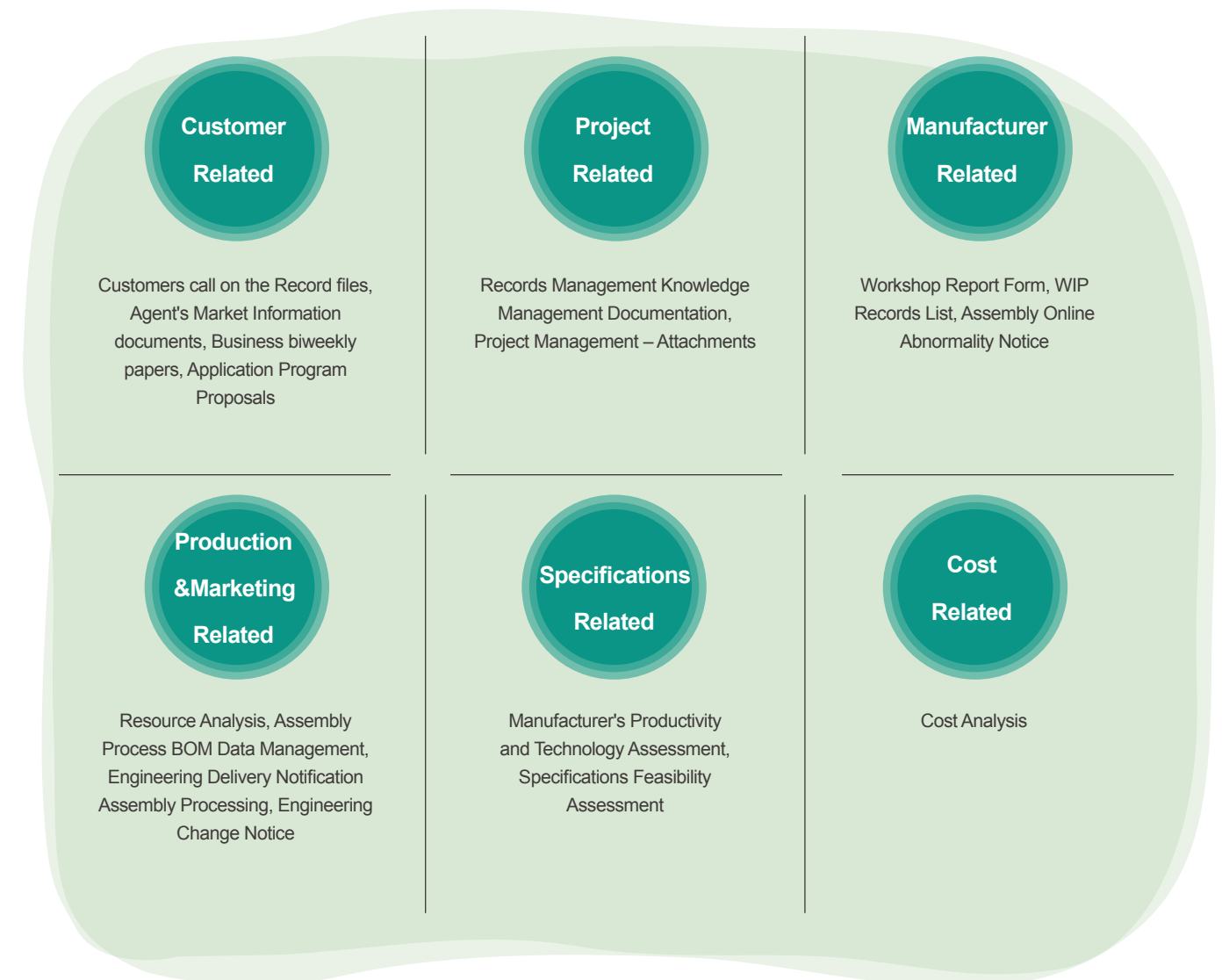
Metanoia	Supplier of manpower, facilities, equipment, and methods, through formal evaluation and selection process, may meet the quality requirements of the company.
Avionic	To ensure that suppliers' production quality and delivery capability can meet the company's requirements, regularly develop qualified suppliers on-site actual condition survey. After subsequent investigation and evaluation of the qualified suppliers, related departments have to review and make any necessary adjustments in order for the suppliers to operate in line with the company's production planning and development, in order to maintain the competitiveness in the same industry.
PIXORD	Choose suppliers that provide at the right time, the right quantity, the right price, the right quality of products that meet the purchasing requirements of the company, and strengthen the cooperation with the suppliers, promoting professional division of labor, so that the suppliers and the company can have coexistence, cooperation and development in order to achieve stable product quality and safeguard the company's reputation, for the purpose of improving product competitiveness.
ELAN (H.K.)	N/A

■ Operations Planning Stage

Establish Budgets, Business Plans and Performance Prediction Systems to carry out Sales Forecasting and Productivity Planning.

■ Supply Chain Management (SCM)

"Industry Information Inquiry System": Provide keyword search function, from customers, vendors, product specifications, projects, production and marketing, costs and other items for inquiries and compiled through the following system:



■ Production Management

Establish integrated Production and Marketing Information systems, combined with Sales Forecasting, Order Demands and the Existing Inventory, in order to understand the current production and marketing situation and the produced wafers in real time, and Transfer Code is recommended to avoid production errors from occurring; Establish Inventory Monitoring system for abnormal inventory stock clearance; Establish "Product Standard Costs Simulation" system to assist Marketing Department and executives in setting price and gross profit.

■ Oder Management

After customers have placed an order through Web Order and after the internal department has examined it, it is transferred to the Order system.

■ Sales Management

Through the daily Pre billing system, the order details are automatically generated from that day's database for the billing staff's reference. From transaction billing, invoicing, warehouse stocking, packaging and delivery with the warehouse management system, all are systematized, making it even more smooth and speeding up the operation.

■ Customer Service Website (Customer Relationship Management CRM)

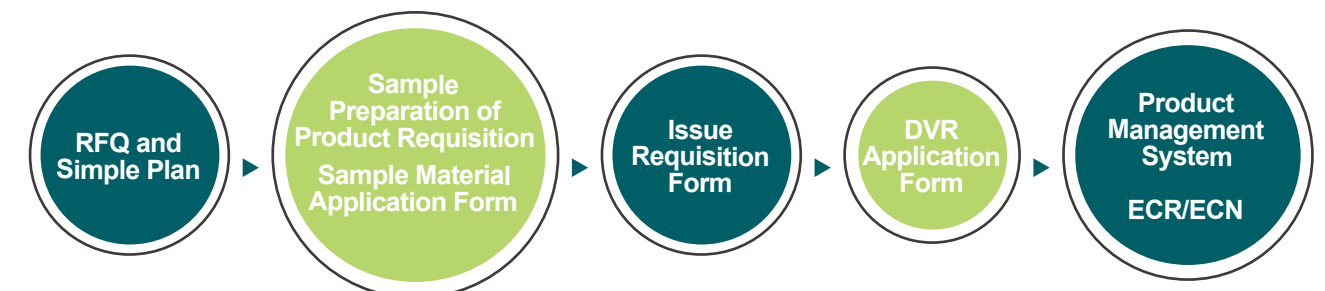
Provide agents and customers with an information platform, and ELAN with full exchange of information. In Network Order, Agent Information Management, Customer Information Management, Biweekly Business Systems, important Project Management, BP estimated data maintenance, Customer Complaint Management, and other such systems, allow customers to fully understand the current situation of the order, at the same time make business and marketing personnel master the Agent's and Client's latest status so that after consolidating information analysis, executives can clearly grasp the market trends, and make the right decisions.

■ Outsourcing Interactive Website

Provide outsourcing vendors the latest production information in the production process, so that the Production Planning Control Division/Product Department/Quality Reliability Assurance Department/Testing Department and other departments master the production processes and product quality in order to successfully achieve smooth delivery of customer orders.

RFQ (Request for Quotation Form) → Simple Plan → Sample Preparation → Issue (Products' Issue) System → DVR (Design Verification Review)

Strict control of the process of the e-form samples in order to reduce personnel transfer errors and paper waste, and record all production sample information for future inquiries.



5.2

Business Performance Indicator, Management Process Optimization and Computerization

In 2014, ELAN has a total of 43 departments needed to set Key Performance Indicators (KPI) and a total of 475 KPI projects were generated. In 2015, 40 departments needed to set KPIs, generating a total of 522 KPI projects. ***Every year, heads of each department are in charge of setting department objectives for next year by the end of December. After gaining approval from the general manager, projects are imported into the department's KPI system in February. Department objectives should be annual goals and are nonetheless feasible and measurable. Monthly quality meetings will be held by the Quality Control Department (Hsinchu) for the general manager or quality management representatives to review KPI achievements of each department. For those that are not achieving their goals for the month/quarter/half-year, explanations and improvement plans are to be heard. If a department's KPI has not been achieved twice within six months, its projects will be included in the management review meeting for review.**

Note: *Disclosure on Management Approach (DMA)

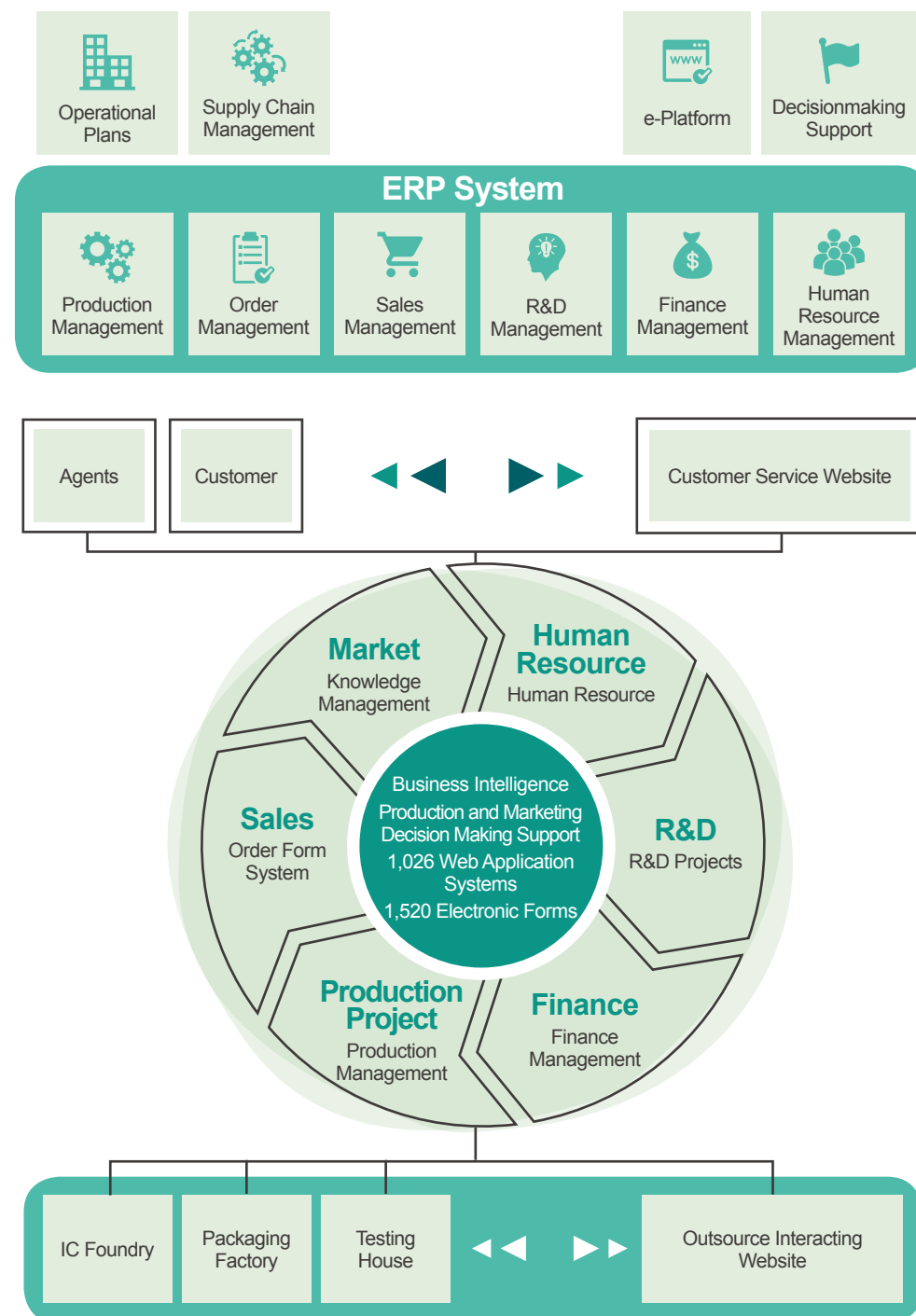
■ KPI Average Achievement Rates are as follows

Category	2015	2014
R&D	94.81%	95.24%
Production	83.97%	90.82%
Management	98.6%	97.41%

Management Process Optimization and Computerization

To ensure human difference and negligence are excluded during the execution of operational process, the Standard Operating Procedure has been computerization. Management, processes and procedures of the information system are all strictly defined. From ELAN's self-constructed ERP system, R&D knowledge management, to the information/data analysis and feedback to decision-making management, the promotion of this highly electronic management reflects ELAN's high value on the process-oriented management. ELAN makes every effort to promote standardization is also consistent with the Company's entrepreneurial spirit.

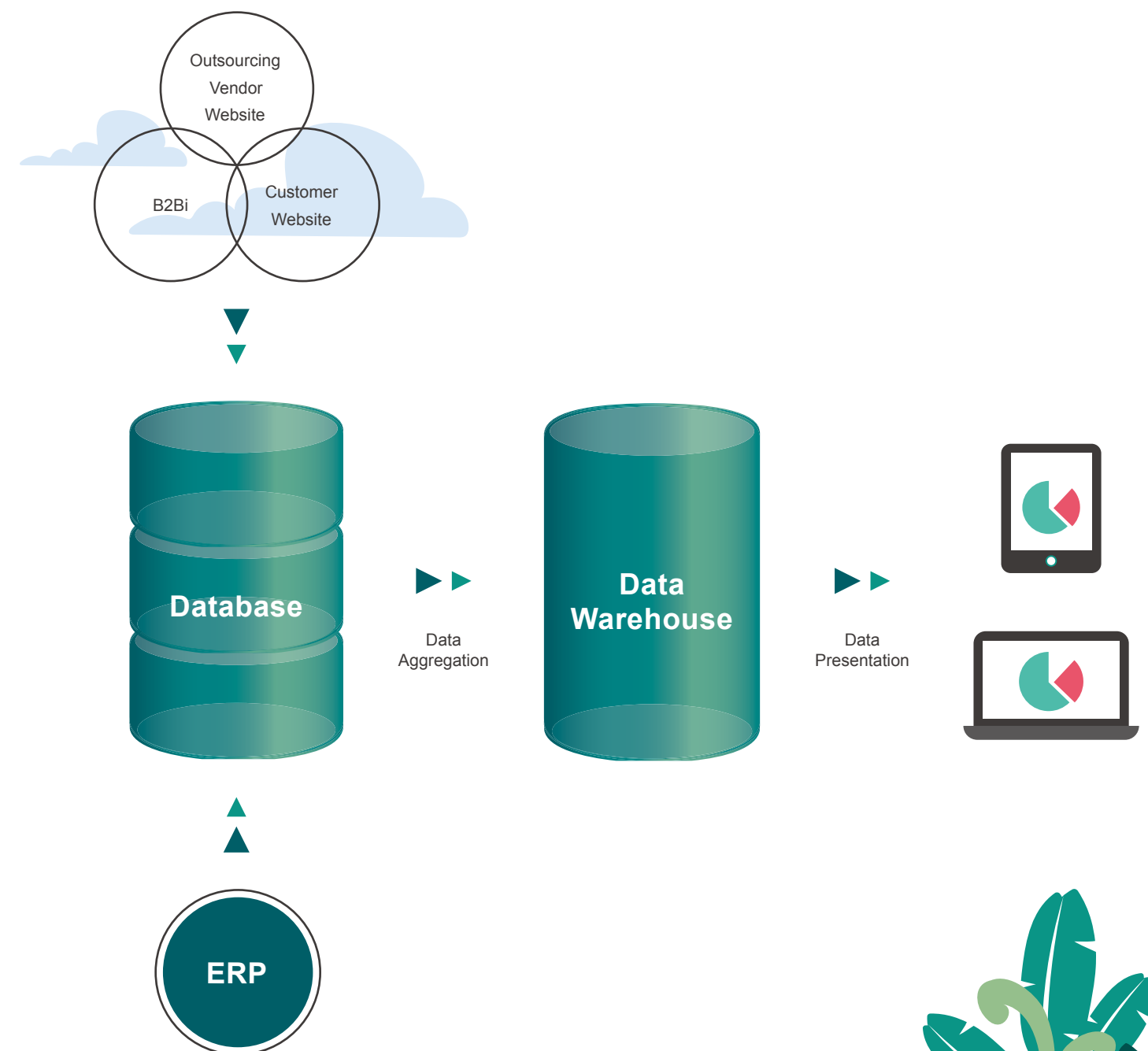
A full range of information system and e-platform, in addition to covering internal systems, it also combined external customers and outsourcing manufacturers. By the end of 2014, there were 1,026 web applications and a total of 1,520 electronic forms. As for now, there are 1,053 web applications and a total of 1,550 electronic forms.



The company's information system is also being planned in the direction of the data analysis framework of the larger data to make more informed decisions through data analysis. The analysis made by the system is sufficient to provide information required for major decision-making, as well as the control of related costs, including production plan, sales management, and related expenses.

Business Intelligence(BI) - Architecture

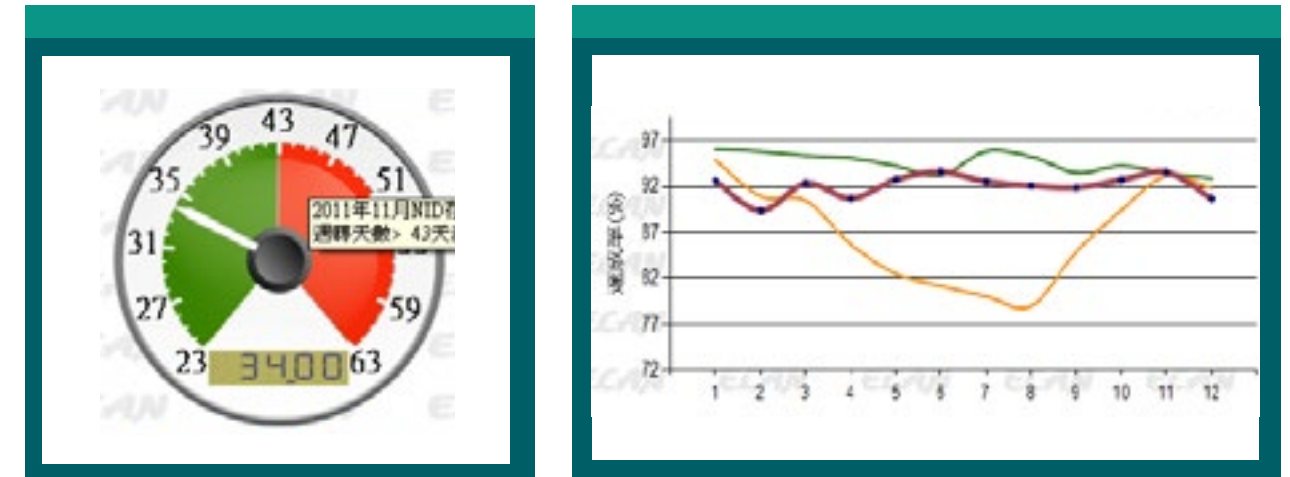
We retrieve and organize different types of data in various places such as ERP System, Customer Service System, Outsource Interacting Website, B2Bi data exchange, etc., then present the organized data as Dashboard, and finally, provide the data for high level managers to search via website. High level managers can subscribe to topics and issues accordingly and adjust KPI. Relevant analysis systems are also supported by applications on mobile devices.



Business Intelligence - Sales Analysis 1



Business intelligence - Production Related



Business Intelligence - Sales Analysis 2



Business Intelligence – Mobility



Risk Management

*With the global business risks continue to rise, ELAN employed the relevant risk management assessments to reduce company's operational risks. The evaluation items are as follows:

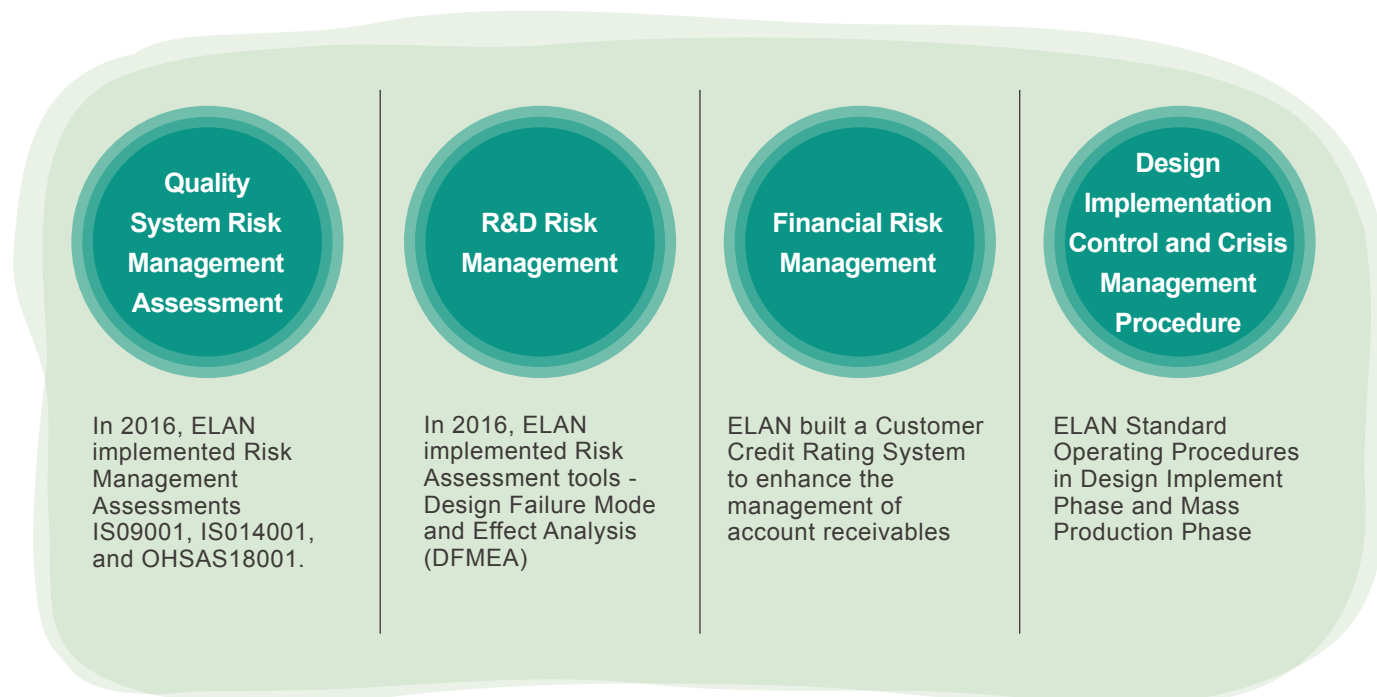
1. Quality System Risk Management Assessment

2. Research & Development Risk Management - DFMEA

3. Financial Risk Management

4. Design Implementation Control and Crisis Management Procedure

Note: *Disclosure on Management Approach (DMA)



Quality System Risk Management Assessment

In 2016, ELAN implemented ISO9001, ISO14001, OHSAS18001 risk assessments which all take the form of scale, calculations are as follows.

The scale is described as follows:

1. ISO9001 Risk Assessment: Severity (0~4), Probability (0~4), Risk Level = Severity x Probability

- Categorize risk into 3 levels: High Risk (H), Medium Risk (M), and Low Risk (L)
- High Risk (H) : Necessary actions must be taken to reduce risk.
- Medium Risk (M) and Low Risk (L) : Whether or not an improvement is to be made depends on the effectiveness or likelihood of the improvement.

2. ISO14001 Risk Assessment:

In this formula, $R = F \times C = (O + D) \times \{I + S + L\}$

R (Risk Assessment)

F (Frequency) : Frequency of incident (1~10)

In this formula, $F = O + D$

O (Occurrence) : The possibility of incident (1~5)

D (Detection) : The detectability of incident (1~5)

C (Consequence) : The severity of incident (1~10)

In this formula, $C = I + S + L$

I (Impact) : The scope of impact on the environment (1~4)

L (Laws) : Potential risks in laws and regulations (1~3)

S: The degree of impact on people, things and the environment (1~3)

3. OHSAS18001 Risk Assessment: Risk possibility = severity x frequency

The above risk assessments are taken once a year. An annual Improvement plan will be set up for high risk items or for those that could improve. The effectiveness of the improvement program will be confirmed in the relevant annual management review meetings.

■ Research and Development Risk Management — DFMEA (Design Failure Mode and Effects Analysis)

New product development is ELAN's driving force of sustainable development and key factor in maintaining competitiveness. How to reduce costs and shorten the duration of new products to market is extremely important in the development stage. ELAN through the Guide to Risk Assessment Tools, Design Failure Mode and Effects Analysis, hopes that as early as possible at the design stage, find likely potential defects and problems in the products or the manufacturing process. Establish specific measures to prevent and reduce the occurrence of these potential failures and decrease the frequency of abnormality and product development uncertainties.

Design Failure Mode and Effects Analysis (DFMEA) Implementation Steps:

- Establish Cross-Functional Teams. Strip out products or processes related to quality characteristics, potential drawbacks of the project or possible failure modes.
- For the Severity (S), the Occurrence (O), the Detectability (D) of the problem, analyze the risk factors' Risk Priority Number (RPN).
- Finally, depending on the Severity of the risk factor and the Risk Priority Number, conduct an improvement sequence and propose improvement measures. Responsible units and personnel have to perform improvement measures, and then assess whether the Risk Priority Number and the Severity of the risk is reduced.

With the Design Failure Mode and Effects Analysis (DFMEA), ELAN is able to conduct design failure prevention and detection under the standard design and verification based on experience gained from past mistakes. In 2015, each item's RPN has gone below the standard value. Items with higher severity have been reviewed regularly and monitored continuously. Preventive actions could be taken if necessary.

■ Financial Risk Management

To strengthen the improved management of the Accounts Receivable, a set of Customer Credit Line Appraisal system was established and already used in November 2014.

Accounts Receivable and Risk Management Program:

- Customer Credit Risk Rating distinction: ordinarily financial indicators to assess, when applying for a credit line, and then confirm the customer's credit status. When there's abnormality in the credit assessment index, sign when the information notification is passed. When the shipments exceeded the quota, must be signed by the director in charge for approval.
- Customer Credit Rating System has been used. Meanwhile, customer information is maintained on a regular basis in order to reduce the risk on accounts receivable.

■ Design Control and Crisis Management Procedures

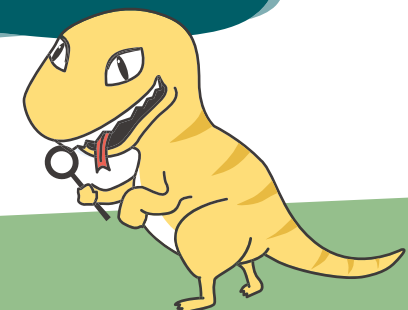
- In the Design Phase: Sales personnel/Project Management/Customer Service Engineers and the Customers need to sign the products specifications and services, establish Project bug list. In a fixed time examine with customer plan related problems, and preserve the timely record of the minutes of the meetings.
- In the Mass Production Phase: The Project Management/Customer Service Engineer/Quality Assurance Department jointly collect Customer Complaint Analysis Report, provide adjustments on the production test card control value AP pilot production report, and preserve the timely record of the minutes of the meetings.

Dinosaur History

Velociraptor

Velociraptor lived in the late Cretaceous period 80 million years ago. It had a rudder-like tail which was effective in balancing its body while running fast. It was a petite yet highly intelligent dinosaur.

ELAN Group is renowned for our excellent Supply Chain Management and is known for good Risk Assessment process. Like the Velociraptor, ELAN Group is always clear as to how everyone should cooperate and have division of labor, arrange their respective roles in order to get an accurate positioning, and have a smooth joint attack on our targets with sizes much larger than we are. In particular, with clear thinking, unnecessary risks can be avoided; with agile adaptability, appropriate solutions can be effectively identified, quickly determined, and communicated through when risks occur.





6

Industrial Relations and Public Safety

6.1 Commitment to Corporate Responsibility

6.2 Workforce Practices and Labor Dignity

6.3 Employees' Salary and Benefits

6.4 Emphasized Workplace Safety, Zero Disaster in 21 Years

6.5 Fostering the Development of Employees

6.6 Zero Distance in Employee Communication, Zero-Dead End in Complaint Channels



6.1

Commitment to Corporate Responsibility

Our commitments are in accord with the internationally recognized standard. ELAN is committed in upholding human rights for all employees and staff including that of our suppliers, outsource subcontractors, and agents. We are dedicated in helping to eradicate child labor, forced and compulsory labor as well as in monitoring forced/compulsory labor grievances and child labor hiring.

ELAN is aware that:

1. Existing employees' contribution and education are essential in distinguishing and solving issues involving workplace health and safety.
2. Environmental responsibility is an integral part in the production of sustainable world class products. The adverse impact on the environment and natural resources needs to be minimized while protecting public health and safety at the same time.
3. To comply with the social responsibility requirements and continue to achieve increase in market share, we and our suppliers/outsource subcontractors and agents must adhere to the highest standards of ethical requirements.

Being a good corporate citizen, ELAN fully supports the Electronic Industry Code of Conduct (EICC). We are complying proactively to its recommended guidelines on management system in conformity with its standard requirements.



Friendly reminder:

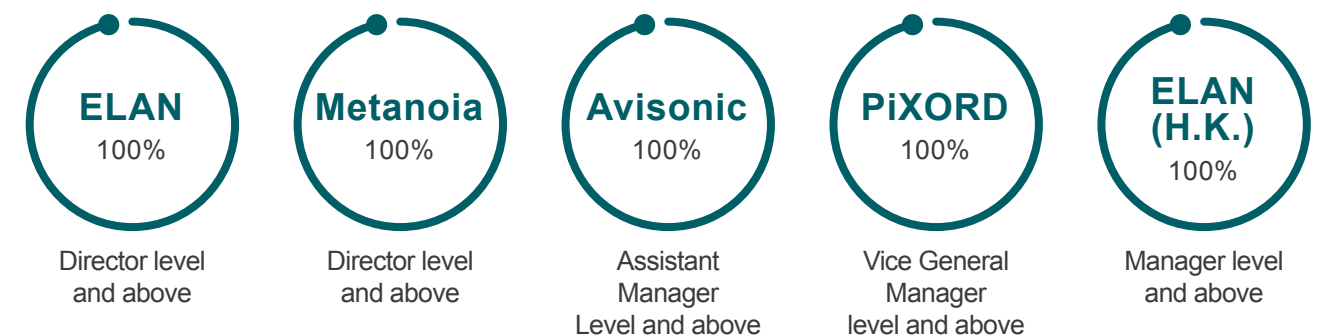
Local Resident refers to the Group set up location, ELAN, Metanoia, Avisonc, PiXORD in Taiwan; ELAN (H.K.) in Hong Kong.

6.2

Workforce Practices and Labor Dignity

The company's greatest asset and competitiveness always comes from high-quality personnel. A number of ELAN's employees are graduates from well-known domestic and foreign educational institutions and are elite people with many years of practical experience. Every year, the company recruits about a dozen of new personnel with professional competence and who are willing to accept new challenges. Hence, ELAN is able to nurture a large number of elite R&D personnel. It is thus clear that the company R&D staff, being a main asset to ELAN, are continuously being infused with new blood to fuel more kinetic energy into the company R&D organization.

Among ELAN's subsidiaries; Metanoia Communications Incorporated, Avisonic Technology Corporation, and PiXORD Corporation are all IC design companies with major operations based at Hsinchu headquarters, where the core R&D personnel is located. Another subsidiary; ELAN (H.K.) Microelectronics Corporation, is an import and export trading company. Hence, its main operation is based in Hong Kong. The proportions of High Level Management in 2014 and 2015 are the same.



■ New and Formal Employees Structure

		Sex	Age	Taiwan				Hong Kong	Subtotal
				ELAN	Metanoi	Avisoni	PIXORD	ELAN (H.K.)	
2015	New Employees	♂	10 ~ 20	0	0	0	0	0	0
			20 ~ 30	33	13	0	1	0	47
			30 ~ 40	34	16	2	2	0	54
			40 ~	12	13	1	1	0	27
		♀	10 ~ 20	14	0	0	0	0	14
			20 ~ 30	34	5	0	0	0	39
			30 ~ 40	6	1	0	0	0	7
			40 ~	0	1	0	0	0	1
	Former Employees	♂	10 ~ 20	0	0	0	0	0	0
			20 ~ 30	7	4	0	2	0	13
			30 ~ 40	25	20	2	8	0	55
			40 ~	14	4	1	4	0	23
		♀	10 ~ 20	0	0	0	0	0	0
			20 ~ 30	37	1	0	1	0	39
			30 ~ 40	21	4	0	6	0	31
			40 ~	2	0	0	1	0	3
Recruitment Rate				16.99%	38.28%	8.82%	11.76%	0.00%	19.21%
Resignation Rate				13.54%	25.78%	8.82%	64.71%	0.00%	16.67%
2014	New Employees	♂	10 ~ 20	1	0	0	0	0	1
			20 ~ 30	29	2	0	0	0	31
			30 ~ 40	20	6	1	0	0	27
			40 ~	2	3	0	0	0	5
		♀	10 ~ 20	2	3	0	0	0	5
			20 ~ 30	27	0	1	0	0	28
			30 ~ 40	7	0	0	2	0	9
			40 ~	0	0	0	1	0	1
	Former Employees	♂	10 ~ 20	0	0	0	0	0	0
			20 ~ 30	20	11	0	0	0	31
			30 ~ 40	32	22	1	3	0	58
			40 ~	9	4	1	1	0	15
		♀	10 ~ 20	0	0	0	0	0	0
			20 ~ 30	16	5	0	0	0	21
			30 ~ 40	4	2	0	1	0	7
			40 ~	2	0	0	0	0	2
Recruitment Rate				11.64%	12.61%	5.88%	5.77%	0.00%	11.17%
Resignation Rate				10.98%	39.64%	5.88%	9.62%	0.00%	13.99%

■ Various Information on Permanent vs. Temporary Employees

Company Name		Sex/No. of people	Labor Contract		Employee Status		Region	
			Not Regular	Regular	Regular	Not Regular	Taiwan	Hong Kong
2015	ELAN	♂	518	9	518	9	527	0
		♀	265	8	265	8	273	0
	Metanoia	♂	104	0	104	0	104	0
		♀	24	2	24	2	26	0
	Avisonic	♂	25	0	25	0	25	0
		♀	9	0	9	0	9	0
	PiXORD	♂	22	0	22	0	22	0
		♀	12	0	12	0	12	0
	ELAN (H.K.)	♂	3	0	3	0	0	3
		♀	2	0	2	0	0	2
	Total			984	19	984	19	998
2014	ELAN	♂	487	1	487	6	493	0
		♀	269	1	269	14	283	0
	Metanoia	♂	89	2	89	2	91	0
		♀	22	1	22	1	23	0
	Avisonic	♂	25	0	25	0	25	0
		♀	9	0	9	0	9	0
	PiXORD	♂	32	0	32	0	32	0
		♀	20	0	20	0	20	0
	ELAN (H.K.)	♂	3	0	3	0	0	3
		♀	2	0	2	0	0	2
	Total			958	5	958	23	976

Note 1: Temporary employees include part-time workers and contract employees.

Note 2: Fixed working date contracts are mainly intended for part-time workers (including summer part-time jobs) and contract employees. This cooperation with educational entity provides channel in finding more suitable staff in the future.

ELAN Group's main operations are concentrated on and implemented by the R&D staff. Each subsidiary R&D personnel numbers about 50% - 80% of its total employees. The drastic rise of personnel hiring at ELAN Microelectronics Corporation, Metanoia Communications Incorporated, and Avisonic Technology Corporation, is due to increase of R&D cases. More staff are needed to be sent to outsource subcontractors' facility to assist in testing, soldering work, experimental simulation and product functional testing. The whole year requirement of dispatching staff to outsource subcontractors' premises has increased by about 2%. There is no change of R&D personnel requirement at PIXORD Corporation and ELAN (H.K.) Microelectronics Corporation.

ELAN	2015	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 60% of all employees, 29 employees are director level and above.
	2014	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 50% of all employees, 30 employees are director level and above.
Metanoia	2015	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 70% of all employees, 10 employees are director level and above.
	2014	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 80% of all employees, 8 employees are director level and above.
Avisonic	2015	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 60% of all employees, 4 employees are director level and above.
	2014	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 60% of all employees, 4 employees are director level and above.
PIXORD	2015	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 50% of all employees, 1 employee is director level and above.
	2014	Company key positions for R&D personnel, 100% as the number of recruited staff, of the 50% of all employees, 1 employee is director level and above.

Any Significant Changes in the Number of Hired Employees

ELAN	Hiring more contractual personnel occurred in two circumstances: 1. When more R&D cases would require more contractual working students/temporary workers to assist in testing and welding jobs. 2. During winter and summer vacations, employs junior college students as part-time workers to assist engineering personnel in experimental simulation, through cooperative education allows the students to have career training opportunities, also for company's image publicity. Throughout the year 2015, the proportion of contractual temporary workers only accounted for 2% of the company employees, this shows that the 98% of the company employees are fulltime employees. (2014 Contract-to- Full-time employee ratio in percentage = 2.5: 97.5)
Metanoia	Hiring more contractual personnel occurred in the following circumstance: When more R&D cases would require more contractual part-time/temporary workers to assist in testing and welding jobs. Throughout the year 2015, the proportion of contractual temporary workers only accounted for 1.5% of the company employees, this shows that the 98.5% of the company employees are full- time employees. (2014 Contract-to- Full-time employee ratio in percentage = 2.6: 97.4)
Avisonic	All temporary employees were hired to assist in the company's product testing. In 2015, the number of temporary workers' time was about 1485.5 hours (387.5 hours in 2014)
PIXORD	No significant changes
ELAN (H.K.)	No significant changes

Percentage of the Total Employees Covered by the Collective Bargaining Agreements (CBA) (Percentages in 2014 and 2015 are the same)

ELAN conglomerate fully complies with the Labor Laws of Taiwan and Hong Kong. It has never prohibited freedom of assembly and association of staff. As of today, it does not have a trade union and there is no guarantee the employees can receive a negotiated collective agreement. In order to maintain Labor-Management harmony, ELAN Microelectronics convenes an executive staff meeting on labor operations each month. Currently, the delegates to the meeting are executives from each department. With consensus by the meeting staff, the meeting agenda will include company operational and labor problems as brought up by employees. Metanoia Communications on the other hand, holds staff meetings irregularly where all employees are called to participate.

Avisonic Technology arranges regular monthly staff meeting with participation of all departments' executives. Company operational problems as brought up by employees and labor welfare related issues are discussed during the meeting. PIXORD holds a large quarterly staff meeting where all department heads and employees are required to attend.

6.3

Employees Salary and Benefits

***After the company's annual business objectives roadmap is completed at the end of the year, each department has to state its manpower requirement. With the President's approval, it becomes the manpower target to accommodate the product development plan for the coming year. Each concerned department will then forward a manpower request to HR department accordingly. Going through various recruitment channels in publishing the job openings, HR department proceeds to perform employment processes in hiring the best talented applicants available. ELAN's recruitment procedure is in compliance with Taiwan Labor Standards Law (LSL). Hence, it is fair and open.**

Note: *Disclosure on Management Approach (DMA)

ELAN conglomerate understands that corporate employees are its greatest assets. Therefore it attached great importance to the treatment and welfare of employees. Each employee's standard salaries are decided by the hiring Department Head and HR Department, based on his/her academic background, experience, professional knowledge/skills and years of service in the specialized profession.

It has nothing to do with gender, race, religion, political affiliation, or marital status. Currently, ELAN Group important operational base is located in its main headquarters in Hsinchu, Taiwan. In accordance with the provisions of Taiwan Labor Standards Law, the current minimum monthly wage is NT\$20,008. However, ELAN's basic level employees^{Note 1} standard salaries^{Note 2} are all higher than the local^{Note 3} minimum salaries.

ELAN	2015	Administrative staff average salary and the local minimum salary ratio: 1.55 Plant operator average salary and the local minimum salary ratio: 1
	2014	Administrative staff average salary and the local minimum salary ratio: 1.6 Plant operator average salary and the local minimum salary ratio: 1
Metanoia	2015	Administrative staff standard salary and the local minimum salary ratio: 1.5
	2014	Administrative staff standard salary and the local minimum salary ratio: 1.5
Avisonic	2015	Administrative staff standard salary and the local minimum salary ratio: 1.39
	2014	Administrative staff standard salary and the local minimum salary ratio: 1.45
PIXORD	2015	2015 Administrative staff standard salary and the local minimum salary ratio: 1.67
	2014	2014 Administrative staff standard salary and the local minimum salary ratio: 1.56
ELAN (H.K.)	2015	Administrative staff standard salary and the local minimum salary ratio: 1.54
	2014	N/A

Note 1: Basic level employees are defined as inexperienced college graduates working as administrative staff or plant operators.

Note 2: Standard salary structure consists: basic salary + food allowance + work allowance

Note 3: "Local" refers to the Group's operation base in Taiwan.

■ ELAN's Wages and Benefits

- Year-end bonus, Holiday bonus for the three important Chinese holidays, performance, incentive bonuses (none for contractual temporary employees).
- Employee Dividends and Treasury Stock (none for contractual temporary employees).
- Labor Insurance, Health Insurance, Group Insurance.
- Internal and external training courses cost allowance (contractual temporary employees have no external training subsidy).
- Cash gifts for marriages and condolatory cash donation for deaths of employee or a member of immediate family (none for contractual temporary employees).
- Domestic and international tour subsidy (none for contractual temporary employees).
- R&D Patent bonus (none for contractual temporary employees)
- Emergency or disaster relief extended to family dependents (none for contractual temporary employees).
- Flexible working hours.
- In addition to the provisions of the Labor Standards Act for holidays, the company grants flexible leave, special leave, and credit leave if the employee's earned leave is inadequate.
- Gift certificate purchase discount
- Diverse community grants
- Company Day is organized regularly every year, also Christmas party, Celebrity lectures and other activities.

■ Parental Leave without Pay

***Permanent employees of the company are entitled to parental leave without pay when having newborn babies and after obtaining approval from the President. The concerned employee needs to first file the "Personnel Change Request" form. The relevant medical documentations and the "Resignation/Job Retention without Pay" form have to be attached. After all signatures of approval proceedings are completed, the request for leave is granted.**

By Gender, the Number of Employees Returning for Work after Parental Leave is as follows:

Items	Year	ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)	
		♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
The total number of employees that were entitled to parental leave ^{Note 2}	2015	110	34	9	4	6	0	1	2	N/A	N/A
	2014 ^{Note 3}	92	29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of employees that took parental leave	2015	1	3	1	1	1	0	0	0	N/A	N/A
	2014	0	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of employees who returned to work after parental leave ended	2015	0	1	1	0	1	0	0	0	N/A	N/A
	2014	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of employees who returned to work after parental leave ended and were still employed twelve months after their return in the previous year	2015	1	1	0	0	1	0	0	0	N/A	N/A
	2014	0	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Items	Year	ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)	
		♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
Retention Rate	2015	0%	33%	100%	0%	100%	0%	0%	0%	N/A	N/A
	2014	0%	50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reinstatement Rate	2015	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	0%	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: * Disclosure on Management Approach (DMA)

Note 2: The total number of employees on parental leave: According to Employee Group Insurance roster, if the employee's family has a dependent child of less than 3 years old, such employee is entitled to parental leave.

Note 3: Information on parental leave in Metanoia, Avisonic, PiXORD, and ELAN (H.K.) are listed not available (N/A) in 2014 for the company did not disclose the information.

■ Full Range of Insurance

According to the provisions of the Labor Standards Act, Taiwan employer has to cover its employees with Labor Insurance, Health Care Insurance, and Retirement Pension. On the first day of reporting to work, the Employee Group Insurance (including dependents and children) will also take immediate effect. Moreover, ELAN also provides a higher level Travel Safety Insurance to its expatriate colleagues to ensure their safety while stationed overseas.



■ Other Premium Benefits Offered by ELAN

The Employee Welfare Committee in Taiwan is legally established to set up employee welfare measures, organize various relaxation activities, promote community relation activities, etc. These activities allow employees to enjoy a healthy balance between private life and work. The company has also established an Employee Welfare Committee website where employees can access recent employee activities information, special promotional offers from patronized shops/stores, employee initiated group travel/tourism information, etc. ELAN is just like a big family as aside from taking good care of its employees as a group, it is also very concerned about their health, their working environment and daily living conditions in every possible way.



1. ELAN provides a pleasant working environment. For 11 consecutive years, ELAN has been honored with the "Distinguished Landscape Award" by the Hsinchu Science Park Administration. It offers various amenities, such as a coffee bar, breakfast bar, sports equipment, cafeteria, dormitories, classroom training and karaoke hall, etc., which soothingly helps employees to relieve pressure from work.

Working Environment



• Lobby



• Cafeteria



• Breakfast Bar



• Coffee Bar

2. The Employee Welfare Committee is set up to look after employee benefits and related welfare measures. It provides comprehensive benefits to fellow employees during special occasions, such as sending gift certificates during birthdays, cash gifts during weddings, maternity subsidies during child birth, consolation subsidies during hospitalization, Condolence offerings during funerals, festivity gifts certificates during each of the three Chinese major festivals, etc.
3. Organizing energetic sport clubs among employees. There are currently 8 existing sport clubs including table tennis, badminton, tennis, bowling, billiards, basketball, swimming and cycling. In addition to regular sporting activities among each club members, the clubs also often participate in the Science Park intercompany sport competitions to represent the company. They have successfully won several awards which creates a new horizon of confidence for the employees. Every year, the Employee Welfare Committee conduct club evaluations and the excellent clubs are awarded with encouragement bonuses.

Sport Clubs



• Basketball Club



• Badminton Club

- *4. Being concerned with employees' health, medical check-up is carried out in the company premises each year in order to provide health protection to all employees. For employees whose medical reports show abnormal results, the company will arrange for the same medical team to return to the company to perform follow-up check-up for those employees.**

Note: *Disclosure on Management Approach (DMA)

Health Examination



■ Care for Employees and their families

Item	Item	2015	2014
Health Examination	Annual Health Examination New Employee Health Checkup	481 people	474 people
Health Management	Health Re-examination	Total Number: 27 Number of participants: 20	Total Number: 321 Number of participants: 193
	Provide personal and exclusive log-in password to check re-examination results on the hospital network		
Health Consultation	Resident Physician Consulting Services	60 people	41 people
Health Education	Mental health, weight management seminars, Set up of a health station	4 sessions	6 sessions
Health Promotion	Blood drive event	82 people, donated 123 bags	84 people, donated 127 bags
	Gynecologic cancer screening	30 people (cervical smear)	35 people (cervical smear) 6 people (mammogram)
	Aerobic exercise	1 echelon	3 echelon
Good pregnancy intimate project	Special purpose flat surface parking space provided for pregnant women	4 people	3 people
	High back chair service	2 people	4 people
Group Insurance extended to dependents and children		Spouse: 389 Children: 577 Total of 966 family dependents	Spouse: 372 Children: 544 Total of 916 family dependents

5. Free snacks and drinks are provided to the employees every day after 9 p.m. This demonstrates company's compassion towards hard working staff.

6. Not only does the company care for its employees' physical health, but also their mental health. Hence, the company occasionally organizes various cultural events to promote life skill concept and cultural awareness.

- Organize Lectures by Celebrities – Invited Lung Lin, Chan-Yuan Hsu, and others.

Lectures by Celebrities



• Lung Lin



• Chan-Yuan Hsu

7. The company-wide excursion, recreational sport events and family day are held annually to enhance employee team-work and solidarity. Additionally, the company encourages and sponsors small domestic/overseas group tours among departmental employees to promote relaxation from work pressure.

- Each year the company arranges a company-wide excursion, recreational sport events and family day where all employees and their dependents are invited to stimulate team-work and solidarity among employees. Each time, the President personally joins to participate in all activities and obviously seen to closely interact and socialize with employees.
- In order to promote interaction among colleagues and cultivate close relationship, the company also offers departmental employees' self-initiated domestic/overseas group tours with fixed cost travel subsidy. A total of 77 of such trips took place last year. Itineraries include mainland China, Japan, and several parts of Taiwan.

Company-wide events



• Company-wide Excursion



• Company-wide Excursion



• Recreational Sport Events



• Christmas Party (Family Day)

8. ELAN provides comprehensive care for employees at Hsinchu headquarters. Diversification of Food Choices: The company cafeteria offers breakfast, lunch (vegetarian, meat dish, and noodles) and supper.

At lunch time; it provides organic lunch boxes, fruit lunch boxes, salad meals, etc. It even offers different choices of more popular dishes on each Friday for added diversification.

- Checking of Food Ingredients: The cook is responsible for the safety checks of food ingredients. He has to personally make market purchases of the season's fresh fruits and vegetables daily and ensure the buffet meals for employees are delicious.

Cafeteria



• Meat Buffet



• Vegetarian Buffet

- Tableware Checks: In order for employees to eat without worry, all the dishes were changed from melamine material to Corning glass ones. Employees are also encouraged not to use disposable tableware in order to contribute towards environmental protection while feeling safe whendining.
- Guardian Professional Nurse: The company hires a professional nurse to provide health counseling and related medical assistance to employees. In the event of reported occurrence of epidemic infection incidents, e.g., Avian Flu, Ebola, Influenza, MERS-CoV, Viruses, Stomach Flu, etc., the nurse will immediately initiate announcement on preventive measures to all employees while providing advice on proper practices on how to respond in case of being infected. The department also provides vaccinations information whenever available. In the recent outbreak of food products processed with contaminated cooking oil, the Public Resources Department went to check and perform inventory of the food conditions supplied by the company cafeteria and coffee bar and eliminate employees' concerns.
- Food Satisfaction Rating: In order to understand employees' opinion on existing food quality from the cafeteria, the Public Resources Department will conduct a meals satisfaction survey each year. The survey result is then used as reference in discussing with the contracted meals provider on how to improve the existing food quality.

Friendly reminder:

Middle East Respiratory Syndrome Coronavirus, commonly known as MERS-CoV, is a Middle East respiratory coronavirus. It was first reported in 2012, when a type of coronavirus began to cause fatal illness mainly in the Middle East. No vaccine or treatment have yet been found for this disease.

- The company's emergency relief provision for employees and immediate family members. When an employee himself, his/her spouse, children, or parents are caught in distress due to major accident or suffers from natural disaster and is in urgent need of emergency assistance, the company will provide the necessary emergency relief subsidy to the employee.
- The Group Insurance extends to cover spouses and children at the expense of the company.
- Regularly each year, the company arranges large domestic medical institutions to send medical staff to the company to carry out free health check to all employees. The health check is also open to employees' spouses and children at their own expense.
- The company provides comfortable nursing room for employed mothers to breastfeed their babies. Expecting female employees are also allocated with exclusive parking spaces to protect and foster pregnant women safety. Additionally, male employees are also entitled to paternity leaves.
- According to the Labor Standards Law, employees are entitled to take special case leaves with pay for 120 hours per year. This includes sick leave, physiological leave, and family care leaves.
- In collaboration with the Hsinchu City Lifeline Association, ELAN has established its own comprehensive Employee Assistance Program (EAP).

* Personnel are Notified of Major Job Change in accordance with the Local Law and Ordinance

ELAN, Metanoia, Avisonic, PIXORD	Taiwan employees under the Labor Standards Law, stipulates that when the company terminates the employment relationship, an advance notice period in accordance with the following provisions: 1. Continue to work for more than three months for those less than one year, from the ten days' advance notice. 2. Continue to work for more than a year for those less than three years, from twenty days advance notice. 3. Those who worked continuously for three years or more, within thirty days' advance notice.
ELAN (H.K.)	Hong Kong employees under the Labor Standards Law, stipulates that when the company terminates the employment relationship, an advance notice period in accordance with the following provisions: 1. Within the first month of the probationary stage, no need of notification period, and payment in lieu of notice. 2. Within the second and third month of the probationary period, seven days notification period or seven days wages in lieu of the notification period. 3. Those who worked continuously for three months, notification period of 30 days or 30 days' wages in lieu of notice.

Note: *Disclosure on Management Approach (DMA)

Friendly reminder:

Employee Assistance Programs (EAPs), is systematic and long-term service program. Through company's internal management personnel and external professionals, to find, track and assist employees with all kinds of personal problems such as social, psychological, financial, health, and all that may impact their work performance.

■ Labor Disputes

	2015	2014
ELAN	No labor dispute occurs	In 2014, two events of labor disputes have occurred in the company. Please see Page 201 of ELAN 2014 Annual Report
Metanoia	No labor dispute occurs	No labor dispute occurs
Avisonic	No labor dispute occurs	No labor dispute occurs
PIXORD	No labor dispute occurs	No labor dispute occurs
ELAN (H.K.)	No labor dispute occurs	No labor dispute occurs



6.4 Emphasized Workplace Safety, Zero Disaster in 21 Years

Statistical analysis data on occupational hazard – The occupational accident statistics issued by the Ministry of Labor, relate to the frequency of disability injuries (number of disability injuries at workplace per million work-hour) and the severity rate of its effect to workplace (Loss of working days at workplace per million work-hour) which are the main basis of the statistical data (figures do not include off-site traffic accidents).

Since its founding 21 years ago, the company has never been involved in any work safety related accidents (including non-regular employees and outside contractor workers). From May of 2009 to present (March 2016), the accumulated disaster-free working hour is 6,403,951 hours. At the same time, no occupational identified disease has occurred. Hence, ELAN has successfully accomplished the "zero disaster" target so far.

■ ELAN Group Occupational Disaster Statistics

Company Name	year	ELAN Microelectronics	Metanoia Communication	Avisonic Technolog	PIXORD Corporation	ELAN (H.K.)
Whether job accidents occurred	2015	No occurrence	No occurrence	N/A	No occurrence	N/A
	2014	No occurrence	No occurrence	N/A	No occurrence	N/A

Note 1: Source: Occupational accident statistics reporting system network.

Note 2: ELAN branches in Tainan and Kaohsiung, as well as Avisonic Technology Corporation, employ less than 50 people each, respectively. According to existing provisions, their workplace disaster records are not required to be included in the Workplace Disaster Statistical Network. However, these establishments have never been involved in any occupational accident so far.

Note 3: ELAN Hong Kong, due to its location factors, is also not required to post any workplace disaster information in the Workplace Disaster Statistical Network. Likewise, the subsidiary has not experienced any workplace accidents to date.

Note 4: Occupational disaster statistics do not include commuting accidents.

As ELAN Group members are involved in IC designs and marketing, the risk of potential harm arising from working environment is quite low compared to electronic components manufacturing industry. But the company remains committed to continue to promote workplace safety and minimize any possible harm to its employees. With management's all-out efforts to reduce safety risk, absenteeism among employees have been successfully reduced.

■ 2014 ELAN Group High Occupational Risks associated with the Job, Harm and Prevention

In order to maintain employees' physical and mental health and to reduce the occurrence of diseases, from 2014 to 2015, ELAN conducted employees' engineering, health, and overstrain evaluations. By doing so, employees will be able to notice some physical alerts sent by their bodies. Then, on-spot doctors, hired by the company, are there to assist and guide them in making necessary physical and mental improvements.

Operation Area	Disease	Prevention
Office Area	Overstrain	1. Annual Health examination 2. Take Note of the three "High" (hypertension, high blood sugar, high cholesterol) 3. Working hours limit 4. Provision of sports and fitness equipment, appropriate stress-buster
	Eyestrain, neck and shoulder pain	1. Timely rest, stretch 2. Correct Sitting Posture
Factory Facility	Electric shock, Fall	1. Receive Professional Training 2. Protective Equipment
Warehouse, Manufacturing Department	Physical hazards (material handling operations) Repetitive tasks (testing operation)	1. Correct operation 2. Shorter working hours
Laboratory	General Inhalation Hazard (Lead-free soldering)	1. Regular work environment detection 2. Local exhaust ventilation equipment 3. Employees wear mask
	Chemistry Contact hazards	1. Employees receive education and training from time to time 2. Regular implementation operating environment testing 3. Employees wear laboratory coats 4. Employees wear masks

■ ELAN Group Absenteeism Rate

	ELAN		Metanoia		Avisonic		PIXORD		ELAN (H.K.)	
Year	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
2015	0.3%	0.7%	0.67%	0.64%	0.91%	0%	0.2%	0.46%	0%	0.7%
2014	0.28%	0.56%	0.37%	0.82%	0.58%	0%	0.84%	1.37%	0%	0%

Absenteeism Rate Calculation Formula Description:

Each employee's Absenteeism Rate = Total number of days of Leave of Absence for Personal Reasons (or Personal Leave) and Sick Leave/Total number of days every employee should work each year

ELAN views employees as "the company's most important asset." We attach importance to the employees' health and safety, particularly as proposed is to establish a systematic and standardized health and safety management system and mechanism, and the establishment of a people-centered sustainable business model.

The company, in addition to complying with the Occupational Safety and Health Act and related specification requirements, has formulated about Health and Safety Education, Exercise, Counseling, Prevention and Risk Monitoring and Control program. The Driven summary includes:

■ Workplace Environment Safety Management

1. Pay attention to safe and healthy work environment, comply with safety and health regulations, and promote Self-management. Avoid the occurrence of industrial safety accidents and reduce occupational injuries and maintain ELAN's excellent culture of zero industrial accident, zero occupational accident, with due diligence to one's responsibility of protecting employees' life safety.
2. Regular implementation operating environment testing, we identify hazards to health and safety operations (such as: overhead operation, fire flare up, organic solvents, noise... etc.) and other special operations (such as chemical operations, noise... etc.) are all strictly controlled.
3. Carry out hazard identification, implementation of risk management and control. Full identification, assessment of related unsafe, unhealthy hazards, and implement Risk Management.
4. Keep on the safe health facilities of improving the work environment safety, prevent the occurrence of injury, endangering employees' safety, and also protect the employees, contract workers and related third parties' life, health and safety.
5. In posting new employees when they report to work, prior to assuming post, immediately provide Labor Safety and Health Education and Training.

Safety Education and Training



■ Machine Equipment Safety Management

1. Continue to actively improve workplace environment safety and equipment safety, and machine standardized operation.
2. Employee's Education and Training and test before assuming the post help to understand equipment information and observance of the operating precautions.
3. Provide appropriate safety protection devices in accordance with each workstation's characteristics and hazards.

■ Medical Treatment to Care for Life and Leisure Time

1. All incumbent employees carry out periodic health examination, implement health examination of particular items and carry out health management.
2. Organize various health-related training courses and activities to encourage employees to participate, such as rescue training, blood donation activities, sports competitions, etc.
3. Arrange a specialist doctor monthly to provide one-on-one consultation services. Establish a health center to provide medical treatment services and medical treatment consultation special line.
4. Factory protection planning, health promotion activities and services. Set up health care network to provide employees with health management and medical treatment assistance.

Health Education and Training



■ Healthy Living and Employee Care

Good health promotion activities can make employees healthier, more energetic, and have excellent performance at work. Therefore, organize regular health-related activities, concerned with employees' physical and mental health, assist employees to do good personal self-health management.

1. Provide good quality drinking water and replace the water dispenser filter cartridge on a regular basis and regularly check that the water quality is up to standard.
2. Set up a breast-feeding milk collection room for use by female employees afterpregnancy.
3. Health and celebrity lectures, invite outside experts to provide new health knowledge.
4. Provide a fitness center, sports facilities, and leisure activities for employees' soothing relaxation after work. Encourage employees to participate in team sports, and actively urge employees to participate in corporate external events.

ELAN implement environmental improvement related work and effectively enhance factory working environment safety and the specific health practices are as follows:

- Every half year, periodically commission the Industrial Safety and Health Association to determine the whole plant's working environment and quarterly drinking water quality testing, etc., to ensure that employees have a good working environment and drinking water.
- Periodically commission a specialist for domestic wastewater to do wastewater discharge testing annually, to ensure that wastewater discharge is in conformity with environmental laws and standards.
- Every day, the security guards have to check each laboratory, to check that the soldering irons and instruments' power supply are really powered off, to ensure safety.
- Every floor's staircases (freight elevator side) were installed with safety nets to prevent the occurrence of people from falling outside.

In addition to minimizing as much as possible work-related accidents and diseases, safe and healthy working environment can improve the quality of products and services, consistency of production, employee retention and intention to stay, as well as employee morale and work enthusiasm. The current "Health and Safety" related actual achievements:

- The Council of Labor Affairs of the Executive Yuan has promoted "Overwork Prevention" cumulative certification activities.
- Has participated in the environmental green landscaping competition organized by the Science Park Administration, ELAN has won the highest award "Distinguished Landscape Award" for eleven times.
- Promoted a smoke-free workplace, No smoking campaign, given that smoking is not only for smokers, it will also affect the physical health of the employees around, hence plant-wide, without exception, indoor smoking is prohibited.

The Environmental Green Landscaping Competition



- The Department of Health has adopted the "Self-Certification of Healthy Workplace" campaign to create a healthy working environment for employees in the workplace.
- Talented people are the company's greatest resource. On a regular basis the company invites local large-scale medical institutions to hold free health examination for all employees, and in cooperation with the Hsinchu City Lifeline Association, establish an improved and perfect Employee Assistance Program (EAP).
- According to law, to join the Labor insurance and Health insurance, the employee himself, the spouse and children are free to join the group insurance, term life insurance, accident insurance, casualty insurance, hospitalization medical insurance and surgery, cancer medical insurance, and other comprehensive protection.

6.5

Fostering the Development of Employees

Employee Education and Training

ELAN

*At the end of the year, the Human Resources Department provides courses for all supervisory levels to check, after gathering all the supervisors' needs, present the annual training plans to be approved by the General Manager (also applicable to ELAN (H.K.)). After the end of the education and training courses, trainees would be given written and oral tests or on-the-spot operations test, as well as fill out Satisfaction Questionnaire in order to understand the trainees' learning conditions and ensure training effectiveness.

Note: *Disclosure on Management Approach (DMA)

2015 Education and Training Course Schedule (ELAN's Headquarters in Hsinchu)

Category	Number	Course Name	Total No. of People/No. of Classes	Hours	Virtual Class	Manager	Asst. Manager	Director	Assigned	Optional	Month Carried Out											
											Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High Level	01	Employee Care and Counseling	35/2	12	▲	▲							■	■								
Mid Level	02	Coaching-Based Leadership	35/2	12			▲								■	■						
Basic Level	03	Work Problems Analysis and Solution	35/2	12				▲										■	■			
Professional Courses		As per Department Report (refer to the following Course look-up table) and coordinate with the start-up requirements	—	60	▲	▲	▲	▲	▲	▲	■	■	■	■	■	■	■	■	■	■	■	■

2014 Education and Training Course Schedule (ELAN's Headquarters in Hsinchu)

Category	Number	Course Name	Total No. of People/No. of Classes	Hours	Virtual Class	Manager	Asst. Manager	Director	Assigned	Optional	Month Carried Out											
											Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High Level	01	Team Building and Leadership	60/1	7	▲	▲												■				
Mid Level	02	Interdepartmental Communication and Conflict Management	36/1	6			▲										■					
Basic Level	03	Work Management& Strengthened Executive Power	36/2	6				▲											■	■		

Category	Number	Course Name	Total No. of People/No. of Classes	Hours	Virtual Class	Manager	Asst. Manager	Director	Assigned	Optional	Month Carried Out											
											Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
General staff	04	Mood Management	36/1	7					▲			■									■	
	05	Creative Breakthrough in the face of Adversity (Self Motivation)	100/1	10						▲			■									
	06	Time Management	50/1	6					▲													■
Professional Courses		As per Department Report (refer to the following Course look- up table) and coordinate with the start-up requirements	—	60	▲	▲	▲	▲	▲	▲	■	■	■	■	■	■	■	■	■	■	■	■

■ New Staff Education and Training

To help new employees quickly adapt to ELAN, on the day that the employee report for duty, someone from the Human Resources department introduce the company, the work rules and regulations, after that the newcomer is requested to enter the E-learning system online learning on worker safety drill and health exercises for a total of 12 hours courses. A total of 133 new employees were hired in 2015, with a total of 1,596 training hours. (In 2014, 88 new employees were hired, with a total of 1,056 training hours.) After registering, the new employee with his/her relevant information is handed over to the unit in charge and assigned a senior staff who will guide. When he/she has gained a little experience, he/she will then begin to undertake new tasks, and continue learning through internal and external training resources. After three months, the new employee undertakes performance assessment and semi-annual assessment to confirm the effectiveness of the trainings.

Metanoia

At the end of the year, the Human Resources Department provides courses for all supervisory levels to check, after gathering all the supervisors' needs, present the annual training plans to be approved by the General Manager.



• Metanoia's Annual Education and Training Plans

Avisonic, PiXORD

From time to time, according to the needs of each department, present reports to the General Managers for approval.

■ 2015 ELAN Group Employees Training Conditions are shown below. The Average Number of Hours of Training per Employee is 6.28 hours.

Rank	Sex	Items	ELAN	Metanoia	Avisonic	PiXORD	ELAN (H.K.)	Total	Average No. of Hours of Training of Various Types of Employees
Top Executive	♂	No. of persons trained	25	9	3	1	0	38	8.27
		Training Hours	260	44	0	0	0	304	
		Average No. of hours of training	10.4	4.9	0	0	0	8.0	
	♀	No. of persons trained	4	0	0	0	0	4	
		Training Hours	43.5	0	0	0	0	43.5	
		Average No. of hours of training	10.9	0	0	0	0	10.9	
Indirect Staff	♂	No. of persons trained	165	113	22	21	0	321	6.70
		Training Hours	3,456.5	547	0	20	0	4,023.5	
		Average No. of hours of training	20.9	4.8	0	0.95	0	12.5	
	♀	No. of persons trained	482	33	9	12	0	536	
		Training Hours	1,468	186	14	48	0	1,716	
		Average No. of hours of training	3.0	5.6	1.6	4.0	0	3.2	
Direct Staff	♂	No. of persons trained	11	N/A	N/A	N/A	N/A	11	2.18
		Training Hours	16.5	N/A	N/A	N/A	N/A	16.5	
		Average No. of hours of training	1.5	N/A	N/A	N/A	N/A	1.5	
	♀	No. of persons trained	96	N/A	N/A	N/A	N/A	96	
		Training Hours	216.5	N/A	N/A	N/A	N/A	216.5	
		Average No. of hours of training	2.26	N/A	N/A	N/A	N/A	2.26	

Note 1: Indirect Staff: Those with indirect participation in production activities such as Purchasing, Finance, Quality Control, R&D, Production Management and other managerial staff.

Note 2: Direct Staff: Those with direct participation in the production of products, operate machinery equipment, assembly of products and other staff, such as technicians.

Note 3: There are no direct staff in Metanoia, Avisonic, and PiXORD hence, hours for direct staff are N/A.

■ 2014 ELAN Group Employees Training Conditions are shown below. The Average Number of Hours of Training per Employee is 6.86 hours.

Rank	Sex	Items	ELAN	Metanoia	Avisonic	PIXORD	ELAN (H.K.)	Total	Average No. of Hours of Training of Various Types of Employees
Top Executive	♂	No. of persons trained	26	0	3	1	N/A	30	5.0
		Training Hours	157	0	0	0	N/A	157	
		Average No. of hours of training	6	0	0	0	N/A	5.2	
	♀	No. of persons trained	4	0	0	0	1	5	
		Training Hours	8	0	0	0	10	18	
		Average No. of hours of training	2	0	0	0	10	3.6	
Indirect Staff	♂	No. of persons trained	452	53	22	31	3	561	7.5
		Training Hours	4,116.7	205	11	55	36	4,423.7	
		Average No. of hours of training	9.1	3.9	0.5	1.77	12	7.9	
	♀	No. of persons trained	167	28	9	20	1	225	
		Training Hours	1,132	252	0	79	12	1,475	
		Average No. of hours of training	6.8	9	0	3.95	12	6.6	
Direct Staff	♂	No. of persons trained	11	N/A	N/A	N/A	N/A	11	2.73
		Training Hours	44	N/A	N/A	N/A	N/A	44	
		Average No. of hours of training	4	N/A	N/A	N/A	N/A	4	
	♀	No. of persons trained	96	N/A	N/A	N/A	N/A	96	
		Training Hours	248.5	N/A	N/A	N/A	N/A	248.5	
		Average No. of hours of training	2.6	N/A	N/A	N/A	N/A	2.6	

■ ELAN Group Ratio of Full-Time Employees Receiving Performance Reviews (2014~2015)

Company Name Rank	ELAN		PIXORD		Metanoia		Avisonic		ELAN (H.K.)	
	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
Executives	100%	100%	100%	100%	100%	0%	100%	0%	0%	100%
Indirect Staff	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct Staff	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Operation Method	● Capability and individual KPI assessment ● Performance assessment method		● Performance assessment method ^{Note 1}		● Metanoia Work Rules –Chapter VII Attendance, Evaluation, Reward and Penalty, Promotion ● New employees are to be evaluated on the Electronic Document System after three months of trial period		● Capability assessment method ● Performance assessment method ● New employee examination		● Capability and individual KPI assessment ● Performance assessment method	
Performance Assessment Frequency	Every six months		Every six months		Every year		Every six months		Every six months	

Note 1: The assessment is applicable to the new employee evaluation after three month trial period. For new employees, the new employee examination will be used.

Zero Distance in Employee Communication, Zero-Dead End in Complaint Channels

*ELAN sets up several channels for employees to communicate with management. It convenes business operation-cum-labor meeting each month where attendees includes representatives from Employees Welfare Committees, labor/employee representatives and company/employer representatives consisting of top management staff. They all gather face to face in open communications. Other avenues of communications are also provided for employees to express their opinions. These include employees' suggestion box, performance interviews during personnel review, departmental staff meetings, etc. From these communication channels, employees' complaints are immediately taken into account and effective solutions provided which reduces any adverse impact on employees' Life and Work, thereby enhancing work performance efficiency. In 2014 and 2015, no serious case of complaint from employees has occurred.

*At the same time, in order to safeguard the legitimate rights and interests of the employees while assisting them solve their problems individually and avoid being treated unfairly, the company has introduced a "Grievance Handling Approach" system. The HR department is assigned as the dedicated unit to handle and help solve problems the staff has encountered at work as well as in their daily life. The approach not only promotes industrial harmony, it eliminates discrimination as well. Furthermore, to maintain gender equality and human dignity at work, the company has developed preventive measure on evolving sexual harassment cases, so as to effectively address and prevent sexual harassment from happening. In handling employees' grievances, the company always processes the complaint cautiously and with strict confidentiality including the information provided therein. This is in order to ensure that employees' human rights are fully respected and protected. In 2014 and 2015, no violation of the human rights complaint has occurred in ELAN subsidiaries in Taiwan and Hong Kong. There is no record whatsoever under any formal complaint mechanism that would produce information on ELAN' s involvement in any human rights complaints by members of the human rights groups.

Note: *Disclosure on Management Approach (DMA)

■ Except for the violation of Labor Standards Law that stipulates a penalty amount of 100,000 NT dollars, no violation of other laws and regulations in 2015.

ELAN	2015	Except for violation of the Labor Standards Law that stipulates a penalty amount of 100,000 NT dollars, no violation of other laws and regulations. Payment Issuance Date: November 9, 2015 Bureau of Labor Affairs, New Taipei City Government Labor Standards Act Fines Sanction: Overtime and Overtime Pay Issues 1. 50,000 NT dollars fine for the violation of Labor Standards Law Article 24 2. 50,000 NT dollars fine for the violation of Labor Standards Law Article 32 Paragraph 2
	2014	Except for violation of the Labor Standards Law that stipulates a penalty amount of 40,000 NT dollars, no violation of other laws and regulations. Payment Issuance Date: October 6, 2014 Bureau of Labor Affairs, New Taipei City Government Labor Standards Act Fines Sanction: Overtime and Overtime Pay Issues 1. Violation of Labor Standards Law Article 24 2. Violation of Labor Standards Law Article 32 Paragraph 2
Metanoia	2015	No incidence of violation of laws and regulations. No complaint procedure have been set up for now, however, an employee mailbox link will be set up on the Electronic Document System.
	2014	No incidence of violation of laws and regulations.
Avisonic	2015	No incidence of violation of laws and regulations.
	2014	No incidence of violation of laws and regulations.
PIXORD	2015	No incidence of violation of laws and regulations. No complaint procedure have been set up for now, however, an employee mailbox link will be set up on the Electronic Document System.
	2014	No incidence of violation of laws and regulations.
ELAN (H.K.)	2015	No incidence of violation of laws and regulations.
	2014	No incidence of violation of laws and regulations.

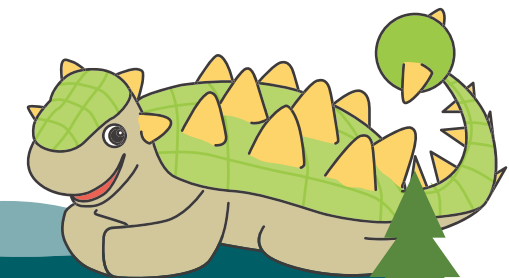
ELAN subsequent response to operational programs, convenes a meeting for Department Head to strengthen the advocacy of the following matters:

- Reaffirms that the employee overtime conditions should comply with the Labor Standards Law to give overtime pay to employees who worked overtime or employee can apply for compensatory leave.
- Explain that in accordance with the provisions of the Labor Standards Law, the maximum number of overtime per month, the supervisors or department heads should control the staff working conditions, with reasonable allocation of workload per person to avoid uneven distribution of work, leading to long hours of staff overtime.

Dinosaur History Ankylosaurus

Ankylosaurus belonged to the Cretaceous era of approximately 66.5 to 65.5 million years ago. It was one of the herbivorous mild animals. Its most obvious feature was its spiky armor plates, including solid nodules and decks, embedded in the skin. Its abnormal tough armor plates allowed it to have powerful defense ability that is difficult to overcome.

ELAN Group is like Ankylosaurus, which was nicknamed "the (army) tank of the dinosaur world". Management of Labor Relations has always been prudent and realistic in order to establish long-term, unbreakable, good and friendly relations. ELAN pays much attention on the full welfare system of our employees, as well as the full range of protection to them and their families. Like Ankylosaurus with tight protective equipment and plans, ELAN truly is a representative for the public safety goal of "zero-level job disaster".





Environmental Protection and Social Welfare

7.1 ELAN Environmental Policy

7.2 Environmental Protection of Products and Services

7.3 Society/Participation in Welfare Activities

7.1

ELAN Environmental Policy

■ Pollution Prevention, Company-Wide Participation, Environmental Protection Commitment, Continuous Improvement

Based on ELAN ISO14001 Environmental Quality Manual, when performing pollution prevention, air, water, waste, drugs, noise, etc., need to be regularly monitored and controlled under all aspects of the regulation. Employees/workers of the organization are all required to fully participate in the implementation of the environmental policies. This includes compliance with existing environmental regulations enacted by the government and various international environmental organizations. Performance needs to continually endeavor for improvement in order to attain the environmental objectives and targets.

***In order to solve problems on resource shortage and environmental pollution in deriving energy, the environment must be protected while maintaining the natural ecology to its original configuration. The two steps should actually complement each other, i.e., the roadmap for sustainable economic development has to integrate environmental protection. This would effectively help in promoting efficient ecological benefits; such as water, power, and resource savings, provide appropriate protection to humanity's survival, and accomplish rational use and conservation of resources. ELAN has always been in compliance with the environmental laws and relevant regulations. Since its establishment, the relevant environmental authorities have made regular or irregular inspections to the company facilities without finding any violation or being fined.**

The company has always been committed to sustainable development and protection of the environment. Green environment and green design are focused on green business ideas. Its products, from concept design to mass production, are processed under waste conservation, recycling and re-use concept. The "Cradle to Cradle" production approach is the modern method of resource recycling. It indirectly protects our environment and resources, as well as achieves energy savings efficiency. Furthermore, the approach helps maintain pollution prevention, energy saving and carbon reduction activities which fulfills the sound corporate social responsibility objective. Under the company's Environmental, Health, and Safety (EHS) Policy, we uphold energy saving and energy consumption reduction every year in order to achieve the "Love the Earth" goals. The main function of ELAN's branch in Zhonghe includes marketing, R&D, assembly works, operations management, etc. Its manufacturing processes do not involve the use of oil (fuel) nor does it produce high polluting sewage or wastewater.

Note: *Disclosure on Management Approach (DMA)

■ Main Use of Energy Can Be Classified as Electricity, Water, and Gas

- ELAN Group Usage consumption of electricity, water, and gas

Company/Region	Power Consumption in million joules (MJ) Note 6		Water Consumption (m ³)		Gas Consumption/ Kg	
	2015	2014	2015	2014	2015	2014
ELAN - Hsinchu	14,904,000	15,441,840	27,769	27,819	10,940	10,040
ELAN - Zhonghe Dist.	2,996,690	3,192,696				
ELAN - Tainan	266,155	240,527				
ELAN - Kaohsiung	83,204	89,759				
ELAN - Hong Kong	100,591	111,528				
Total	18,350,640	19,076,350	27,769	27,819	10,940	10,040

Note 1: As ELAN Group has no production line, its water consumption is no more than that of household level. Therefore, its use of water is quite low.

Note 2: ELAN branches in Hong Kong, Tainan and Kaohsiung area has their water consumption integrated in their respective monthly administrative fees. Hence no detailed water bill figure is available.

Note 3: Zhonghe branch water consumption and water bill accounts for less than 1% of the branch's administrative fee. The water cost is considered to be of household category and is calculated in proportion to its office area.

Note 4: Among affiliated companies, Metanoia Communications Incorporated, Avisonic Metanoia Communications Incorporated, and PiXORD Corporation are renting some factories owned by ELAN Hsinchu Science Park headquarters. Due to leasing relationship, their public water and electricity bills are integrated into ELAN Group Hsinchu section.

Note 5: With regards to gas costs, only the Hsinchu headquarters is charged with gas bill due to presence of cafeteria kitchen in the building.

Note 6: 1 Kilowatt-hour (kWh) =3.6MJ

- Emergency Generators Oil Consumption

Hsinchu area emergency generators use diesel fuel, with a capacity of about 1,600 liters, test run (20~30 minutes) monthly, total annual consumption for testing purpose is about 320 liters.

■ Greenhouse Gas Emissions Can Be Classified as follows

- Direct Gas Emissions

Part of the energy used only in Hsinchu area, separately for official business vehicles using gasoline, diesel fuel for emergency generators, kitchen Liquid Petroleum Gas, and personnel septic tank emissions. The Greenhouse Gas emissions are shown in the following table, and the total direct greenhouse gas emissions generated in the Hsinchu area is 111.701 tons (CO₂-e).

Energy emission factor of all Hsinchu official business vehicles using gasoline, generators using diesel fuel and gas (Environmental Protection Administration Greenhouse Gas Emission Factor Management Table 6.0.2).

Fuel Classification	Year	CO ₂ emission factor	CH ₄ emission factor	N ₂ O emission factor
Corporate official business vehicles using gasoline	2015	2.2631	0.000816	0.000261
	2014	2.2631	0.0008164	0.0002613
Emergency generators using diesel fuel	2015	2.6060	0.000107	0.000021
	2014	2.6060	0.0001055	0.0000211
Kitchen Liquid Petroleum Gas	2015	1.7529	0.000028	0.000003
	2014	1.7529	0.0000278	0.0000028

- CO emission of all Hsinchu official business vehicles using oil, generators using oil and fuel gas energy source



Corporate Business Vehicles using Gasoline



Emergency Generators using Diesel Fuel



Kitchen Liquid Petroleum Gas

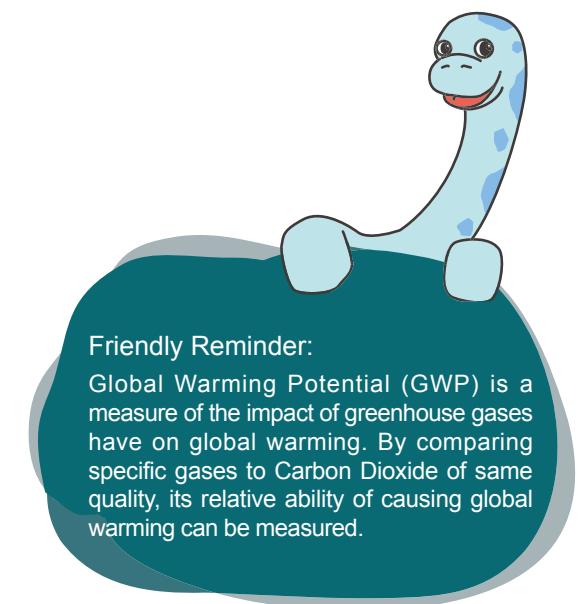
Usage (Kiloliter)	2015	6.829	0.320	10.940	
	2014	7.287	0.480	10.040	
CO ₂ Emission (ton CO ₂ -e)	2015	16.111	1.255	19.193	36.559
	2014	17.206	1.255	17.613	36.074

CH₄ GWP is 23 CO₂ GWP is 1 N₂O GWP is 296

Note: Source of information: Second Assessment Report

Friendly Reminder:

Global Warming Potential (GWP) is a measure of the impact of greenhouse gases have on global warming. By comparing specific gases to Carbon Dioxide of same quality, its relative ability of causing global warming can be measured.



In ELAN Group personnel septic tank section, the calculation of the total working hours in disaster declaration data is given priority, but ELAN - Tainan, Kaohsiung, Hong Kong and Avisonic Technology Corporation need not declare via the internet (Internet Declaration). The company's own internal records, the total greenhouse gas emissions is 75.56 tons.

- ELAN Group personnel Septic tank CO₂ emissions

Company/ Region	Year	Total man-hr.	CH ₄ emission factor (ton CO ₂ -e/man-hr.)	CO ₂ emissions (ton CO ₂ -e)
ELAN - Hsinchu	2015	1,057,052	0.0000015938	38.749
	2014	1,026,178	0.0000015938	34.346
ELAN - Zhonghe Dist.	2015	454,155	0.0000015938	16.648
	2014	469,108	0.0000015938	15.701
ELAN - Tainan	2015	56,512	0.0000015938	2.072
	2014	47,955	0.0000015938	1.605
ELAN - Kaohsiung	2015	16,146	0.0000015938	0.592
	2014	14,595	0.0000015938	0.488
ELAN - Hong Kong	2015	9,920	0.0000015938	2.9
	2014	9,880	0.0000015938	0.331
Metanoia	2015	263,934	0.0000015938	9.675
	2014	253,112	0.0000015938	8.472
Avisonic	2015	65,183	0.0000015938	2.389
	2014	68,000	0.0000015938	2.276
PiXORD	2015	68,622	0.0000015938	2.515
	2014	113,107	0.0000015938	3.786
Total	2015	-	-	75.56
	2014	-	-	67.005

Note: CH₄ emission factor = 0.6 BOD emission factor × 200ppm average wastewater effluent concentration × 15.625 (liter/hour) volume of wastewater per hour per person × 0.85 septic tank treatment efficiency

- Energy Source of Indirect Greenhouse Gas Emissions:

Indirect Greenhouse Gas Emissions come mainly from the company's electricity usage. ELAN Group's electricity usage and Greenhouse Gas Emissions is shown in the Table. ELAN Group's electricity usage and CO₂ emissions in 2015 is 2768.424 ton CO₂e, 2.47% less compared to last year (2768.424 ton CO₂-e)

	Year	ELAN - Hsinchu	ELAN - Zhonghe Dist.	ELAN - Tainan	ELAN - Kaohsiung	ELAN - Hong Kong	Total
							
Electricity Consumption (kWh)	2015	4,140,000	832,414	73,932	23,112	27,942	5,097,400
	2014	4,289,400	886,860	66,813	24,933	30,980	5,298,986
emission factor (Kg CO ₂ -e/kWh)	2015	0.528	0.528	0.528	0.528	0.84	
	2014	0.521	0.521	0.521	0.521	0.768	
CO ₂ Emissions (ton CO ₂ -e)	2015	 CO ₂ 2,185.92	 CO ₂ 439.515	 CO ₂ 39.036	 CO ₂ 12.203	 CO ₂ 23.471	2,700.145
	2014	2,234.777	462.054	34.810	12.990	23.793	2,768.424

Note 1: Hsinchu area section covers affiliated companies such as Metanoia, Avisonic, PiXORD, which are not specifically mentioned here.

Note 2: Data source: Emission Factors in Taiwan: Taiwan Bureau of Energy 2015/2014 Electricity Emission Factors Emission Factors in Hong Kong: 2014 CLP Holdings Limited Sustainability Report.

- Measures Related to Reducing Greenhouse Gas Emissions

1. Replacing with energy-saving lamps: The company, in response to energy conservation, and to reduce greenhouse gas emissions, especially in 2014-2015, the whole plant office lighting was replaced with LED energy-saving lamps. In 2014, about 1150 LED lamps have been replaced, and in 2015, about 600 remaining lamps were all changed to LED lamps.
2. Each floor office area installed with temperature monitor display to show the actual indoor temperature, use this as standard for appropriate control temperature adjustment, not because of personal preference factors on temperature, but so as not to have to worry about the risk of wasting air conditioning.
3. Announcement message of turning off the lights to conserve electricity.
4. Computer Not Turn Off Message Reminder: set up automatic monitoring system. If an employee did not power down the computer after work, the MIS system will send EMAIL the next day to inform the employee himself and his supervisor, to remind to remember to constantly shut down the computer power source.
5. The guard patrols to turn off the lights: Nighttime guards every hour will go around and inspect each floor's offices, when no one else is found in the seating areas, he will take the initiative to turn off the lights in the area.

6. ELAN laboratories with various types of gas after initial filtration treatment, in line with the standards of environmental legislation, also requires each supplier not only meet standards for gas emission but also in accordance with ISO 14064 GHG Accounting and Verification management program.
7. Independent power consumption analysis of the Zhonghe plant area, since the end of 2012, there's high percentage of electricity usage. Management aspects were used in carrying out phase improvements in the system, such as in-plant replacement with T5 lamps, energy-saving air pressure control depending on demand, air-conditioning temperature control and time control, to use as energy-saving within the company, continuing towards reaching the goal of maximum production capacity at the lowest power consumption.
8. Zhonghe plant elevator/public electricity, in coordination with the Far Eastern New Century in the Industrial Park to uphold the concept of conservation of energy to reduce overhead expenses, continuous improvement in main energy consumption in the park, and gradually promote the upgrading of the operational efficiency of device features, such as: chiller energy efficiency improvement, holiday passenger cargo lift and freight elevators deactivated and hierarchical regional control and holidays night time layering and zoning control.
9. Zhonghe factory, the overall public power consumption of the park, since 2012 the Park's public power consumption was 16,486,400 kWh, after continued improvement, the Park's public power consumption dropped to 15,591,200 kWh in 2015 (15,067,200 kWh in 2014). Zonghe factory building's assessed share of carbon emission from 2012 public power consumption share of 250,666 kg carbon emission, and has dropped yearly to share of 141,58 kg common carbon emission by 2015 (202,530 kg in 2014). The power consumption within the Zhonghe factory, from 598,622 kWh in 2012, it continued to improve to 560,873 kWh, saving 9.20% (593,339 kWh in 2014).

■ Effluents and Waste are classified as follows

- Effluents

ELAN Group is a professional IC and module designer. Its wafer and downstream production are wholly outsourced. Hence, aside from household type of sewage, ELAN does not create polluting wastewater or oil (fuel) and other high polluting waste. In Hsinchu Science Park, after initial treatment of sewage that flow from each of the park's tenants, all wastewater are drained for integrated treatment into the sewage treatment plant located inside the park. Wastewater treatment fee is collected in reference to water consumption indicated in the water bills. ELAN Group's sewage treatment fees are as shown in the following table.

- ELAN Group's Domestic Wastewater Usage

Company/Region	2015	2014
ELAN Group - Hsinchu	27,769	27,819
ELAN - Zhonghe Dist.	-	-
ELAN - Tainan	-	-
ELAN - Kaohsiung	-	-
ELAN - Hong Kong	-	-
Total	27,769	27,819

Note 1: ELAN branches in Hong Kong, Tainan and Kaohsiung area has their water consumption integrated in their respective monthly administrative fees. Hence no detailed water bill figure is available.

Note 2: Zhonghe branch water consumption and water bill accounts for less than 1% of the branch's administrative fee. The water cost is considered to be of household category and is calculated in proportion to its office area.

- Waste

The company's general waste mainly consisted of household waste. Moreover, waste that may pose as hazardous is categorized as the electronic components stored in the warehouse and the laboratory liquid substances. In 2015, ELAN Group's general industrial waste total output volume was 44.53 tons. Of the total, the recycled volume was 11.884 tons and waste considered as hazardous was 4.2899 tons. (For 2014, ELAN Group's general industrial waste total output volume was 59.63 tons. Of the total, the recycled volume was 13.87 tons and waste considered as hazardous was 5.506 tones.) The preceding figure indicates that the volume of hazardous industrial waste is less than 10% of the total, this shows that the harmful effect is very low in the industrial chain.

***Aside from actively promoting waste recycling, ELAN has been working to implement the best management of general waste disposal. The relevant actions taken include the following:**

1. **Wastes are stored in according to their classifications, e.g., types, characteristics, structure, etc.**
2. **On-site management and proper labeling of storage areas. Assigning someone to monitor any waste removal process.**
3. **Irregularly perform waste storage site management audit.**
4. **Arrange to monitor and audit the car hired to remove and transport the waste.**
5. **Regularly check documents on waste removal processes.**

Note: *Disclosure on Management Approach (DMA)

- ELAN Group Waste Output

In terms of waste disposal, general industrial waste, confidential documents and C-0301 hazardous industrial waste disposal by incineration, Electronic Parts and Components (E-0222 printed wiring board waste material and dust including metal, E-0217 waste electronic spare part, defective parts) processing; and C-0202 solder stripping chemical waste is collected and processed.

Company/ Region	Year	General Industrial/ Waste Output (ton)	Resource Recycling (ton)	Amount of Hazardous Industrial Waste Output (ton)					Confidential documents destruction (ton)
				E-0222 Attached Components PCB	E-0217 Waste Components	C-0202 Waste Components pH ≤ 2	C-0301 Distillation of aniline- containing residues	Total	
ELAN- Hsinchu	2015	28.23	11.816	-	0.231	-	-	0.231	2.6
	2014	32.01	13.593	-	0.343	0.046	-	0.389	1.22
ELAN - Zhonghe Dist.	2015	16.3	0.068	0.9	2.977	-	0.002	3.879	0.8
	2014	27.62	0.277	0.965	4.12	-	0.019	5.104	0.8
Metanoia	2015	-	-	0.17	0.01	-	-	0.18	-
	2014	-	-	-	0.01	-	-	0.01	-
Avisonic	2015	-	-	0	-	-	-	0	-
	2014	-	-	0.004	-	-	-	0.004	-
PiXORD	2015	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-
Total	2015	44.53	11.884	-				4.29	3.4
	2014	59.63	13.87	-				5.507	2.02

Note 1: ELAN - Tainan, Kaohsiung, Hong Kong areas are leased offices, industrial waste is handled by the Management Committee, so there's no actual data.

Note 2: Metanoia, Avisonic and PiXORD are renting some of ELAN-Hsinchu's facilities, hence general industrial waste and recycling are all integrated in the processing calculation by ELAN.

7.2

Environmental Protection of Products and Services

"Green Products" is ELAN's most basic requirement. ELAN's full range of products, all are in compliance with RoHS, Sony GP, REACH, and Halogen-free requirements. ELAN provides customers with a Warranty on Non-Inclusion of Hazardous Substances. From design, production materials to product output, ELAN has consistently called for "Green Design", "Manufacturing and Purchasing Processes", "Conservation of Resources and Recycling" and "Waste Management", continuously pursue improvement and innovation, starting from design aspects, management and practices to reduce unnecessary waste.

For "Green Design", in product design, ELAN not only satisfactorily meets all of the customers' requirements to strive for perfection, but also insists on following the basic principles of eco-design. As part of the Environment Protection Guard, ELAN refuses to use hazardous substances declared by RoHS, Sony GP, REACH and Halogen-free requirements, and continue to exert sustainable environmental protection efforts for ELAN's products and the next generation.

ELAN's R&D goal is energy conservation and high efficiency to reduce the demand for energy or components of products and services.

1. "High-transparent Touch Optics Module" uses Low Power DSP to achieve hand-writing recognition feature. By using simple and easy design and peripheral components, ELAN's capacitive sensors can efficiently save circuit board space and reduce product cost. These products were honored with the "Best Choice of the Year" award and "Best Choice for Peripherals, Accessories" category award of the COMPUTEX TAIPEI 2009.
2. "Smart Remote Control" is All-in-One design which includes audio remote, TV remote, virtual PC keyboard, handwriting, presentation remote, gaming/joystick and other modes combined into one. This design can save a lot of materials, battery consumption and pollution. In response to the current rise of environmental protection awareness and green living, this product provides a very good solution. This product was also honored the "Best Choice for Digital Entertainment Products" category award of the COMPUTEX TAIPEI 2009.
3. "Windows 8 Smart-Touchscreen™ Single Chip Solution" built in high-efficient sensor circuit, high-voltage driver circuit and dual DSP core framework can reduce chip working frequency and easily reduce power consumption to conform to Windows 8 specification. Windows 8 Smart-Touchscreen™ single chip integrated with excellent hardware and software technology can reduce the number of wafers, external components and PCB material cost. Moreover, it can support 11.6"~18" Touchscreen. This single chip use small packaging and simple external components, and it can be the world's smallest circuit board with a width of as small as 6mm and with the lowest power consumption. This single chip solution can efficiently reduce component usage and reduce metallic cell (battery) and all contaminated material consumption, to meet the design goal of high stability and lower power-consumption.
4. "Low Power Ultra Energy-Efficient Solar-Powered Calculator", broke through the calculator's current bottleneck of overcritical low power consumption technology, to meet the 1.5V MCU using solar panel power supply, conforming to international brand manufacturers' application trend. ELAN is expected to be the first provider of solar-powered calculator chip in Taiwan.
5. "Single Layer Touch Module Sensor" with vertical triangular stack structure design, the wafers from a single pin position, due to shorter run lines, just need a single layer ITO mask covering to complete. It is advantageous for cost control, while still with good efficiency, and can support 5-finger touch screen programs, greatly reducing the use of masks and various materials, reducing the use of contaminated materials and enhance the competitiveness of the products.

6. "Pointing Stick Module" has power saving and low cost features. Touch sensor technology integrated analog sensing is accomplished by sensing the finger movement. The advantage of this technology development is its low power consumption. When in operating mode, depleting an average of only 900 μ A and can totally be used for PS2/I2 C mode. Modules developed by ELAN, in addition to achieving low noise requirements, simple external application circuits, fast and low-power consumption and green design requirements are the biggest technological advantages of ELAN.

7. The second generation "Smart-Touchscreen single chip" is currently the market's first single touch IC solution that meets the Windows 8 LPML1 (Link Power Management, L1) specification requirements.

8. BLDC (Brushless DC) motor is 16-bit MCU equipped with DSP total solution, to achieve the advantages of greater efficiency, high rotational speed and low power consumption. It can be used in industrial grade products, hair dryers, ceiling fans, etc. In 2014, ELAN has shipped 4,000 units and 19,170 units in 2015. Compared to traditional induction motors, it has already saved about 3,892,560 kilowatt hour of electricity.

Note: Formula: Electricity (KWh) Savings = Number of Shipments x Wattage saved per IC x Hours used per day (3) x Number of days used per year (140) x Service life (5 years)

9. Fingerprint do not require external metal rings nor additional IC to apply drive signals. This minimizes module's design size, save materials, and lower cost. With a single IC, you can achieve high sensitivity performance. Meanwhile, passive components can be enclosed into the sensor package, simplifying application circuits. Moreover, users can even use single-layer EPC to effectively reduce module's cost. Application of patented adaptive parasitic capacitance cancellation technology to achieve a more sensitive degree of sensitivity and lower energy consumption. Other competitive advantages include its fast unlock operational efficacy, simple hardware structure, high production efficiency, high yield, and no advanced semiconductor process is required for manufacturing fingerprint sensor chips.

■ Production and Purchasing

In response to rising raw material costs. Since the completion of product design, implement strict control management from the start of planning, purchasing, production, to product output and other aspects. In each transaction, items purchase requisitions, reduce inventory cycle, with improved production techniques, decrease raw materials used in the manufacturing process, to achieve the most streamlined material, reaching the maximum value.

■ Conservation of Resources and Recycling

Establish Standard Operating Procedure SOP, put things in order starting from the office to the production site, reorganize, clean, sanitary, so that every colleagues develop good habits, achieve PDCA (Plan-Do-Check-Action) management cycle, through continuous improvement in the implementation of control management in the use of materials, resources, waste classification, reducing the number of materials, purchasing costs and waste.

1. Promote paperless, fully electronic management system: ELAN since 11 years ago is committed to "paperless" self-developed electronic document system, correspondence documents, confidential documents, meetings information, quality system procedure/specifications, every management operation list, etc. are all fully electronic, and reduce the necessity and the amount of paper usage.
2. Production Material Recycling: Such as ELAN Optical Mouse Sensor Lead frame recycling, cut and keep the remainder of the lead frame for metal recycling, melted and used again.
3. Recycling of Packaging Materials: such as Tray plate/tubes/Wafer Cassette/cartons/cushioning material, and so on.
4. Recycling of Scrap Products: ELAN would sort substandard semi-finished products, and finished products according to different models and conditions such as Wafer, Dice, Package, PCBA and separate them. Carry out scrap operation on a quarterly basis, sort scrap products and hand over to recycling companies. Refine metals such as Gold filaments, Copper materials, and other metals and reuse again.

■ Waste Management

This is in response to rising raw material costs. Since the completion of product design, implement strict control management from the start of planning, purchasing, production, to product output and other aspects. In each transaction, items purchase requisitions, reduce inventory cycle, with improved production techniques, decrease raw materials used in the manufacturing process, to achieve the most streamlined material, reaching the maximum value.

- Environmental Protection Expenditure and Investment

(In thousand NT dollars)

	2013	2014	2015
ELAN	6,906	6,835	5,398
Metanoia	837	915	715
Avisonic	136	125	148.1
PIXORD	358	413	277
ELAN (H.K.)	64	67	84
Total	8,301	8,355	6,622

Note: Environmental protection expenditure includes: cleaning, labor (certification fees), education and training costs, maintenance - housing equipment and consumables (lamp replacement)

Society and Participation in Welfare Activities

***ELAN in recent years, being committed to caring for the community, the elderly and children, and other social disadvantaged minorities, took concrete actions and hosted/sponsored participation, extended the most practical donations, supplies, that's the least ELAN can do, as part of its social and civic responsibility. Provide an annual charity budget for public welfare activities, and find a suitable public interest groups (currently focused on the elderly, children and other vulnerable groups). ELAN often initiated charity activities within the company, making posters, recruit volunteers, so that more employees can join in meaningful activities. Each activity, in addition to participation of the executives, the company's volunteer partners actively supports the campaign, and contributed whatever they could, those with money gave money and those with strength gave their strength. The company also granted compensatory leave for rest to volunteer partners and encouraged employees and their families to participate. ELAN hopes in the future to be able to gather together more organizations to give more care and assistance to disadvantaged groups in different parts of the society. By 2015, ELAN has already participated in 14 charity events.**

Sponsor	Name of the Activity	Communities to Care	2015	2014	Host	Budget Sponsor	Employee Contributions	Executives' Response	Corporate Volunteer Participation
Hsinchu Jesuit Catholic Social Service Center	Hold onto the Years. Hold onto Love. Cherish the Old Propaganda, Love Carnival	Old people	■	■	■	■	■	■	■
Huashan Social Welfare Foundation	Dragon Boat, Love the elderly Sports activities	Old people	■	■	■	■		■	■
Huashan Social Welfare Foundation	Second hand goods donation	Old people	■					■	
Children Are Us Foundation	Painted heart smiles. Life Aesthetics Tour Exhibition	Vulnerable Children	■		■	■	■	■	
Taiwan Abundant Life Association		Children in remote areas	■	■		■			
Accton Cultural and Educational Foundation	Christmas Dream Action Plan	Vulnerable Children	■	■			■		
National Taipei University of Technology	Cultivation of talent and promotion of Industry-university cooperation	College students	■		■	■		■	■
Huashan Genessis Social Welfare Foundation	I love you, I invite you to send new year's dinner together	Old people		■		■	■	■	
Private Hui Ming School for the Blind	Thanksgiving Charity Concert	Blind Children		■	■		■	■	■
Huashan Genessis Social Welfare Foundation	ELAN Family Day/ Charity Bazaar	Old people		■	■		■	■	

Care for Vulnerable Groups - the Elderly with Three Lost

On the eve of the Dragon Boat Festival, ELAN and Huashan Foundation co-sponsored a Love the Elderly sports games. 2015 is the third year it was held, hoping to organize activities to help vulnerable elderly people to go outside, and together with the elders, complete roll a big ball game, shooting a ball, relay race ... and other fun competitions. Use the action to spread love to the hearts of the vulnerable elders, so that they have more interaction with the outside world.

In addition, ELAN hosted second hand goods donation events throughout the company, encouraging employees to donate first or second hand items they no longer need (yet still usable) at home. All the items are then collected, and donated to Huashan Social Welfare Foundation to sell in their charity events. Profits gained from the charity sales are to be used as foundation's operating fund and fund to support the disadvantaged elderly. By doing so, not only can we save resources, but also provide direct help toward the disadvantaged elderly groups.



Care for Vulnerable Groups - Elderly People Living Alone

This year is the fifth times to participate in the Catholic Jesuit Society of Jesus Hsinchu Social Services Center organized a "Love Garden Party". In response to this event, in addition to setting up a charity bazaar within the company, ELAN took the initiative to subscribe park tour tickets. On that day, company colleagues voluntarily supported the charity. Finally, the sale proceeds were donated in full, for the Social Service Center to serve vulnerable elderly and purchase transport vehicles. We hope to give a hand to poor, disable and elderly who are living alone through these charity events and bring them a Mid-Autumn Festival full of love and care.



■ Care for Vulnerable Groups - Children of Vulnerable Families

Every year on Christmas Eve, the Hsinchu Science Park vendors plan a warm welcoming activities "Christmas Dreams Campaign", fundraising Christmas gifts for the Hsinchu area vulnerable children. ELAN has been a major participant manufacturer. Employees originally had a simple idea to give back to the community, hoping that through their own strength to be able to help children from disadvantaged families realize their Christmas wishes. The Christmas Dream plan Gift pledging activity has been going on for 12 years, has helped nearly 2600 children of disadvantaged families realize their dreams. This is taking practical action to practice the concept of social citizenship. Hoping that this sowing of loving seeds in the kids' heart will take roots, sprout in the future and they continue to look after for more people who need help.

Christmas Dreams Campaign



■ Care for Vulnerable Groups - Children with Intellectual Disabilities (ID)

ELAN Group again extended care to Children Are Us Foundation. Since 2013, ELAN continues to care for the needs of children with intellectual disabilities. In addition to purchasing equipment that improved working environment of the intellectual disabled people, in 2015, we funded to foster the development of the artistic potential in children with ID, in the fields of painting, photography, handcrafts, etc. Through different media and courses, to encourage children with ID to open up their hearts and speak to the world.

The art courses have been successful and children with ID have made some commendable achievements. Therefore, in the end of this year, ELAN co-hosted the "Painted heart smiles - Life Aesthetics Tour Exhibition" to share ID children's works and showcase their achievements. We hope that through art therapy and tour exhibitions, children with ID will improve their skills in interacting with people, learn to express themselves to others, and be more confident in facing all kinds of challenges in their lives.

Press Conference for Children with Intellectual Disabilities



■ Cultivation of Talent and Promotion of Industry-University Cooperation - College Students

As an IC design company, the cultivation of talent beginning at schools and the promotion of Industry-University cooperation are the most direct and efficient ways for ELAN to contribute the society. By 2015, ELAN have provided a total of 20 job positions for undergraduate and graduate students as internships or Industry-University Cooperation projects.

Additionally, jointly with our affiliated companies, we cooperated with National Taipei University of Technology and donated the complete solutions of the Internet of Things (IoT) which uses communication cable/wireless as the core, combined with smart grid, intelligent lighting, security monitoring, and the man-machine interface. By offering software and hardware of the IoT, building IoT equipment laboratory, and supporting in the teaching of IoT operation, students can be creative on applications through practical operations. This industrial-university cooperation will nevertheless foster students' potentials and cultivate young talents for the society.

Besides National Taipei University of Technology, ELAN will also donate this set of IoT equipment to universities in the Northern, Central, and Southern regions. With our expertise and resources in the Smart Mobile Device Chip development and modular solution, ELAN hope to fulfil our corporate social responsibility by contributing on the cultivation of Talent and promotion of Industry-University cooperation.

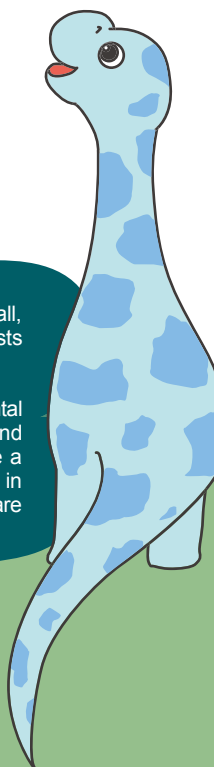
Industry-University cooperation



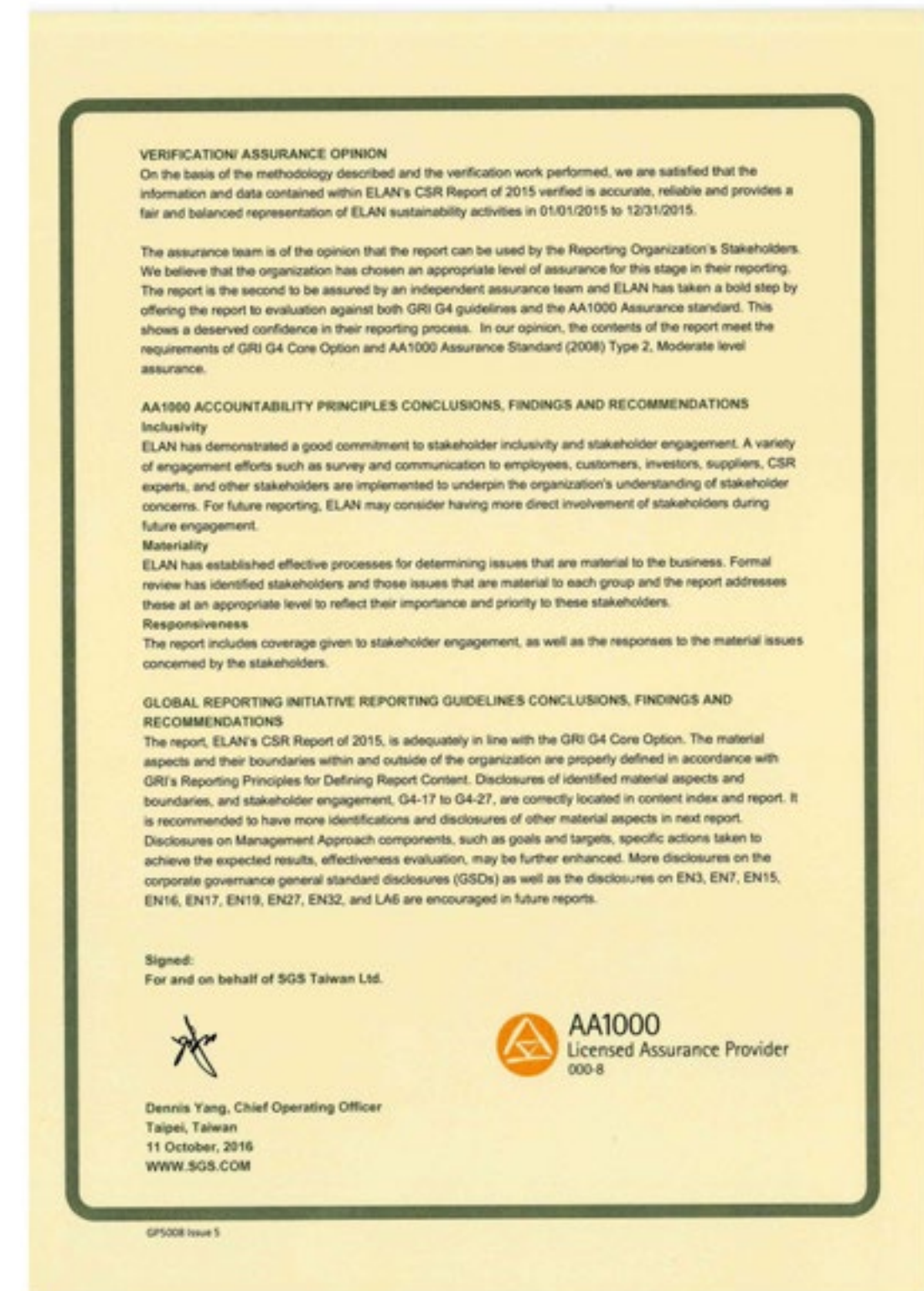
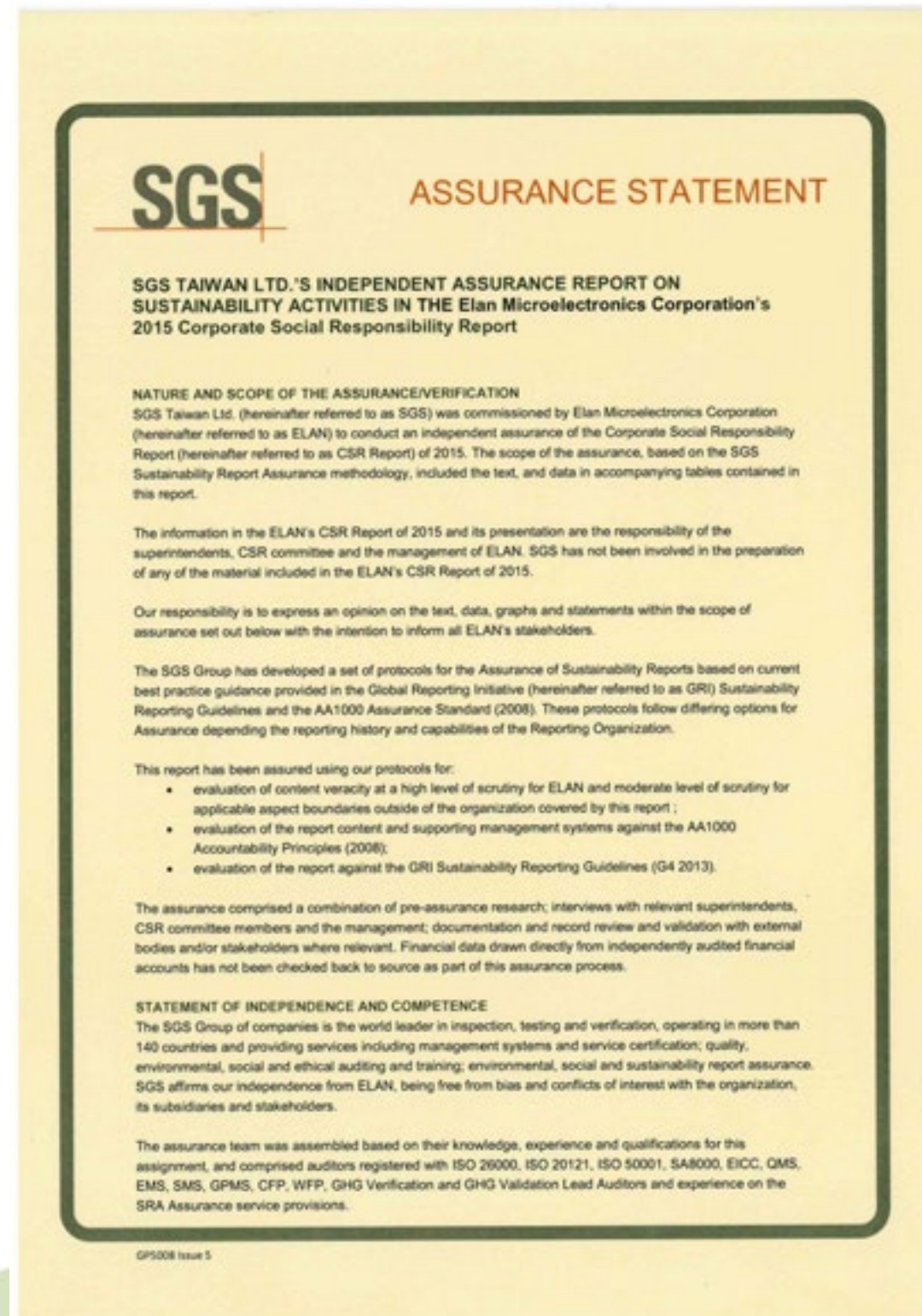
Dinosaur History Mamenchisaurus

Mamenchisaurus lived during the late Jurassic period. They usually moved around the woods in groups. Using their small, nail-like teeth, they bite and ate leaves from treetops and twigs where other dinosaurs were unable to reach. Scientists speculated that Mamenchisaurus used to protect their offspring from other dinosaurs' attacks.

With the characteristic of caring for offspring and resources, Mamenchisaurus repeatedly being honored as "the environmental protection ambassador of the dinosaur world". It is just like ELAN Group's objective in designing products that demand environmental protection and energy efficiency. By doing so, not only will it reduce waste of resources, it will also make a contribution to the earth. Like Mamenchisaurus' long and flexible neck which allow it to open up and see the vast horizons in detailed that the other dinosaurs could not, ELAN has a wide perspective that concerns more about the public welfare. We are able to see the needs of the community and offer help to the disadvantaged or minority groups.



Independent Assurance Statement



GRI G4 INDEX

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Labor Practices and Decent Work - Employment	Management Approach	84			121-122
	G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region.	81			121-122
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	85	The company handles according to local Labor Standards		121-122
	G4-LA3 Return to work and retention rates after parental leave, by gender.	85			121-122

Specific Standard Disclosures - Aspects	Specific Standard Disclosures - Indicators	Page	Remarks	Omission	External Assurance Page Number
Labor Practices and Decent Work - Employment	Management Approach	92			121-122
	G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	92	Notice of significant changes to the Company's operation is carried out in accordance with local ordinances.		121-122
Labor Practices and Decent Work - Training and Education	Management Approach	98			121-122
	G4-LA9 Average hours of training per year per employee by gender, and by employee category.	100-101			121-122
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	98			121-122
Labor Practices and Decent Work - Labor Practices and Grievance Mechanism	Management Approach	103			121-122
	G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	103			121-122
Human Rights- Investment	Management Approach	N/A			121-122
	G4-HR1 Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	N/A	The Group has no significant investment agreements and contracts that include human rights clauses or that have signed human rights screening.		121-122
Human Rights - Non discrimination	Management Approach	103			121-122
	G4-HR3 Total number of incidents of discrimination and corrective actions taken.	103			121-122
Human Rights - Forced or Compulsory Labor	Management Approach	62,103			121-122
	G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	62,103			121-122
Human Rights - Human Rights Grievance Mechanisms	Management Approach	103			121-122
	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	103	The Group does not deal with human rights issues and resolve formal complaints.		121-122

Specific Standard Disclosures - Aspects	Specific Standard Disclosures - Indicators	Page	Remarks	Omission	External Assurance Page Number
Society - Anti-corruption	Management Approach	25			121-122
	G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	25		In the evaluation process	121-122
	G4-SO4 Communication and training on anti-corruption policies and procedures.	25			121-122
	G4-SO5 Confirmed incidents of corruption and actions taken.	25			121-122
Society - Compliance	Management Approach	103			121-122
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	103			121-122
Product Responsibility- Customer Health and Safety	Management Approach	47, 50			121-122
	PR1 Percentage of the main products and services being measured in the impact assessment to improve health and safety.	47			121-122
	PR2 Classified by the results, the total number of incidents for the violations of law and voluntary guidelines on health and safety of the products and services in their lifecycles.	48			121-122
Product Responsibility- Product and Service Labeling	Management Approach	53			121-122
	G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling.	N/A	ELAN's products are not the final products, hence do not apply to Goods and Services or Information Labeling regulations.		121-122
	G4-PR4 Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	N/A	ELAN's products are not the final products, hence do not apply to Goods and Services or Information Labeling regulations.		121-122
	G4-PR5 Results of surveys measuring customer satisfaction.	53-60			121-122
Product Responsibility- Customer Privacy	Management Approach	52			121-122
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	52			121-122
Product Responsibility- Compliance	Management Approach	48			121-122
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	48			121-122

Specific Standard Disclosures - Aspects	Specific Standard Disclosures - Indicators	Page	Remarks	Omission	External Assurance Page Number
Customer Relationship Engagement	Management Approach	38			121-122
	Number of cooperation projects	39			121-122
New product development	Management Approach	41			121-122
	Number of patents	42			121-122
Supplier Policy	Management Approach	62			121-122
	For Suppliers, add CSR evaluation implementation rate.	63			121-122
Business Performance	Management Approach	70			121-122
	KPI Achievement Rate	70			121-122
Employee and Family Care	Management Approach	88			121-122
	Health Promotion Programs	89			121-122
Industry-University cooperation plan	Management Approach	45			121-122
	Number of Items	45			121-122
Charity involvement	Management Approach	117			121-122
	Number of Items	117			121-122
Risk Management	Management Approach	75			121-122
	Risk Management	75-78			121-122
Product Contribution to World Trend	Management Approach	11			121-122
	Market Share	45-46			121-122
Investor Relation Transparency	Management Approach	18			121-122
	Number of Active Communication	18			121-122



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