

2016 ELAN Microelectronics Corporate Social Responsibility Report





Cover Story

Compared to the vast universe, Taiwan is such an small existence. However, even as tiny as dust, every bit of environmental protection awareness is an effort to protect the entire Taiwan, Earth and universe.

Editorial Policy

About this report

Welcome to ELAN Microelectronics Corporation Corporate Social Responsibility (CSR) Report. This report discloses Company's management policies, environmental protection efforts and social participation performances. By releasing the report, we hope to disclose complete information and provide effective communication with stakeholders. If you have a different perspective on the content presented in this report, we sincerely welcome your feedback.

Reporting period and scope

This report covers Company's sustainable management strategies and business continuity activities between January 1 and December 31, 2016. In this report, ELAN Group (or the Group) refers to ELAN's headquarter and its affiliated companies including Metanoia Communications, Avisonic Technology Corporation, PiXORD Corporation and ELAN (H.K.) Microelectronics Corporation.

Major changes in 2016

ELAN	Reduced 70.3 million dollars due to treasury stock not being transferred before the settlement date, accounted for 1.59% of the total capital. No major changes in organization scale, ownership and supply chain.
Metanoia	Increased capital and issued 15 million new shares, accounted for 18.75% of the total capital. No major changes in organization scale, ownership and supply chain.
Avisonic	Increased capital and issued 3.5 million new shares, accounted for 13.97% of the total capital. No major changes in organization scale, ownership and supply chain.
PiXORD	Increased capital and issued 7.5 million new shares, accounted for 20% of the total capital. No major changes in organization scale, ownership and supply chain.
ELAN (H.K.)	No major changes.

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 the convenience modern technologies brought to people. For example, by "checking in" to a location on a portable device, it instantly shortens the distance between us and our families and friends. We can share our life moments anywhere, anytime, without causing ecological destructions. On the cover page, ELAN is shown as one of the check-in locations, symbolizing ELAN's determination to be one of the leading corporates in making contribution to environmental protection and fulfilling commitment to social responsibility.

Assurance

The content of this report follows the Global Reporting Initiative (GRI) guidelines, the AA1000 Account Ability Principle Standards, as well as the AA1000AS Assurance Standards. Due to industry characteristics and regionality, the Electronic Industry Code of Conduct (EICC) and the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies are also used as references for this report. Structure of the report and the GRI G4 standard reference table are available in the appendix.

Meanwhile, the report has been verified by the British Standards Institution (BSI) and was granted with both international certifications (AA1000 Account Ability Principle Standard and G4 Sustainability Reporting Guidelines), the Independent Verification Statement is also included.

Release of the report

This report is published in English, Traditional and Simplified Chinese. A complete report is also available on the company's website as reference for the general public and stakeholders. In the future, we will continue to issue CSR Reports annually (the last release was in October 2016).

Contact information

If you have any questions or suggestions regarding to the contents of this report, please do not hesitate to contact us through the stakeholder webpage or through the following:

ELAN Microelectronics Corporation

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The stakeholder webpage: www.emc.com.tw/twn/Social_Responsibility06.asp

Company's website: www.emc.com.tw

Table of Contents



Editorial Policy

1

Message from the Chairman

5

1 Company Overview

007

- 1.1 Organization history
- 1.2 Operational performance
- 1.3 Financial assistance received from government
- 1.4 Risk and opportunity
- 1.5 Supply chain
- 1.6 Precautionary approach and principle
- 1.7 Investor relations transparency

2 Corporate Governance

- 2.1 Highest governance body
- 2.2 Principles of business ethics and integrity

3 Stakeholder Engagement and Management

- 3.1 Important stakeholder and material aspect identification
- 3.2 Stakeholder engagement

017

025

4 Product Design and Customer Rights

033

- 4.1 Customer relations and partnership with platform providers
- 4.2 A sound patent system that encourages employees' innovations
- 4.3 The efficiency of new product technology integration accelerated with the knowledge management system
- 4.4 Product contribution to world trends
- 4.5 Product and service labeling
- 4.6 Customer service and customer rights
- 4.7 Customer privacy protection
- 4.8 Customer satisfaction survey



Supplier Management and Risk Management

049

- 5.1 Supplier strategy
- 5.2 Key Performance Indicator, Management process optimization and electronization
- 5.3 Risk management



Labor-Management Relations and Public Safety

061

- 6.1 Commitment to corporate social responsibility
- 6.2 Workforce practices and decent work
- 6.3 Employee benefits and salary
- 6.4 ELAN occupational safety and health policy
- 6.5 Emphasis on workplace safety, zero occupational hazards in 22 years
- 6.6 Employee training and development
- 6.7 Zero-distance communication with the employee and full-range complaint channels



Environmental Protection and Social Welfare

079

- 7.1 ELAN environmental policy
- 7.2 Product and service-related environmental protection
- 7.3 Participation in social and charitable events

Appendix

101

Independence Assurance Statement
GRI G4 Comparison Table

Message from the Chairman

A leading manufacturer of Intelligent Human-machine Interface (HMI)

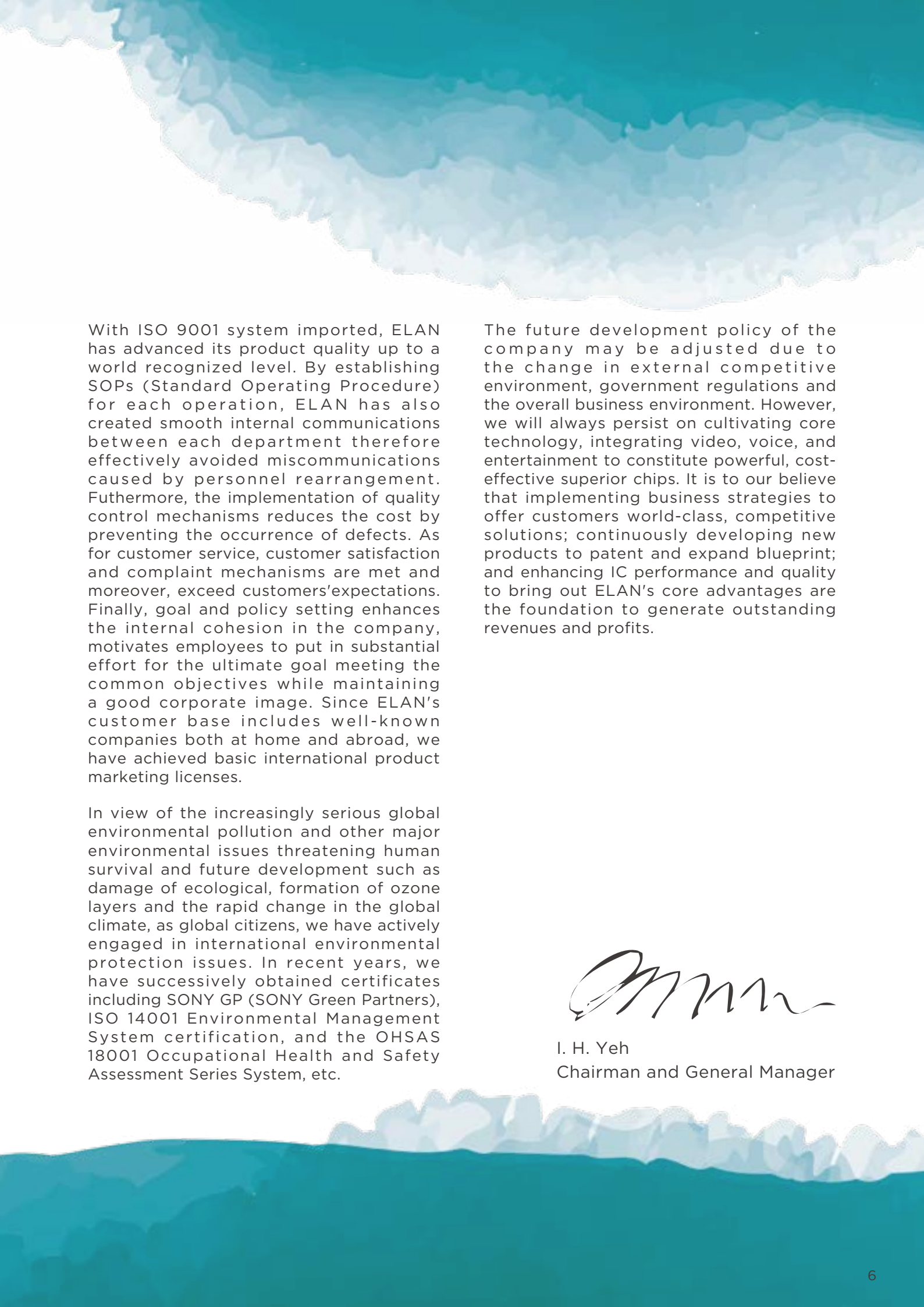
ELAN is one of the world's leading Human-Machine Interface IC manufacturers specialized in developing touchscreen, touchpad chip and modular solutions. Our products are mainly used in smartphones, tablets, NBs and all kinds of consumer electronics products. ELAN also holds a leading position in the global NB application market, with touchscreen wafer market share ranking first worldwide and touchpad module ranking second.

Founded in 1994, ELAN integrates product technologies in response to the global industry trend; combines Smart Grid, Smart Lighting, security monitoring Human-Machine Interface (HMI) with wired/wireless communications as the core, and provides complete solutions. In the future, we will continue to uphold a strong R&D capability to help customers and cooperation partners in achieving their business objectives, as well as cooperate with the upper, middle and lower stream of the semiconductor industry to design competitive, high-quality products for the customer. Finally, achieve the ultimate goal of a three-way win for the company, the customer, and the consumer.

As we work tirelessly towards our goals, we also put great effort into establishing a safe and healthy environment to prevent work-related disasters and diseases. ELAN is committed to respect and protect human rights of the employees in accordance with globally accepted standards. Nonetheless, as carrying out business activities, we adhere to the highest standards of business ethics, try to reduce the negative impact on the environment and natural resources, protect health and safety of the general public while fulfilling the social and environmental responsibility of a good corporate citizenship. We believe cooperate sustainable development can be achieved by promoting economic, environmental and social progress.

On April 21, 2015, the Editorial Committee for the Corporate Social Responsibility Report is formally established. With the approval of the Board of Directors, General Manager I. H. Yeh was appointed as the President of the CSR 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 the effectiveness will be reviewed at the monthly quality meetings. Through the release of each year's CSR, we hope to disclose more information and maintain an effective communication with all stakeholders.





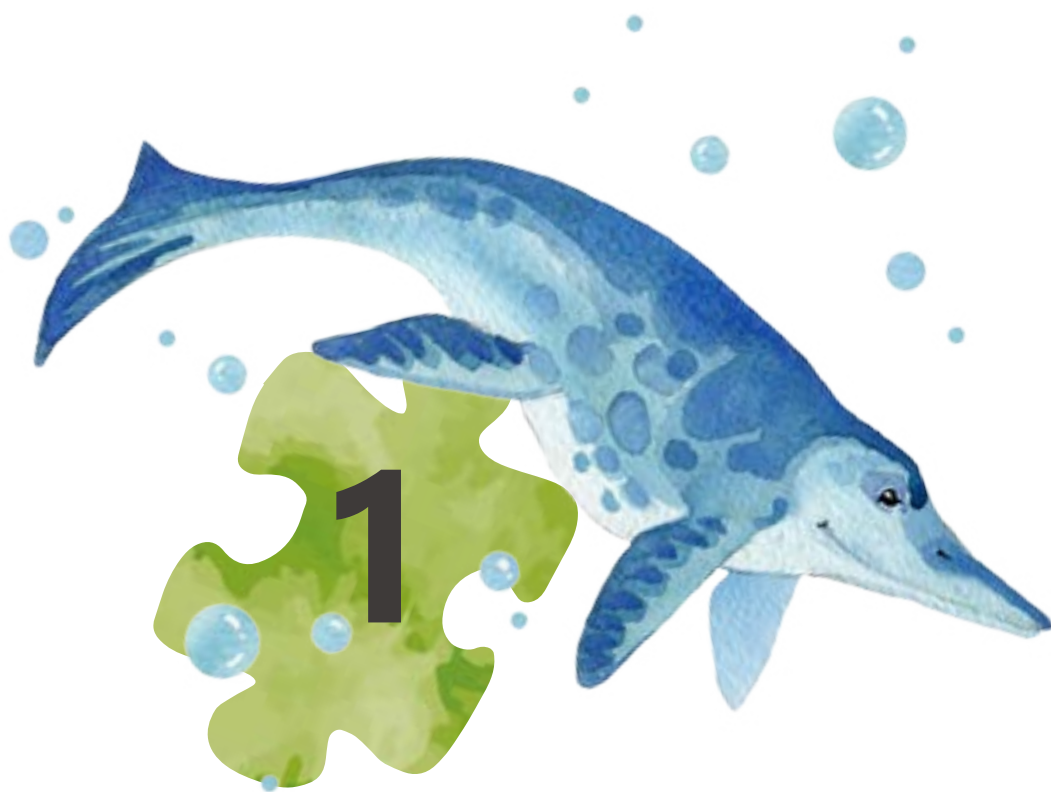
With ISO 9001 system imported, ELAN has advanced its product quality up to a world recognized level. By establishing SOPs (Standard Operating Procedure) for each operation, ELAN has also created smooth internal communications between each department therefore effectively avoided miscommunications caused by personnel rearrangement. Furthermore, the implementation of quality control mechanisms reduces the cost by preventing the occurrence of defects. As for customer service, customer satisfaction and complaint mechanisms are met and moreover, exceed customers' expectations. Finally, goal and policy setting enhances the internal cohesion in the company, motivates employees to put in substantial effort for the ultimate goal meeting the common objectives while maintaining a good corporate image. Since ELAN's customer base includes well-known companies both at home and abroad, we have achieved basic international product marketing licenses.

In view of the increasingly serious global environmental pollution and other major environmental issues threatening human survival and future development such as damage of ecological, formation of ozone layers and the rapid change in the global climate, as global citizens, we have actively engaged in international environmental protection issues. In recent years, we have successively obtained certificates including SONY GP (SONY Green Partners), ISO 14001 Environmental Management System certification, and the OHSAS 18001 Occupational Health and Safety Assessment Series System, etc.

The future development policy of the company may be adjusted due to the change in external competitive environment, government regulations and the overall business environment. However, we will always persist on cultivating core technology, integrating video, voice, and entertainment to constitute powerful, cost-effective superior chips. It is to our believe that implementing business strategies to offer customers world-class, competitive solutions; continuously developing new products to patent and expand blueprint; and enhancing IC performance and quality to bring out ELAN's core advantages are the foundation to generate outstanding revenues and profits.



I. H. Yeh
Chairman and General Manager



Company Overview

- 1.1 Organization history**
- 1.2 Operational performance**
- 1.3 Government financial fund**
- 1.4 Risk and opportunity**
- 1.5 Supply chain**
- 1.6 Precautionary approach and principle**
- 1.7 Investor relations transparency**

Company Profile

Date Founded: May 1994

Capital: NT\$ 4.341 billion (31/12/2016)

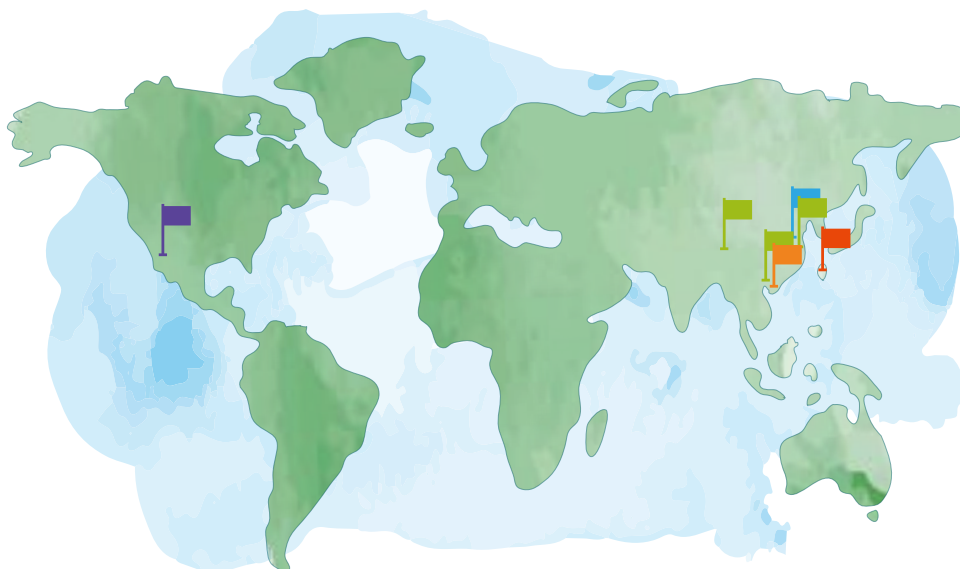
Main Products:

The Group is engaged in the development, production, manufacture and sale of products such as consumer touch control integrated circuits, NB input device modules, network communications integrated circuits, image processing integrated circuits, security monitoring modules, etc.

Company Address: 12 Innovation 1st Road,
Hsinchu Science Park.



ELAN Microelectronics is listed in March 2001, with its headquarters located in Hsinchu Science Park, Taiwan. In response to an increasingly competitive global electronics industry and to strengthen its global layout, ELAN has currently set up a module manufacturing factory in Zhonghe District, New Taipei City, dedicated in the design, development and production of NB products; research and development bases in Kaohsiung Software Park and Tainan; business and after-sales service centers in Shenzhen, Shanghai, Suzhou, and Chongqing in China; a shipping and customer service center in Hong Kong; and a business strategy planning center in the United States. With headquarters based in Taiwan, ELAN creates new job opportunities every year and the number continues to grow with Company's rapid growth in sales performance. By the end of 2016, the number of full-time employees has reached 1,029. ELAN main sales markets include Taiwan, China, Hong Kong, the United States and Japan.



Headquarters

Laptop Business Center,
Taipei

R&D Center, Tainan

R&D Center, Kaohsiung

ELAN, Shanghai

ELAN, Hong Kong

ELAN, Shenzhen

ELAN, Shenzhen (Suzhou office)

ELAN, Shenzhen (Chongqing
office)

ELAN Information
Technology Group.

1.1 Organization history

- DEC** Smart-ID Solutions was conferred with the "2016 Innovative Product Awards" by the Hsinchu Science Park Bureau.
- DEC** Honored with the "2016 Science Park R&D Accomplishment Awards" by the Hsinchu Science Park Bureau.
- JUL** For twelve consecutive years, ELAN was honored again with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.
- JUL** "2016 Corporate Social Responsibility Report" has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.



Science Park R&D Accomplishment Awards



Innovative Product Awards

2016

2015



Badge of Accredited Healthy Workplace

- DEC** Honored with the "2015 Science Park R&D Accomplishment Awards" by the Hsinchu Science Park Bureau.
- DEC** "Chromebook Smart-Touchscreen and Smart-Touchscreen™ Solutions" was conferred with the "Innovative Product Awards" by the Hsinchu Science Park Bureau.
- DEC** Honored by the Health Promotion Administration, Ministry of Health and Welfare with the "Badge of Accredited Healthy Workplace" - A Vitality Health Promotion Award for promoting a dynamic healthy workplace environment.
- JUL** Honored with the "Distinguished Landscape Award" for the eleventh times by the Hsinchu Science Park Bureau.
- JUN** "2015 Corporate Social Responsibility Report" has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.

- DEC** Honored with the "Science Park R&D Accomplishment Awards" by the Science Park Bureau.
- JUL** Honored with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.



Distinguished Landscape Award

2014

1.2 Operational performance

The development of touch industry and its related products had entered a mature phase in 2016. At the same time, the company actively engaged in the development and application of fingerprint identification products. Although results are not yet significant, we continue to work on it and hope to achieve results in the near future. As for the three major applications of the touch industry, the annual growth of smartphones has slightly increased by 5%, whereas NB PCs and tablet PCs were reduced by 3% and 6.6%. The adverse operating environment had made last year a rough year.

With a large number of domestic and foreign manufacturers competing in recessed touch applications, the market price is fierce. The average selling prices declined, causing the annual consolidated revenue to decrease by 0.7% compared to the previous year. In 2016, the consolidated revenue reached NT\$ 6.559 billion, due to optimization of product combination as well as efforts to reduce costs, making the combined gross margin maintained at a high level of 41%. Consolidated operating net profit margin reached 11%. Consolidated pretax profit reached NT\$ 580 million, after-tax net profit attributable to the parent company reached NT\$ 650 million, representing a decline of 20.73% compared with that in 2015.

In response to the uncertainty of the overall economic climate and the intense competition of the industry, the company continues to invest a large amount of expenses in R&D and engineers, upgrades the technology and applications in touch and fingerprint identification, strengthens the product function and reduces costs. In 2016, shipments of touch pen chip reached nearly 10 million sets, with main orders from world's first-tier brands, ranking first in the market share worldwide. Shipments of smartphones also reached nearly 20 million pieces, Tablet PC chips reached 3.6 million pieces, and fingerprint identification chips reached nearly 2.5 million sets. Even when facing strong competitors, we will continue to make all-out effort.

To improve operational performance and allow sustainable development of the enterprises, at the end of each year, the Group set up operational goals for the upcoming year and review each month's performance in the performance meetings. When performance falls under expectations, salespersons should propose improvement plans to ensure that the operation targets can be reached successfully, and the market share can be effectively secured and increased. These improvement plans will also be put into considerations when amending annual operating plan.

Note: ■ Disclosure on Management Approach (DMA)

\ Friendly reminder \

Disclosures on Management Approach (DMA) provides information on how an organization manages its economics, 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)

Unit: NT\$ thousand

Item \ Year	2016	2015	2014
Operating Revenue	6,558,933	6,605,099	7,686,322
Gross Profit	2,708,170	2,813,686	3,523,924
Net Operating Income	752,415	848,884	1,433,528
Non-operating Income and Expense	(27,525)	62,826	254,741
Pre-Tax Income	724,890	911,710	1,688,269
Income Tax Expense	144,889	172,764	283,537
Net Income	580,001	738,946	1,404,732
Total Assets	9,131,230	9,284,645	10,166,979
Total Liabilities	2,235,088	2,193,482	2,296,826
Total Stockholders' Equity	6,896,142	7,091,163	7,870,153
Earnings Per Share	1.57	1.98	3.61

Note1: The data are based on the consolidated financial statements of ELAN Microelectronics and its subsidiaries, including ELAN Information, ELAN Investment, ChipER Technology, Shanghai ELAN and Shenzhen ELAN, etc., which are not included in the scope of this report.

Note2: In order to meet the 2013 International Financial Reporting Standards, the data of 2014 was restated and the following items have been adjusted: Net Operating Income, Non-Operating Income and Expense, Pre-Tax Income, Net Income, Total Liabilities and Total Stockholders' Equity.

Note3: The main reasons for the Non-Operating Income and Expense to be negative in 2016 are

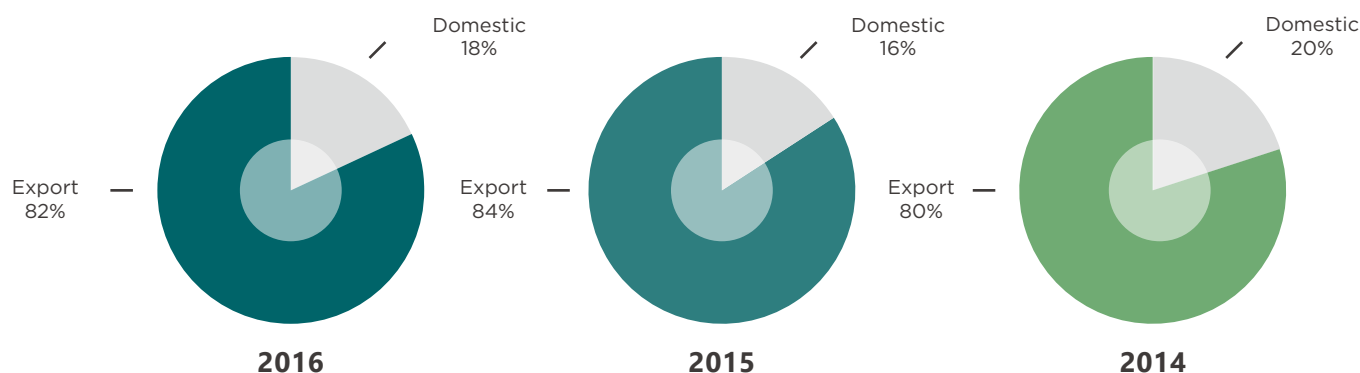
① Loss on financial assets; ② Loss on foreign currency exchange.

Consolidated Sales Table

Units: Thousand piece (Volume), NT\$ thousand (Value)

Main product \ Year	2016			
	Domestic		Export	
	Sales volume	Sales value	Sales volume	Sales value
Consumer Touch IC	227,848	1,048,875	276,586	1,754,585
NB Input Device Module	383	30,653	55,496	3,600,908
Network Communication IC	158	28,967	36	12,094
Image Processing IC	198	42,477	26	24,004
Safety Monitoring Module	3	12,766	2	3,604
Total	228,590	1,163,738	332,146	5,395,195

Note: The data are based on the consolidated financial statements on Page 62 of ELAN Annual Report 2016 (including subsidiaries not included in the scope of this report, such as ELAN Information, ELAN Investment, ChipER Technology, ELAN Shanghai and ELAN Shenzhen, etc.).



Distribution of economic benefits (individual)

Unit: NT\$ thousand

Company	Revenue	Operating Costs	Employees' Salaries and Benefits	Interest Payments or Dividend Distribution	Government Payments	Donations
ELAN	6,428,211	4,045,060	1,252,842	882,290	142,059	2,631
Metanoia	41,463	92,824	148,256	645	0	0
Avisonic	66,481	54,346	42,005	1,019	0	0
PIXORD	16,178	10,060	34,389	446	0	0
ELAN (H.K.)	1,033,688	1,026,094	11,080	0	0	0
Total	7,586,021	5,228,384	1,488,572	884,400	142,059	2,631

Note1: The data are based on the individual financial reports of ELAN Microelectronics and each entity.

Note2: Operating Costs: Including operating costs and operating expenses but excluding employees' salaries and benefits, donations, depreciation, and amortization.

Note3: Employees' Salaries and Benefits: Include salaries, bonuses, insurances, and pensions. Not including wages for temporary labors, such as consultants, physicians, etc.

Note4: Interest Payments or Dividend Distribution: Dividend is allocated to cover the cash dividend for 2015, 2014 and 2013.

Note5: Government Payments: The current income tax expenses.

Note6: Donations: Donations to charities, non-governmental organizations, research institutes (excluding business development or campus recruitment, etc.).

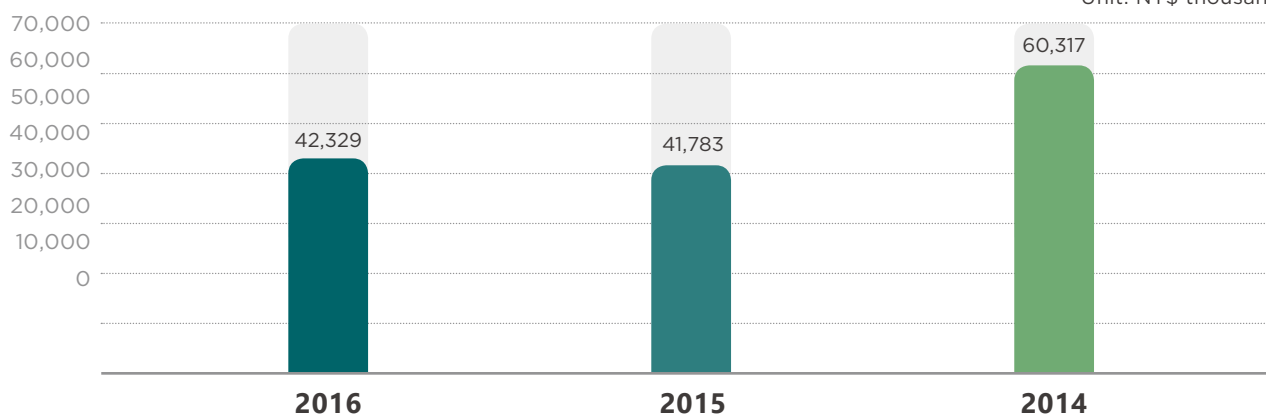
1.3 Financial assistance received from government

Unit: NT\$ thousand

Company	Name	Type	Government Organization	Item	Amount	Description
ELAN	Financial rewards		Hsinchu Science Park Bureau	R&D Accomplishment Awards	300	
				Innovative Product Awards	300	
	Waived		National Taxation Bureau, Ministry of Finance	Tax reduced or waived	41,669	Accountant verified
Metanoia	Financial rewards		Workforce Development Agency, Ministry of Labor	Hiring allowance	48	
			Ministry of Labor	Subsidy for nursery room construction	12	
Total		-	-	-	42,329	

Note: Avisonic, PIXORD and ELAN (H.K.) have not received financial funds from the government.

Unit: NT\$ thousand

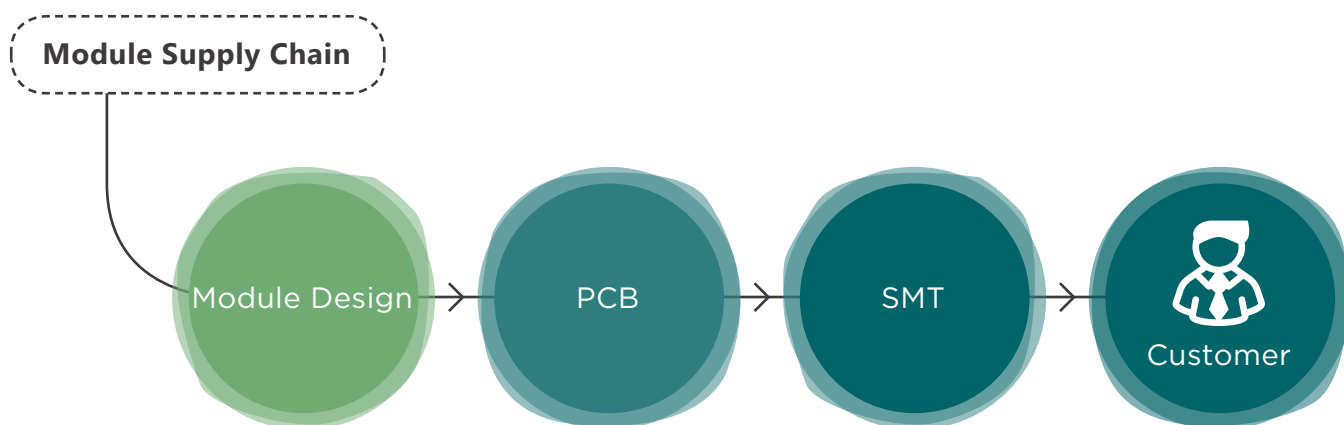


1.4 Risk and opportunity

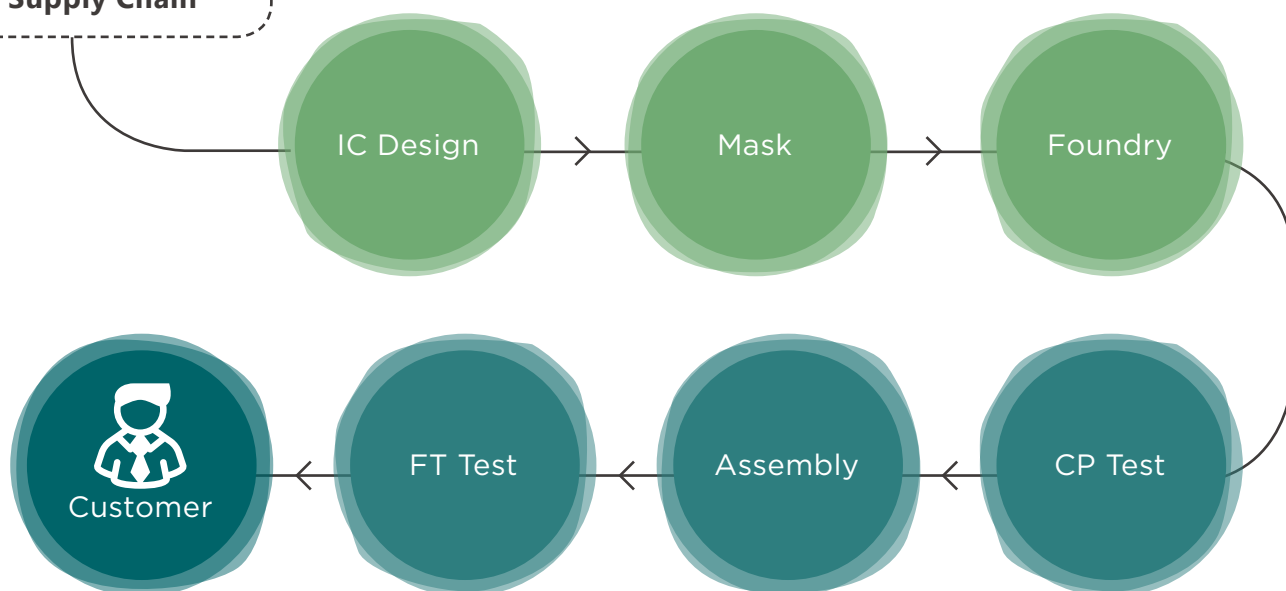
With regards to the potential financial impacts and other risks and opportunities that may be brought by climate change, ELAN, in addition to monitor climate change in Taiwan and overseas, continues to pay close attention to new issues related to global environment. Areas we especially concern not only include ELAN's plant areas, but also gradually extended to locations of our supply chains in hope to monitor the possible risks of commodity supply shortage. On the other hand, considering the disclosure of related statistics by government agencies in the future, ELAN began implementing greenhouse gas examination in 2014 and has set the average electricity consumption per person to be decreased by 1% as a Key Performance Indicator (KPI).

1.5 Supply chain

Since ELAN is a professional IC and module design company, wafer production and post-production are all outsourced, making a smooth cooperation with the overall supply chain most crucial. Therefore, we continue to maintain partnerships with domestic and foreign wafer manufacturers, as well as upstream and downstream packaging and testing manufacturers, in order to achieve a cost competitiveness position. Meanwhile, we closely cooperate with other supply chain vendors such as touch panel, LCD panel, NB assembly factories, etc., to ensure smooth product shipments and long-term partnerships with our customers. The Group's local procurement ratio of 2016 is 69%.



IC Supply Chain



Supply Chain

Unit: NT\$ thousand

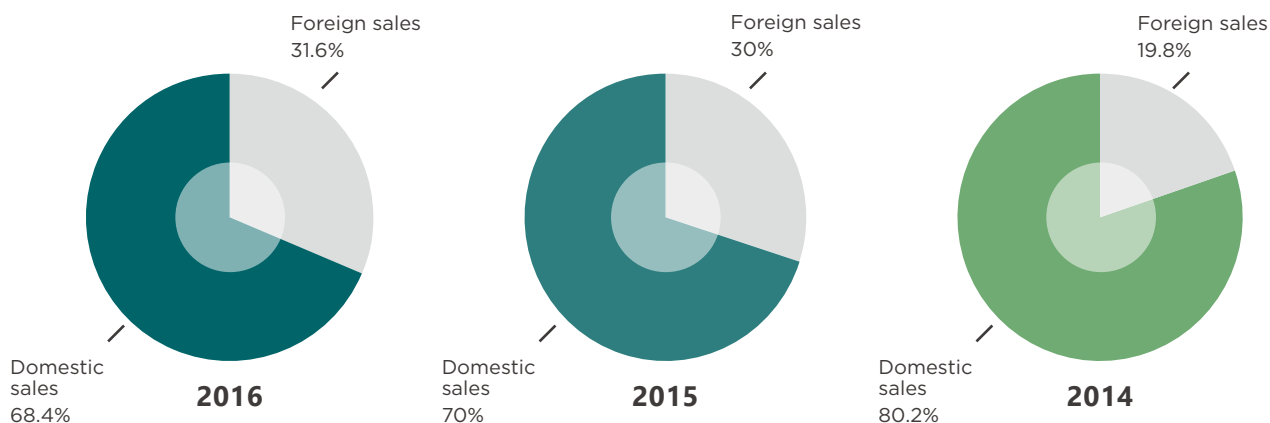
Company Name		ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)	
Supplier	Type	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)
IC-Commodity	Domestic	33	61%	10	100%	10	100%	-	-	-	-
	Foreign	11	39%	0	0	0	0	-	-	-	-
Module-Commodity	Domestic	84	78%	2	100%	36	90%	128	95%	-	-
	Foreign	21	22%	0	0	2	10%	7	5%	-	-
Other services		574	-	158	-	46	-	104	-	32	-

Note1: IC-Commodity includes cutting, mask, packaging, wafer and test suppliers.

Note2: Module-Commodity includes PCB, SMT and commodity suppliers.

Note3: Other services: such as the distribution of transportation, labor costs, development costs, security, insurance, contract maintenance, food expense to the suppliers, etc.

EIAN Microelectronics 2014~2016 **Annual IC/ Module-commodity Purchase Ratio**



1.6 Precautionary approach and principle

The company is committed to support any externally enacted economic, environmental and social regulations, principles, or other initiatives. In order for all business activities to meet the latest external initiatives, regulations and principles, Industrial Performance Management (IPM) is assigned to visit the GRI website and Government regulations information website frequently and gather the latest news on initiatives and regulations. CSR committee also take requests and suggestions from customers, government agencies, community groups and stakeholders, review current operational compliance and take relevant measures when necessary. For matters that do not comply with the economic, environmental and social regulations, principles, or other initiatives enacted by the exterior affairs, the company shall make our best effort to improve in the shortest possible time to avoid any negative impacts to the stakeholder groups, the individuals, the socio-economic and the environment.

The company provides customers with professional IC design service and has no direct contact with the end-product consumers. The economic scale of the company may not be significant enough to participate in a dominant position, however, in response to customers' request, we have signed our support to comply with economic, environmental and social regulations, principles and other initiatives, and adopt relevant management standards approved by the third-party certification authorities, such as Electronic Industry Code of Conduct (EICC), International Standard Organization enacting environmental management standards (ISO 14001), etc.



1.7 Investor relations transparency

ELAN	The Taiwan Stock Exchange announces on March 7, 2017 that starting in 2018, all domestic listed companies shall hold an institutional investors' conference at least once a year (self-hosting or invited), instead of once every three years as in 2015. Besides conducting numbers of investor meetings (including one-on-one or one-to-many, face-to-face communication, and real-time teleconference), ELAN also participates in forums invited by securities companies. Since 2012, we have been holding quarterly conference calls and disclosing relevant news and financial information on the company's website that investors may be interested in. Actions we have taken to disclose information to investors: - Put up an "Investor Relations" section on the company's official website, contents include: - Financial Information: Monthly revenue report, quarterly, semi-annual, and annual reports. - Investment Column: Stock price information, dividend distribution over the years, shareholders' meeting, investor conference, newsletter and contact information. - Published 2 company-related news (press and online). - Issued a total of 15 major announcements on the Taiwan Stock Exchange Market Observation Post System as required. - Released monthly sales reports (including key product development schedule) in both Chinese and English to simultaneously disclose the information to domestic and foreign investors. - Held an annual shareholders' meeting. - Held quarterly conference calls on March 15, June 14, August 10 and November 6. Video files of the conferences were uploaded to Stock Exchange Wipro platform and the company's website. - Held 66 investor conferences with domestic/foreign investors and analysts. These include one-to-one or one-to-many, face-to-face communication (securities forums are included) and real-time teleconference.
Metanoia	- Private entity. - Held an annual shareholders' meeting on June 6, 2016.
Avisonic	- Private entity. - Held an annual shareholders' meeting on June 6, 2016.
PIXORD	- Private entity. - Held an annual shareholders' meeting on June 6, 2016.
ELAN (H.K.)	Share the official website with the parent company.

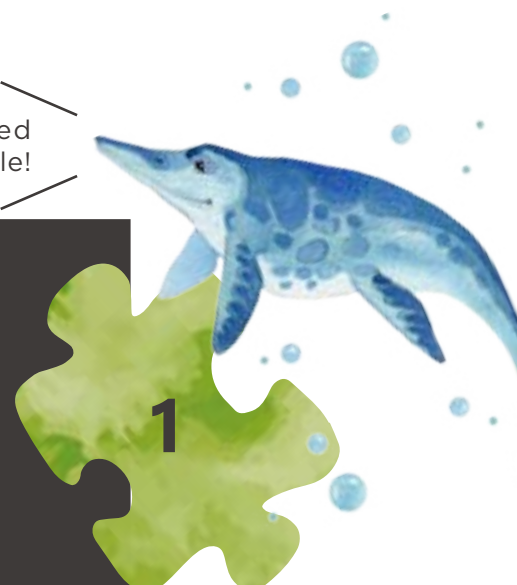
Note: ■ Disclosure on Management Approach (DMA)

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.

You've received
Chapter 1 puzzle!





Corporate Governance

2.1 Highest governance body

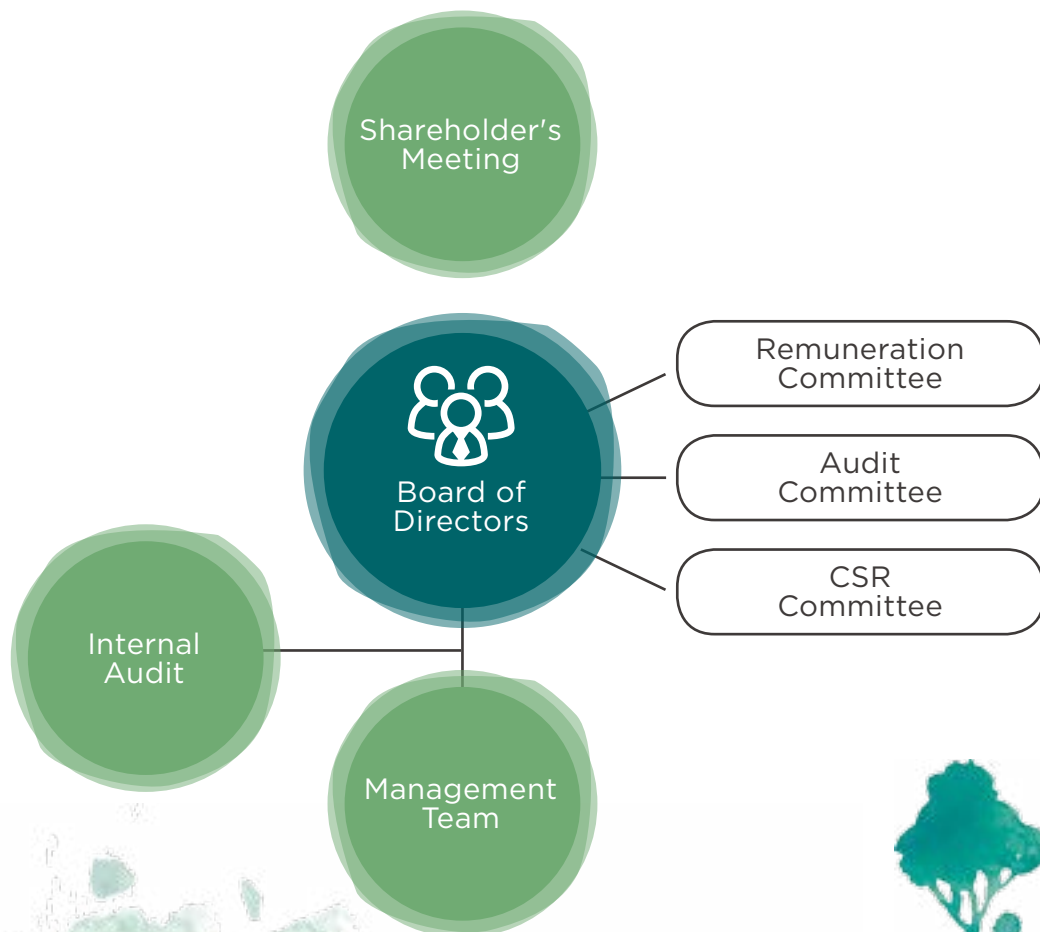
2.2 Principles of business ethics and integrity

2.1 Highest governance body

The Board of Directors is the highest governance body of ELAN Microelectronics. The eighth term of the Board of Directors consists 4 directors and 3 independent directors, whom were appointed by the Broad of Shareholders in June 2015, to hold office from 2015/6/2~2018/6/1. The Board of Directors also authorized Chairman I. H. Yeh and Director Kuo-Lung Yen as the key members of Company's management team. The Chairman determines Company's future direction and operating plans according to the decisions made in the board meetings, and announces them to senior managers during staff meetings. The managers then instruct the employees and the plans are carried out.



Shareholder's meeting



Composition of ELAN and affiliates' Board of Directors



ELAN

Name	Title	Sex
Yeh Yu Long Investment Corp.	Director	Male
Kuo-Lung Yen	Director	Male
Chi-Lin Wea Tsung Long Investment Corp.	Director	Male
Te-Chen Chiu	Director	Male
Hou-Ming Chen	Independent Director	Male
Hsien-Ming Lin	Independent Director	Male
Mao-Kuei Lin	Independent Director	Male



Metanoia

Name	Title	Sex
I. H. Yeh	Director	Male
Kuo-Lung Yen	Director	Male
Dennis Liu	Director	Male
Andy Wu	Supervisor	Male
-	-	-
-	-	-
-	-	-



Avisonic

Name	Title	Sex
I. H. Yeh	Director	Male
Chien-Te Wu	Director	Male
Kuo-Lung Yen	Director	Male
Vincent Tao	Director	Male
Meng-Chun Lin	Director	Male
Andy Wu	Supervisor	Male
Wen-Ya Tseng	Supervisor	Female



PiXORD

Name	Title	Sex
I. H. Yeh	Director	Male
Chien-Te Wu	Director	Male
Chung-Chi Lien	Director	Male
Andy Wu	Supervisor	Male
Wen-Ya Tseng	Supervisor	Female
-	-	-
-	-	-

ELAN's Chairman I. H. Yeh concurrently serves the post as General Manager. Yeh is very familiar with Company's state of operation, and has no difficulty in financing and making business decisions. All directors and independent directors have finance and business-related experiences; among them, 2 institutional directors and 1 director are shareholders, the other 1 director and 3 independent directors are not shareholders.

ELAN	ELAN Board of Directors convenes at least once every quarter, with a total of 5 meetings in 2016 (3/10, 5/6, 8/5, 11/4, 12/16). The Board of Directors sets out economic, environmental and social standards in accordance with relevant laws and regulations, and passes dividend distribution and investment cases. The Board also 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. Except for meetings convened under urgent circumstances, the contents and information of the meeting are to be drafted and provided along with an accompanying notice to each director and supervisor, seven days before the meeting is convened. The proceedings of the board meeting held periodically include the following: (1) Matters to be reported: ① Meeting minutes from the previous meeting and its implementation ② Important financial business reports ③ Internal audit business reports ④ Other important matters (2) Matters to be discussed: ① Matters retained in the previous meeting ② Matters discussed in the current meeting (3) Extempore Motion
Metanoia	1. Convened a total of 3 board meetings in 2016 (3/9, 6/28, 10/20). 2. The proceedings include the following: (1) Matters to be reported: ① Meeting minutes from the previous meeting and its implementation (2) Matters to be discussed: ① Matters retained in the previous meeting ② Matters discussed in the current meeting (3) Extempore Motion
Avisonic	1. Convene at least one board meeting a year. In 2016, convened a total of 2 board meetings (3/9, 7/28). 2. The proceedings of the board meeting held periodically include the following: (1) Matters to be reported: ① Meeting minutes from the previous meeting and its implementation (2) Matters to be discussed: ① Matters retained in the previous meeting ② Matters discussed in the current (3) Extempore Motion
PIXORD	1. Convened a total of 3 board meetings in 2016 (3/9, 6/6, 12/9). 2. The proceedings include the following: (1) Matters to be reported: ① Meeting minutes from the previous meeting and its implementation ② Other important matters (2) Matters to be discussed: ① Annual Financial Statements ② Other important matters (3) Extempore Motion

ELAN Remuneration Committee

To establish a fair remuneration and profit-sharing system in the organization that reflects employees' individual performances on their remuneration, the first term of the Remuneration Committee was set up in December 2010. In June 2015, ELAN reelected the second term of the Remuneration Committee for the period of 2015/6/2~2018/6/1, to assist the Board of Directors in implementing and evaluating the overall remuneration policies and to further improve enterprise business management and promote economic benefits. ELAN's Remuneration Committee is composed of 3 independent directors, Hou-Ming Chen, Hsien-Ming Lin and Mao-Kuei Lin, one of whom is a convener. None of the three members holds shareholder rights or a position on the management team.

The Remuneration Committee convenes at least twice a year. The members of the committee are independent and qualified professionals as required by the relevant regulations. Salaries of directors and managers are determined based on the current market quotation within the industry (i.e., statistics derived from related industries' annual reports). Meeting agenda are set by the convener and when voting, the majority (more than half) of the attending committee members needs to agree to before a proposal is passed. In another case, the Committee chairman simply consults with the members and if none objects, the proposal is passed. It has the same effect as voting. The results are announced right away and recorded in the meeting minutes. Finally, the Remuneration Committee submits the results to the Board of Directors for further discussion and approval.

The convener of the Remuneration Committee will serve as the Committee Chairman and representative. His/her main responsibilities include:

1. Establish and regularly review the policies, systems, standards, and structure of the performance evaluation for directors and managers.
2. Regularly evaluate and establish salary remunerations for directors and managers.
3. Persuade the directors and managers to implement a competitive and encouraging compensation system that can attract and retain elite and improve business performance.

Note: Metanoia, Avisonic and PiXORD are unlisted OTC companies, hence have not established remuneration committees.

ELAN Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in the fulfilling and monitoring of Company's quality and integrity in the execution of accounting, auditing, financial report processes and financial controls. According to law of the Republic of China, the members of the Audit Committee shall compose entirely of independent directors. The term of office for ELAN Audit Committee's member is 3 years and member may be re-elected for a second term. The Audit Committee should convene meeting at least once a quarter, with no less than 3 members in each meeting (one being the convener and at least one needs to be specializing in accounting or finance).

ELAN Audit Committee was set up in June 2015 for the period of 2015/6/2~2018/6/1. The Audit Committee is composed of 3 committee members, Hou-Ming Chen, Hsien-Ming Lin and Mao-Kuei Lin, one of whom is a convener. None of the three members holds shareholder rights or a position on the management team.

Items to be discussed are as follows:

1. Under regulations of Article 14-1 of the Securities and Exchange Law, establish or amend the internal control system.
2. Examine the effectiveness of the internal control system.
3. Under regulations of 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 that involve the directors' own interests.
5. Major assets or derivative product transactions.
6. Major capital loans, endorsement or provide guarantees.
7. Raise, issue or private placement of negotiable securities with stock rights.
8. Appointment, dismissal or remuneration of an accountant.
9. Appoint and dismiss finance, accounting or internal audit managers.
10. Annual financial report and semi-annual financial report.
11. Other major decisions made by the management team.

All of the above-mentioned subjects, except for Item 10, should be approved by the majority of all the members of the Committee and before being proposed to the Board of Directors for approval.

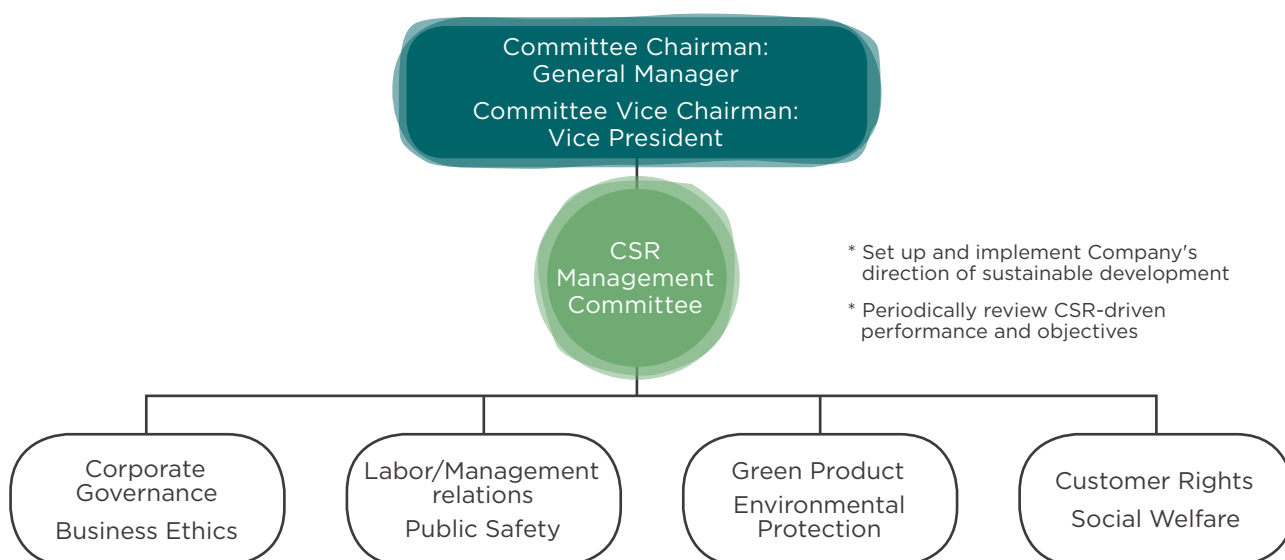
For Item 10, if the majority of the members disapprove the subject, the approval of two-thirds or more of the members of the Board of Directors may still get subject approved.

Note: Metanoia, Avisonic and PiXORD are unlisted OTC companies, hence have not established remuneration committees.

Corporate Social Responsibility (CSR) Management Committee

ELAN Corporate Social Responsibility (CSR) Management Committee is set up in 2015 and responsible for making strategic decisions that may have positive economic, environmental and social impacts. The CSR Committee Chairman is the General Manager of the company and Committee Vice Chairman is the Vice President. An executive team led by the Industrial Performance Management Office (IPM) is set up by the committee. Four other teams including Labor-Management Relation & Public Safety, Environmental Protection & Social Welfare, Supplier Management & Risk Management, and Product Design & Customer Rights are also set up to promote all matters regarding to corporate social responsibility and ensure all operational activities are in line with the requirements, regulations and requests from the government, customers, society and stakeholders. 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 monthly quality meetings.

Elan CSR Management Committee (since Nov. 5, 2014)



2.2 Principles of business ethics and integrity

In 2014, the Board of Directors introduced operating systems including the Integrity Management Operational Procedure, Integrity Conduct Guide Specification, Integrity Practices Specification, Ethical Behavior Specification, and Personal Data Protection Management Measures. The Human Performance Management Department was assigned to execute, supervise and confirm the revision, implementation, explanation, consultation service and the briefing and digitalization of the system guides. In addition, report to the board of directors when any business operation-related adjustments are made.

In the case where Company's personnel are directly or indirectly offered or promised by someone with money, gifts, services, preferential treatment, hospitality, entertainment or other benefits, such offers or promises must be returned or rejected regardless of the position, duty or relation of the offeror. Such incidents should also be immediately reported to supervisors and Company's relevant department is to be informed as well. Gifts 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 relevant department should be asked to deal with the situation. After evaluating the nature and value of the gift, the department may take appropriate actions such as donation or disposal after notifying the General Manager.

ELAN has set up Ethical and Credible Management Codes, as well as other relevant integrity codes and standards, and an external communication mailbox. Employee training workshops were also given in 2015 to facilitate implementation of the integrity management policy in order to actively prevent dishonest behaviors. 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 regularly.

Note: ■ Disclosure on Management Approach (DMA)

Organization, professional association, union and academic institution the Group communicates and cooperates (2014-2016)

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

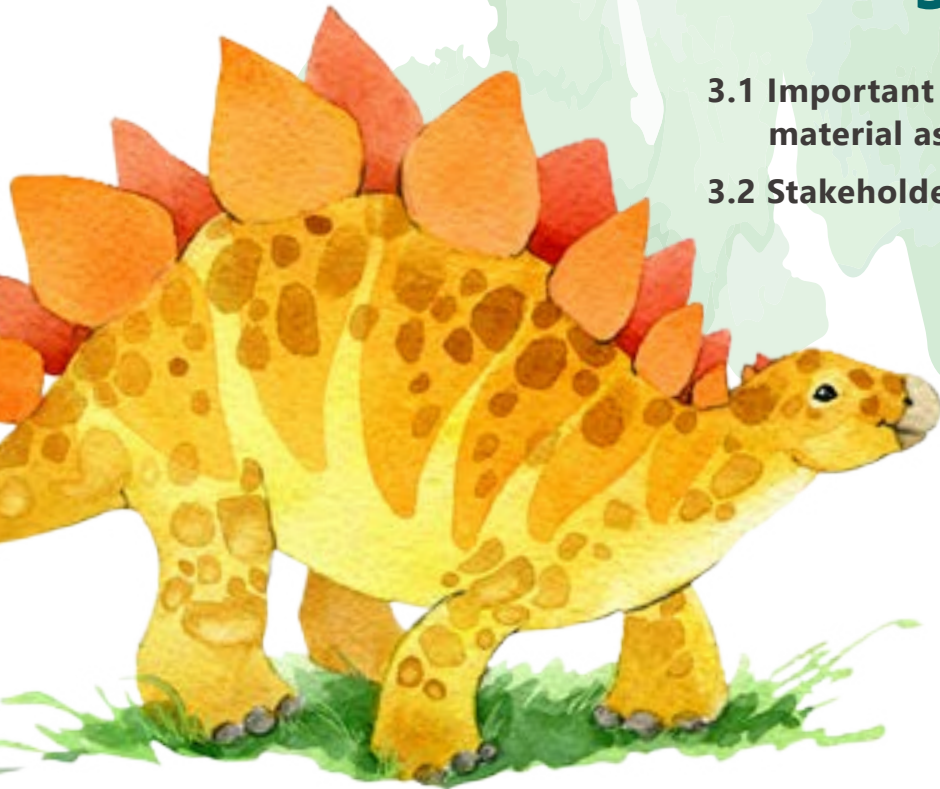


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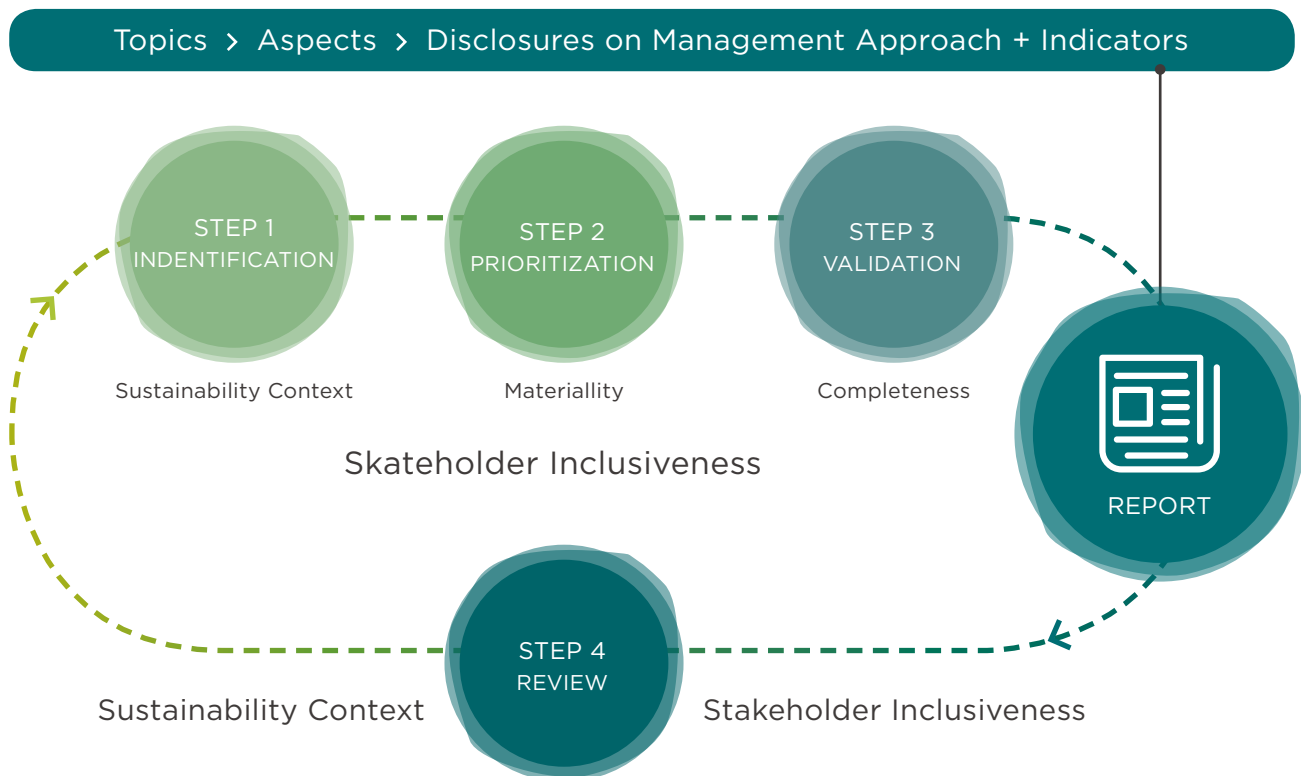
Stakeholder Engagement and Management

3.1 Important stakeholder and material aspect identification

3.2 Stakeholder engagement



3.1 Important stakeholder and material aspect identification

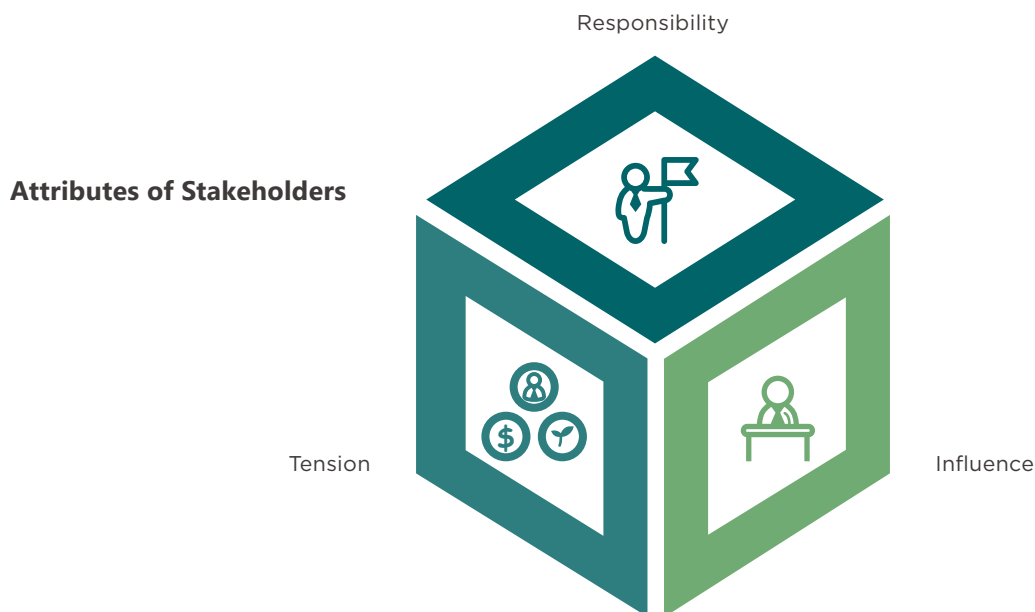


Identifying Material Aspects and Boundaries

Integrate internal and external topics based on the principle of stakeholder inclusiveness. External topics include local or global sustainable development and development of semiconductor and IC industry status, etc. Internal topics include stakeholders' needs and expectations, Company's sustainable development strategy, objectives and departments' key performance indicators (KPI), etc.

The collected topics will be categorized into the 46 consideration aspects of GRI G4 and 7 other categories in accordance with the nature of the company. A total of 53 topics. Each department then evaluates whether these 53 topics will impact the entities within or outside the organization. Among them, 38 topics are to be selected and put into a questionnaire to gather stakeholders' opinions on the degree of impact and concern toward these topics.

In accordance with routine business operation, ELAN's CSR Management Committee, along with other affiliates' representatives have listed a total of 65 relevant stakeholders and classified the natures of them into 14 categories based on the basic principles of AA1000 Stakeholder Engagement Standard 2011. Then, evaluate their responsibility, tension and influence and come up with comprehensive scores that will screen out Company's internal/external stakeholders. A total of 328 degree of concern questionnaires are issued. At the same time, Company's seniors and department managers degree of impact questionnaires are also given out.



After the implement secretary collects the assessment results from each department, she/he will then evaluate each assessment in accordance with "Dependency", "Tension", and "Influence" category. A score of 2.19 or above is considered "highly apprehensive", while a score of 2.0 or higher is considered "highly impactful." The "highly apprehensive" and "highly impactful" can be summed up in 32 consideration aspects.

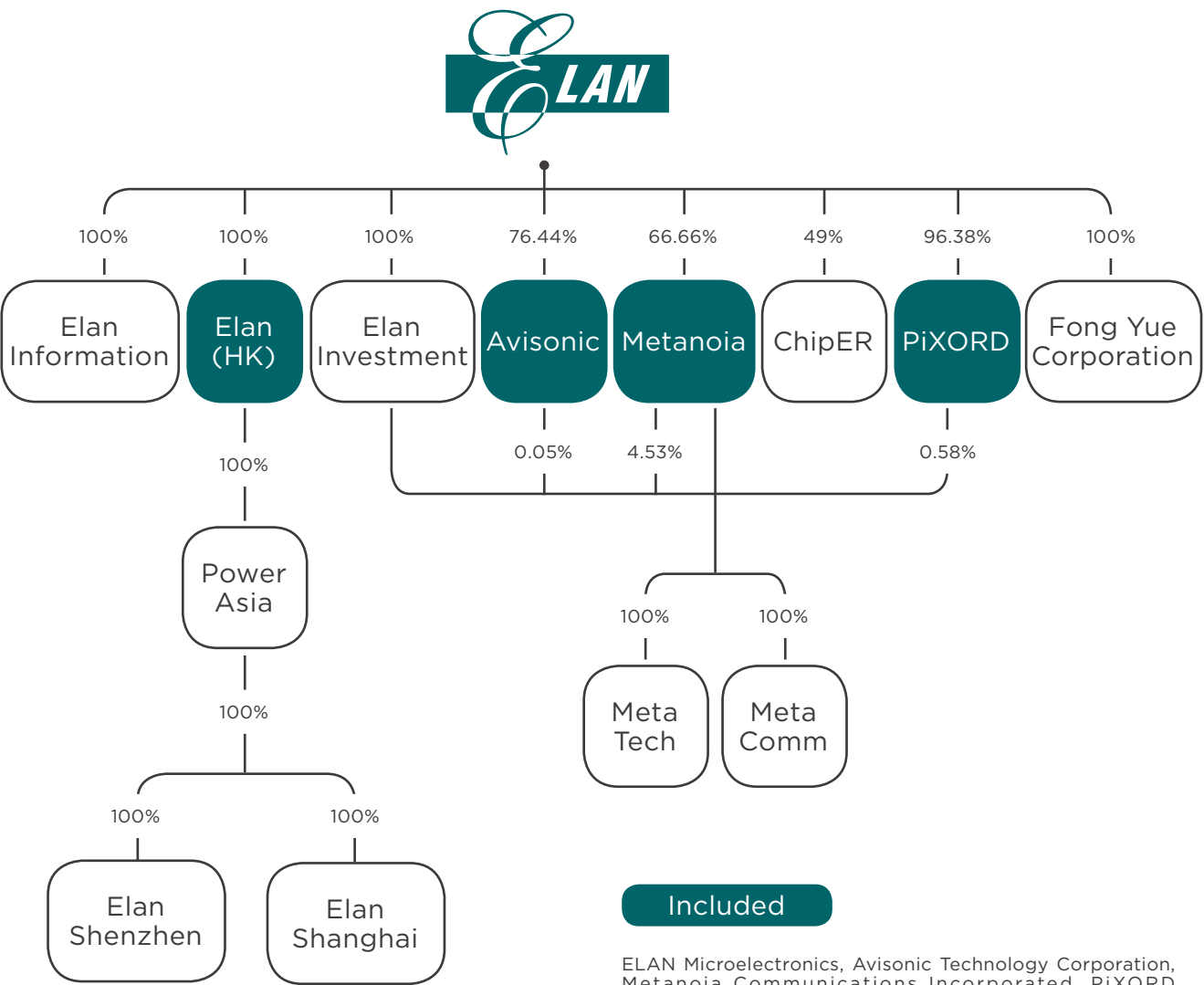
After accounting managers' expectations and the material aspects defined by internal and external stakeholders, some of the low priority topics and ELAN's 5 special aspects will also be added into consideration. A total of 37 material consideration aspects are then submitted to the Vice President. Note that the corresponding consideration aspect of each indicator is the material aspect to be considered. Discussions are taken place in each department on the feasibility of the operations and 7 categories of internal and external stakeholders within the organization are confirmed. This process is to ensure that the report is reasonable and evenly describes Company's impacts on economy, environment, and society. Ultimately, provide a way for stakeholders to evaluate Company's performance.

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 Company's performance.

Due to the fact that this report adheres to core principles in selecting items for disclosure, each material aspect exposes at least one indicator. Hence, except for the other categories and the single-indicator aspect which are excluded from the assessment, indicators all other material aspects are forwarded to a designated unit for further evaluation. The assigned unit reviews whether the material will impact the company's internal and external organization, provides ratings on the degree of the impact (if any) and the degree of concern, then defines 54 major indicators that will be covered within 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. The report focuses on disclosing the ones with greater consolidated revenue, larger numbers of employees, company registration certificates and located in Hsinchu headquarters.



Included

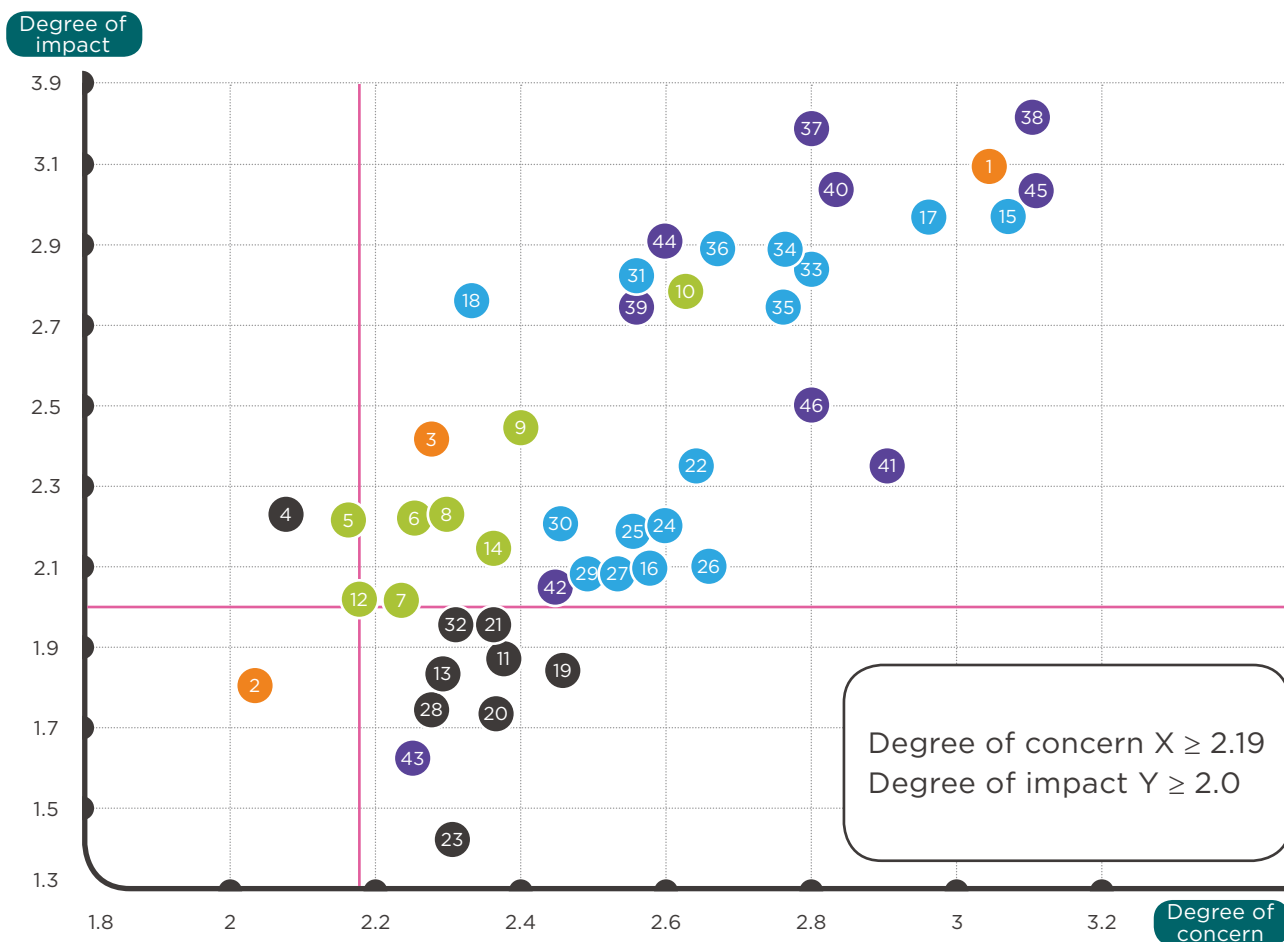
ELAN Microelectronics, Avisonic Technology Corporation, Metanoia Communications Incorporated, PiXORD Corporation and ELAN (H.K.)

Excluded

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

Note:
Meta Comm completed the liquidation in September 2005.

The approval of material consideration aspects



Impact boundaries of material aspects within and outside of the organization

Material Aspect			Entities within the Organization					Entities outside of the Organization			
			ELAN	Affiliates				Customer	Agent	Leading	Supplier
				Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Economy	1	Economic Performance	✓	✓	✓	✓	✓	●	●		●
	2	Market image	✓	✓	✓	✓	✓				
	3	Procurement practice	✓	✓	✓	✓	✓				●
Environment	5	Energy	✓	✓	✓	✓	✓				
	6	Water	✓	✓	✓	✓	✓				
	7	Emission	✓	✓	✓	✓	✓				
	8	Waste	✓	✓	✓	✓	✓				
	9	Product and service	✓	✓	✓	✓	✓				●
	10	Environmental compliance	✓	✓	✓	✓	✓				●
	12	Overall environment	✓	✓	✓	✓	✓				
	14	Environmental complaint mechanism	✓	✓	✓	✓	✓				

✓ Information disclosed ● Information to be disclosed in the future

Note: Impact boundaries of material aspects within and outside of the organization focus on entities, therefore, employees and shareholders are not shown in the table.

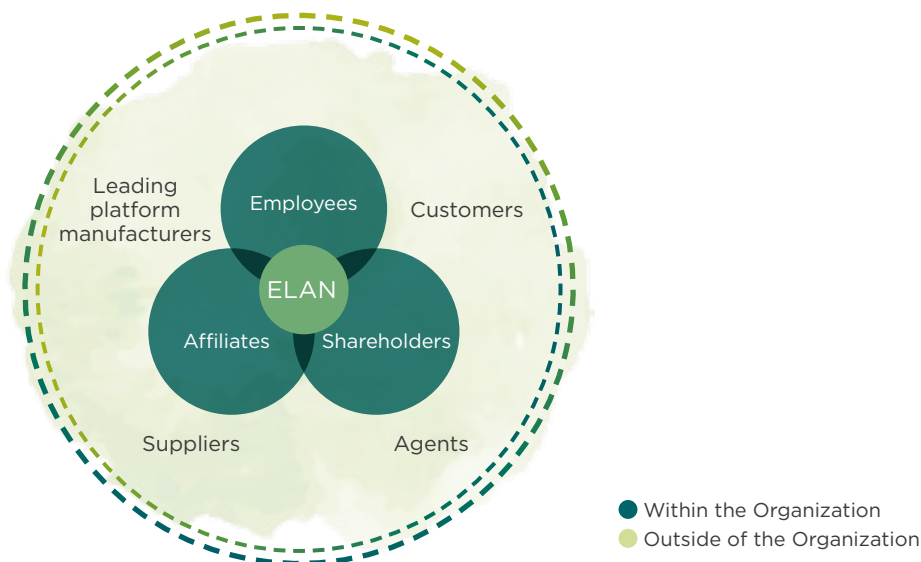
Material Aspect			Entities within the Organization					Entities outside of the Organization			
			ELAN	Affiliates				Customer	Agent	Leading	Supplier
				Metanoia	Avisonic	PiXORD	ELAN (H.K.)				
Society	15	Employment	✓	✓	✓	✓	✓				
	16	Labor/management relations	✓	✓	✓	✓	✓				
	17	Occupational health and safety	✓	✓	✓	✓	✓				●
	18	Training and education	✓	✓	✓	✓	✓				
	22	Labor complaint mechanism	✓	✓	✓	✓	✓				
	24	Non-discrimination	✓	✓	✓	✓	✓				●
	25	Freedom of association and collective bargaining	✓	✓	✓	✓	✓				
	26	Child labour	✓	✓	✓	✓	✓				●
	27	Forced or Compulsory Labor	✓	✓	✓	✓	✓				●
	29	Human rights complaint mechanism	✓	✓	✓	✓	✓				●
	30	Anti-corruption	✓	✓	✓	✓	✓				
	31	Social compliance	✓	✓	✓	✓	✓				●
	33	Customer health and safety	✓	✓	✓	✓	✓				●
	34	Product and service labeling	✓	✓	✓	✓	✓				●
	35	Customer privacy	✓	✓	✓	✓	✓				
	36	Product liability compliance	✓	✓	✓	✓	✓				
Other	37	Customer engagement	✓	✓	✓	✓					
	38	New product development	✓	✓	✓	✓					
	39	Supplier strategy	✓	●	●	●					
	40	Operational performance indicator	✓	●	●	●					
	41	Care for employees and their families	✓	●	●	●					
	42	Industry-University cooperation program	✓	✓	✓	✓					
	43	Participation in public service	✓	●	●	●					
	44	Risk management	✓	●	●	●					
	45	Product contribution to world trends	✓	●	●	●					
	46	Investor relations transparency	✓	●	●	●					

✓ Information disclosed ● Information to be disclosed in the future

Note: Impact boundaries of material aspects within and outside of the organization focus on entities, therefore, employees and shareholders are not shown in the table.

3.2 Stakeholder engagement

To pursue a sustainable development of the company, understanding stakeholders' point of view is crucial in achieving transparent communication and building important future references. In addition to the communication during routine business operations, an external contact mailbox is also provided on Company's website as an effort to maintain interactions with the stakeholder.



	Stakeholder	Communication Method	Response Method	Material Aspect
Within or Outside of the Organization	Employee	Operational & Labor/management meeting, employee complaint mechanism, stakeholder survey	1. Convene operational & Labor/management meeting to allow two-way communication 2. Inform company-related news through announcements or Company's website 3. When sexual harassments or related petitions are reported through the Employee Complaint Form, the Human Performance Management Department will respond with the Complaint Response Form	Society Labor practice and dignity - Labor/management relations Economy Economic Performance Society Labor practice and dignity - Customer health and safety Other Care for employees and their families Other New product development
	Shareholder	General shareholder: shareholder's meeting, annual report, major announcement, company website, stakeholder survey Corporate shareholder: company visit, conference call	General Shareholder: 1. Annual shareholders' meeting in June 2. Set up spokesperson channel to resolve shareholders' questions 3. Company's website 4. MOPS that discloses major announcements Corporate Shareholder: 1. Arrange company visits when requested 2. Quarterly conference call	Economy Economic Performance Other New product development Other Operational performance indicator Other Customer engagement Society Labor practice and dignity - Labor/management relations
	Affiliate	Phone, e-mail, stakeholder survey	Contacted directly by business-related units	Society Labor practice and dignity - Labor/management relations Society Labor practice and dignity - Customer health and safety Environment Commodity Economy Economic Performance Society Labor practice and dignity - Training and education

	Stakeholder	Communication Method	Response Method	Material Aspect
Outside of the Organization	Customer	Company website, satisfaction survey, stakeholder survey	Survey responses	Other New product development Society Product responsibility - Customer health and safety Other Supplier strategy Society Product responsibility - Product and service labeling Environment Commodity
	Agents	Company website, satisfaction survey, stakeholder survey	Survey responses	Other Supplier strategy Other New product development Society Product responsibility - Customer privacy Society Product responsibility - Customer health and safety Society Product responsibility - Product and service labeling Economy Procurement practice Other Customer engagement
	Suppliers	Supplier monthly review meeting, supplier audit, stakeholder survey	1. Convene monthly supplier meetings to review productivity, delivery time, etc. 2. Convene annual supplier conference	Economy Procurement practice Other New product development Economy Economic Performance Environment Water Society Product responsibility - Customer privacy Society Product responsibility - Customer health and safety Other Supplier strategy
	Leading platform manufacturers	Irregular project meeting, stakeholder survey	Contacted by marketing personnel or R&D personnel for projects or specification-related matters.	Other Customer engagement Other New product development Economy Economic Performance Environment Product and service Society Anti-corruption Society Product responsibility - Customer health and safety Society Product responsibility - Product and service labeling Society Product responsibility - Customer privacy

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.

You've received
Chapter 3 puzzle!





Product Design and Customer Rights

4.1 Customer relations and partnership with platform providers

4.2 A sound patent system that encourages employees' innovations

4.3 The efficiency of new product technology integration accelerated with the knowledge management system

4.4 Product contribution to world trends

4.5 Product and service labeling

4.6 Customer service and customer rights

4.7 Customer privacy protection

4.8 Customer satisfaction survey

Nowadays, the role of Taiwanese IC design companies has changed. In the past, when products arose in the US market, Taiwanese companies caught up passively and designed products according to US market demand. However, now that IC design industry in Taiwan has strengthen, we begin to create markets instead of following.

Innovators in Taiwan can be divided into two types: dominant specification developers and co-developers. Under the condition that the market scale is large enough, Taiwanese manufacturers have been able to lead or participate in the development of specifications in NB, tablet, smart phone, computer peripherals and human-machine interface products. In 2016, ELAN Microelectronics has mass developed a total of 194 new product solutions.



4.1 Customer relations and partnership with platform providers

ELAN actively tries to understand and participate in the certification process of the leading platforms of Microsoft and Google. In addition to related website inquiries, we also confer with Microsoft, Google personnel and visit MSDN-related public websites... Nonetheless, during specification setup progress, ELAN also assists in related testing, provides test data and our recommendations on as a reference for the platform.

Take Microsoft's Windows 8, Windows 8.1 and Windows 10 certifications for examples, before they were issued, ELAN assisted Microsoft in confirming the testing specifications and gave our suggestions. After the certifications were issued, quickly assisted customers in obtaining the touch certifications. Since the release of Windows 7, ELAN has assisted 43 brands in a total of 868 projects, and obtained 1,380 Touch Logo Certifications.

ELAN Touch Pad Solution can simultaneously support both Self-Sensing and Mutual-Sensing functions. Unlike other competitors, ELAN has fulfilled the strict requirements set by Google Chrome, and even exceeded the set standards in some tests. In addition, even though ELAN Track Pad Solution has already been listed on the Chrome Authorized Vendor List (AVL), we still visit Google teams in United States and Taipei regularly to ensure our Track Pad Solution keeps up with changes made by Google Chrome. ELAN's strong R&D teams and excellent supply chain management and service also earned the trust of customers. By 2016, ELAN Chromebook Trackpad has been adopted by 8 well-known NB factories in 26 models.

Note: ■ Disclosure on Management Approach (DMA)

Since the successful cooperation on NEXUS 7 tablet with Google and ASUS, Google has approved the technical capability of ELAN R&D team. Hence, ELAN had the opportunity to participate in Google's specification discussion when a new generation of Chromebook was designed, and later co-developed with first-tier NB manufacturers. ELAN has made a breakthrough from being a follower in the past, and transformed into a specification co-developer now. With synchronized R&D and ELAN's practical experiences in mass production, products are able to be synchronously released, grasping preemptive opportunities. Because of this, ELAN Chromebook Solution has successfully become Google's strategic partner.

In 2015, Microsoft released a new generation of operating software --- Windows 10. Due to all-time close cooperation with Microsoft, ELAN was able to synchronously develop Smart-Touchscreen™ and Active Pen Solutions that support Windows 10 operating system. They were also the world's first solutions to be certified by Windows and Microsoft Pen. The market share of ELAN's Smart-Touchscreen™ ranks first in the world. Capacitive Active Pen Solution will also become one of the ELAN's main products introduced in the near future.

Note: Disclosure on Management Approach (DMA)



\ Friendly reminder \

One of the advantages of ELAN's capacitive Active Pen Solutions is its ability to improve accuracy. Combine with other features such as floating, pressure sensitivity, and pen buttons, it almost makes it seem like writing with a real pen on a piece of paper.

ELAN's Smart-Touchscreen™ and Active Pen Solution is the World's first solution that supports Microsoft Pen



4.2 A sound patent system that encourages employees' innovations

As a motivation for employees to engage in innovative invention, ELAN sets up the Intellectual Property Right and Legal Department and provides generous bonus system. If an innovation put forth by an employee has a market value and meets the eligibility requirements prescribed in the Domestic and International Patent Law, he/she can apply for a patent bonus according to "Patent Management Method". Furthermore, each invention will be submitted for patent protection to enhance corporate value. Currently, the Intellectual Property Right and Legal Department holds monthly meetings to review patents. Applications that pass the review will receive bonuses given by the company. Later on, if the applications are approved and granted patents, additional bonuses will be given by the company to appreciate employees' effort made to protect the Company's R&D achievements. The "Patent Hero List" put up quarterly by the Intellectual Property Right and Legal Department gives employees' a sense of achievement and further promotes endless creativity for innovations.

Last but not least, to protect Company's intellectual property rights, all patent applications are first evaluated and re-written by the R&D personnel of Metanoia Communications Inc., and later sent to professional patent attorneys to apply for patents in countries such as United States, Europe, mainland China, etc. on behalf of the company.

Note: ■ Disclosure on Management Approach (DMA)

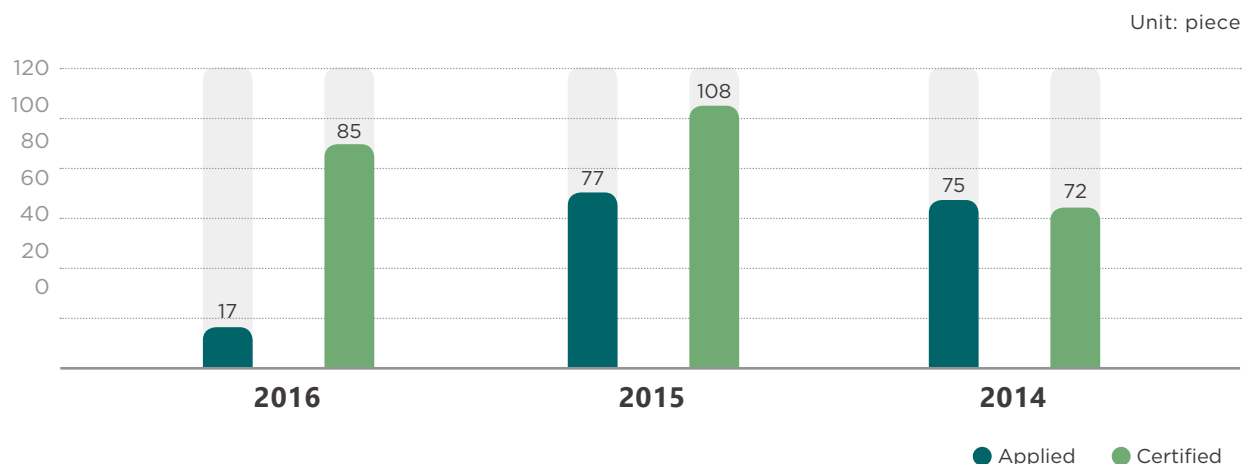
2016 Patent application of the Group



Note 1: ■ Disclosure on Management Approach (DMA)

Note 2: ELAN (H.K.) is a shipping and customer service center. It has no R&D unit, hence no patents applied.

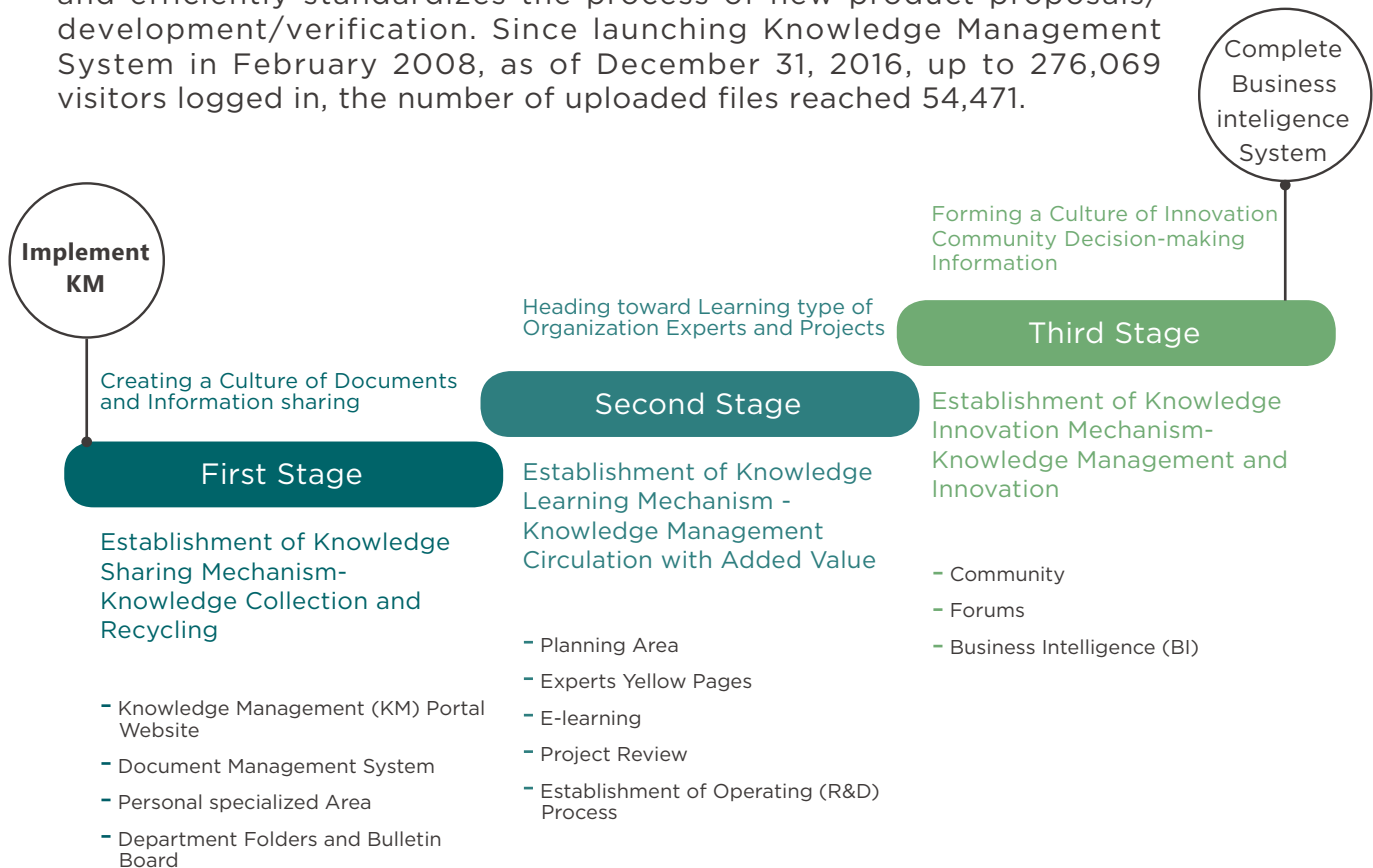
ELAN Microelectronics Numbers of patent applications submitted and certified



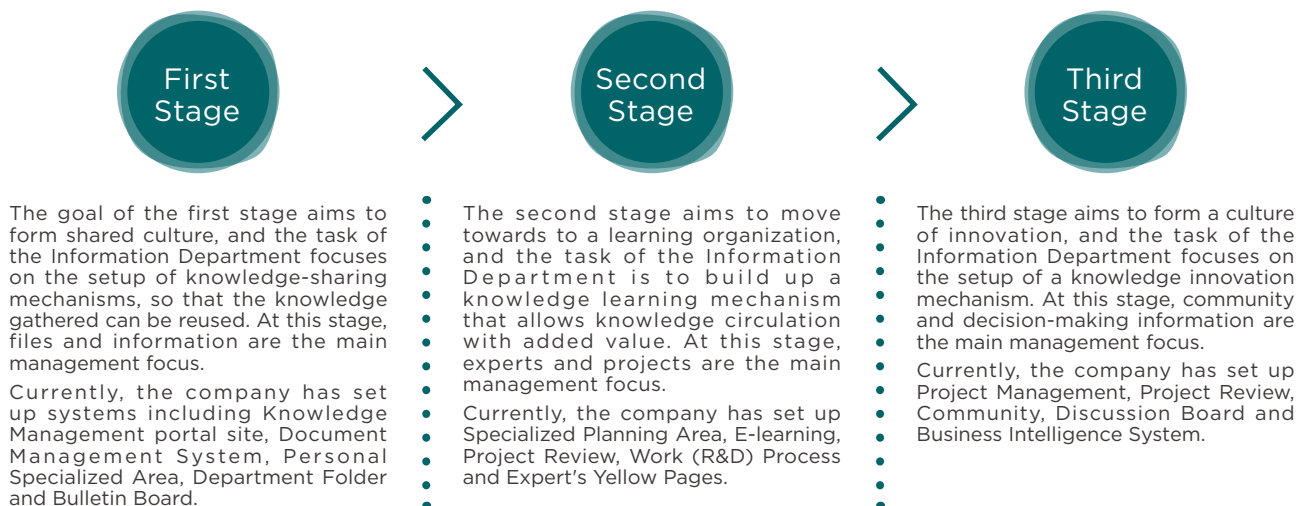
4.3 The efficiency of new product technology integration accelerated with the knowledge management system

Effectively re-utilize the long-term accumulated technological capabilities to accelerate the efficiency of new product technology integration

Starting in 2014, the flow has guided the standardization process of new product development by utilizing ELAN's electronic management system, which combines reference documentations, information areas and product development related systems into a single portal and efficiently standardizes the process of new product proposals/development/verification. Since launching Knowledge Management System in February 2008, as of December 31, 2016, up to 276,069 visitors logged in, the number of uploaded files reached 54,471.



The Knowledge Management System of the company is divided into 3 stages, each stage has its own objectives and tasks.



Industry-University Cooperation Program

ELAN Microelectronics continues to cultivate autonomous technology, and pay close attention to the academia and technology development trends, as well as the dynamics of the industry. Not only do we regularly research for professors with related background and research realms, we also maintain smooth communication channels within the industry and the academic circles. Moreover, when entering a new industry or field, we will first conduct an internal inventory of our own technological capacity, consider the time demands, then look for relevant technological cooperation partners. When suitable partners are found, we will first communicate and discuss with them. After both two parties confirmed our willingness to cooperate, the Non-Disclosure Agreement (NDA) is then signed to confirm intellectual property rights ownership and contracts. ELAN is committed to the commercialization of the achievements of an industry-university cooperation, creating a win-win situation. In 2016, ELAN carried out 3 industry-university cooperation programs with academic professors and industrial experts. Metanoia, PiXORD, Avisonic and ELAN (H.K.) have no relevant cooperation programs.

Note: ■ Disclosure on Management Approach (DMA)

4.4 Product contribution to world trends

As for the worldwide Intelligent Terminal (I.T.), three major applications all resulted differently. According to Gartner, smartphone sales reached 1.5 billion units in 2016, with an increase of 5%, mainly due to the unexpected increased in sales of low-cost smartphones. In contrast, NB PC market has entered its mature phase with total shipments of 159 million units in 2016, a 3% decline from the previous year. 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 significantly with shipments totaled 157 million units in 2016, a 6.6% drop compared to last year.

Touch Screen is ELAN's key revenue and the major source of profit. Although Touch-control industry had grown steadily and entered a mature phrase in 2016, the growth of the three major applications touch smartphone industry has slowed down, NB 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 before. 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 reduce costs.

ELAN Touch PadModule and Chip, mainly used in NB PCs, ranked second in the world with a 30%+ market share. To enhance the competitiveness of our customers 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 2016, more than 48 million sets of touch pad chips were shipped, an 11% annual growth.

ELAN Pointing Stick Chip, another product applying on PCs, currently supplies to the world's largest NB manufacturers. The development of pointing device sensing chips with high anti-noise, anti-RFI interference functions has been completed progressively.

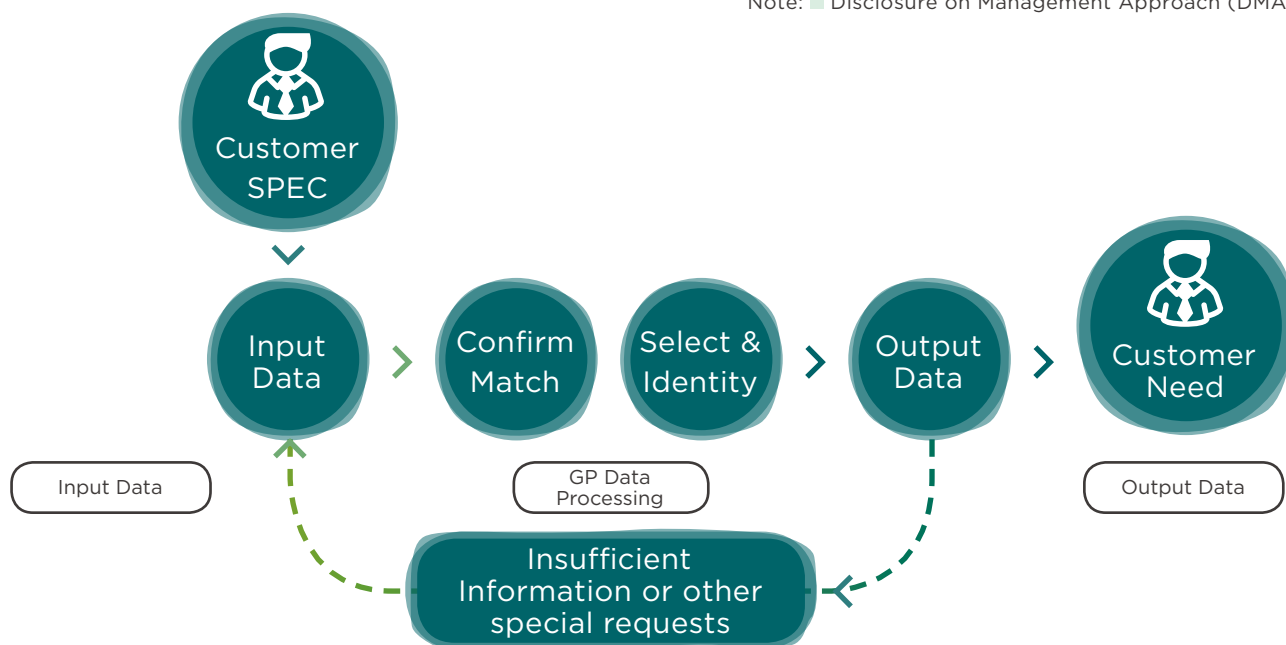
As for ELAN Fingerprint identification Chips, nearly 2.5 million sets were shipped in 2016. Its applications continues to expand, from smartphones, laptops, tablets, extended to smart cards, cars, Internet of Things (IoT), etc. and these functions will no doubt play an important role in application devices. In 2017, smartphone (with fingerprint identification function) market will enter its developing phase, with expected market penetration rate of over 60%, creating huge business opportunity for the market.

Note: ■ Disclosure on Management Approach (DMA)

4.5 Product and service labeling

1. ELAN established the Hazardous Substance Management Program Book based on international, industrial and customer standards set for the prohibited and restricted use of hazardous substances. The Book is used by our suppliers as management standards for the prohibited and restricted use of chemical substances, in order to strictly control all products, parts and materials, and to meet international, industrial and customer standards.
2. Each year, ELAN conducts trainings on harmful substances to communicate and educate our internal staff and external suppliers.
3. Information customers requested can be obtained through an external window. To request a document, enter ELAN e-Document System and fill out the "GP Document Request Sheet". The Quality Assurance Department personnel will respond to the request by either sending it back to Company's internal window or upload it directly to the customer system.
4. Continue to optimize the supplier upload system and store all customer requests in this system. When salespersons/customers have a demand, customer service personnel from the Quality Assurance Department are to determine which department should respond to the demand and deliver the message afterward.

Note: ■ Disclosure on Management Approach (DMA)



	Input	GP data processing	Output
 System	Hazardous Substance Management System (For Suppliers to Upload Data)	Process Manually	GP Document Request Sheet (For Customer Required Data)
 Description	Information provided and uploaded by the Supplier include: 1. Safety Data Sheet (SDS) 2. Chemical test report 3. Chemical Substance Survey Form 4. Official Elan GP warranty signed by the supplier, stored on the GP Document Request Sheet	The GP window determines whether customer-end specifications comply with Elan's specifications. If not, additional actions need to be taken.	Manually provide the information customers requested, either upload to customer-end GP systems as requested or send the original documents directly to customers. The document may include SDS (safety data sheet), inspection report, warranty, Reach questionnaire, EICC, etc.

5. When shipping, each product will have a label attached on its carton box. The label could be RoHS, SONY, or without any Green logo, depending on whether the product complies with Green Logo.
6. Product and service safety: In addition to basic dimension specs., descriptions on application interface and connector pin configuration are also included in the TP module specifications to help customers avoid design errors. For safety, usage range of the products should be clearly marked. Min. and Max. values should be provided for supply voltage, supply ripple, power consumption, and ESD (no error), ESD (no damage), operating temp., operating humidity, and storage temp., storage humidity, etc.
7. Safety-related specifications and restrictions such as maximum voltage tolerated, current and temperature, etc., should all be documented in the product specifications. The content should be detailed enough for the user to get adequate information and data for design and application considerations. Even in rare events where the internal of the products are damaged by exceeding the specifications and limitations, these products are still considered low risk products.
8. Safety-related specifications and limitations on operating temperature range, application circuits, ESD information, moisture sensitivity level, recommended reflow profile, operating temperature range, etc. are to be described in the IC specifications. For sales module specifications, additional descriptions on interface and reliability verification will be included.
9. At present, there have been no related incidents in the company involving fines and violation of laws and regulations for the provision and use of products and services.

Note: ■ Disclosure on Management Approach (DMA)

Subsequent disposal of the products and their environmental and social impacts

1. Currently, ELAN's subsequent way of disposing products is by scrapping, in order to reduce environmental hazards. For the existing products, the Quality Assurance Department has built a hazardous substance control system to store information on RoHS, SDS, Reach, Halogen-free, and Conflict Mineral.
- Go to ELAN official electronic document system to fill in GP documents application -> Quality Assurance Department personnel handle applications and provide relevant documents back to the customer.
 - Infringement: At the beginning of a cooperation with new customers, sign the NDA (Non-disclosure Agreement) -> Standard documents provided by ELAN's Legal Department or the other party provided their documents to be reviewed by ELAN's Legal representative -> Sign after both parties have no objections on the agreement.
 - Customer complaints: 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 confirmed to be
ELAN's responsibility

Make preventive measures and improvement plans

If confirmed to be
Customer's responsibility

Assist customers in finding real causes and improve quality

- EICC and CSR investigation:
Company's related units are responsible for filling in Company's status and responding to the customers.

2. New materials will be managed through BOM (Bill of Materials). BOM has Green Product rating requirements and so do ELAN's purchase orders.

Persistent on environmental protection and occupational safety is a key to sustainability:

Green Product is a basic requirement of ELAN's products. All ELAN products are meeting RoHS, Sony GP, Reach and Halogen-free requirements, providing our customers a guarantee for hazardous substance-free products.

- Comply with the RoHS(2002/95/EC), the grade is denoted as



- Comply with the Sony(SS-00259), the grade is denoted as



3. To safeguard employees' health and environmental safety, ELAN shall comply with customer requirements for chemical substances. Therefore, when designing products, the entire process 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. We also ask our suppliers to provide MSDS, SGS Verification Reports, etc. for ELAN's verification units to recognize and approve these materials in order to once again ensure the safety of all chosen materials.

Note: Disclosure on Management Approach (DMA)

ELAN basic requirements index

	Substance Name	Limited Value
RoHS	Lead and Lead compounds (Pb)	When using electroless nickel plating or electroless gold plating, the resulting coating has a lead content of more than 800 ppm. 1. The permissible concentration limit of lead in paint is less than 90 ppm; and less than 800 ppm in solder. 2. The permissible concentration limit of lead in plastic (including PCBs), rubber, coatings, and inks is less than 100 ppm. 3. The permissible concentration limit of lead for all other materials is less than 100 ppm.
	Cadmium and Cadmium compounds (Cd)	Applications: Plastic (including PCBs), rubber, coatings, inks, and the permissible concentration limit for all other materials is < 2 ppm.
	Mercury and Mercury compounds (Hg)	ND
	Hexavalent Chromium compounds (Cr+6)	ND
	Polybrominated Biphenyls (PBB)	ND
	Polybrominated Diphenyl Ethers (PBDE)	ND
	Di-2-ethylhexyl Phthalate (DEHP)	ND
	Benzyl Butyl Phthalate (BBP)	ND
	Dibutyl phthalate (DBP)	ND
	Diisobutyl Phthalate (DIBP)	ND
Halogen-free	Cl (Chlorine)	< 700PPM
	Br (Bromine)	< 700PPM
	Cl (Chlorine) + Br (Bromine)	< 1000PPM
Packaging Materials	Cd + Pb + Hg + Cr+6	< 70PPM

4.6 Customer service and customer rights

ELAN has established entity stronghold layout and internet marketing in Shenzhen, Chongqing, Suzhou, Shanghai, Hong Kong and the United States. Aside from the bases, it has separated customer service, strategic planning and management centers. The company's website in both Chinese (Simplified and Traditional Chinese characters) and English also provides latest information on the industry and the company, product catalogs are updated on a regular basis as well. Setting up this website exposes the brand and allows consumers around the world to quickly obtain product information. Nonetheless, the design of the website also gives the brand a personality. Having no borders on the internet, ELAN is able to connect with our consumers all around the world, thus strengthens the brand loyalty.

ELAN provides our customer with a full range of communication channels through the Customer Service website. It enables customers to effectively control the status of the bilateral cooperation, manage and track important projects and application programs, and access relevant market information. Customer satisfaction surveys also help the company in gaining customers' feedbacks and perfecting the quality of our customer service. Such value-added service makes the company an even more ideal cooperation partner with scope and efficiency. Not to mention its asset in strengthening relationships with existing customers and developing new customers.

In addition to prioritizing customer requirements for the perfection of a product, we value the success of our customers as they are, in some ways, our success too. We exert continuous efforts in building long-term partnerships with customers, and are committed to provide the best service, increase customer satisfaction and become a trusted partner. We conduct regular customer satisfaction surveys to ensure that customer needs are understood and properly addressed.

ELAN Microelectronics Corporation Worldwide Locations



ELAN Microelectronics Corp.
Shenzhen, China



ELAN Microelectronics Corp.
Shenzhen, China
(Chongqing Office)



ELAN Microelectronics Corp.
Shenzhen, China
(Suzhou Office)



ELAN Microelectronics Corp.
Shanghai, China



ELAN Microelectronics Corp.
Hong Kong



ELAN Information
Technology Group
U.S.A.

4.7 Customer privacy protection

1. Through Company's internal bulletin, ELAN General Manager exhorts all colleagues to fully implement confidentiality of customer information in order to increase and affirm client's trust.
2. Cooperative development plans between Company and customers are covered by Confidentiality Agreement. By signing a confidentiality contract, the spirit of cooperation is respected. The client's requirements must be met and the mechanisms of bilateral cooperation and trade secrets have to be maintained.
3. The company has established integrity management operating procedures and execution guidelines with its implementation delegated to the Intellectual Property Right and Legal Department, which committed in dealing with trade secrets. The department manages the development, implementation and monitoring of company in-house trade secrets. It is also responsible for the effective safe-keeping and preservation of the trade secrets to ensure their sustained confidentiality. Meanwhile, all employees are required to strictly follow the relevant trade secret rules that against divulging company confidential information.
4. In order to promote the efficiency of product development during R&D process, the customer's prototype is usually brought back to Company premises. The company has established a Prototype Management Control System where an engineer is assigned to oversee the safety and confidentiality of the customer's prototype.
5. If a company wish to access to ELAN's customer service or outsourcing interactive website, it needs to ask for permission from the relevant units first. 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 personnel in the company are well-informed and understand the importance of trade secrets. To be trusted by customers with great confidence is essential for an outstanding performance. By implementing Company's existing regulations and having company-wide support from all employees, no complaint on customer privacy violation or loss of customer information is received from 2014 to the present.

With extensive experiences in mass production, ELAN has become one of the leading innovators on the touch controller IC industry supply chain, and is involved in the specifications development with well-known brands on products such as Intel Ultrabook, Microsoft-Win 8 and Google Nexus 7. From IC technology development, product manufacturing (OMD plant) to mass production implementation, ELAN's worldwide supply chains provide products at competitive price in shortest time possible and fast services that meet customers' requirements. Each department works closely together to offer 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.

Note: ■ Disclosure on Management Approach (DMA)

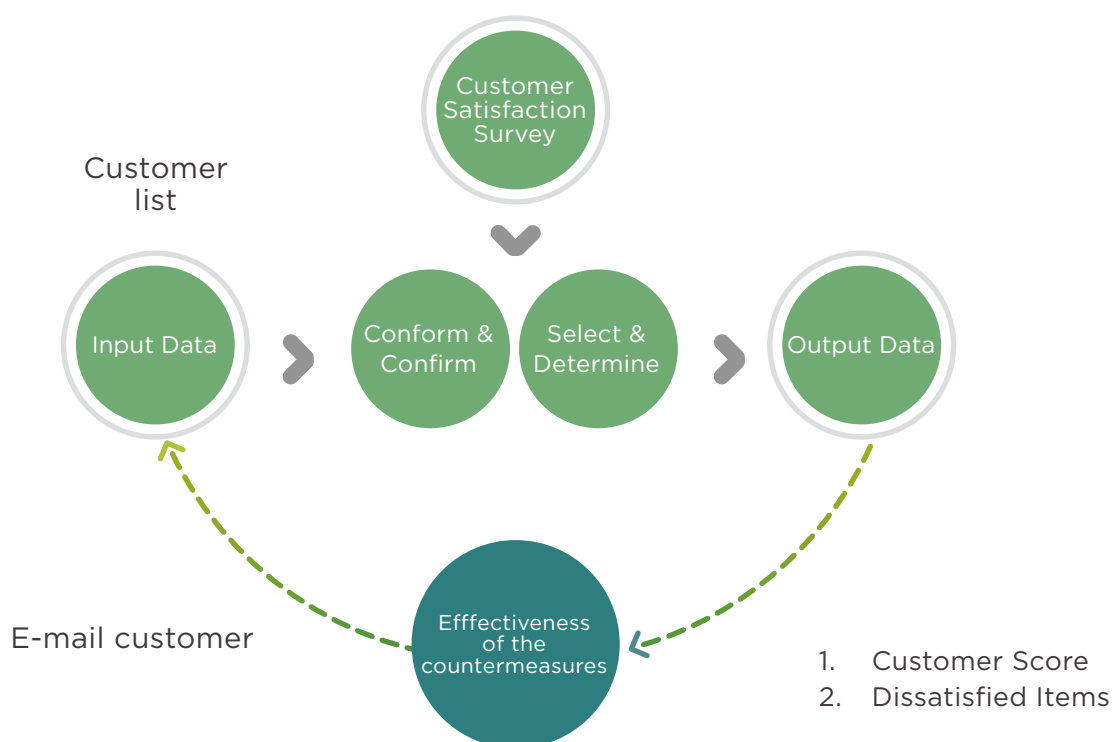
4.8 Customer Satisfaction Survey

ELAN conducts e-Customer Satisfaction Survey twice a year with various product lines' key customers and agents. The survey is categorized into areas such as Delivery and Quantity, IC Quality, Customer Service and Customer Complaint, Technical Services, Marketing Services, etc. The results of the survey are submitted to related departments for further analysis. Since 2014, the Company has included the overall response rate and the score received on the Customer Satisfaction Survey as a part of department's KPI items (this policy is also applicable to ELAN Hong Kong).

Note: ■ Disclosure on Management Approach (DMA)

ELAN

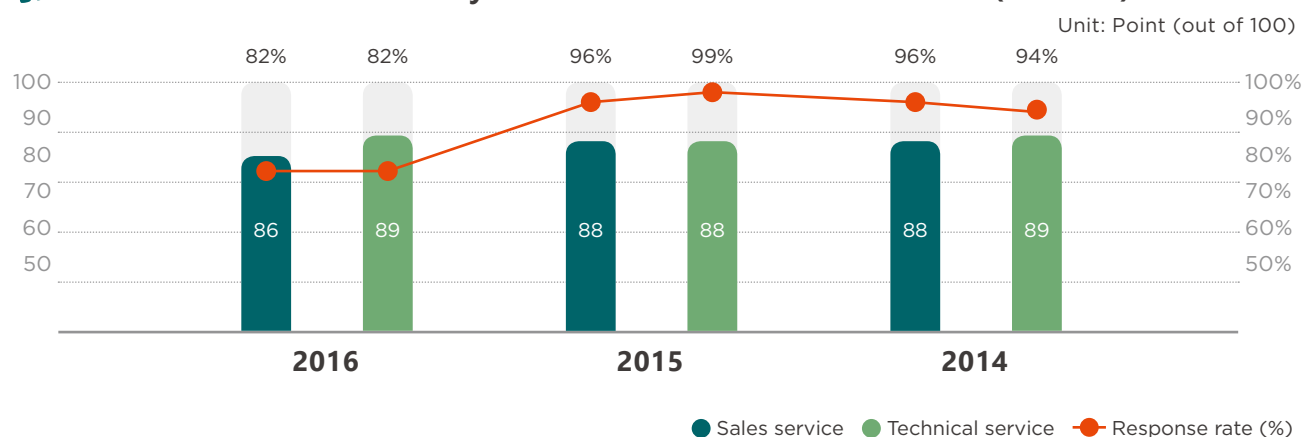
1. ELAN conducts the Customer Satisfaction Survey in middle and end of each year as an evaluation of ELAN products and services from customers' perceptions. Items included in the statistic are as follows:
 - Survey response rate
 - Classified reasons for customer dissatisfaction
 - Sales and technical service score
 - Tracking of customer satisfaction and improvements
2. Emphasize on the items with low satisfaction and propose corrective and preventive measures. Sales personnel have to understand the reasons for customer dissatisfaction, make improvement actions and confirm the effectiveness of the countermeasures.
3. CSR-related topic was added in the 2016 Customer Satisfaction Survey to evaluate customers' satisfactory on the information ELAN disclosed in the CSR report. The topic is as follows:
 - Does the information disclosed on corporate social responsibility satisfy the customers' needs?



4. 2016 ELAN Microelectronics (Hsinchu) Customer Satisfaction Survey results:

Product Line	Quantity Issued	Numbers of Survey Responses		Response Rate (%)
		Sales Service	Technical Service	
MCU Products	34	29	31	88.2
Peripheral Products	10	10	10	100
Consumer Products	10	9	9	90
Smart HMI Products	44	32	30	70.5
Total	98	80	80	82
Response Rate (%)	-	82	82	82

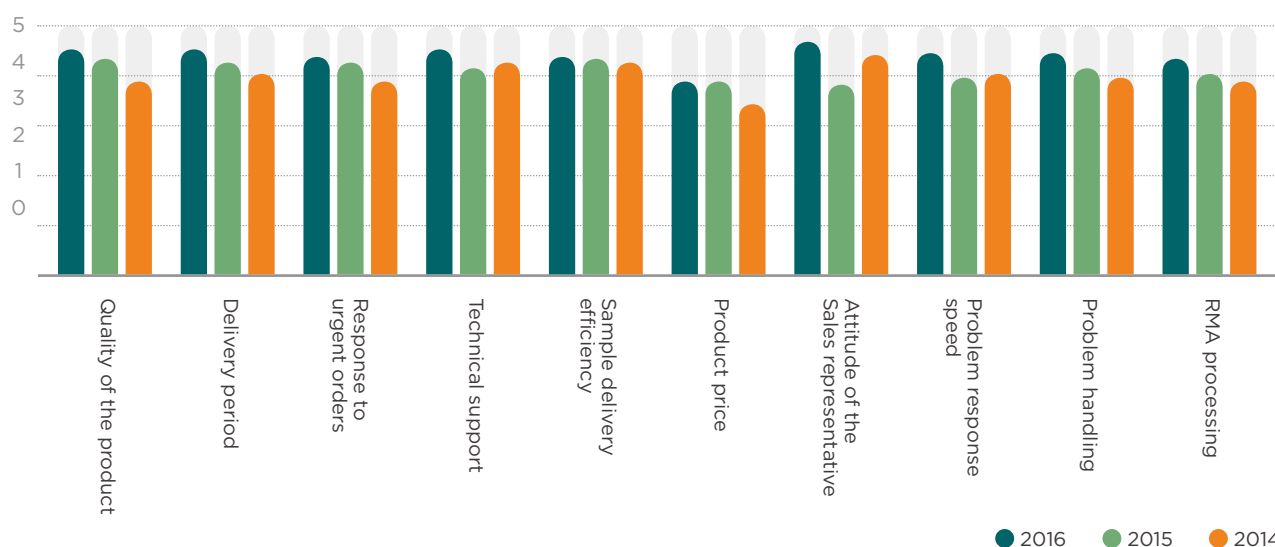
Customer Satisfaction Survey 2014-2016 ELAN Microelectronics (Hsinchu)

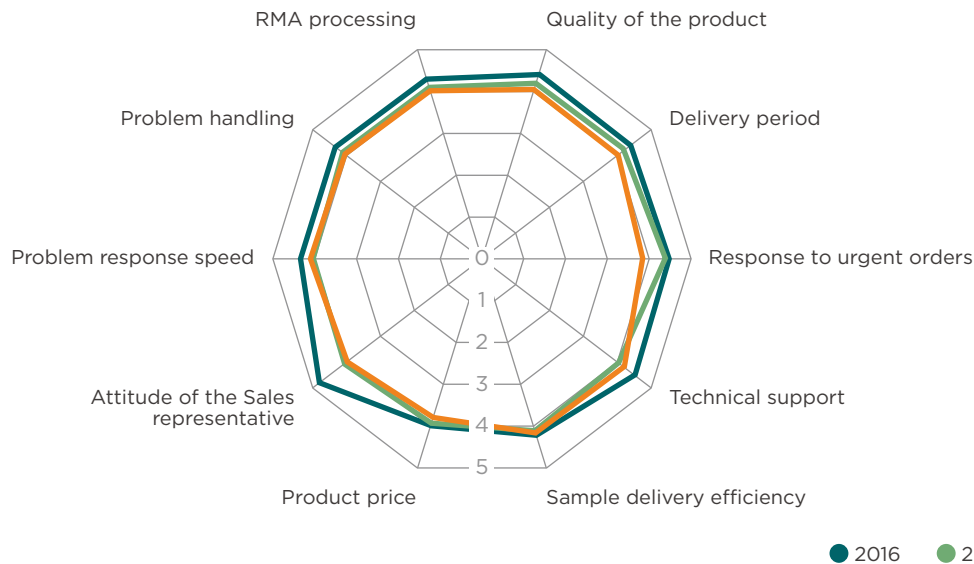


Note 1: Target description: If the semi-annual Customer Satisfaction Survey receives a score below 70 points or a 10% decline from the previous, a meeting will be held to review and propose improvement measures.

Note 2: Analysis results: The table above is a statistical analysis and comparison of customer satisfaction from 2014-2016. So far, the results have all met Company's expectations.

5. 2016 ELAN Microelectronics (Zhonghe) Customer Satisfaction Survey. A total of 30 surveys were sent, 24 were collected and the response rate was 80%.





Metanoia

Conduct an annual e-Customer Satisfaction Survey with its customers and agents. The survey is categorized into 6 major areas including Sales, R&D, Technical Support, Production Management Quality, Agents, and the Overall Performance. The results of the survey are submitted to related departments for review.

2016 Survey Results



1. Results analysis and improvements:

- 1.1 Packaging error: Enhance the quality of the shipping personnel and implement corrective measures.
- 1.2 Product conversion quality problems and maintenance of the old version software: Low-temperature screening is now required for some products. Software has been modified immediately and a customer-code version that can be used in both hardware and software is developed.

2. Comparison between 2015 and 2016 Customer Satisfaction Surveys:

According to this year's results, the average scores of R&D, Production Management Quality, Agent and Overall Performance fell behind of KPI score of 7.0. Among them, Agent area was the lowest, with a score of 4.7. Compared to the 7 points received last year, the results implied customers' dissatisfaction with the performance of our agents this year. The overall score also dropped a lot compared to 2015.

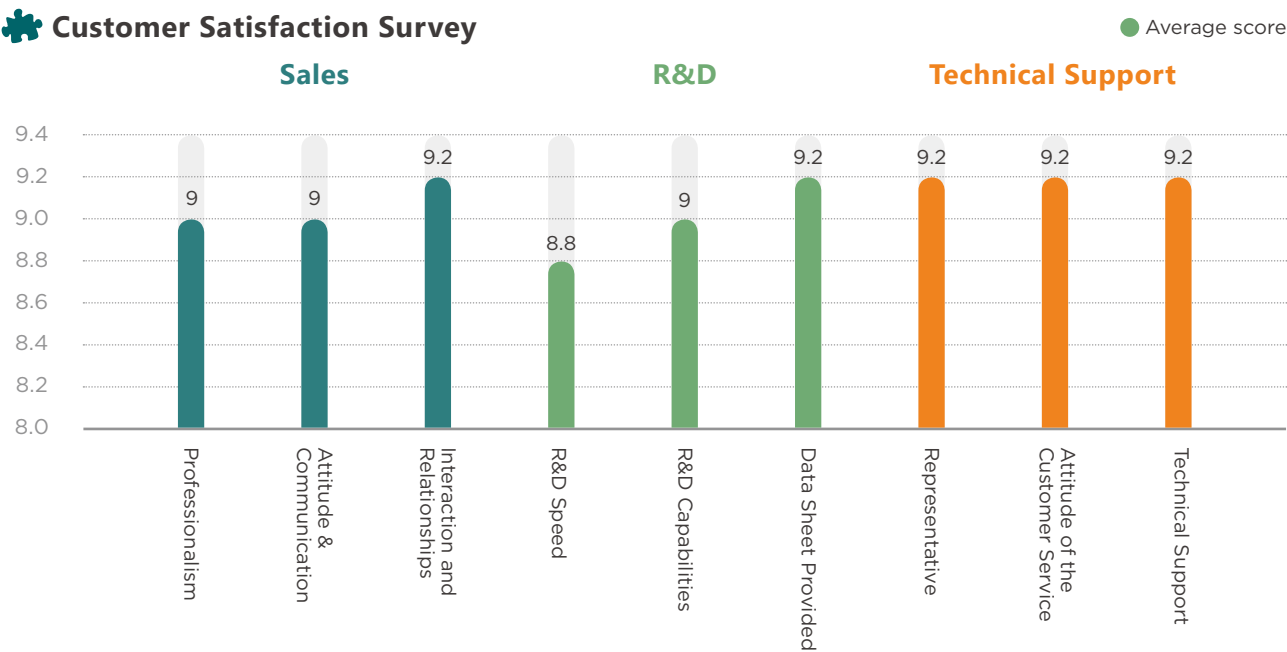
PIXORD

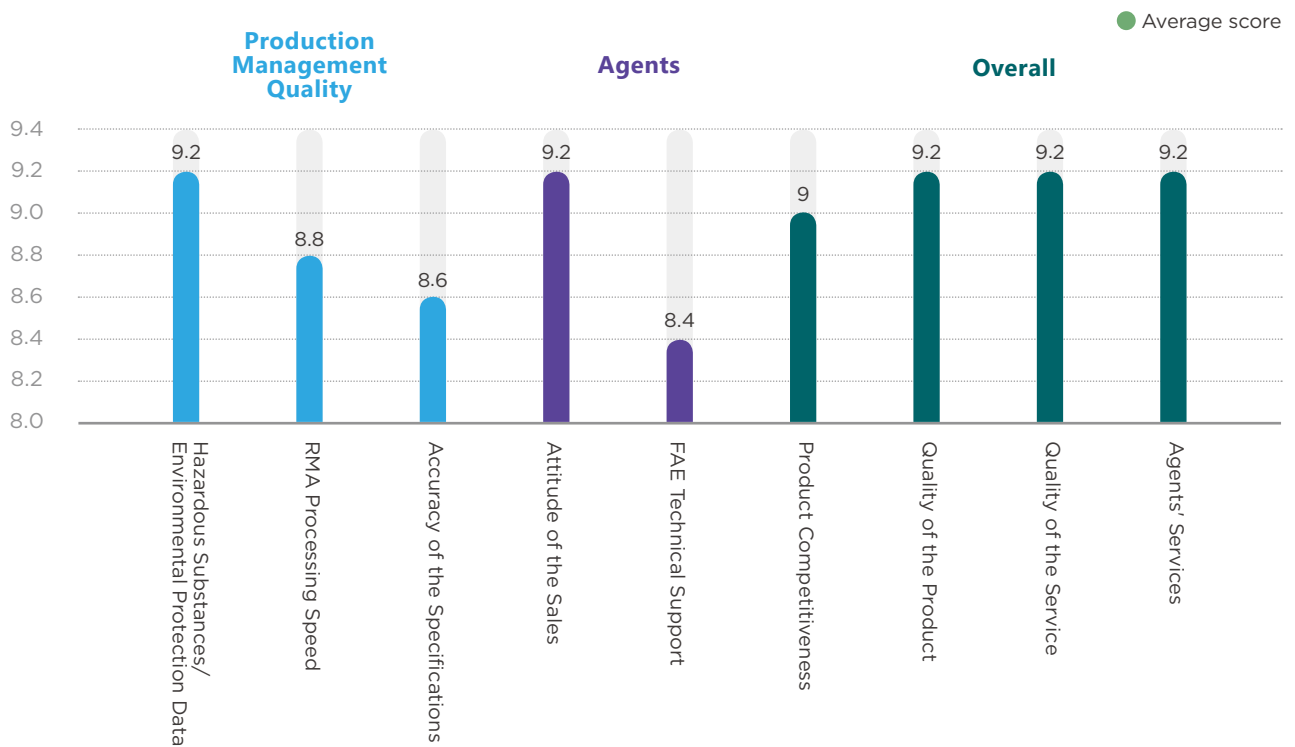
Conduct an annual e-Customer Satisfaction Survey with its major customers and agents. The survey covers areas such as Product Design, Order Delivery, Customer Service and Complaint, Technical Service, Sales Service, etc. The results of the survey are later submitted to related departments for review.



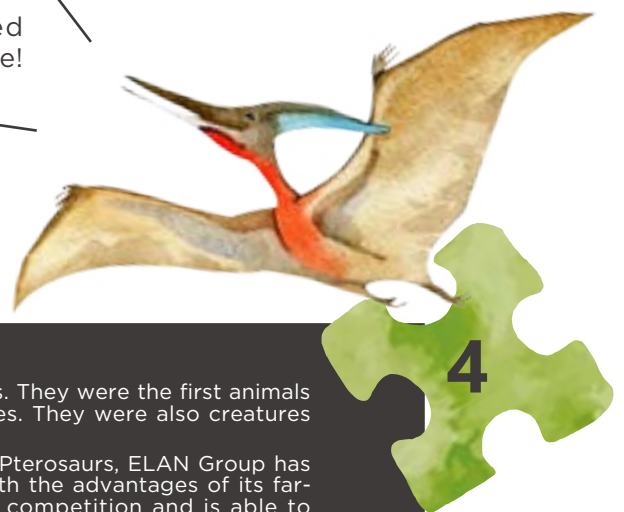
Avisonic

Conduct an annual e-Customer Satisfaction Survey with its customers and agents. The survey focuses on areas including Sales, R&D, Technical Support, Production Management Quality, Agent, and the Overall Performance. The results of the survey are submitted to related departments for review. After the review, we will make further efforts to enhance Company's R&D speed, the accuracy of product specifications and processing speed of customer complaints to meet customers' needs and create a win-win situation.





You've received
Chapter 4 puzzle!



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.



Supplier Management and Risk Management

5.1 Supplier strategy

5.2 Key Performance Indicator, Management process optimization and electronization

5.3 Risk management

5.1 Supplier strategy

ELAN's supplier strategy focuses on ensuring the quality, price and delivery our suppliers provided are meeting Company's needs. The operation of the suppliers should coordinate with ELAN's planning and development to stay competitive in the industry. In addition to put customer needs as the first priority and perfect our products, we also value 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, increasing customer satisfaction, and becoming customers' long-term trusted partner. Regular Customer Satisfaction Surveys are conducted to ensure that customer needs are understood and properly addressed.

In response to customer demands, we encourage suppliers to match up to Company's policies and continuously require suppliers to comply with environmental regulatory, 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, RoHS, REACH of the EU, and other government requirements (e.g., Conflict Minerals Survey). For supplier quality, cost, delivery, service, and goal setting standards, questionnaires, performance evaluation or on-site audit will be used in order to increase localization of suppliers and strengthen the supply chain to enhance risk diversification.

In the 2016 Supplier Conference, we advocated ELAN's latest Green Product Policy and gave updates on ELAN CSR promotion progress. 25 suppliers who participated in the conference were also asked to fill out the Stakeholders Questionnaire. By holding annual supplier conferences, we are able to further discuss the advocated topics and achieve common goals through Green participation and CSR promotion.

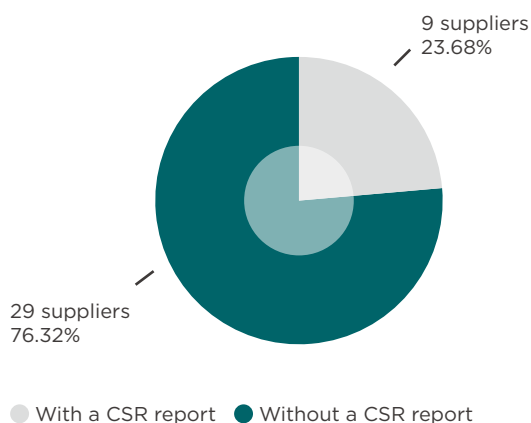
Note: ■ Disclosure on Management Approach (DMA)

Item	Topic
1	1. Environmental Protection Case Study (The 2015 United Nations Climate Change Conference/The exposure of Vinyl Chloride at Elementary School, Syucuo Branch/Environmental hazards of Lead and Zinc) 2. 2P-027 Specification Description 3. EU ROHS: Introduction of Phthalates, EU RAPEX Reported Cases (RoHS) 4. REACH 2016 Road Map: EU RAPEX Reported Cases (REACH) 5. Halogen Testing Requirements 6. Packaging Materials and Waste Instructions 7. REACH (15th batch) 8. SONY v.14 9. Conflict Minerals 4.10 10. 2017 ELAN Laboratory Report Requirements
2	Q&A
3	ELAN CSR Description
4	1. Environmental policy trends 2. Environmental badges 3. Circular economy
5	ELAN GP Requirements: "Hazardous Substance Management System" Description
6	Q&A

From 2016 onwards, the following factors are added to the existing supplier evaluation: (1) Whether the supplier hold a 2015 ISO 14001 certificate. (2) Whether the supplier hold a 2015 ISO 9001 certificate (3) Whether the supplier hold an OHSAS 18001 certificate. (4) Whether the supplier provide a CSR report.

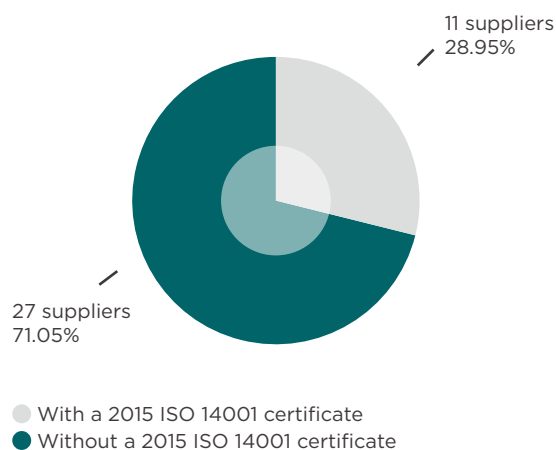
In 2016, ELAN looked into a total of 38 important suppliers in Taiwan and China, the results are as follows:

1. Whether the supplier provide a CSR report.

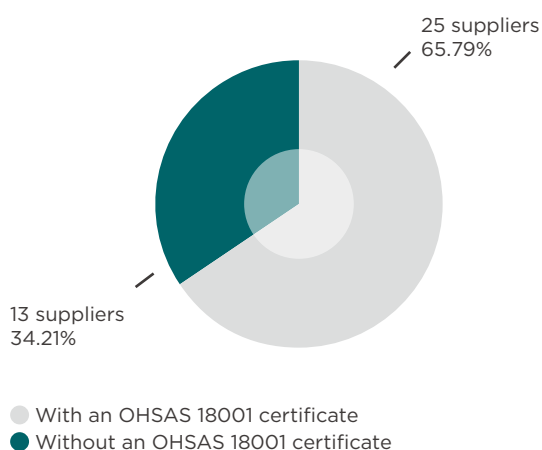


Note: CSR Commitment Report is to evaluate whether the supplier provide a CSR report or not (Y = Yes, N = No).

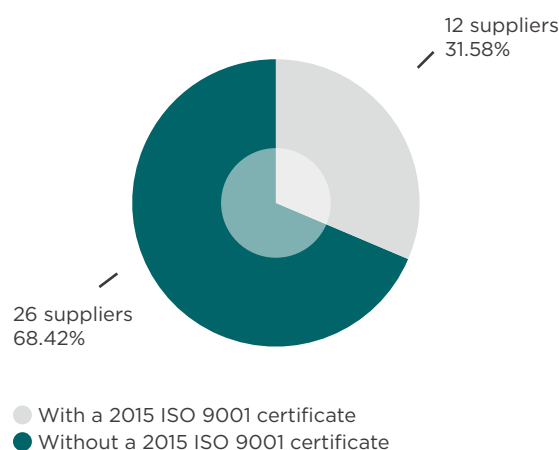
2. Whether the supplier hold a 2015 ISO 14001 certificate.



3. Whether the supplier hold an OHSAS 18001 certificate.



3. Whether the supplier hold a 2015 ISO 9001 certificate.



For the 2016 new supplier evaluation, the following factors will be added to the existing supplier evaluation: (1) Whether the supplier hold an ISO 14001 certificate. (2) Whether the supplier look into the OHSAS18001 certificate.

Starting from 2018, the implementation of 2015 ISO 9001 and ISO 14001 will be added into the evaluation. Other factors that are expected to be added: (1) Whether there is freedom of association and collective bargaining (2) Whether child labor is employed

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 evaluations, communications, and meetings; conduct annual supplier audits on items including quality system and management of the hazardous substances; and perform unscheduled inspections on suppliers, monitor package reliability, control FT product yield, and manage abnormality (production abnormality management/incoming material abnormality management/major abnormality management).

ELAN supplier selection procedure flow chart

Operating Unit(s)	Operational procedure	Description	Operating form(s)
Production Planning Control Division	<pre> graph TD A[Requirement Application/Supplier Provide Related Information] --> B[Find Related Suppliers] B --> C((Data Review)) C -- YES --> D[Supplier Evaluation] C -- NG --> B D --> E((Supplier Approval)) E -- YES --> F[Qualified Supplier Log in] E -- NG --> B F --> G[Data Archive] </pre>	Depending on the cost or supplier delivery capability, consider looking for a 2nd source mechanism to facilitate the allocation of purchasing operation and price negotiation. Confirm suppliers' backgrounds (Company Profile). The supplier's internal controlled chemical substances must comply with RoHS or Sony GP SS-00259/SRE-06-010 Specification requirements.	Requirement Application Form: Obtain basic information of the manufacturer as follows. A. Supplier's basic information B. Quality System Certification C. Restriction of Hazardous Substance Guarantee D. SGS Analysis Report E. MSDS (Material Safety Data Sheet) Material Composition Table F. Green Partner Certification (Production ALL GREEN Products) -Packaging factory G. Outsourcing product check-list - Buy & Sell items
Production Planning Control Division QRA/QA Dep't Product Dep't Testing Dep't	Supplier Evaluation	Main raw material suppliers must be ISO certified.	Review supplier (information of c., d., and e. listed above must be provided to become a qualified supplier of ELAN)
Production Planning Control Division QRA/QA Dep't Intellectual Property Right and Legal Dep't	Supplier Approval Qualified Supplier Log in	Production Planning Control Division and QA/QRA Dep't form the assessment team. Intellectual Property Right and Legal Dept. is responsible for the signings of NDA (Non- disclosure Agreement) and contract.	1. FAB /Packaging/Cutting/ Testing/ Buy & Sell: outsourcing vendor on-site confirmation form 2. Packaging: pilot evaluation report x 3 Batches Cutting: pilot evaluation report x 3 Batches Testing: pilot evaluation report x 3 Batches 3. Packaging: Reliability Report x 1
Assessment Team	Data Archive	Decided by the assessment team.	Qualified supplier notification form
Production Planning Control Division		Notify and related units.	Qualified Supplier List
Production Planning Control Division QRA/QA Dep't		Suppliers are required to renew the ICP inspection report annually.	1. Quality Record 2. Qualified Supplier List 3. New Supplier Audit Table 4. Suppliers review relevant data

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

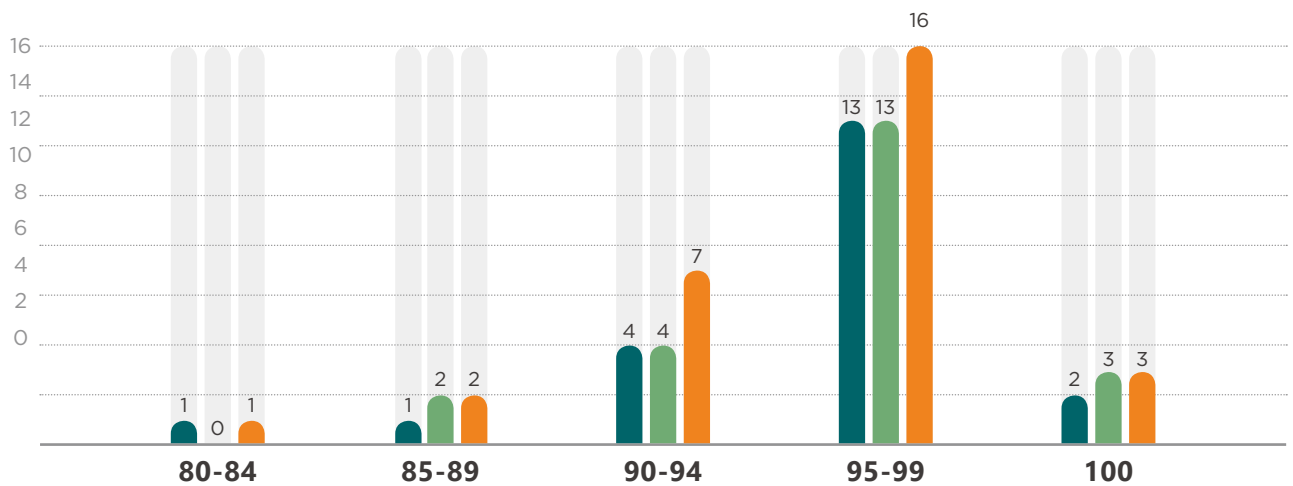
ELAN Hsinchu headquarters integrated supplier audit scores

Year	a. Quality System				
	< 84	85 - 89	90 - 94	95 - 99	100
2016	0	0	4	9	8

Year	b. Hazardous Material Management System				
	< 84	85 - 89	90 - 94	95 - 99	100
2016	2	4	0	5	10

Year	c. Operating Environment (ESD Electrostatic Protection Capability)			
	0 - 2	3 - 4	5 - 6	7 - 8
2016	0	1	2	18

ELAN Hsinchu headquarters integrated supplier audit scores



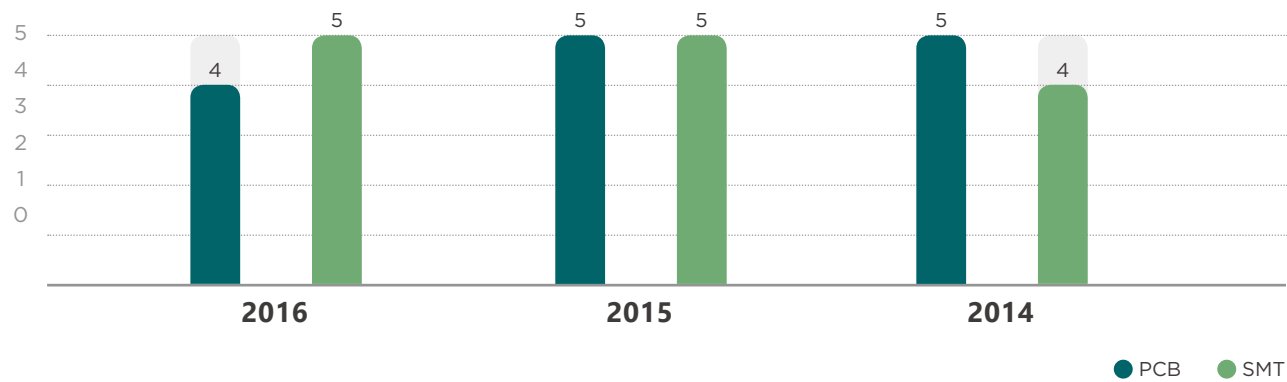
Note: The above scores are rounded off to the nearest integer.

● 2016
 ● 2015
 ● 2014

ELAN Zhonghe factory carefully follows the Supplier Quality Management Procedure. 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 using a "Trading Manufacturer Quality Checklist" and record the results onto a "Material Purchase Request Form". Finally, the Purchasing Department will write down the qualified suppliers up onto the "Qualified Suppliers List".

ELAN Zhonghe factory employs the key supplier evaluation audit operations to inspect raw materials, with main focuses on PCB and SMT. In 2016, a total of 9 PCB and SMT supplier audits were conducted and all of them were rated as Class B, identical to the results in 2014 and 2015.

Number of suppliers ELAN Zhonghe audited in the past 3 years:



Note1: Evaluation results are shown in letter grades: A (91-100%), B (80-89%), C (65-79%), D (64% and below)
Note2: Evaluation is divided into 4 parts: Technology (20%), Quality (40%), Delivery Period (15-25%), and Cost (15-20%)
Note3: Audits are based on the "Supplier Evaluation Procedure" (ETDP-0039)

Affiliated enterprise

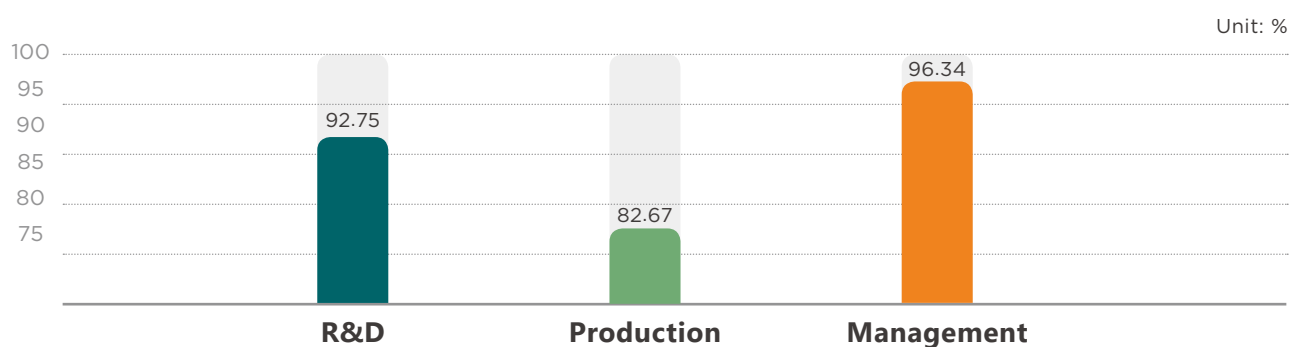
- Metanoia** Human recourse, facilities, equipment, and methods of the supplier, through formal evaluation and selection process, can meet the quality requirements of the company.
- Avisonic** Ensure suppliers' production quality and delivery capability are meeting the company's requirements and develop qualified supplier on-site assessments regularly. After subsequent investigation and evaluation of the qualified suppliers, related departments have to review and make any necessary adjustments to make sure the suppliers to operate in line with the company's production planning and development, in order to remain competitive within the industry.
- PIXORD** Choose suppliers that provide right time, quantity, price, and quality of the products that meet the purchasing requirements of the company, strengthen the cooperation with the suppliers, and promote professional division of labor so that the suppliers and the company can have coexistence, cooperation and development. By doing so, achieve stable product quality, safeguard Company's reputation, and ultimately increase products' competitiveness.
- ELAN (H.K.)** N/A

5.2 Key Performance Indicator, Management process optimization and electronization

In 2016, ELAN has a total of 45 departments needed to set Key Performance Indicators (KPI) and a total of 441 KPI projects were generated. 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 early in the year. Department objectives should be annual goals that are 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 departments 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 meetings for further review.

Note: ■ Disclosure on Management Approach (DMA)

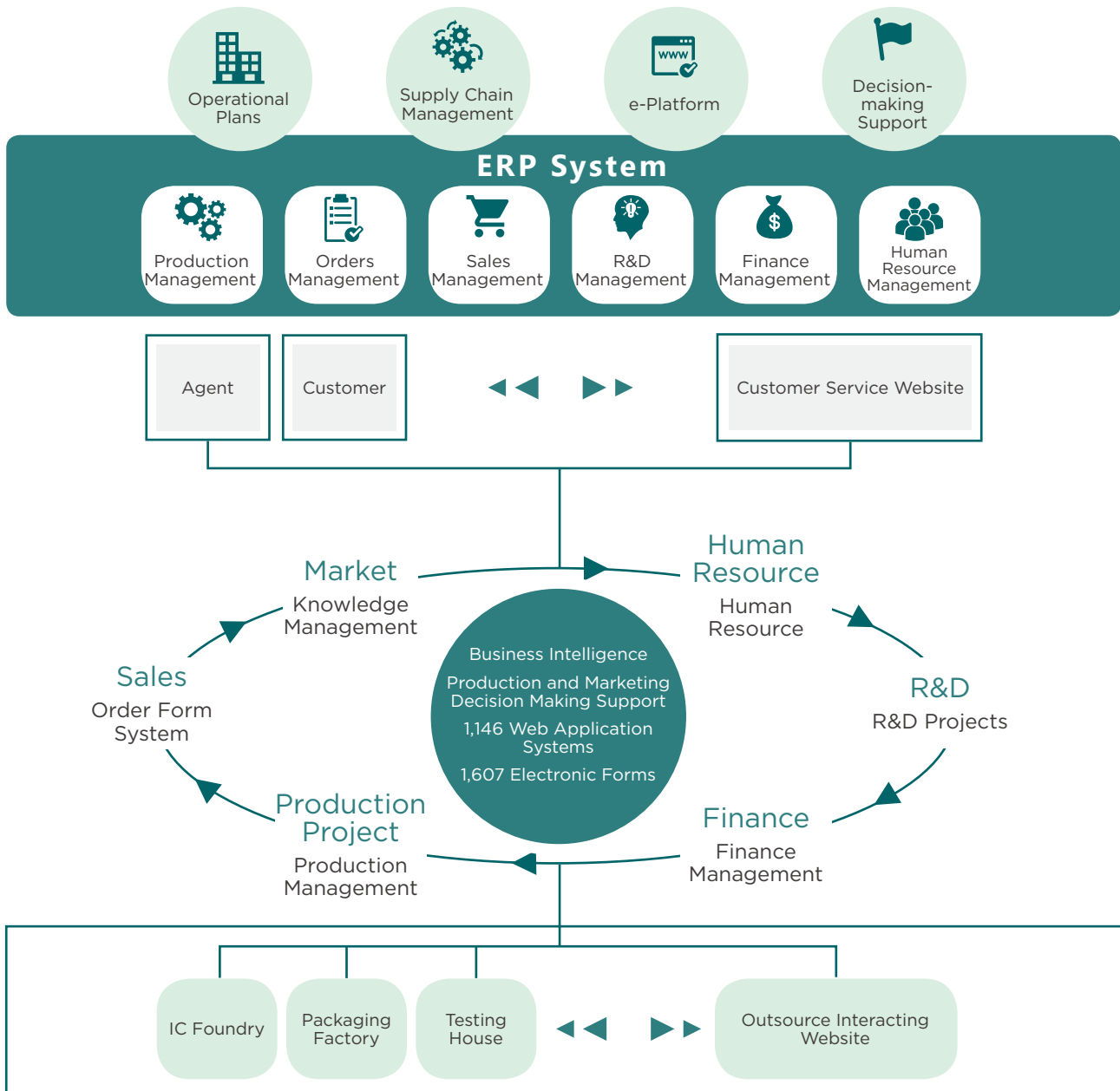
🧩 KPI average achievement rates are as follows:



Management process optimization and electronization

To ensure human difference and negligence are excluded during the execution of an operating procedure, all the standard operating procedures have been electronicized. Management, processes and procedures of the information system are all strictly defined. From ELAN self-constructed ERP system, R&D knowledge management, information/data analysis and feedback to decision-making management, the promotion of this highly electronic management reflects ELAN's emphasis on the process-oriented management. Consistent with the Company's entrepreneurial spirit, ELAN makes every effort to promote standardization.

A full range of information system and e-platform that not only cover internal systems, but also combine external customers and outsourcing manufacturers. As of May 18, 2017, there were a total of **1,146** web applications and **1,607** electronic forms.



In order to make more informed decisions through data analysis, the company's information system is also being planned according to the data analysis framework of big data. 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.

5.3 Risk Management

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



Note: ■ Disclosure on Management Approach (DMA)

Quality System Risk Management Assessment

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

The scale is described as follows:

1. ISO 9001 Risk Assessment: Severity (0~4), Probability (0~4)

Risk Level = Severity x Probability

- Risk is categorized 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. ISO 14001 Risk Assessment:

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

- R (Risk Assessment)
- F (Frequency): The frequency of an incident (1~10)

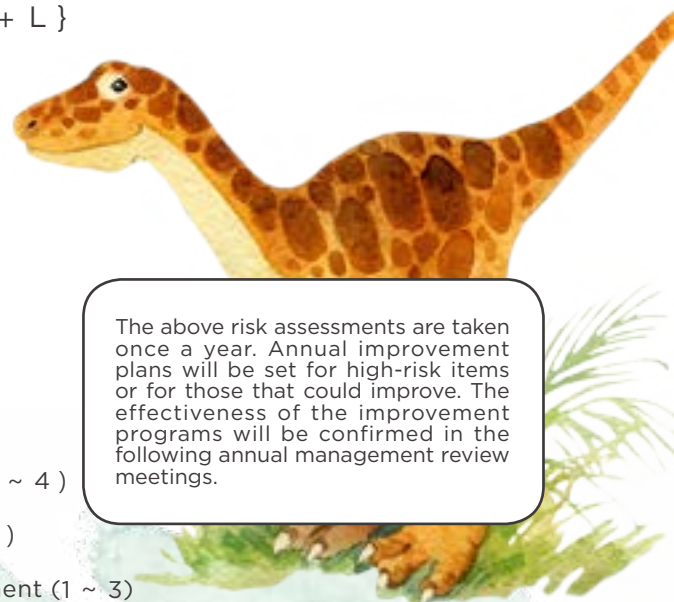
In this formula, $F = O + D$

- O (Occurrence) : The probability of an incident (1 ~ 5)
- D (Detection): The detectability of an incident (1 ~ 5)
- C (Consequence) : The severity of an 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 environment (1 ~ 3)

3. OHSAS 18001 Risk Assessment: Risk Probability = Severity x Rate of occurrence



Research & Development Risk Management (DFMEA)

New product development is the driving force of ELAN sustainable development and the key factor in maintaining competitiveness. Figure out ways to reduce costs and shorten production time of new products is extremely important in the development stage. Therefore, ELAN implemented risk assessment tools and the Design Failure Mode and Effects Analysis (DFMEA), hoping that potential defects and problems in the products or the manufacturing process can be found at the early design stage. Also, establish specific measures to prevent and reduce the occurrence of these potential failures and decrease the frequency of abnormality and product development uncertainties.

Steps to implementing Design Failure Mode and Effects Analysis (DFMEA):

1. Set up cross-functional teams. Strip out quality characteristics, potential drawbacks items, or possible failure modes of the product or during production process.
2. With the Severity (S), Occurrence (O), and Detectability (D) of a failure problem, analyze the Risk Priority Number (RPN).
3. Finally, depending on the severity and the Risk Priority Number, set improvement priorities and propose improvement measures. Responsible units and personnel are to perform improvement measures and later evaluate whether the Risk Priority Number and the severity of the risk is reduced.

Through implementing the DFMEA, learning from past mistakes and experiences, and having standardized design and verification, ELAN has built up a solid risk prevention and detection mechanism. In 2016, each item's RPN has gone below the standard value. Items with higher severity have been reviewed regularly and monitored at all time. Preventive actions could be taken immediately when necessary.



Financial risk management

To strengthen the management of accounts receivable, a set of Customer Credit Line Appraisal system was set up and put into used in November 2014.

Accounts receivable risk control procedure:

1. Customer credit risk level distinguish: Evaluate ordinarily financial indicators; double check the customer's credit status when applying for a credit line; submit a notification on the order when abnormality occurs in the credit assessment index; obtain approval and signature of a manager when a shipment exceeded the quota.
2. Customer Credit Rating System is used. Meanwhile, customer information is maintained on a quarterly basis to reduce the risk on accounts receivable.

Design implementation control and crisis management procedure

1. In the Design in phase: Sales personnel, Project Management personnel or Customer Service engineers need to sign the products specifications and services with the customer, provide project bug lists, examine project-related problems with the customer on a regular basis, and preserve the meeting minutes.
2. In the Mass Production phase: Project Management personnel, Customer Service engineers and the Quality Assurance Department jointly collect Customer Complaint Analysis reports, provide production test card control value adjustment AP pilot production reports, and preserve the meeting minutes.

You've received
Chapter 5 puzzle!

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

Labor-Management Relations and Public Safety

- 6.1 Commitment to corporate social responsibility
- 6.2 Workforce practices and decent work
- 6.3 Employee benefits and salary
- 6.4 ELAN occupational safety and health policy
- 6.5 Emphasis on workplace safety, zero occupational hazards in 22 years
- 6.6 Employee training and development
- 6.7 Zero-distance communication with the employee and full-range complaint channels

6.1 Commitment to corporate social responsibility

According to internationally recognized standards, 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 eradicating child labor, forced and compulsory labor and monitoring our factories and suppliers that may involve in forced/compulsory labor grievances and child labor hiring.

ELAN is aware that:

1. Continuously put in human recourse and educate employees are essential in distinguishing and solving issues involving workplace safety and hygiene.
2. Environmental responsibility is an integral part in the production of world class products. We need to minimize the adverse impact on the environment and natural resources while protecting public's health and safety at the same time.
3. To comply with the social responsibility requirements and continuous achieve increase in market share, we and our suppliers, outsource manufacturers, 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.

6.2 Workforce practices and decent work

The company's greatest asset and competitiveness always comes from high-quality personnel. ELAN's employees were graduated from well-known domestic and foreign educational institutions and are elite people with years of practical experiences. Every year, the company recruits dozens of new personnel with professional competence and wiliness for new challenges. With this said, ELAN nurtures a large number of elite R&D personnel. It is thus clear that the company R&D staff, being the most valuable asset to ELAN, are continuously being infused with new blood to fuel more kinetic energy into the company R&D group.

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 personnel in 2014 and 2015 are the same.

\ Friendly reminder \

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



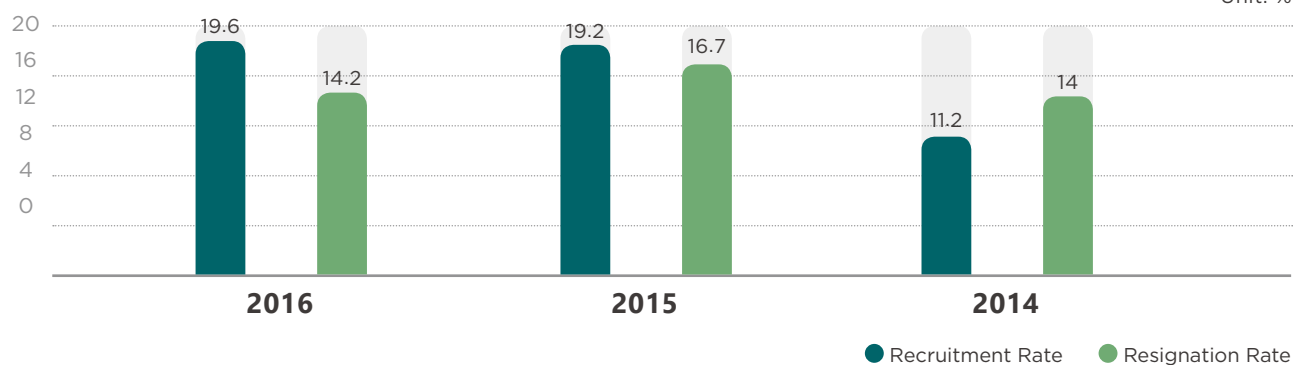
● The Percentage of High Level Management Personnel Being Local Residents

2016 Employee recruitment and resignation

	Sex	Age	Taiwan				Hong Kong	Total
			ELAN	Metanoia	Avisonic	PiXORD	ELAN (H.K.)	
New		<30	54	4	2	1	0	61
		30-50	37	20	4	1	0	62
		>50	1	0	0	0	0	1
		<30	44	4	0	0	0	48
		30-50	24	5	4	1	1	35
		>50	0	0	2	0	0	2
Resigned		<30	18	5	2	0	0	25
		30-50	36	26	2	2	0	66
		>50	3	1	2	0	0	6
		<30	22	3	2	0	1	28
		30-50	17	5	3	1	0	26
		>50	1	0	0	0	0	1
Recruitment Rate			18.3%	30.0%	27.9%	8.1%	16.7%	19.6%
Resignation Rate			11.1%	36.4%	25.6%	8.1%	16.7%	14.2%

Recruitment and resignation rate of the Group

Unit: %



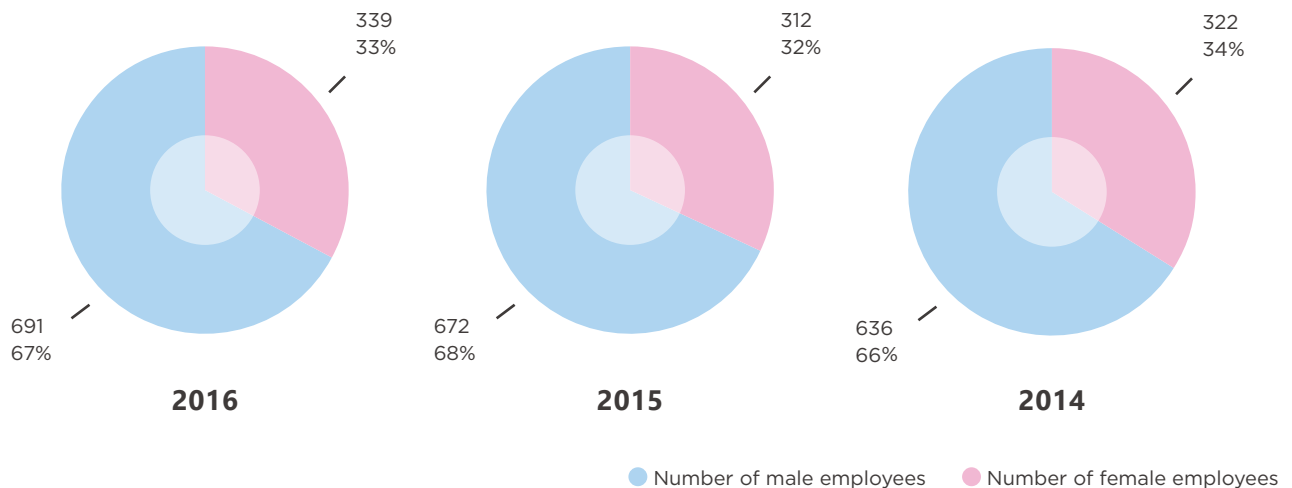
Full-time and temporarily employee

Company Name	Sex/Number of people	Labor Contract		Employee Status		Region	
		Irregular	Regular	Full-time	Temporarily	Taiwan	Hong Kong
ELAN	♂	550	15	550	15	565	0
	♀	293	14	293	14	307	0
Metanoia	♂	87	0	87	0	87	0
	♀	21	2	21	2	23	0
Avisonic	♂	27	3	27	3	30	0
	♀	9	4	9	4	13	0
PIXORD	♂	24	0	24	0	24	0
	♀	13	0	13	0	13	0
ELAN (H.K.)	♂	3	0	3	0	0	3
	♀	3	0	3	0	0	3
Total		1,030	38	1,030	38	1,062	6

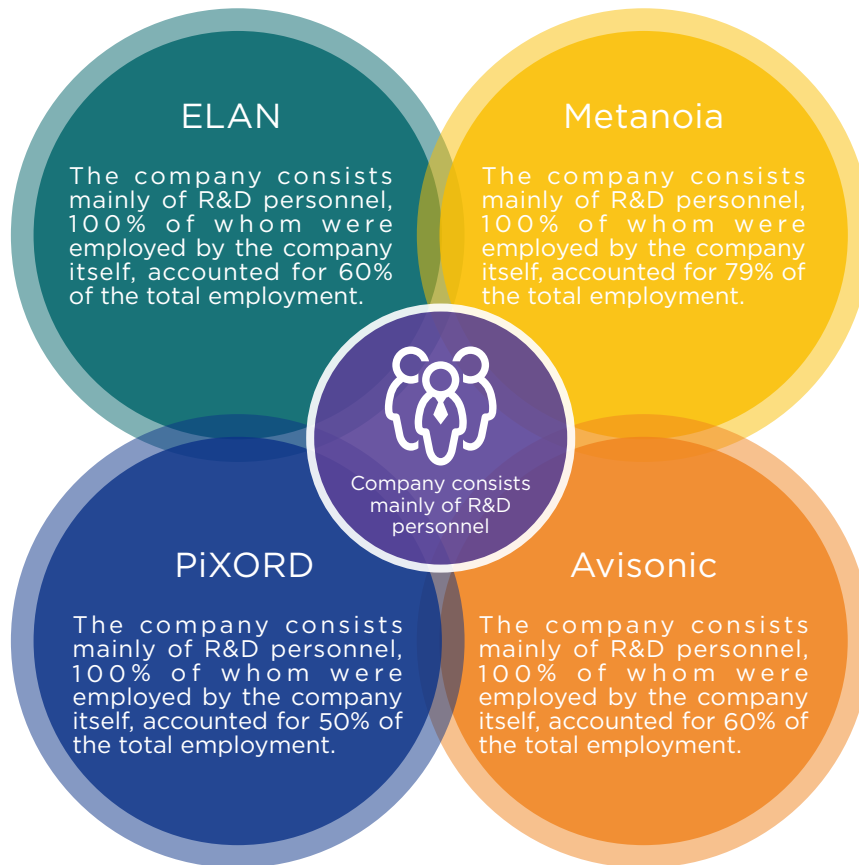
Note1: Temporary employees include part-time and contract employees.

Note2: Regular contracts are mainly intended for part-time (including summer interns) and contract employees. The cooperation with educational entity provides an opportunity in finding suitable employees for the future.

ELAN Microelectronics Number of full-time male and female employees



The R&D personnel, recruit by individual company, made up 50%-80% of the total labor force in the group. As R&D projects increase, additional employees may be hired at ELAN Microelectronics Corporation, Metanoia Communications Incorporated, and Avisonic Technology Corporation for testing assistant, soldering work, experimental simulation and product functional testing. The contract/ temporarily worker accounts about 3% of the total employment each year. As for PiXORD Corporation and ELAN (H.K.) Microelectronics Corporation, there is no changes in the rate of R&D personnel throughout the year.



The proportion of the total number of employees covered by the Collective Bargaining Agreements (CBA)

The group fully complies with the Labor Laws of Taiwan and Hong Kong. The freedom of assembly and association is always given to the staff even though none were formed at the present. Since there are no labor unions, no collective bargaining agreements have yet been discussed with the employee. However, in order to maintain harmony between labor and capital, ELAN Microelectronics convenes a labor and capital operational meeting every month. With the consent of all employees, executives from each department are currently serve as representatives in the meetings, in which company operational and labor problems brought up by employees will be addressed. Metanoia Communications, on the other hand, holds staff meetings irregularly which all employees are called to participate. Avisonic Technology arranges regular monthly staff meetings with executives from all departments to discuss labor welfare and employee benefits related matters. PiXORD holds quarterly staff meetings where all employees are required to attend.



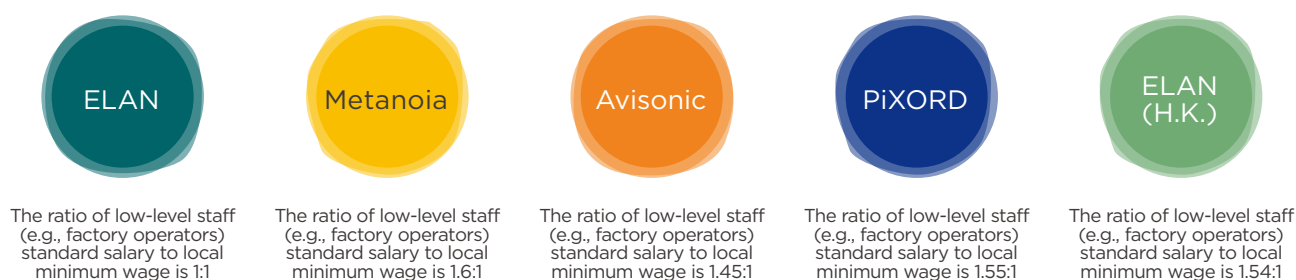
Labor-capital operational meeting

6.3 Employee benefits and salary

Upon achieving company's annual operational objectives at the end of the year, each department may submit request for additional human recourses. With the President's approval, it is listed as human recourse objectives for the coming year. Each department will then forward a human recourse request to the HR department based on its needs. The HR department will put up job openings through various recruitment channels and run through the interview process. ELAN's recruitment procedure is in compliance with Taiwan Labor Standards Law (LSL). Hence, it is fair and open.

Understanding that employees are a company's greatest assets, ELAN attaches great attention to employee benefits and salary. Each employee's standard salary is decided by the Hiring department and the HR department, based on his/her academic background, experience, professional knowledge/skills and length of service in the specialized profession. It has nothing to do with gender, race, religion, political affiliation, or marital status. Currently, the group's headquarters is set in Hsinchu, Taiwan. According to Taiwan Labor Standards Law, the current minimum monthly wage is NT\$ 20,008. However, the standard salary^{Note 1} of ELAN low-level staff is usually higher than the local^{Note 2} minimum wage.

Note: ■ Disclosure on Management Approach (DMA)



Note1: Standard salary consists of: basic salary + food allowance + work allowance

Note2: "Local" here refers to the group's most important operation base (i.e., ELAN Microelectronics headquarter in Hsinchu, Taiwan).

Items included in ELAN's salary and benefits

- Year-end bonus, performance bonus, incentive bonus (N/A to contract/temporarily employees).
- Annual bonus and employee stock option (N/A to contract/temporarily employees).
- Subsidy for internal/external trainings (external training subsidy is N/A to contract/temporarily employees).
- R&D Patent bonus (N/A to contract/temporarily employees).
- Cash gifts for marriage and condolatory cash donation for the death of an employee or his/her immediate family (N/A to contract/temporarily employees).
- Domestic/international travel subsidy (N/A to contract/temporarily employees).
- Labor insurance, health insurance, group insurance.
- In addition to the holidays given under provisions of the Labor Standards Act, the company grants flexible leave, special leave, and credit leave when an employee has used up all of his/her leaves.
- Flexible working hours.
- Gift certificate purchase discount.
- Emergency or disaster relief program for employees and their family members (N/A to contract/temporarily employees).
- Hold annual Company Day, Christmas party, distinguished speaker series and many other events.

Parental leave without pay

Full-time employees of the company are entitled to parental leave without pay after obtaining approval from the President. To apply for a parental leave, an employee first needs to fill out a "Personnel Change Request" form and a "Resignation/Job Retention without Pay" form with relevant medical documentations attached. After all signature approval proceedings are completed, the leave will be granted. The number of reinstated employees after parental leaves is as follows:

Items	Year	ELAN		Metanoia		Avisonic		PIXORD		ELAN (H.K.)	
		♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
The total number of employees entitled to parental leave ^{Note 2}	2016	93	26	17	5	6	0	2	3	N/A	N/A
	2015	110	34	9	4	6	0	1	2	N/A	N/A
	2014	92	29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The total number of employees reinstated after parental leave	2016	1	1	0	1	1	0	0	0	N/A	N/A
	2015	0	2	1	0	1	0	0	0	N/A	N/A
	2014	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The total number of employees expected to reinstate after parental leave	2016	1	1	0	1	1	0	0	0	N/A	N/A
	2015	0	1	1	0	1	0	0	0	N/A	N/A
	2014	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The total number of employees remain employed 12 months after reinstatement	2016	0	1	1	0	1	0	0	0	N/A	N/A
	2015	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	2014	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The total number of employees reinstated after parental leave during the last reporting period	2016	0	1	1	0	1	0	0	0	N/A	N/A
	2015	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	2014	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reinstatement rate	2016	100%	100%	--	100%	100%	--	--	--	N/A	N/A
	2015	--	50%	100%	--	100%	--	--	--	N/A	N/A
	2014	0%	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retention rate	2016	--	100%	100%	--	100%	--	--	--	N/A	N/A
	2015	100%	100%	--	--	N/A	N/A	N/A	N/A	N/A	N/A
	2014	--	50%	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 entitled to parental leave: Based on the roster of employee group insurance, if an employee's family has a dependent child less than 3 years old, such employee is entitled to parental leave.

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

Note 4: There is no relevant information on ELAN (H.K.) due to the absence of local laws or regulations regarding to parental leave.

Full range of insurance

According to the provisions of the Labor Standards Act, employers have 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 (include employees' dependents and children) will take immediate effect. Moreover, ELAN provides a higher-level travel safety insurance to its expatriated colleagues to ensure their safety while station overseas.

Other premium benefits offered by ELAN

The Employee Welfare Committee in Taiwan is legally established to set up employee welfare measures, organize various relaxing activities, promote club activities, etc. These activities all aim to give employees a healthy balance between personal life and work. An Employee Welfare Committee website is also set up where employees can get information on upcoming activities, special promotions from patronized shops/stores, employee organized tours, etc. ELAN is a big family which the company cares about the working environment and health of its employees and take good care of them as a group in every possible way.

1. Provide a pleasant working environment. For 11 consecutive years, ELAN has been honored with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau. Various amenities are offered such as coffee bar, breakfast bar, sports equipment, cafeteria, dormitories, training classroom and karaoke room to help employees relieve stress from work.
2. Set up the Employee Welfare Committee to look after employee benefits and related welfare measures. It provides comprehensive benefits to fellow employees during special occasions, such as sending gift certificates on birthday, cash gifts for wedding, maternity subsidies for newborn baby, consolation subsidies during hospitalization, condolence offerings during funerals, festival cash gifts during each of the three Chinese major festivals, etc.
3. Organize all types of clubs. Currently, there are 8 existing sporting clubs including table tennis, badminton, tennis, billiards, basketball, swimming, yoga and cycling. In addition to regular meet-ups of the club members, clubs often participate in external competitions, representing the company. Not only have they successfully won several awards, these extracurricular activities have also helped building up employees' confidence. Each year, the Employee Welfare Committee conducts a club evaluation and the excellent clubs are awarded with encouragement bonuses.
4. Care for employee health. Every year, a medical check-up is carried out in the company for all employees. For employees whose medical reports show abnormal results, the company will arrange doctors to the company for follow-up examinations. Additionally, doctors will come in each month for consultation.

Note: ■ Disclosure on Management Approach (DMA)

Care for the employee and their families

	Item	2016	2015	2014
Health Examination	Annual health check-up	735 people	698 people	683 people
Health Management	Health re-examination	Total number of employees: 21 Number of participants: 21	Total number of employees: 27 Number of participants: 20	Total number of employees: 321 Number of participants: 193
	Provide personal and exclusive log-in password to check re-examination results on the hospital network			
Health Consultation	On-site doctor consulting service	79 people	60 people	41 people
Health Education	Mental health, weight management seminars, setup of a health station	3 sessions	4 sessions	6 sessions
Health Promotion	Blood drive events	143 people, donated 222 bags in total	82 people, donated 123 bags in total	84 people, donated 127 bags in total
	Gynecologic cancer screening	20 people (cervical smear) 5 people (colorectal cancer)	30 people (cervical smear)	35 people (cervical smear) 6 people (mammogram)
	Aerobic exercise	-	1 session	3 sessions
Good Pregnancy Thoughtful Project	Special parking space reserved for pregnant women	2 people	4 people	3 people
	High back chair service	1 person	2 people	4 people
Group insurance extended to employees' dependents and children		Spouse: 411 people Children: 617 people Total of 1,028 family dependents	Spouse: 389 people Children: 577 people Total of 966 family dependents	Spouse: 372 people Children: 544 people Total of 916 family dependents

5. Provide free snacks and drinks to employees every day after 9 p.m., as company's compassion towards hardworking staff.
6. Care for the physical health as well as the mental health of the employee. Therefore, various cultural and artistic events (e.g., Distinguished Speaker Seminar – Jie Liu) are organized occasionally hoping to mold temperament and enhance cultural literacy.
7. Hold company-wide excursion, sports day and family day annually to enhance employee team-work and coherence. Additionally, the company encourages and sponsors domestic/overseas tours among departmental employees to promote relaxation outside work.

- Each year, the company arranges a company-wide excursion, recreational sport events and family day where all employees and their dependents are invited to participate. The President personally attends all these events to closely interact and socialize with employees.
- To promote interaction and enhance coherence and relationship among colleagues, the company also offers subsidies for employee self-organized domestic/overseas tours. A total of 56 trips were taken in 2016, to places include mainland China, Japan, and several parts of Taiwan.

8. Provide comprehensive care for employees at Hsinchu headquarters by offering employees with diverse food choices. The company cafeteria offers breakfast, lunch (vegetarian, non-vegetarian, noodles), organic food, fruit, salad meals, etc. Specials are offered on Fridays to provide more choices.

- Monitoring food ingredients: The chef is responsible for the safety checks of all food ingredients. He has to make market purchases personally, purchase fresh fruit and vegetables daily and make delicious buffet meal for the employee.
- In order for employees to eat safe, all melamine dishes were changed to corning glass dishes. Employees are also encouraged not to use disposable utensils for health reasons and as an effort to protect environment.
- Professional nurse: The company hires a professional nurse to provide on-site health counseling and 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 announce preventive measures to all employees and provide proper response actions in the case of infection. Vaccinations information is also sent out whenever available. In response to the recent outbreak of food products processed with contaminated cooking oil, the Public Resources Department immediately performed a thoroughly check on the oil used in the company's cafeteria and coffee bar to eliminate employees' concerns.
- Food Satisfaction Survey: To take employee accounts on the food quality from the cafeteria, the Public Resources Department conducts a Food Satisfaction Survey each year. The survey results are then used as reference to discuss improvement plans with the contracted meal provider.
- Emergency relief provision for employees and immediate family members is set up to take care of an employee, his/her spouse, children, or parents that is caught in distress due to major accidents or natural disasters and is in urgent need of emergency assistance.
- An extended group insurance that also covers employees' spouses and children at the expense of the company.
- Every year, the company hires medical staff from large domestic medical institutions to the company to carry out a free health checkup on all employees. The health check is also open to employees' spouses and children at a very generous expense.
- A comfortable nursing room is provided for employed mothers to pump milk. Expecting female employees are also allocated with exclusive parking spaces to protect and foster the safety of pregnant women. Additionally, male employees are also entitled to paternity leaves.
- According to the Labor Standards Law, employees are entitled to take a total of 120-hour special leave with pay per year. This includes sick leave, physiological leave, and family care leaves. Furthermore, the company grants credit leave when an employee has used up all of his/her leaves.
- Collaborate with the Hsinchu City Lifeline Association to establish a comprehensive Employee Assistance Program (EAP).

All major changes notices of the group are handled in accordance with local laws and regulations

ELAN
Metanoia
Avionic
PiXORD

Under the Labor Standards Law of Taiwan, when a company terminates an employment relationship, an advance notice shall be given for a period of time according to the following regulations:

1. When a worker has continuously worked for more than 3 months but less than 1 year, the notice shall be given 10 days in advance.
2. When a worker has continuously worked for more than 1 year but less than 3 years, the notice shall be given 20 days in advance.
3. When a worker has continuously worked for more than 3 years, the notice shall be given 30 days in advance.

ELAN (H.K.)

Under the Labor Standards Law of Hong Kong, when a company terminates an employment relationship, an advance notice shall be given for a period of time according to the following regulations:

1. Within the first month of the probationary period, no notice needs to be given, however, a payment shall be given.
2. Within the second and third month of the probationary period, the notice shall be given 7 days in advance or a 7-day wage shall be given as a compensation.
3. When a worker has worked continuously for 3 months, the notice shall be given 30 days in advance or a 30-day wage shall be given as a compensation.

Note:  Disclosure on Management Approach (DMA)

9. Dispute between labor and capital:

- No labor dispute occurred in the group in 2016.

6.4 ELAN occupational safety and health policy

Comply with laws and regulations | Reduce risk | Continue to improve | Implement management

According to ELAN OHSAS 18001 Occupational Safety and Health Management Handbook, the relevant regulations on occupational safety and health should be regularly inspected and managed. In order to ensure the quality of employee work, the physical and mental health of employees, and to effectively implement the four major policies, we regularly update regulations, information regarding safety and health. Risk assessments are conducted for each operational environment, and safety and health objectives and targets are set up for gradually and continuously improvements.

Even though ELAN has been categorized in the electronic component manufacturing industry, it is more of an IC design house, with various laboratories used as product testing. In June 2016, the company passed the second type business review was deemed as a business with lower hazards. Product design and production lines are set up at ELAN's factory in Zhonghe. The production equipment is provided with all kinds of safety measures and emergency stop button. Regular patrols, inspections, and testings are carried out to ensure the functionalities of all equipment are normal.

Nowadays, as people are paying more attention on occupational safety and health in relation to the employee, ELAN performs random inspections on its working environment. Through having legal testing agencies perform chemical inspections, arranging frequent health examinations, holding health promoting seminars, and setting up a leisure center, provide our employees with a safe working environment not only protects their physical health but also monitors their mental health.

Operating environment with high occupational risk, harm and their prevention

To effectively maintain employee physical health and safety, besides the existing health checkup, additional risk assessments on operational environment, maternal health protection, workplace infringement and overwork are conducted. This way, employees will be able to notice physical alerts sent out 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.

Operational environment		Disease	Prevention
Office		Overwork	● Annual health checkup ● Working hours limit ● Keep eyes on employees with three "high" (hypertension, high blood sugar level, high cholesterol level) ● Provide sports and fitness equipment for stress relieving
		Eyestrain, neck and shoulder pain	● Stretch, take rest ● Proper sitting posture
Factory facility		Electric shock, fall	● Take professional trainings ● Wear protective equipment
Warehouse, manufacturing department		Physical hazards (handling operation) Repetitive tasks (testing operation)	● Operate accurately ● Shorter working hours
Laboratory	General	Inhalation hazards (lead-free soldering)	● Regular operating environment evaluation ● Set up partial exhaust equipment ● Wear masks
	Chemistry	Contact hazards	● Time to time education and trainings ● Regular operating environment testing ● Wear laboratory coats ● Wear masks

6.5 Emphasis on workplace safety, zero occupational hazards in 22 years

Statistical analysis data on occupational hazard – the occupational accident statistics issued by the Ministry of Labor, takes 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) as its main basis (data does not include off-site traffic incidents). Since its founding 22 years ago, the company has never been involved in any occupational safety related accidents (including contract/temporarily employees). From May of 2009 to the end of 2016, the accumulated disaster-free working hour is 7,229,919 hours. At the same time, no occupational disease has been detected. Therefore, ELAN has successfully accomplished the "zero disaster" target so far.

The group's occupational disaster statistics

Company name	Year	ELAN Microelectronics	Metanoia Communications	Avisonic Technology	PIXORD Corporation	ELAN (H.K.)
The occurrence of occupational accidents	2016	No occurrence	No occurrence	N/A	No occurrence	N/A
	2015	No occurrence	No occurrence	N/A	No occurrence	N/A
	2014	No occurrence	No occurrence	N/A	No occurrence	N/A

Note1: Source: Occupational accident statistics reporting system network.

Note2: ELAN branches in Tainan and Kaohsiung, as well as Avisonic Technology Corporation, employ less than 50 people hence are not required to report to the Workplace Disaster Statistical Network. Occupational accidents occurred in none of them anyways.

Note3: ELAN (H.K.), 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.

Note4: Off-site traffic incidents are not included in the occupational disaster statistics.

With IC design and marketing being the group's main sales, the potential risk of Company's internal operation is relatively low compared to other electronic component manufacturing chains. However, the company still continue to promote workplace safety and minimize any possible harm to its employees. By reducing risk through management measures, employee absence rate also reduces significantly.

The group's employee absenteeism rate

Year	ELAN		Metanoia		Avisonic		PIXORD		ELAN (H.K.)	
	♂	♀	♂	♀	♂	♀	♂	♀	♂	♀
2016	0.2%	0.5%	0.27%	0.09%	0.13%	0%	0.19%	0.40%	0.23%	1.51%
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:

Employee absenteeism rate = Total number of days per year each employee is absent from work ÷ Total number of days per year each employee should work

Workplace Environment Safety Management

ELAN views its employees as the company's most valuable asset. We attach importance to the employee health and safety, and propose to establish a systematic and standardized health and safety management system and mechanism that can create a people oriented sustainable operating model. The Industrial Safety Office is set up as the main responsible unit. Occupational safety and health conferences are held on a quarterly basis. According to the Occupational Safety and Health Law, the conference shall consist one-third of labor representatives (nominated during the labor and capital management meetings). During the conference, the implementation of each objective is to be reviewed and the development of the past and the next quarter will be discussed. The company, in addition to complying with the Occupational Safety and Health Act and related specification requirements, has formulated programs regarding to Health and Safety Education, Exercise, Counseling, Prevention and Risk Monitoring and Control. A summary of the promotion is listed below:

Note: ■ Disclosure on Management Approach (DMA)

Public area management

1. Personnel access control and regular security patrol to keep internal and external situations under control.
2. Every six months, a carbon dioxide concentration testing is carried out in the office to ensure CO₂ concentration does not exceed 5,000ppm.
3. Carry out a random check on each office floor every month to ensure public equipment are not damaged.
4. Carry out vector control methods in the pantry every month to prevent vector breeding.
5. Carry out a random check on drinking water every quarter to ensure that Escherichia coli in the water do not exceed the statutory standards.
6. Every year, professionals are brought in to perform regular inspections on domestic sewage emission to ensure that the whole process complies with environmental protection laws and regulations.
7. Staircases (freight elevator side) on each floor were installed with safety net in case people fall.

Staff management

1. Labor safety and health education and training for new employees.
2. Hold fire drill regularly and educate employees on the exist routes in case of an emergency.



Laboratory management

1. Every day, laboratory administrators are to patrol each laboratory, making sure all soldering irons and instruments are turned off.
2. Implement operating environment tests every half year to examine the condition of employee working environment (organic solvent, noise, wind speed of the partial air exhaust equipment, etc.) and ensure employee health and safety.
3. Random laboratory inspections on the Industrial Safety Office.
4. Provide appropriate safety protective gears according to practical needs.
5. Distribute chemicals into multiple packages to prevent a spillover.
6. Chemical usage management (Zhonghe).
7. Education, trainings and examinations on new employees to help understand equipment and follow operating precautions.
8. Continue to improve the safety of workplace environment and equipment, and standardize machine operating procedure.

Health management

1. Carry out a periodic health checkup on all employees and additional health examinations on particular areas.
2. Every month, doctors are brought in to provide one-on-one on-site consultation services. A health center has also been opened to provide medical treatment services and a special line is set up for treatment consultation.
3. Organize various health-related training workshops and events and encourage employees to participate. In 2016, the company has hosted events such as emergency rescue drill, blood drives, quit smoking activities, weight loss competitions, sports competitions, etc.
4. Established a health care station to provide the latest health information on a regular basis.
5. In 2016, arranged Pap smear and Escherichia coli screening.
6. Carry out employee risk assessments on overload and human factors and arrange consultations with doctors.

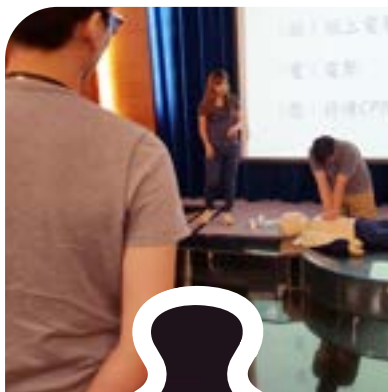
In addition to the above management, we carry out annual corporate environmental safety and health hazards identifications to implement risk management, continuously improve the safety of the working environment, and prevent endangering the safety and health of the employee. The company aims to protect not only its employees, but also its contractors and related third party.

Starting at the end of 2016, the company has been planning to establish a maternal health protection system so that the health of female employee will not be affected by the working environment in any way. In the near future, doctors will be dropping in regularly for on-site checkups on the pregnant employees. Benefits and protection will also be provided such as reserved parking spaces, more comfortable chairs, pregnant women and child-rearing related books, and information on postpartum diet.

Apart from minimizing occupational accidents and illnesses, a safe and healthy working environment can significantly increase product and service quality, enhance employees' willingness to stay, and boost up employee energy level and passion. Some safety and health related performances we achieved are described below.

1. ELAN has applied to participate in the "Disaster-free working hour" cumulative certification event promoted by the Ministry of Labor.
2. ELAN participated in the green environment landscaping competition organized by the Science Park Bureau and successfully won the highest award --- "Distinguished Landscape Award" for twelve times.

Emergency rescue drill



Safety and health educational training



Distinguished Landscape Award



Distinguished Landscape Award

3. ELAN promotes a no smoking campaign, given that smoking not only does harms to the smokers, but also affects the physical health of the surrounding people, the indoor areas of the entire company is completely smoke-free.
4. Nursing room is provided for female employees.
5. Provide fitness center with sports equipment as employees' leisure activities after work. Encourage employees to engage in club activities and participate in external competitions.
6. The Department of Health has adopted the "Self-Certification of Healthy Workplace" campaign to create a healthy working environment for employees.
7. Talents are the company's greatest resource. Therefore, the company invites local large-scale medical institutions to hold free health checkups for all employees on a regular basis. Also, by cooperating with the Hsinchu City Lifeline Association, an excellent Employee Assistance Program (EAP) is established.
8. In compliance with the Labor Standards Act, every employee is covered by labor insurance and health insurance. In addition, the employee, his/her spouse and children are free to join the group insurance, and enjoy term life insurance, accident insurance, hospitalization medical insurance, surgery and cancer medical insurance, and many other comprehensive protections.

6.6 Employee training and development

Employee education and training

ELAN

At the end of each year, the Human Resources Department will provide a list of courses to all supervisors as a reference, after gathering supervisors' needs, present the annual training plans to the General Manager for approval (also applicable to ELAN (H.K.)). At the end of each course, trainees would be given written, oral or on-the-spot operation test, as well as a Satisfaction Survey to fill out in order to understand the trainees' learning conditions and ensure the effectiveness of the training.

Note: ■ Disclosure on Management Approach (DMA)

2016 Education and Training Course Schedule (ELAN's Headquarters in Hsinchu)

Category	No.	Course title	Total number of People/ Number of Classes	Hour(s)	Director	Manager	Asst. Manager	Director	Assigned by a manager	Optional participation	Month Carried Out											
											Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mid-Level	01	Employee care and consultant technique	70/2	12		▲												●	●			
Basic Level	02	Work plan execution and control	70/2	12			▲													●	●	
Basic Level	03	Hazardous substance educational training	100/1	1					▲												●	
Specialized	07	Hold upon request of each department (refer to Specialized course request form) or for sudden needs	-	60	▲	▲	▲	▲	▲	▲	●	●	●	●	●	●	●	●	●	●	●	●

Education and training for new employee

To help new employees quickly adapt into ELAN, on the first day an employee report for duty, a staff member from the Human Resources department will introduce the company and explain rules and regulations. The newcomer when then watch online courses on occupational safety and health totaling of 12 hours on the E-learning system. In 2016, a total of 160 new employees were hired, with a total of 1,920 training hours. After report for duty, information of the new employee is handed over to the unit in charge and a senior staff will be assigned to guide him/her to the job. After gaining some experiences, he/she will then begin to undertake new tasks, yet continue to learn through internal and external training resources. After a three-month probationary period, the new employee will be evaluated by his/her performance. The results of a new employee's three-month and semi-annual performance assessment can also be used to check the effectiveness of those trainings.

Metanoia

At the end of each year, the Human Resources Department will provide a list of courses to all supervisors as a reference, after gathering supervisors' needs, present the annual training plans to the General Manager for approval.

Avisonic PiXORD

According to the needs of each department, present the annual training plans from time to time to the General Manager for approval.

 **The summary of the group's employee training in 2016 is shown below. The average training hour per employee is 7.9 hrs.**

Rank	Item	ELAN		Metanoia		Avisonic		PiXORD		ELAN (H.K.)		Total		Average training hour
														
Top Executive	Number of trainees	13	1	2	0	3	0	1	0	0	0	19	1	2.92
	Training hour	30	2	26.5	0	0	0	0	0	0	0	56.5	2	
	Average training hour	2.3	2	13.3	0	0	0	0	0	0	0	3.0	2	
Indirect Staff	Number of trainees	400	149	70	24	14	9	22	16	0	0	506	198	8.87
	Training hour	3,664	1,351	729.5	350	3	0	84	63	0	0	4,481	1,764	
	Average training hour	9.2	9.1	10.4	14.6	0.21	0	3.82	3.94	0	0	8.9	8.9	
Direct Staff	Number of trainees	2	106	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	108	2.62
	Training hour	7	282	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	282	
	Average training hour	3.5	2.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.5	2.6	

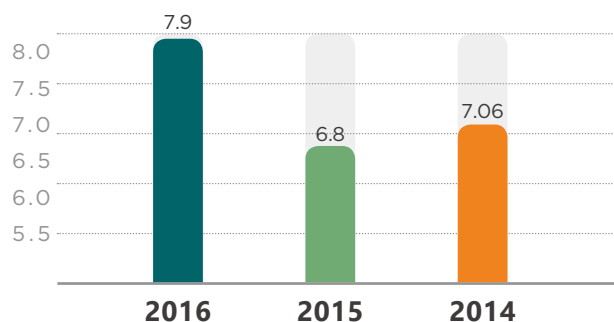
Note1: Top executive: Above director level

Note2: Indirect staff: Below director level, including mid-level supervisors and other personnel who indirectly participate in product production. (e.g., purchasing, finance, QC, R&D, production management, etc.)

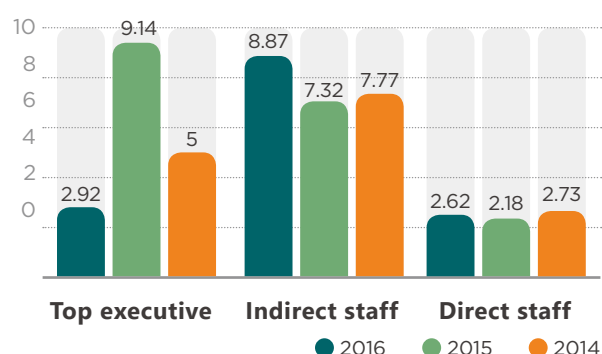
Note3: Direct staff: Staff who are directly involved in product production, machinery and equipment operation, products assembly, etc. (e.g., technicians)

Note4: Metanoia, Avisonic, PiXORD and ELAN (H.K.) have no direct staff, hence the information is N/A.

The group's average employee training hour



The group's average employee training hour among different ranks



Regardless of gender, all employees in the group have accepted individual performance evaluations. This assessment is applicable to the new employee after a three-month probationary period. For new employees, the new employee examination will be used. Usually, performance evaluations are conducted 1-2 times throughout the year.

6.7 Zero-distance communication with the employee and full-range complaint channels

ELAN sets up several channels for employees to communicate with management. It convenes a labor and capital meeting each month where attendees are representatives from the 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 employee suggestion box, performance interviews during personnel review, departmental staff meetings, etc. Through these communication channels, employee complaints are immediately taken into account and provided with effective solutions thereby reduces any adverse impact on employees' life and work, and hence enhances work performance efficiency. From 2014-2016, no serious case of employee complaint has occurred.

At the same time, in order to safeguard the legitimate rights and interests of the employees while assisting them in solving their problems individually without being treated unfairly, the company has introduced the "Grievance Handling Approach" system. The HR department is assigned 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 measures 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. No matter which actions are taken, the company make sure that employees' human rights are fully respected and protected at all time. From 2014-2016, no violation of the human rights has been filed 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.

Similar to ELAN, Metanoia also provided several communication channels between labor and capital, including employee suggestion box, performance interviews, departmental staff meetings, and many different channels to enable employees to respond to problems. By doing so, the problems can be solved immediately and effectively, reducing the impact of problems on the life and work of employees, thereby enhancing work efficiency. In addition, in order to safeguard gender equality and human dignity, special measures have been formulated to prevent and deal with sexual harassment. In response to the appeals, the company takes all its staff members' personal information cautiously with strict confidentiality to ensure that human rights of colleagues were fully respected at all time.

Note: ■ Disclosure on Management Approach (DMA)

ELAN	2016	Except for violation of the Labor Standards Law that stipulates a penalty amount of NT\$ 80,000, no violation of other laws and regulations. Payment Issuance Date: October 5, 2016 Bureau of Labor Affairs, New Taipei City Government Labor Standards Act Fines Sanction: Overtime Issues Fined for NT\$ 80,000 for the violation of Article 32 Item 2 of the Labor Standards Law
Metanoia	2016	Except for violation of the Labor Standards Law that stipulates a penalty amount of NT\$20,000 dollars, no violation of other laws and regulations. Payment Issuance Date: October 6, 2016 Hsinchu Science Park Bureau: Attendance records are not kept properly. Violation of Article 30 Item 6 of the Labor Standards Law.

Note: Avisonic, PiXORD and ELAN (H.K.) have no incidence of violation of laws and regulations.

ELAN: Convene a department head meeting to strengthen the advocacy of the following matters.

1. Supervisors need to re-plan manpower for the production line. In the fourth quarter of 2016, a new batch of foreign workers will be brought in to rationalize the manpower in each process. This should substantially reduce the demand for overtime work.
2. The rules of the company make it clear that whenever an employee needs to extend his/her working hours due to business operations, a request form should be submitted in advance and approved by a director-level supervisor in order to extend the working hours. Even when a request is granted, a system is used to control the extension, strictly abide by the laws and regulations.

Metanoia: The attendance system has been modified by the MIS, the attendance time is now calculated to minutes. This modification should be able to prevent subsequent recurrence.

Dinosaur History Ankylosaurus



You've received
Chapter 6 puzzle!



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".



7

Environmental Protection and Social Welfare

- 7.1 ELAN environmental policy**
- 7.2 Product and service-related environmental protection**
- 7.3 Participation in social and charitable events**

7.1 ELAN environmental policy

Pollution prevention | Company-wide participation | Environmental protection commitment | Continuous improvement

ELAN carries out pollution prevention procedures, monitors and controls pollution regularly based on the ISO14001 Environmental Management System Manual. All employees and contractors of the organization are required to fully participate in the implementation of the environmental policies. This includes complying with existing environmental regulations and requirements enacted by the government and various international environmental organizations. Performance needs to be continually endeavored to attain objectives and targets.

To solve resource shortage and environmental pollution problems, we should start with energy and recourse. The environment must be protected while maintaining the natural ecology to its original configuration. The two should complement each other, i.e., the roadmap for sustainable economic development has to integrate environmental protection. Rational use and conservation of resources would effectively promote efficient ecological benefits such as water, electricity, and resource savings and provide protection to environment that mankind survived in. ELAN has always been in compliance with the environmental laws and regulations. Since its establishment, the relevant environmental authorities have made regular or irregular inspections on the company facilities. To this date, the company has had no violations or been fined in any way.

The company has always been committed to sustainable development and protection of the environment. Green environment and green design are green business ideas we have been focused on. Its products, from concept, design, mass production, to waste conservation, recycling and re-use, this Cradle to Cradle production approach gives full play to the modern method of resource recycling and indirectly protects our environment and resources, achieving energy efficiency effects. Meanwhile, continue to promote pollution prevention and energy-saving carbon-related activities, fulfill social responsibility of a good corporate.

Under the company's Environmental, Health, and Safety (EHS) policy, we uphold energy saving and gradually reduce energy consumption every year in order to love the Earth --- conserve energy and reduce carbon footprint. The main functions of ELAN's factory in Zhonghe include marketing, R&D, production, operations management, etc. Due to its distinct characteristics of process and operation, the manufacturing processes do not involve the use of highly polluted sewage or wastewater, oil (fuel) and such energy.

Note: ■ Disclosure on Management Approach (DMA)

2016 ELAN Microelectronics main power consumption

Company/Location	Electricity consumption (MJ) ^{Note 6}	Water consumption (m ³)	Gas consumption (€/kg)
ELAN - Hsinchu	15,011,280	29,438	11,120
ELAN - Zhonghe	3,629,422	NA	NA
ELAN - Tainan	256,280		
ELAN - Kaohsiung	82,616		
ELAN - Hong Kong	92,646		
Total	19,072,244	29,438	11,120

Note1: 100% of the water used by ELAN Group is tap water supplied by Taiwan Water Corporation. As ELAN Group has no production line, its water consumption is no more than that of household level. Hence water consumption is quite low.

Note2: ELAN Hong Kong, Tainan and Kaohsiung have their water consumption integrated into their respective monthly administrative fees. Hence no detailed water bill figures are available.

Note3: ELAN Zhonghe water consumption and water bill accounted for less than 1% of the administration fee in the whole area. Therefore, the cost is calculated based on the number of factories in proportion to the area.

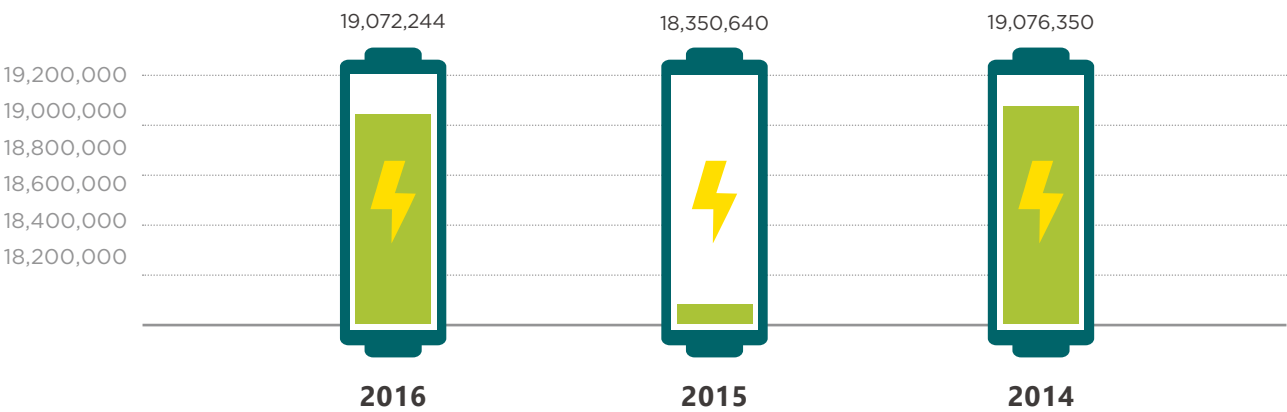
Note4: Among affiliated companies, Metanoia, Avisonic and PiXORD are renting factories owned by ELAN Hsinchu headquarter. Due to leasing relationship, their public water and electricity bills are combined into ELAN Hsinchu.

Note5: As for gas costs, only Hsinchu headquarter is charged with gas bill due to the presence of a kitchen in the building, and as the number of staff increases, the usage amount also increases.

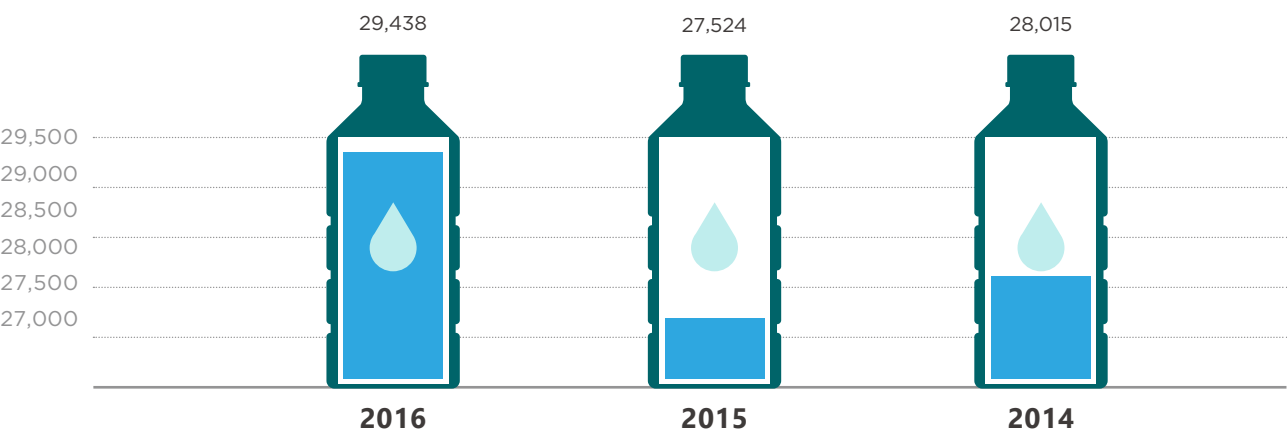
Note6: 1 Kilowatt-hour (kWh) = 3.6 MJ

Major sources of energy used in the Group

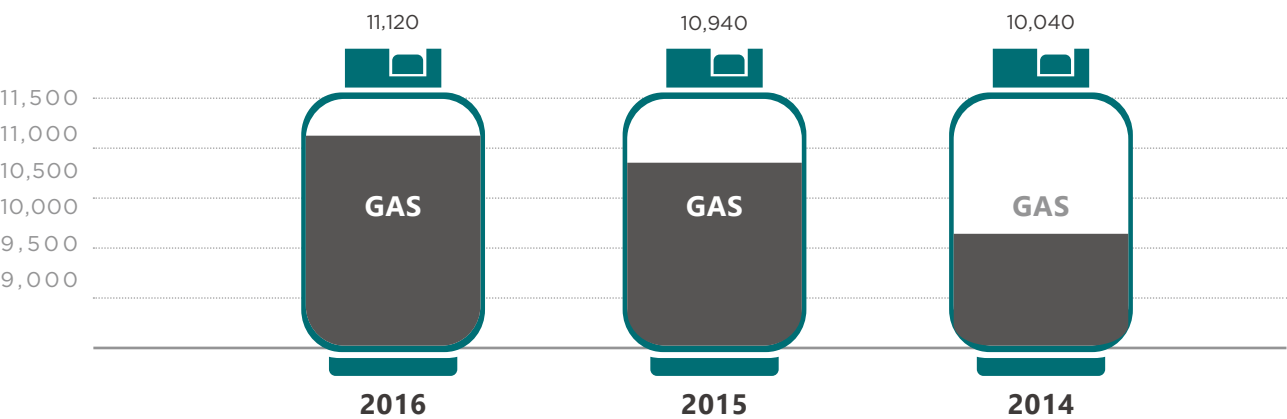
Electricity consumption (MJ)



Water consumption (m³)



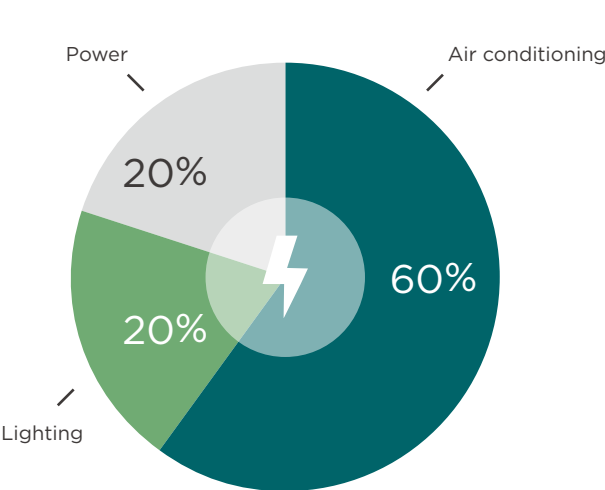
Gas consumption (/Kg)



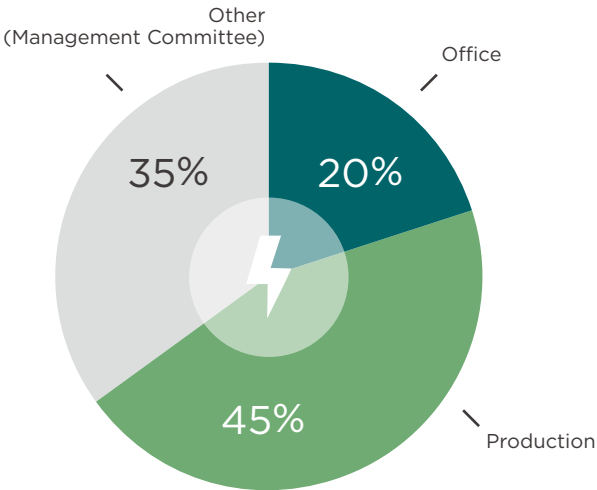
In response to the international attention on greenhouse gas reduction, since 2014, the Group sets a target of reducing 1% of electricity usage per person. ELAN headquarter in Hsinchu has also replaced all office lightings from halogen tubes to LED tubes. To effectively control and save electricity, we adjust the temperature of air conditionings daily according to the weather, set usage restrictions on weekends and perform monthly inspections.

Note: Disclosure on Management Approach (DMA)

ELAN Microelectronics (Hsinchu)

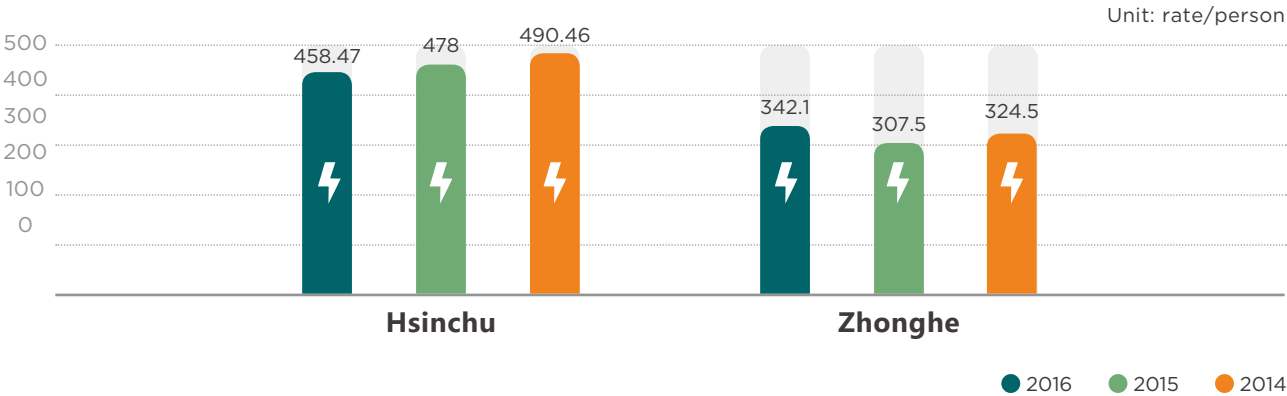


ELAN Microelectronics (Zhonghe)



ELAN's electricity usage is mainly in Hsinchu and Zhonghe. In Hsinchu, electricity is mainly used for air conditioners, lighting, and power. From 2014 to 2016, old tubes have been replaced by energy-saving LED tubes. As for statistical results, the average annual electricity consumption of 490.46/person in 2014 has lowered to 458.47/person in 2016, indicating the replacement to be helpful. On the other hand, in Zhonghe, electricity is mainly used in offices, production and other (calculate by MCA based on air-conditioning usage rate). Due to the annual control of air compressors, the utilization rate per person from 2014 to 2015 shows a downward trend. The rate has slightly increased to 342.10/person though, due to the addition of new machinery and an increase in Company's production capacity.

ELAN Microelectronics 2014~2016 Average rates of electricity used per person



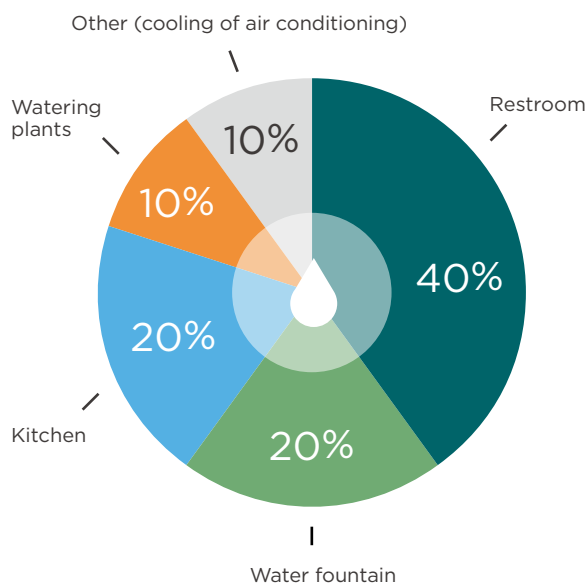
As global climate rapidly changes, water scarcity is worsening. Since LEAN is an IC design company, it uses people's livelihood water. The target rate for the annual water consumption per person is set and actions are taken to help obtain the goal. For example, for toilets with higher water consumption, two-segment flushing is employed to adjust the amount of water used. Also, when creating a green environment, plants with fewer water demands are used. Last but not least, in order to reduce water usage, monthly inspections are carried out to make sure we have effective control our water usage.

The Group uses tap water throughout the company, with consumption mainly from Hsinchu. The same applies to ELAN Zhonghe, however, since the amount used and cost are less than 1% of the administration fee, the costs are calculated based on the number of the factories in the park in proportion to its areas. No actual use of actual information on usage rates is enclosed.

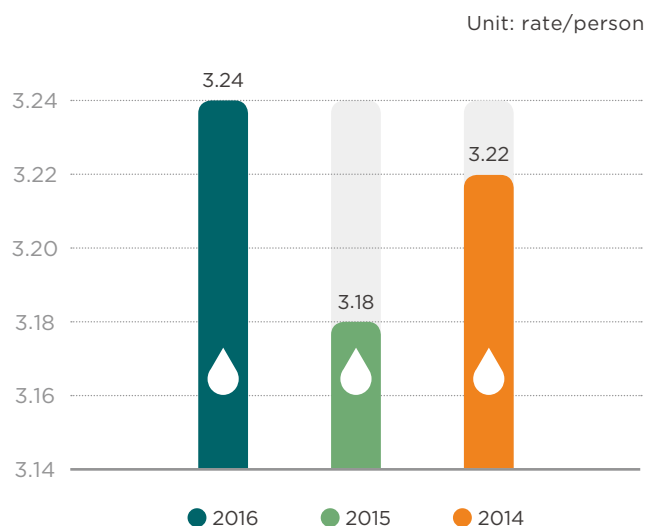
In Hsinchu, water is used mainly for restrooms, water fountains, kitchens, watering flowers and others. The annual rate of water use per person does not fluctuate significantly. However, the average rate of 2016 is slightly higher due to the fact that we brought in experts to thoroughly clean the water tower.

Note: ■ Disclosure on Management Approach (DMA)

Water consumption in ELAN Hsinchu



ELAN Hsinchu Average rate of water used per person



Fuel consumption

Emergency generators in Hsinchu use diesel fuel, with a capacity of about 1,600 liters, a 20~30 minutes test run is performed every month. The total annual consumption for testing purpose is about 320 liters.

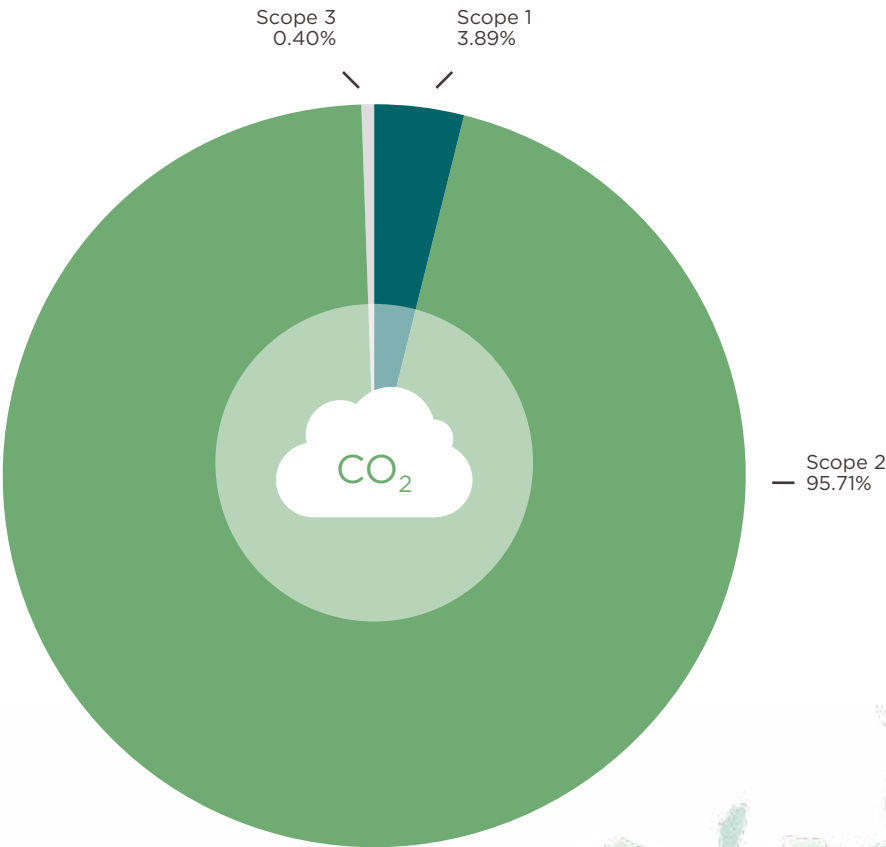
Greenhouse gas emissions

To reduce greenhouse gas emissions as a contribution to the global environment, we aim to control direct, indirect and other indirect greenhouse gas emissions by performing a monthly inventory of greenhouse gas usage.

The Group’s total greenhouse gas emissions in 2016 have reached 2,922.882 tons (CO₂-e, CO₂e), 95.71% of which were from electricity (Scope 2).

Note: Disclosure on Management Approach (DMA)

Year	Unit	Scope 1	Scope 2	Scope 3	Total
2016	ton (CO ₂ -e)	113.524	2,797.571	11.787	2,922.882



Direct Gas Emissions (Scope 1)

Since the main source of direct greenhouse gas emissions is for company's operation, all we can do to reduce greenhouse gas is to purchase fuel-based company vehicles and carry out regular maintenances when mileages are met.

The Group's direct greenhouse gas emission types are gasoline used for company vehicles, diesel fuel used for emergency generators, liquefied petroleum gas used in the kitchen, and personnel septic tank emissions. Only ELAN headquarter in Hsinchu is equipped with company vehicles, emergency generators, and cafeteria, using a total of 17.102 tons of energy and producing 33.718 tons of CO₂-e greenhouse gas emissions. As for septic tanks, the total working hours refer to the data listed on the declaration of occupational hazards. Hours in ELAN Tainan, Kaohsiung, Hong Kong and Avisonic are taken from each company's internal record for none of them is required to report online. Overall, the total amount of greenhouse gas emissions is 79.806 ton CO₂-e (refer to the table below). The Group's total amount of direct GHG emissions is 113.524 ton CO₂-e, representing an increase of 4.01% as compared with 2015. The increase is mainly due to the addition of employees hence an increase of total working hours.

ELAN Hsinchu Gas emission factors (EPA's Greenhouse Gas Emission Factor Management Table 6.0.3)

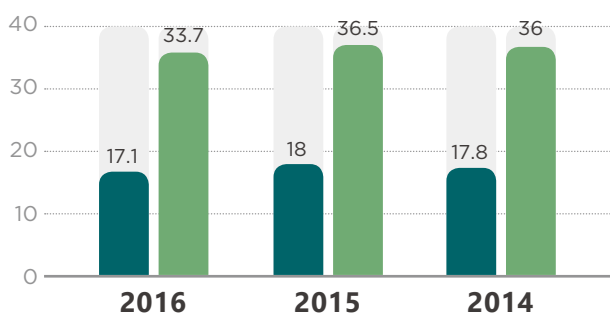
Fuel Classification	Year	CO ₂ emission factor	CH ₄ emission factor	N ₂ O emission factor
 Gasoline used for company vehicles	2016	2.2631	0.000816	0.000261
	2015	2.2631	0.000816	0.000261
	2014	2.2631	0.0008164	0.0002613
 Diesel fuel used for emergency generators	2016	2.6060	0.000107	0.000021
	2015	2.6060	0.000107	0.000021
	2014	2.6060	0.0001055	0.0000211
 Liquefied petroleum gas used in the kitchen	2016	1.7529	0.000028	0.000003
	2015	1.7529	0.000028	0.000003
	2014	1.7529	0.0000278	0.0000028

2016 ELAN – Hsinchu Energy usage and CO₂ emission

	Gasoline used for company vehicles	Diesel fuel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Total
Energy usage (Kiloliter)	 5.662	 0.320	 11.120	N/A	17.102
CO ₂ Emission (ton CO ₂ -e)	 13.371	 0.837	 19.510	 79.806	113.524

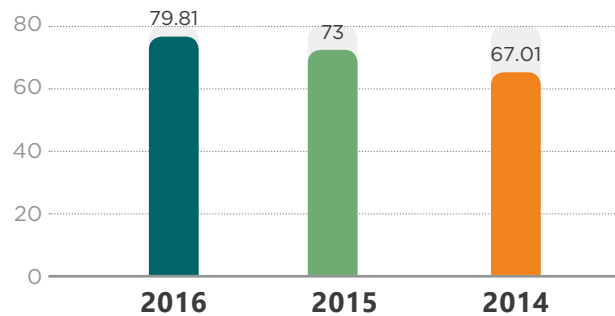
 CH₄ GWP=25
  CO₂ GWP=1
  N₂O GWP=298
 References: The fourth IPCC Assessment Report (2007)

Energy usage



 Energy usage (Kiloliter)
  CO₂ emission (ton CO₂-e)

ELAN Microelectronics Amount of septic tank CO₂ emission



Indirect greenhouse gas emissions (Scope 2)

To reduce greenhouse gas emissions and give an effort in environmental protection, the Company aims to control indirect greenhouse gas (GHG) emissions by controlling the amount of electricity used. All kinds of actions are taken such as adjusting temperatures of the air conditioning daily according to the weather, performing regular maintenances on mechanical equipment, monitoring electricity rate each month, etc., to achieve a reduction of greenhouse gas output.

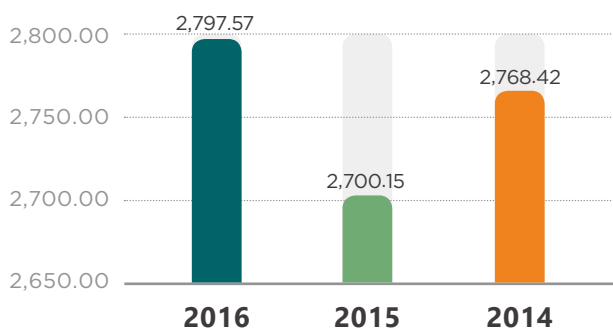
Indirect greenhouse gas emissions come mainly from the Group's electricity usage. Among them, Hsinchu area covers ELAN headquarter and its affiliates including Metanoia, Avisonic and PiXORD. The Group's total power consumption rate is 5,299,742 kWh. (refer to the following table). ELAN Group's electricity usage and indirect greenhouse gas emissions in 2016 is 2,797.571 ton CO₂-e, 3.61% more compared to last year due to the addition of new employees and an increase of production capacity in ELAN Zhonghe.

Note: Disclosure on Management Approach (DMA)

	ELAN - Hsinchu	ELAN - Zhonghe	ELAN - Tainan	ELAN - Kaohsiung	ELAN - Hong Kong	Total
Electricity consumption (kWh)	 4,169,800	 1,008,173	 71,189	 22,949	 25,735	5,297,846
CO ₂ emission factor (Kg CO ₂ -e/ kWh)	 0.528	 0.528	 0.528	 0.528	 0.54	
CO ₂ emission (ton CO ₂ -e)	 2,201.654	 532.315	 37.588	 12.117	 13.897	2,797.571

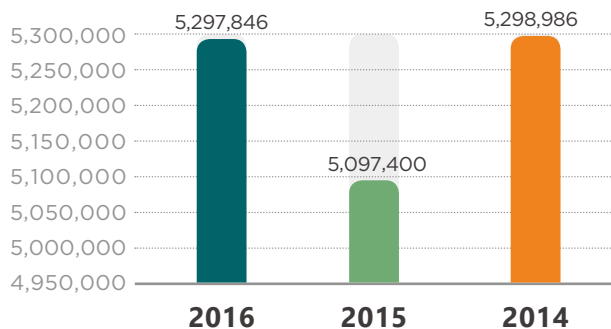
ELAN Microelectronics 2014~2016 CO₂ emission

Unit: ton CO₂-e



ELAN Microelectronics 2014~2016 Electricity usage (kWh)

Unit: kWh



References: 2015 Coefficient of Emissions in Taiwan, Bureau of Energy. 2015 Coefficient of Emissions in Hong Kong, China Light & Power Company Syndicate Sustainability Report 2016.

Other indirect greenhouse gas emissions (Scope 3)

The control of other indirect greenhouse gas emissions focuses on the removal of waste and the transportation of company vehicles. For waste removal, we choose to take the route with the shortest distance between the company and the incineration plant. As for the company vehicles, fuel-efficient models are used and maintenance is carried out according to mileage. We also replace vehicles once in a while to reduce greenhouse gas emissions. The total amount of other indirect greenhouse gas emissions is 11.787 ton CO₂-e, the relevant data are as follows:

Company/ region	Waste removal	CO ₂ emission (ton CO ₂ -e)	Company vehicles transportation	CO ₂ emission (ton CO ₂ -e)	Total (ton CO ₂ -e)
ELAN - Hsinchu	166.8 tkm	0.040	91,233 pkm	10.492	-
ELAN - Zhonghe	5,340 tkm	1.255	-	-	-
Total	-	1.295	-	10.492	11.787

Note: Company vehicles are available only at the headquarter.

Measures to reduce greenhouse gas emissions

1. Since 2014, ELAN headquarter in Hsinchu has begun to replace all office lightings from 27W PL lighting tubes to 8.8W LED energy-saving tubes. In 2016, we finished replacing lighting fixtures in atrium walkway on 1F, U-shape meeting room on 7F, cafeteria on 10F and executive offices.
2. Office area on each floor is installed with temperature monitors to display actual indoor temperatures. The numbers are then used as standards for appropriate temperature adjustment. By doing so, air conditioning usage will not be wasted on individuals' preferences.
3. Announcements reminding all staff to turn off the lights to conserve electricity.
4. Computer not turn-off message reminder: Set up automatic monitoring system. If an employee did not shut down the computer after work, the MIS system will send an e-mail the next day to remind the employee and his/her supervisor to always shut down the computer before leaving.
5. Guard patrolling: During nighttime hours, a guard will patrol offices on each floor every hour and turn off the lights if no one is seen in the areas.
6. In compliance with law, ELAN performs initial filtration processes on each types of gas used in the laboratories.

7. Since the end of 2012, ELAN Zhonghe started an independent power consumption analysis. For items with higher electricity usage, improvement measures on system and usage management aspect are carried out such as replacing all lighting fixtures to T5, control air pressure according to needs, and control air-conditioning temperature and time, etc. By saving electricity within the company, continue to reach the maximum production capacity with minimum electricity usage.
8. ELAN Zhonghe elevator and public electricity usage is in coordination with the energy-saving concept of the Far Eastern New Century Industrial Park. With reduced expenses, continue to improve main energy consumption in the park, and gradually promote the upgrading of the operational efficiency of Company's facilities and equipment, such as chiller energy efficiency improvement, cargo lift and freight elevator deactivation on holidays, and hierarchical regional control on holidays and during night hours.

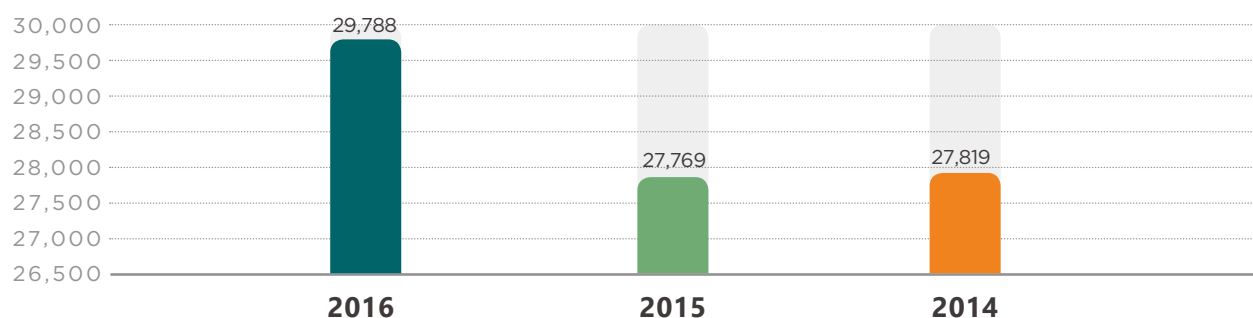
Effluent and waste are classified as follows:

Effluent

ELAN is a professional IC and module designer. Its wafer and downstream production are entirely 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 handling of sewage that flow from each tenant, all effluent is drained for integrated treatment into the sewage handling plant located inside the park. An effluent handling fee is collected in reference to water consumption indicated in the water bills. ELAN Group's effluent handling fees are as shown in the following table. The handling capacity is the rate of water used shown on the bill. In 2016, the total water consumption in Hsinchu was 29,788 m³, an increase of 7.27% compared to 2015. The increase was mainly due to the increase in Company's total workforce. Also, the calculation period of the effluent handled each month (2015.11 ~ 2016.10) is different from the calculation period of water rate shown on monthly water bill (2015.12 ~ 2016.12), hence there may be cases where the rate of effluent being handled is higher than the rate of water being used.

ELAN - Hsinchu Domestic effluent usage

Unit: m³



Note1: ELAN Hong Kong, Tainan and Kaohsiung have their water consumption integrated into their respective monthly administrative fees. Hence no detailed water bill figures are available.

Note2: ELAN Zhonghe water consumption and water bill accounted for less than 1% of the administrative fee in the whole area. Therefore, the cost is calculated based on the numbers of factory households in proportion to the factory 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 2016, ELAN Group's general industrial waste total output volume was 44.412 tons. Of the total, the recycled volume was 11.422 tons and waste considered as hazardous was 3.274 tons. 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.

ELAN Group, in addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, we also ask our contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling, sort general business wastes by types such as non-process, recyclable/non-recyclable, etc. and hand them over to qualified handling vendors.

The company's wastes are classified as general waste (Class D), recycle (Class R) and hazardous waste (Codes: C-0301, C-0202, E-222, E-0217). For confidential files, we will arrange special destruction each year to dispose them all at once.

Disposal of waste: General waste, confidential documents and hazardous waste of code C-0301 are to be incinerated. Electronic components (Codes E-0222, E-0217) are to be physically shattered and code C-0202 waste acid is to go through chemical neutralization.

Aside from actively promote waste recycling, ELAN has been working to implement the best management of general waste disposal by taking relevant actions include the following:

1. Arrange waste removal vendors to perform tailgate audits.
2. On-site management and proper labeling.
3. Perform waste storage site management audits aperiodically.
4. Arrange to waste removal vendors to perform tailgate audits.
5. Audit waste removal documents regularly.

Note: ■ Disclosure on Management Approach (DMA)

2016 ELAN Waste Output

Company/ Region	Amount of general industrial waste produced (ton)	Recycled resource (ton)	Amount of hazardous industrial waste produced (ton)					Destruction of confidential documents (ton)
			E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste components with pH ≤ 2	C-0301 Distillation residue containing aniline	Total	
ELAN - Hsinchu	24.65	11.007	-	0.179	0.1	-	0.279	1.89
ELAN - Zhonghe	17.9	0.415	0.277	2.580	-	0.008	2.865	1
Metanoia	1.862	-	-	0.098	-	-	0.098	-
Avisonic	-	-	0.023	0.009	-	-	0.032	-
PiXORD	-	-	-	-	-	-	-	-
Total	44.412	11.422	-	-	-	-	3.274	2.89

Company/ Region	Year	Amount of general industrial waste produced (ton)	Recycled resource (ton)	Amount of hazardous industrial waste produced (ton)					Destruction of confidential documents (ton)
				E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste components with pH ≤ 2	C-0301 Distillation residue containing aniline	Total	
Total	2016	44.412	11.422	-	-	-	-	3.274	2.89
	2015	44.53	11.884	-	-	-	-	4.29	3.4
	2014	59.63	13.87	-	-	-	-	5.507	2.02

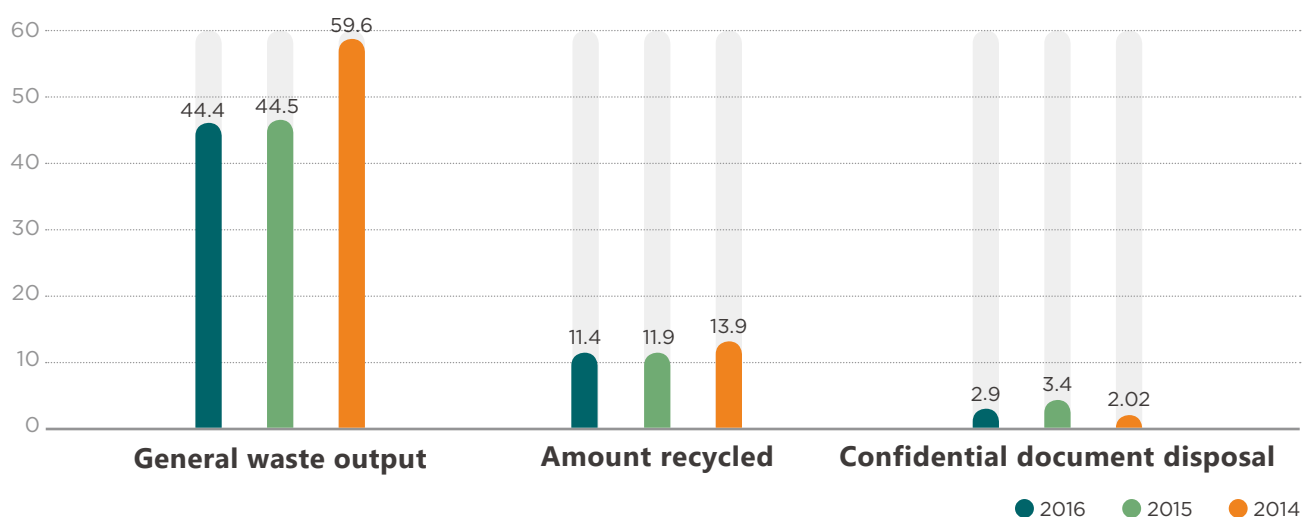
Note1: Since ELAN Tainan, Kaohsiung and Hong Kong rented their offices and industrial waste is handled by the Management Committee, there's no actual data.

Note2: Metanoia, Avisonic and PiXORD are renting some of the facilities in ELAN headquarter in Hsinchu, hence all general industrial waste and recycling outputs are integrated and calculated altogether.

Note3: General waste refers to domestic waste. Recycling does not include Styrofoam recycling. According to the law, Styrofoam, regardless of the weight, is to be picked up by a qualified transporter.

ELAN Microelectronics Waste output

Unit: ton



7.2 Product and service-related environmental protection

"Green Products" has always been a fundamental requirement of ELAN. All series of ELAN's products comply 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 pursues improvement and innovation. Starting with design aspects, management control and actual implementation, to reduce unnecessary industrial wastes.

To achieve "Green Design", while designing the perfect products to satisfy our customers, we also insist on following the basic principles of eco-design at all time. Playing a role in environment protection, the use of hazardous substances declared by RoHS, Sony GP, REACH and Halogen-free requirements are strictly prohibited in the Group. ELAN hopes and will continue to exert sustainable environmental protection efforts in ELAN's products and for the next generation.

Note: ■ Disclosure on Management Approach (DMA)

Conservation and high efficiency are ELAN's R&D objectives that will help reduce the demand for energy or components of products and services.

1. "High-transparent Touch Optics Module" uses low power consumption DSPs to achieve handwriting recognition features. With simple design and peripheral components, ELAN capacitive touch sensors can efficiently save space on circuit boards and reduce cost. ELAN received the "Best Choice of the Year" award and the grand awards in peripherals and accessories category with this module in the COMPUTEX TAIPEI 2009.
2. The "Smart Touch Multifunctional Remote Control" is an all-in-one design that combines audio remote, TV remote, virtual PC keyboard, handwriting, presentation remote, gaming/joystick and other modes into one single remote, saving lots of materials, battery consumption and pollution. As environmental protection awareness rises, this product provides a better green living option. This product was rewarded the "Best Choice for Digital Entertainment Products" in the COMPUTEX TAIPEI 2009.
3. The "Windows 8 Smart-Touchscreen™ Single Chip Solution" contains built-in high-efficient sensor circuits, high-voltage driver circuits and dual DSP core frameworks that can reduce chip working frequency and power consumption to conform to Windows 8 specifications. Windows 8 Smart-Touchscreen™ single chip integrated with excellent hardware and software technology, reducing the use of wafers, external components and PCB material cost. Moreover, it supports 11.6"~18" touchscreens. This single chip uses small packaging and simple external components, and is the world's smallest circuit board with a width as less as 6mm. Not to mention its world's lowest power consumption. By efficiently reducing component usage, metallic (battery) and other material pollution, higher stability and lower power consumption characteristics can be obtained.
4. The development of the "Low-Power-Consumption Ultra Energy-Efficient Solar-Powered Calculator Chip" has overcome the technical challenges of the overcritical low power consumption of a calculator. Satisfying 1.5V MCU, the chip uses solar panel as the power supply, conforms to the application trend of the international top manufacturer brands. With this chip, ELAN is expected to be the first provider of solar-powered calculator chip in Taiwan.
5. The "Single-Layer Touch Module Sensor" has a vertical triangular stack structure design, wafer pins can be lain on a single side. With shorter routing, the sensor requires only a single-layer ITO mask to complete. Not only does the sensor provides advantage in cost control, it also has good efficiency, supports 5-finger touch screen solutions, significantly reduces the use and pollution of masks and other materials which can all enhance product competitiveness.

6. The "Pointing Stick Module" contains power saving and low-cost features. Touch sensor senses finger movement through the integration of analog sensing. One of the advantages of this technology development is its low power consumption, depleting an average of only 900 μ A in operating mode and can also be used in PS2/I2C mode. In addition to low noise, simple external application circuits, fast yet low power consumption and green design are the biggest technological advantages and requirements of ELAN.
7. The second generation of "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. The BLDC (Brushless DC) motor equips with 16-bit MCU and DSP total solution to provide a complete solution that achieves great efficiency, high rotational speed and low power consumption. It can be used in industrial grade products such as hair dryers, ceiling fans, etc. In 2014, ELAN has shipped 4,000 units in 2014, 19,170 units in 2015 and 24,690 units in 2016. Compared to traditional induction motors, ELAN 's motor can save about 8,040,480 kWh of electricity.

Formula: kWh saved = amount of shipments * kWh saved per IC * hours used per day (3 hours) * days used per year (140 days) * lifetime (5 years)

9. Fingerprint identification wafers do not require external metal rings nor additional ICs to apply drive signals. This minimizes module design size, save materials and lower cost. With a single IC, high sensitivity performance can be achieved. Meanwhile, passive components can be enclosed into the sensor package, simplifying application circuits. Also, users can even use single-layer EPC to effectively reduce module cost. With the patented adaptive parasitic capacitance cancellation technology, higher level of sensitivity and lower energy consumption are achieved. 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.
10. The development of the Master IC Built-in Hardware Clock Circuit uses environment-friendly lithium batteries as the clock's backup power supply, and it does not need to be replaced within the clock's lifetime. If the main power supply is cut off, it can supply power to the clock, maintain precise internal operations for at least 5 years. When the battery voltage is low, the meter will give an alarm. The date and time settings must contain safety measures that prevent non-authorized operations.
11. The development of the Electric Energy Measurement and Smart Meter with Smart Monitoring ICs uses systems In-Snergy, smart meters (smart home appliance control), and smart monitoring/smart home appliances. Provide intelligent, energy saving, security and other features, so that users can easily connect portable devices such as mobile devices to Smart devices for energy saving and safety monitoring purposes.
12. The development of the Glass-cover Capacitive Fingerprint Sensor Module has a built-in drive signal booster, with no additional IC required in order to minimize module design size and save parts cost. Its higher sensitivity lower power consumption also increase performance and cost competitiveness.
13. The development of the 2-in-1 Touch and Display Chip for smartphones has a built-in 60Hz/120Hz auto-switch function. Enter low power mode during low operation to achieve low power consumption. In addition, not only can the IPD (In-Phase Driving) function effectively reduces the external capacitance, it can also support larger panel loading (panel load). By combining touch and display driver chips, the production cost can be significantly reduced while performance improves and the use of peripheral components reduces.

14. The development of the Half Bridge Induction Heater with Capacitive Touch IC aims to achieve high anti-noise, waterproof, anti-accidental touch, gloves touch control, power (fire) control, timing control, etc. ELAN strives to provide the best cost-effective control chip that coordinates with green energy-saving factors.
15. The development of a new type of VCM Driver Chip with built-in Flash Program memory users can instantly modify the control program to enhance the performance of the controller. The constant current drive is employed to achieve high-quality anti-shake and high accuracy. The 3 built-in channel halls amplify small signals during circuit processing to save the needs for external OP amplifier circuit. Improve the production process by writing the best parameters into the controller memory will also substantially stabilize product quality.

Production and purchasing

In response to the rising cost of major raw materials, upon the completion of a product design, planning, purchasing, production, and product output processes are all to be strictly controlled. Submit item purchase requisitions, reduce inventory stacking cycle, and decrease raw materials used in the manufacturing process by improving production techniques, etc. are all actions ELAN has taken in hope to produce the maximum output value with the minimum materials.

Resource conservation and recycling

Establish Standard Operating Procedures (SOPs), from offices to the production sites, foster good organize and clean habits and achieve PDCA (Plan-Do-Check-Action) management cycle. Through continuous improvement in the control and management of materials, resources and waste recycling, reducing the purchasing and waste of materials.

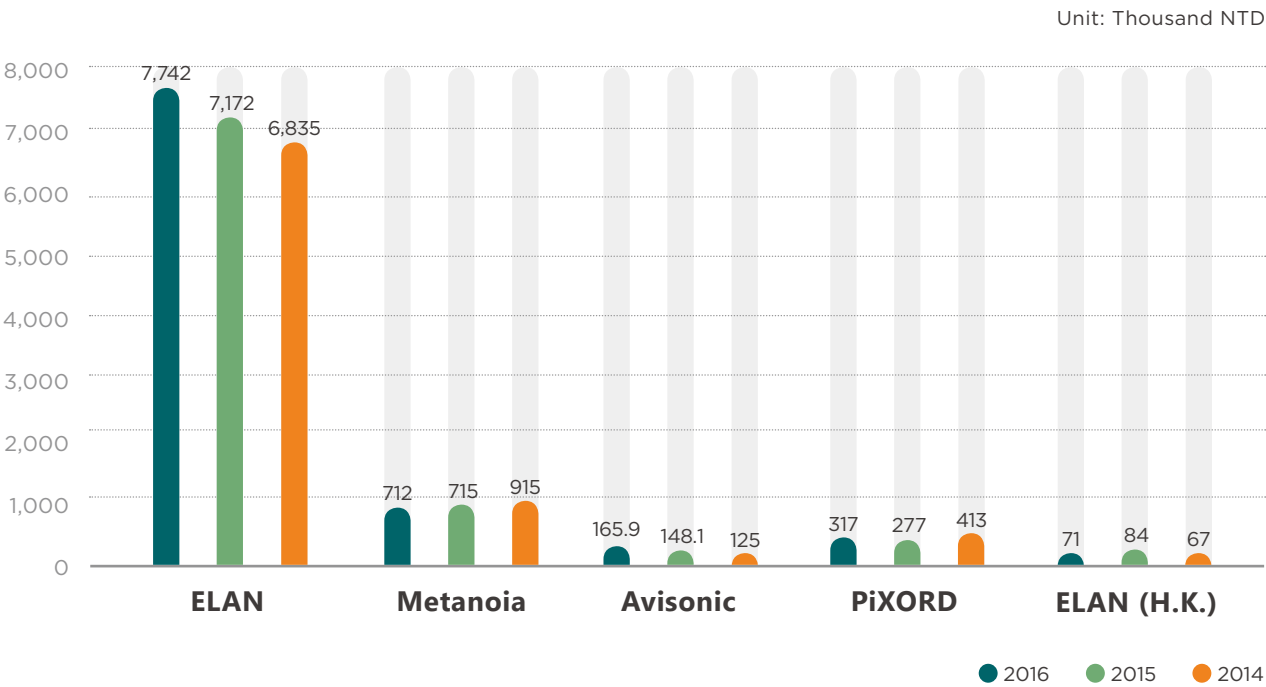
1. Promote paperless operations, a fully electronic management system: Since 2005, ELAN has been committed to "paperless" operations and has self-developed an electronic document system. Official documents, confidential documents, meeting information, quality system procedures/specifications, operational forms, etc. have all been electronicalized. By doing so, it greatly reduces the necessity and the amount of paper used.
2. Packaging material recycling: Materials such as trays, tubes, wafer cassette, cartons, buffer, etc. are all recycled in one way or another. For example, during the quarterly destruction of waste, scrapped trays will be retained and recycled aperiodically. In 2016, tray accounted for 5.43% of the total recycled materials being re-used. The rest such as tubes, wafer cassette, cartons, buffer, etc. are kept in the warehouse area for recycling and re-use purposes.

The calculation formula is as follows: $\text{Number of scrapped trays recycled by a vendor} \times \text{Average capacity per tray} \div \text{Amount of PKG sales during the reporting period}$.

3. Recycling scrapped products: Defective semi-finished and finished products are categorized according to types such as Wafer, Dice, Package, and PCBA. During the quarterly destruction of waste, scrapped products are handed to recycling vendor. Metals such as gold thread and copper will be refined and re-used.

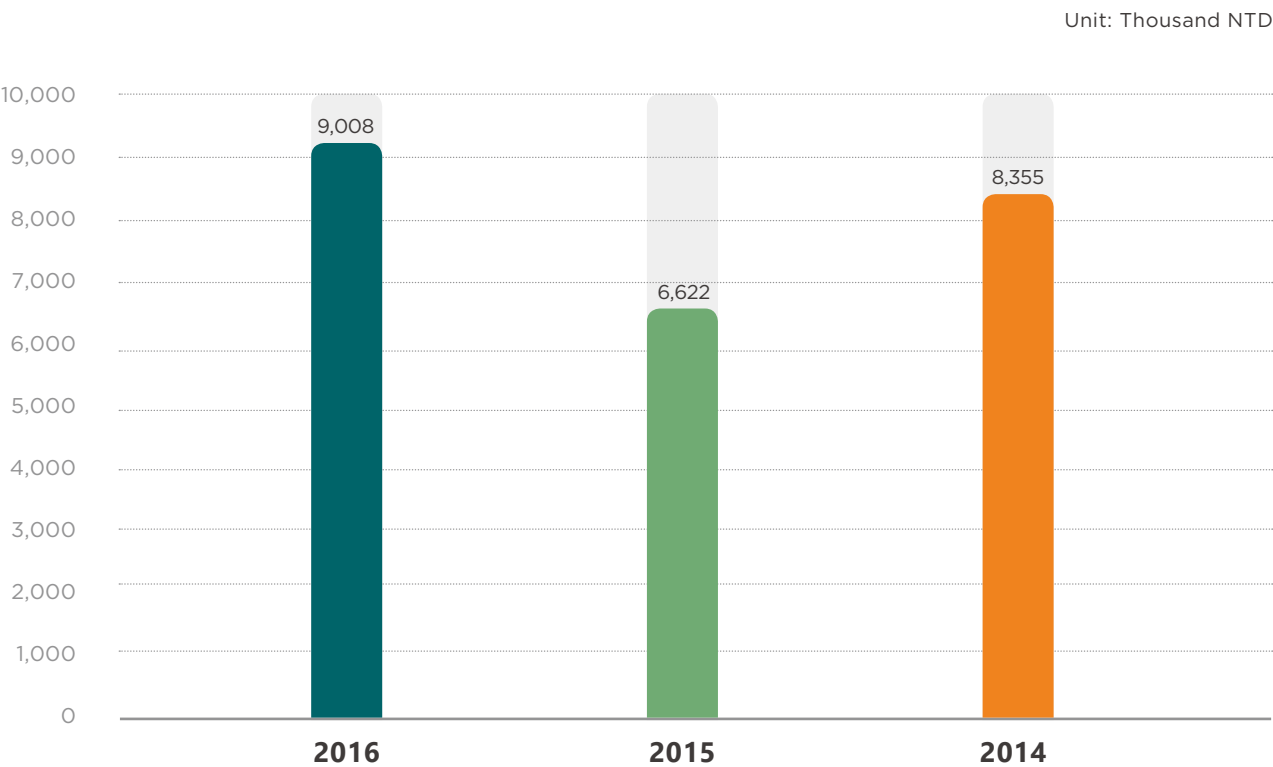
Environmental expenses and investment

ELAN Microelectronics 2014-2016 Environmental expenses and investment



Note: The environmental protection expenditures include cleaning fee, labor fee (e.g., verification fee), education and training fee, maintenance - housing equipment and consumables (e.g., lighting tubes repair).

Total amount of environmental expenses and investment



7.3 Participation in social and charitable events

In the past few years, ELAN has begun to participate in social and charitable events. The elderly and children are the disadvantaged minorities we pay most attention to. By taking practical actions to host and sponsor events, donate money and supplies, we hope to contribute our efforts as part and fulfill social and civic responsibility. Each year, ELAN lists an annual charity budget and searches for suitable non-profit organizations (currently focused on the elderly, children and other vulnerable groups). In addition, Company-wide charity events are often held which employees are encouraged to engage in these meaningful activities such as volunteering, supporting sales, making posters, etc. Not only do Company's executives participate in each activity, volunteered employees also actively support the campaign and contribute whatever they could --- those with money donate money and those with time/effort donate time/effort. The company also granted compensatory days off to whoever volunteers in such events. Employees' partners and families are encouraged to participate as well. In the future, ELAN hopes to gather more organizations and offer more care and assistance to disadvantaged groups in different parts of the society. By 2016, ELAN has already participated in **21** charity events.

Note: ■ Disclosure on Management Approach (DMA)

Organizer	Event	Group	2016	2015	2014	Hosting/co-hosting	Sponsoring	Employee donation	Executive engagement	Corporate volunteer participation
Jesuit Catholic Social Service Center in Hsinchu	"Hold onto the Years. Hold onto Love." Cherish the elderly propaganda, love carnival	The elderly	✓	✓	✓	✓	✓	✓	✓	✓
Huashan Social Welfare Foundation	"Love the elderly. Love the gathering." Chinese New Year fortune food sending	The elderly	✓	✓	✓	✓	✓	✓	✓	✓
Huashan Social Welfare Foundation	Second-hand goods donation	The elderly	✓	✓		✓			✓	✓
Children Are Us Foundation	Painted heart smiles. Sending love to the tribes --- Aesthetic life exhibition tour	Children	✓	✓		✓	✓	✓	✓	
Taiwan Abundant Life Association	Summer English camp for tribal kids	Children in remote areas	✓	✓	✓		✓			
Accton Technology Corporation	Christmas Dream-Come-True project	Children	✓	✓	✓			✓		
National Taipei University of Technology	Cultivation of technology talents	College students		✓		✓	✓		✓	
National Sun Yat-sen University	Cultivation of technology talents in Southern Taiwan	College students	✓			✓	✓		✓	
Private Hui Ming School for the Blind	Thanksgiving charity event	Visually impaired children	✓	✓	✓	✓		✓	✓	

Care for vulnerable groups – the elderly with three lost

As 2016 approaches, ELAN and Huashan Foundation co-sponsored the "Love the elderly. Love the gathering." charity event, sending fortune food, red envelopes and rice dumplings to the elderly with three lost --- loss of intelligence (disabled), loss of normal functioning (Dementia) and loss of reliable family member (abandoned). In hope to help putting up a warm New Year Eve's dinner for those elderly. In addition, ELAN hosted company-wide second-hand goods donation events, encouraged employees to donate first or second-hand items they no longer need (yet still usable). All collected items are denoted to Huashan Social Welfare Foundation and 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 – solitary elderly

For the sixth consecutive year, ELAN has co-hosted a "love carnival" event each year with the Jesuit Catholic Social Service Center in Hsinchu, setting up charity sales in the company, subscribing carnival tickets, and having employees to volunteer on the day of the carnival. The sale proceeds were donated in full to the Social Service Center to serve vulnerable elderly and purchase transport vehicles. We hope to give a hand to poor, disabled solitary elderly through these charity events and help them celebrate the Mid-Autumn Festival with love and blessings.



Care for vulnerable groups – disadvantaged children

On Christmas Eve, companies in Hsinchu Science Park will all engage in the "Christmas Dream-Come-True Project", fundraising Christmas gifts for the disadvantaged children in Hsinchu. ELAN has always been a major participant. With a pure intention of giving back to the society, employees gather their own abilities to make disadvantaged children's Christmas wishes come true. This Christmas dream-come-true project has been going on for 13 years, helped thousands of disadvantaged children and took practical actions to practice the concept of social citizenship. Moreover, we hope to plant a seed of love in each kid's heart, as the love takes roots and grows, it may find a way to spread it to more people who need help.



Care for vulnerable groups – tribal children in remote areas

ELAN has comported with Taiwan Abundant Life Association for three consecutive years to recruit foreign and international students and host summer English camps for tribal children in remote areas. By giving tribal children an opportunity to learn in English environment, it enhances their interest in English, creates self-confidence, increases competitiveness, and expands their international perspectives.

Care for vulnerable groups – children with intellectual disabilities (ID)

ELAN 's care for vulnerable groups extended to children with intellectual disabilities. Since forming ties with Children Are Us Foundation in 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 mediums and courses, enabling children with ID to open up their hearts and communicate with the world.

So far, the art courses have been a major success and ID children have made commendable achievements. To showcase their accomplishments, in the end of this year, ELAN co-hosted the "Painted heart smiles. Sending love to the tribes --- Aesthetic life exhibition tour". We hope that through art therapies and exhibition tours, ID children will improve their skills in interacting with general public, learn to express themselves, and be more confident in facing all kinds of challenges in their lives.

In 2016, ELAN responded to Children Are Us Foundation "Send Love to the Tribes" campaign, and the meal boxes recruited for students in Baoshan, Hsinchu County have successfully met the target. As for the additional meal boxes and other personal donations, there are combined and sent to more schools and remote areas to benefit more children.



Cultivation of technology talents through Industry-University Cooperation Program – College students

As an IC design company, the cultivation of technology talents begins at schools and the promotion of Industry-University cooperation is the most direct and efficient way for ELAN to contribute to the society. By 2016, ELAN has provided a total of 21 job openings for undergraduate and graduate students as internships or Industry-University cooperation projects.

In 2015, 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.

In 2016, ELAN once again donated the complete Internet of Things (IoT) solutions to Maker Space in National Taipei University of Technology for students and makers to try out the latest entrepreneurship and practice the process of "thinking" and "doing" as these are keys to future's competitiveness.



Cultivation of technology talents through Industry-University Cooperation Program – IoT Creative Project in Southern Taiwan

In view of the lack of talents in IC design industry in recent years, ELAN has actively deployed the research and application of the Internet of Things (IoT). Using smart home as a theme, foster technology exchanges, deepen the interactions with the talents in academia, industry software design and hardware integration, and discover the technology and team with market potential.

In 2016, ELAN collaborated with Chip Implementation Center of Sun Yat-sen University and designed "Smart Life". With a site provided by Southern Chip Implementation Center, ELAN invested millions of dollars on smart IoT platform and startup teams to develop hardware and software resources. Together, establish a smart networking that accelerates the performance.

In May 2016, Southern Chip Center, Sun Yat-sen University Development Center and ELAN Microelectronics jointly hosted a demonstration show of "Creative IoT Project in Southern Taiwan". With IoT development tools, technical support and proposal awards and certificates provided by ELAN, Southern Chip Center invited faculties and students of universities across southern Taiwan to propose creative IoT applications.

During the five-month event, a total of 6 university teams presented their creative applications of the software and hardware integrated Smart IoT, under ELAN IoT development tool topics such as home security, home appliance control, communication system on different kinds of cars, etc.

After the closing ceremony of "Smart IoT Accelerated Incubation Base" in September 2016, General Manager I. H. Yeh and the attending guests personally commented and gave technical/market suggestions on these creative IoT projects. Among the 6 participated teams, the "Smart Far-end Insurance" proposed by the Yi Shou University team and the "Smart Pet Collar" proposed by the Southern Taiwan National Taiwan University of Science have both won the grand prize - Best Creativity Awards.



You've received
Chapter 7 puzzle!

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

INDEPENDENT ASSURANCE OPINION STATEMENT

Elan Microelectronics Corporation 2016 Corporate Social Responsibility Report

The British Standards Institution is independent to Elan Microelectronics Corporation (hereafter referred to as ELAN in this statement) and has no financial interest in the operation of ELAN other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for ELAN only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ELAN. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ELAN only.

Scope

The scope of engagement agreed upon with ELAN includes the followings:

1. The assurance scope is consistent with the description of Elan Microelectronics Corporation 2016 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of ELAN's adherence in all three AA1000 Accountability Principles and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS (2008) sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Elan Microelectronics Corporation 2016 Corporate Social Responsibility (CSR) Report provides a fair view of the ELAN programmes and performance during 2016. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the ELAN and the sample taken. We believe that the 2016 economic, social and environmental performance indicators are correctly represented. The CSR performance indicators disclosed in the report demonstrate ELAN's efforts (recognized by its stakeholders).

Our work was carried out by a team of (CSR) report assessors in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ELAN's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines, the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to ELAN's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on ELAN's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview.
- interview with 15 staffs involved in sustainability management, report preparation and provision of report information.
- review of key organizational developments.
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports.
- review of the findings of internal audits.
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data.
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits.
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced.
- review of supporting evidence for claims made in the reports.
- an assessment of the company's reporting and management processes concerning this reporting against the principles of inclusivity, materiality and responsiveness as described in the AA1000 Accountability Principles Standard (2008).

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and sustainability performance information as well as the G4 sustainability reporting guidelines are set out below:

Inclusivity

This report has reflected a fact that ELAN has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the ELAN's inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among company.

Materiality

The ELAN publishes sustainability information completely with materiality analysis that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the ELAN's material issues.

Responsiveness

ELAN has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for ELAN is developed and continuously provides the opportunity to further enhance the ELAN's responsiveness to stakeholder concerns. In our professional opinion the report covers the ELAN's responsiveness issues.

Performance Information

Based on our work described in this statement, specified sustainability performance information such as GRI 34 indicators disclosed in this report, ELAN and BSI have agreed upon to include in the scope. In our view, the data and information contained within ELAN 2016 CSR Report are reliable based on procedures undertaken by means of vouching, re-tracing, re-computing and confirmation.

GRI-reporting

ELAN provided us with their self-declaration of in accordance with the G4 sustainability reporting guidelines, the Core option (at least one indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development performance indicators with reference to the GRI Index and reported partially reported or omitted. In our professional opinion the self-declaration covers the ELAN's social and sustainability issues.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the ELAN's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology description.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO 14001, OHSAS 18001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI



Peter Pu
Managing Director BSI Taiwan
2017-09-11



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BSI is a registered charity (No. 3090468) and a company limited by guarantee (No. 3090468).

GRI G4 INDEX

General Standard Disclosures - Aspect	Core Option		Page	Remarks	Omission	External Assurance Page Number
Strategy and Analysis	G 4 - 1	Provide a statement from the most senior decision-maker of the organization	5-6			
Organizational Profile	G 4 - 3	Report the name of the organization.	1			
	G 4 - 4	Report the primary brands, products, and services.	8			
	G 4 - 5	Report the location of the organization's headquarters.	8			
	G 4 - 6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	8			
	G 4 - 7	Report the nature of ownership and legal form.	8			
	G 4 - 8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	8			
	G 4 - 9	Report the scale of the organization.	8,12,13			
	G4-10	Report all kinds of information on permanent and contract employees.	64-65			
	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	65			
	G4-12	Describe the organization's supply chain.	13-15			
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	1			
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	15			
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	15			
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	24			
Identified Material Aspects and Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	28			
	G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	26			
	G4-19	List all the material Aspects identified in the process for defining report content.	29-30			
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	29-30			
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	29-30			
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A	No major restatements.		

General Standard Disclosures - Aspect	Core Option		Page	Remarks	Omission	External Assurance Page Number
Identified Material Aspects and Boundaries	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	13-15 80-83 81,83 85-88 92-94 95 80 70-75 52 52	Added: 1. Economic - Procurement Practices 2. Environmental - Energy 3. Environmental - Water 4. Environmental - Emissions 5. Environmental - Products and Services 6. Environmental - Overall 7. Environmental - Environmental Grievance Mechanisms 8. Social - Labor Practices and Decent Work - Occupational Health and Safety 9. Social - Human Rights - Freedom of Association and Collective 10. Social - Human Rights - Child Labor		
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization.	31			
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	27			
	G4-26	Report the organization's approach to stakeholder engagement.	31-32			
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	31-32			
Report Profile	G4-28	Reporting period for information provided.	2			
	G4-29	Date of most recent previous report.	2			
	G4-30	Reporting cycle.	2			
	G4-31	Provide the contact point for questions regarding the report or its contents.	2			
	G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured.	2			
Report Profile	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	2			
Governance	G4-34	Report the governance structure of the organization.	18-23			
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	23-24			

Specific Standard Disclosures - Aspect	Indicator	Page	Remarks	Omission	External Assurance Page Number
Economic - Economic Performance	Management Approach	10			101-102
	G4-EC1 Report the direct economic value generated and distributed (EVG&D).	11-12			101-102
	G4-EC4 Report the total monetary value of financial assistance received by the organization from governments.	12			101-102
Economic - Market Presence	Management Approach	66			101-102
	G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	66			101-102
	G4-EC6 Proportion of senior management hired from the local community at significant locations of operation	62			101-102
Economic - Procurement Practices	Management Approach	50			101-102
	G4-EC9 Proportion of spending on local suppliers at significant locations of operation.	13			101-102
Environmental - Energy	Management Approach	80			101-102
	G4-EN3 Energy consumption within the organization	80-83			101-102
	G4-EN6 Reduction of energy consumption	13			101-102
	G4-EN7 Reductions in energy requirements of products and services	92-94			101-102
Environmental - Water	Management Approach	80			101-102
	G4-EN8 Total water withdrawal by source	81,83			101-102
Environmental - Emissions	Management Approach	84			101-102
	G4-EN15 Direct greenhouse gas emissions (Scope 1)	85-86			101-102
	G4-EN16 Energy indirect greenhouse gas emissions (Scope 2)	87			101-102
	G4-EN17 Other indirect greenhouse gas emissions (Scope 3)	88			101-102
	G4-EN19 Reduction of greenhouse gas emissions	88-89			101-102
Environmental - Effluents and Waste	Management Approach	90			101-102
	G4-EN22 Total Water Discharge by Quality and Destination	89			101-102
	G4-EN23 Total Weight of Waste by Type and Disposal Method	90-91			101-102

Specific Standard Disclosures - Aspect	Indicator	Page	Remarks	Omission	External Assurance Page Number
Environmental - Products and Services	Management Approach	92			101-102
	G4-EN27 Extent of impact mitigation of environmental impacts of products and services	92-94			101-102
	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category	94			101-102
Environmental - Compliance	Management Approach	80			101-102
	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	80			101-102
Environmental - Overall	Management Approach	90			101-102
	G4-EN31 Total environmental protection expenditures and investments by type	95			101-102
Environmental - Environmental Grievance Mechanisms	Management Approach	80			101-102
	G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	80			101-102
Social - Labor Practices and Decent Work - Employment	Management Approach	66			101-102
	G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	63			101-102
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	66	The Group follows the local Labor Standards Law and offers better benefits.		101-102
	G4-LA3 Return to work and retention rates after parental leave, by gender	67			101-102
Social - Labor Practices and Decent Work - Labor/Management Relations	Management Approach	69			101-102
	G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	69	The minimum notice periods are handled according to local laws and regulations.		101-102
Social - Labor Practices and Decent Work - Occupational Health and Safety	Management Approach	72			101-102
	G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	72			101-102
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	71			101-102
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	70			101-102

Specific Standard Disclosures - Aspect	Indicator	Page	Remarks	Omission	External Assurance Page Number
Social - Labor Practices and Decent Work - Training and Education	Management Approach	75			101-102
	G4-LA9 Average hours of training per year per employee by gender, and by employee category	76-77			101-102
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	77			101-102
Social - Labor Practices and Decent Work - Labor Practices Grievance Mechanisms	Management Approach	77			101-102
	G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	77			101-102
Social - Human Rights - Non-discrimination	Management Approach	77			101-102
	G4-HR3 Total number of incidents of discrimination and corrective actions taken	77			101-102
Social - Human Rights - Freedom of Association and Collective Bargaining	Management Approach	50			101-102
	G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	52			101-102
Social - Human Rights - Child Labor	Management Approach	50			101-102
	G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	52			101-102
Social - Human Rights - Forced or Compulsory Labor	Management Approach	50			101-102
	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	52			101-102
Social - Human Rights - Human Rights Grievance Mechanisms	Management Approach	77			101-102
	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	77	The Group did not have formal grievances regarding to human rights.		101-102
Social - Society - Anti-corruption	Management Approach	24			101-102
	G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	24			101-102
	G4-SO4 Communication and training on anti-corruption policies and procedures	24			101-102
	G4-SO5 Confirmed incidents of corruption and actions taken	24			101-102
Social - Society - Compliance	Management Approach	77			101-102
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	78			101-102

Specific Standard Disclosures - Aspect	Indicator	Page	Remarks	Omission	External Assurance Page Number
Social - Product Responsibility - Customer Health and Safety	Management Approach	39-41			101-102
	G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	40			101-102
	G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	40-41			101-102
Social - Product Responsibility - Product and Service Labeling	Management Approach	44			101-102
	G4-PR5 Results of surveys measuring customer satisfaction	44-48			101-102
Social - Product Responsibility - Customer Privacy	Management Approach	43			101-102
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	43			101-102
Social - Product Responsibility - Compliance	Management Approach	39-40			101-102
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	40			101-102
Other - Customer engagement	Management Approach	34			101-102
	Number of cooperation projects	34-35			101-102
Other - New Product R&D	Management Approach	36			101-102
	Number of patents	36			101-102
Other - Supplier strategy	Management Approach	50			101-102
	The implementation rate of the new appraisal items for suppliers	51-52			101-102
Other - Operational Key Performance Indicator	Management Approach	56			101-102
	KPI obtain rate	56			101-102
Other - Care for employees and their families	Management Approach	68			101-102
	Health promotion projects	68			101-102
Other - Industry-University Cooperation Program	Management Approach	38			101-102
	Number of Industry-University cooperation programs	38			101-102
Other - Participation in public service	Management Approach	96			101-102
	Number of charity events participated	96-100			101-102
Other - Risk management	Management Approach	58			101-102
	Conduct risk management project	58-60			101-102
Other - Product contribution to world trends	Management Approach	10			101-102
	Product market share	35			101-102
Other - Investor relations transparency	Management Approach	16			101-102
	Number of active communication	16			101-102



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