



2017 Corporate Social Responsibility Report



合晶科技股份有限公司  
WAFER WORKS Corporation

# Wafer Works Co., LTD.

## 2017 Corporate Social Responsibility Report

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的半導體材料供應商





uphold the concepts of sustainable development, we published our first Corporate Social Responsibility Report in 2012. In line with the spirit of the previous reports, this report shall provide information such as management strategies, risk management, environment management, so as to offer complete disclosure to the public and investors concerned with the development of Wafer Works.

### Scope of Report

The content of this report covers the performance of corporate social responsibility from Jan., 2017 to Dec., 2017. The organizations participated in the report are Wafer Works Co., Ltd. and Wafer Works Co., Ltd. - Science Park Branch. The last issuance date is Jun., 2017. We will issue the Corporate Social Responsibility Report annually.

### Revelation Basis

This report is written referring to the core options of sustainability reporting guidelines in Standards edition of The Global Reporting Initiative, GRI. The content index of GRI Standards is appended on the last page of this report. The information and statistical numerical data revealed in this report is of corporate information, with time and amount of money represented in AD and New Taiwan Dollar, NTD. Although this report has not been verified by any third parties, the data and numbers have been reviewed strictly through internal audit. Related numbers about finance were recognized by Ernst & Young Global Limited.

### Contact Methods

If you have any questions or suggestions, please contact us by phone, or you can click the button “Contact Us” on the right of the Company Home page.

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### Introduction

Established in 1997, Wafer Works Corporation (Wafer Works) has a headquarter based in Longtan Science Park and a founding team comprised of members from US Silicon Valley and domestic semiconductor industries, so the members have a deep foundation in semiconductor industry. Currently, Wafer Works has become one of the top ten semiconductor silicon wafer material suppliers in the world. To





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## Chairman's Talk

The Semi-conductors industry was awakening last year. Silicon Wafer shipment hits record high as well as rebounds in price. Wafer Works Corp. masters the growth opportunity, which not only makes a breakthrough in the aspects of capability, technology and strategy, but constantly moves a step forward in the corporate social responsibility.

The year of 2017 is the 20-year anniversary of Wafer Works Corp. In the past of 20 years, we upheld to put the effort into the customers, employees, environment, society, etc. and transformed the risk and opportunities of sustainable development into the motivation and competition of actual growth. Last year, Wafer Works Corp. not only makes a new milestone in the increase of productive capacity like establish a new factory in Zhengzhou as planned, and its revenue and profit of new factory has risen in every season. Moreover, the 8-inch lightly doping product we developed for many years has as well as recognized by the international leading company and gives standing orders. We insist on our original intention, which is proceeding steadily and step by step and constantly bring forth new ideas with the customer, since was founded.

Wafer Works Corp. is devote itself to become a good corporate citizen so we constantly strengthen the promise of corporate social responsibility, put the idea of sustainable management into our corporate culture and operation goal, implement the energy conservation and environmental protection and green manufacturing and bring along the continuous progression by the innovation. Under the effort of all employees, even though our production is rise 9.87% compare with last year and launch new products with complex process, the electricity consumption and water consumption of unit product decrease 8.73% and 3.41% respectively. Other than the green production, the employees as well as implement the waste recycling and energy conservation and environmental protection in their lifestyles. In terms of social care, Wafer Works Corp. takes in action and effectively combines the power of employees and corporate resources to make contribution to the society. Apart from providing the resources and cares to the vulnerable groups, the company also encourages the employees to participate in the blood donation, street cleaning and social and community activities, etc.

The growth motivation of Wafer Works Corp. is the cooperation of industrial environment and society. We look into the future and will continue to put our effort in the industry, promote high-end silicon wafer technology and expand the market shares. Meanwhil, we insist on having partnership with all the stakeholders and expect to coordinate with them based on such relationship and make a good use of our resources to co-create the values with environment and society and finally achieve a better sustainable future.

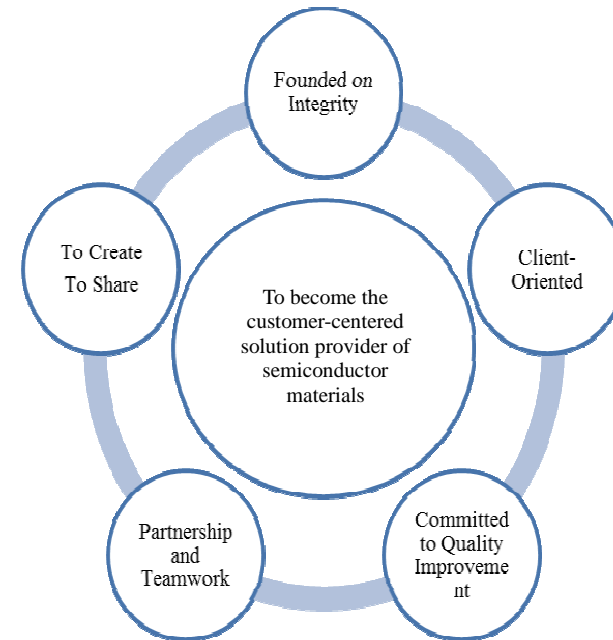
# Ch1 Sustainable Operation

## 1.1 Business Philosophy

In 1986, President Mr. Chiao Ping Hai established Helitek Corporation in USA and started up business of silicon wafer which was the predecessor of Wafer Works Corporation. Also it laid the foundations of silicon wafer development for Wafer Works Corporation. In 1997, Wafer Works Corporation officially founded in Taiwan and has developed steadily for 20 years till now. The company has become the top 6<sup>th</sup> supplier of semicon materials in the world. In the mean time, it is the leading manufacturer of heavily doped low-impedance products.

All the way through, Wafer Works Corporation always adheres to the invariant idea of "Customer Oriented" and regards customers as the foundation of enterprise and important partners of sustainable development. Besides constant advancement of technologies and development of high-quality silicon wafers, Wafer Works Corporation stands in the view of customers to provide best solutions to conform to market trends and customer demands so as to become a reliable supplier of semicon materials.

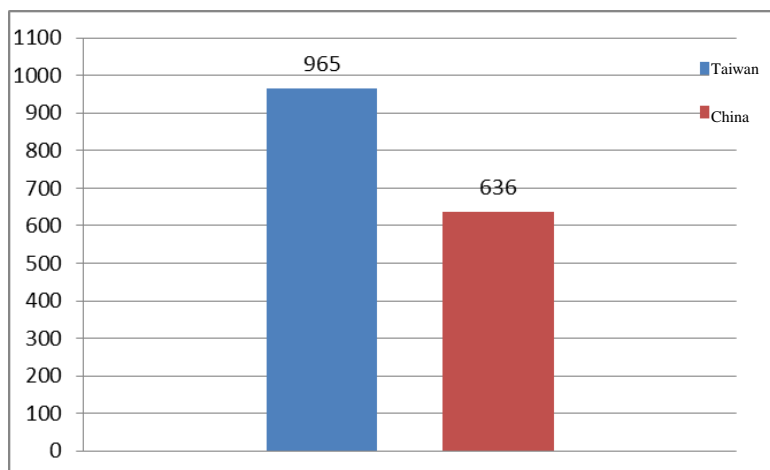
Wafer Works Corporation is convinced that success only lies in building mutual-trust and cooperative partnership between customers and suppliers, comprehensive understanding of customer demands, closely working with suppliers, and jointly development of innovative products and services beyond customer expectations. Externally, Wafer Works Corporation is compliant with customers and loyal to the commitments to customers. The company is run based on the philosophy of integrity, co-creation, and sharing to achieve triple-win situation with company, customers, and suppliers. Internally, Wafer Works Corporation regards staff as core of company. Outstanding talents are recruited and kept by core values of the enterprise. Friendly working environment is provided. Outcomes have been shared with staff. Wafer Works Corporation regards sustainable development as the highest principle and strides towards the goal of "A customer-oriented supplier of semicon materials". Meanwhile, we hope to work with customers, suppliers, and staff to give the promotion in economy, the balance between the society and environmental ecology and sustainable development.



## 1.2 Managerial Status

### World Class Supplier of Semiconductor Silicon Wafer

After 20 years of hard work, Wafer Works has become the 6<sup>th</sup> largest semiconductor silicon wafer supplier in the world. With 4 advanced semiconductor silicon wafer manufacturing plants, Wafer Works has a total plant area of over 120 thousand square meters and over 1,500 employees around the world. In 2007, Wafer Works was nominated as one of the Forbes “Best Under a Billion” enterprises in Asia. The company adheres to strict administration on operation and marketing. Regarding supplying and usage of products and services, there is neither vast penalty charges caused by breaking of laws and regulations nor any lawsuits with respect to acts of anti-competition, anti-trust, and monopolistic conducts.



Item\Factory	Taiwan	China
Number of Employees	965	636

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Company Name	Wafer Works Corp.
Establishment Date	July 1997
IPO Date	May 2005
Chairman	Pat Chiao
Number of Employees	965
Paid-in Capital	NT\$ 4,716,153,610
Products	Silicon Rods, Polished Silicon Wafers, Epitaxial Wafers
Certifications	ISO 9001:2008、TS 16949:2009, OHSAS 18001:2007、ISO 14001:2004
Headquarter	No. 100, Longyuan 1st Rd., Longtan Science Park, Taoyuan, 32542

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## 1.2.1 Global Distribution

### Wafer Works (Shanghai) Corporation (WWXS)

Wafer Works (Shanghai) Corporation mainly provide 4 to 6 inch silicon wafers globally in the world and domestically in China and currently is one of the largest professional polished silicon wafer manufacturing factory in China.

### Wafer Works Epitaxial Corporation (WWXE)

Established in 2005, Wafer Works Epitaxial Corporation has its major sales in 6 to 8-inch epitaxial silicon wafers, buried layer epitaxial manufacturing and heavily-doped polished wafers of 4, 5, 6 and 8-inch.

### Wafer Works (YangZhou) Corporation

Mainly provides to the market who need 4-6 inches Silicon wafer and ingot in China and all over the world.

### Helitek Company Ltd.

The establishment of Helitek is to obtain a more competitive cost of production and to provide better technical support for customers as well as set up perfect warehousing service and shorten the product delivery time, in order to significantly reduce customers' costs. Helitek is an important marketing stronghold in the group that serves clients in America and expands the market of America and Canada.

### Representative

Japan: Tokyo Hyogo

South Korea: Gyeonggi-Do (경 기 도)

Europe: Netherlands, Belgium

Wafer Works Corporation has never been forbidden to sell any questioned or controversial products by interested parties in specific markets, nor has the company violated any laws concerning marketing propaganda (including commercials, promotions, and sponsors) and involved with voluntary principle incidents.



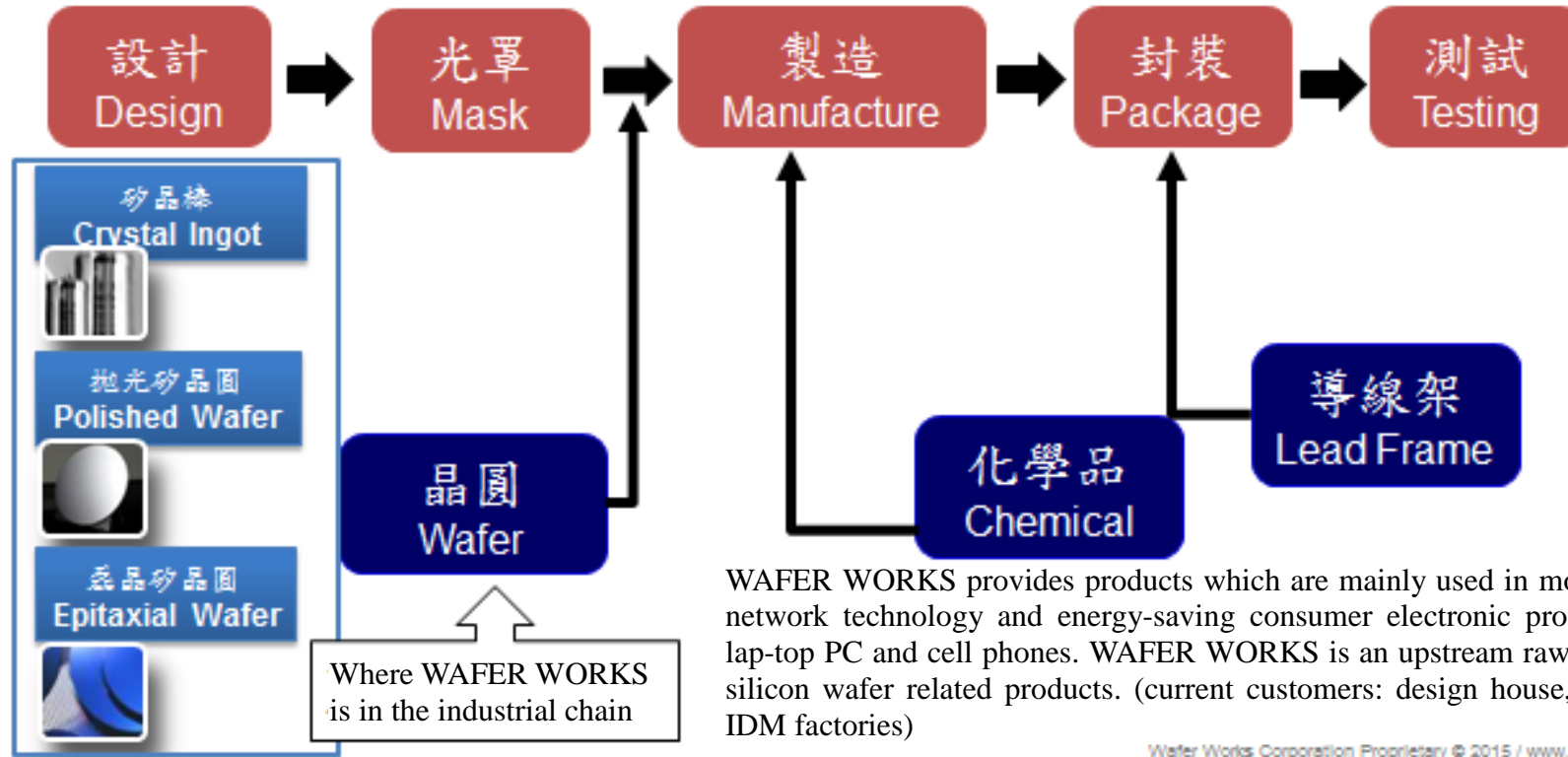


### Locations of Business



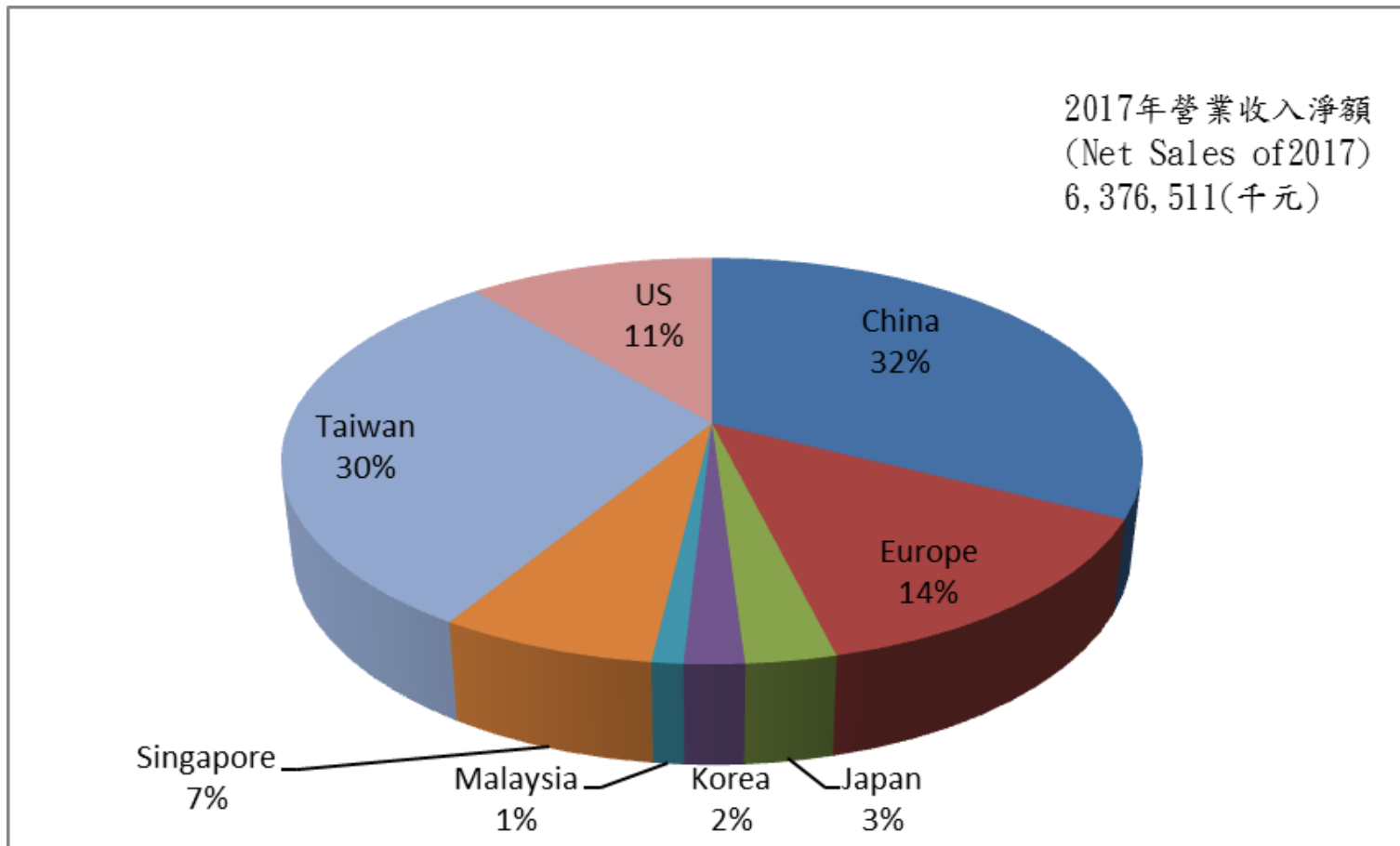


### Supplier Chain of Taiwan Semiconductor Industry



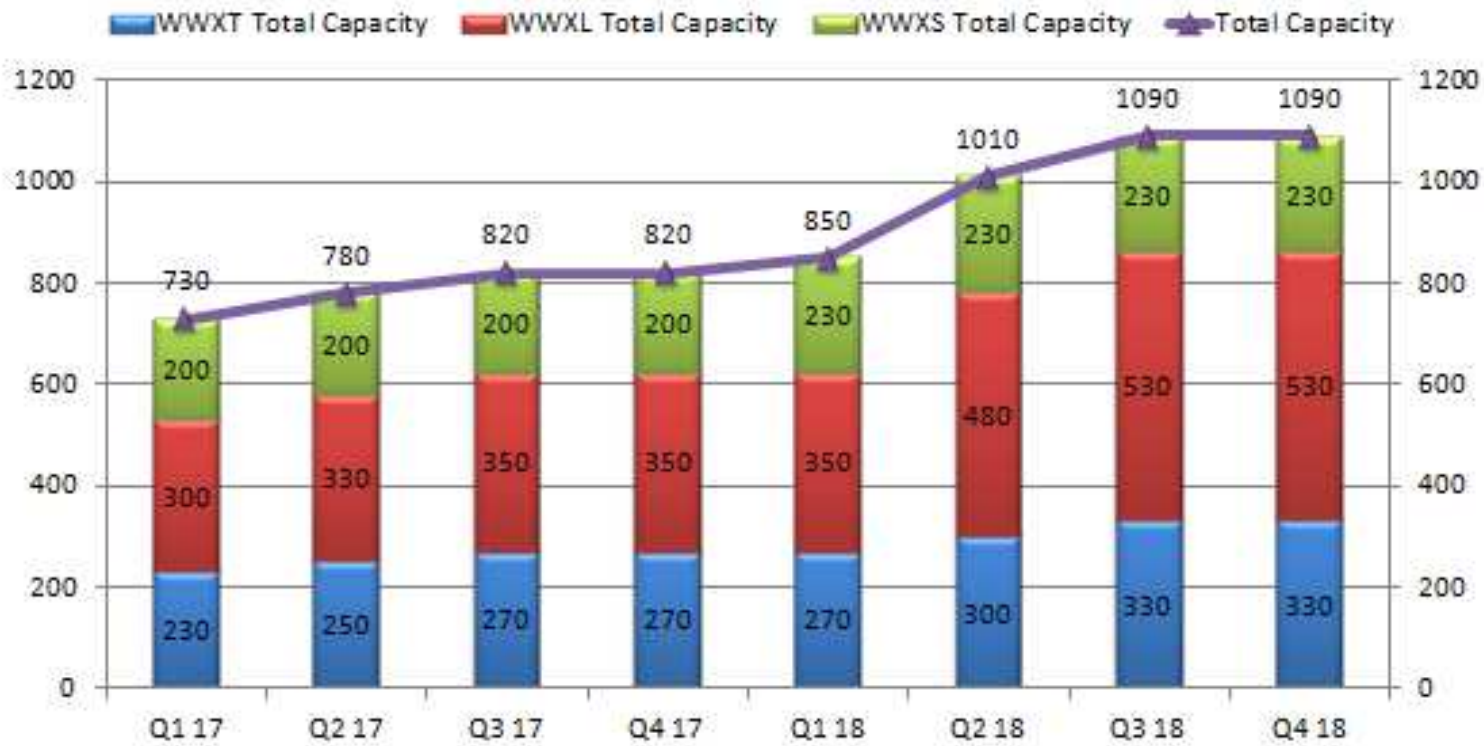
WAFER WORKS provides products which are mainly used in mobile communication, network technology and energy-saving consumer electronic products, such as LCD, lap-top PC and cell phones. WAFER WORKS is an upstream raw material supplier for silicon wafer related products. (current customers: design house, Epi house, Fab and IDM factories)

### Ratio of regional net sales

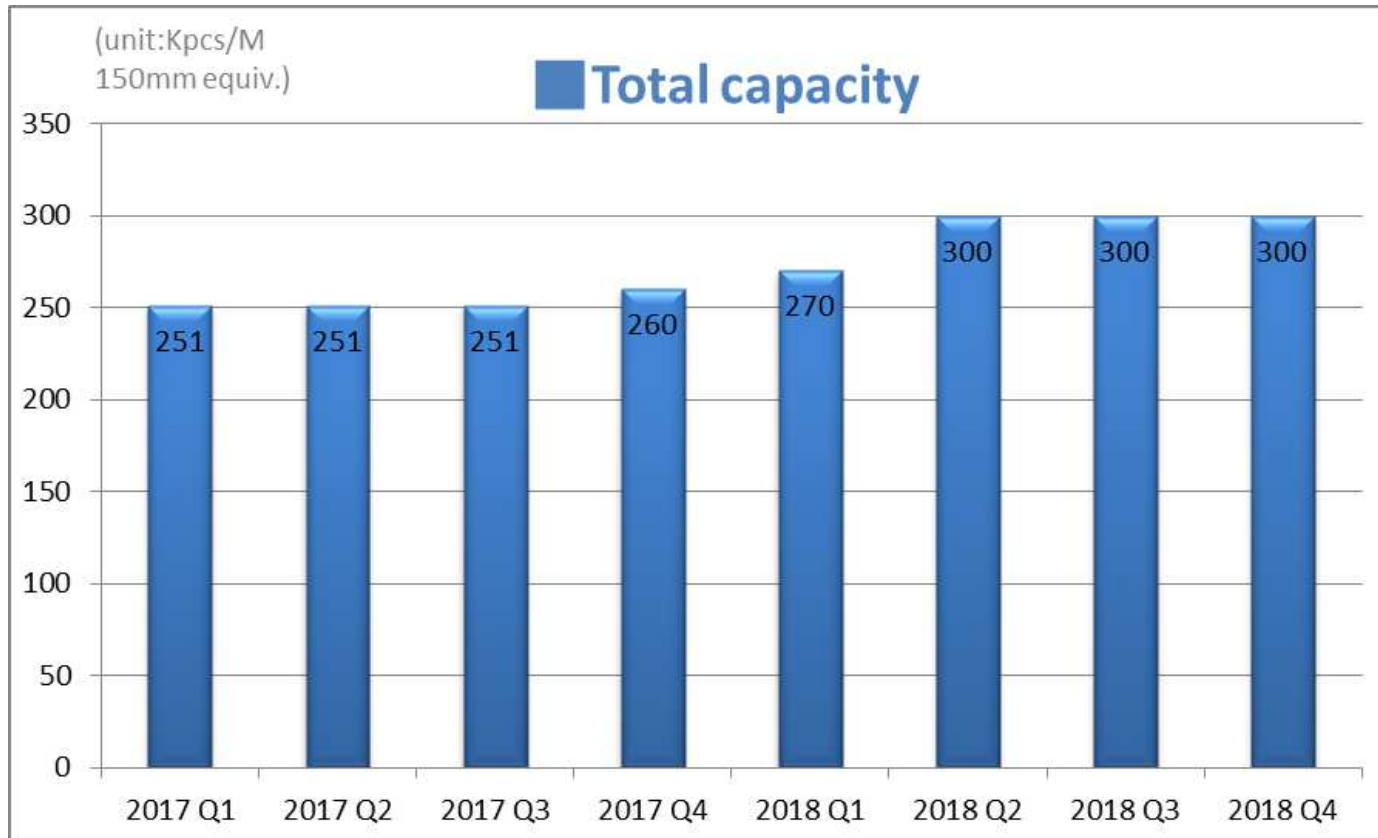


## Capacity Planning -Substrate

Unit: Kpcs/M  
150mm equiv.



### Capacity Planning -Epi



## 1.2.2 Operational Risk Management

Wafer Works Corp. takes sustainable management as our final goal in corporate operation. The complete risk management and the proper crisis management are the ways how to ensure the sustainable management to reduce the impact and influences caused by all kinds of potential operation risk and disasters(, like fire, earthquake, etc.) and protect the right of the stakeholders. For past few years, the company have reinforced mechanism of corporate risks management. Starting from risks control and identification of hazards, we strive to take immediate countermeasures in front of any hazards and eliminate the impact of unexpected disasters to minimum level. In order to consolidate the ideal of ricks management by the entire staff, the company didn't set up chief rick officer so as to prevent any oversight or partiality caused by solo control.

Currently, risk management is classified into 3 levels (mechanisms):

“First Mechanism” will involve initial risk identification, evaluation, management and proposing of suggestions by responsible departments or supervisors.

“Second Mechanism” will be the holding of regular management meetings for feasibility assessment and a variety of risk assessments.

“Third Mechanism” is the review of legal and audit departments and review by directors and supervisors.

### **The risk management policy of WAFER WORKS is as follows**

#### 1、Business Risk Management:

- (1)Product Diversity: Along with the growth of group scale, in order to avoid the risk brought by excessive concentration of a single product, we are looking for niche related products to constantly deepen the business, which has always been the goal of our company. In addition to the original power device (discrete) products, we also actively develop P -type and MEMS related products to reduce the impact on the operation due to seasonal fluctuations.
- (2)Customer Deconcentration: we actively develop new customers and new applications to avoid excessive concentration of business. Current semiconductor customers locating in Europe, the United States, Japan, Taiwan, China and the Asia-pacific region are all world-known IDMs and foundries.
- (3)Dispersion of suppliers and master sources of primary materials : Resources of purchase shall be dispersed to make sure continuous supply of raw materials and mitigate risks of concentrated purchases. As for primary materials, it takes long-term supply agreement with international manufacturers in order to stabilize material sources. And the cooperative relation with suppliers shall be enhanced so as to effectively master supplier conditions.
- (4)Division of R&D and Manufacturing: in order to retrieve and provide new demand, new technology and new materials for the market, we

divide R&D and manufacturing organizations to avoid the waste and unbalanced use of resources.

(5)Develop Strategic Alliance: in response to industrial change, we actively search strategic and investment partners to develop flexible and diversified strategic alliance relationship that facilitates new technology and new product development and capacity expansion.

## 2・Economical Risk Management:

(1)Currency rates and interest risks : US dollar, the money we mainly accept in our company, is frequently existed in our net assets. The devaluation of US dollar will have a bad impact on our financial situation so we always grasp the foreign currencies and their changes in exchange rate like US Dollars and Japanese Yen. The reason is that we apply the foreign currency as the natural hedging way to balance out the debt asset. Besides, we will as well as take appropriate measures to reduce the risk of exchange rate. The long-term liabilities result from dealing with operation and capital expenditure is the main reason how we have the risk of interest rates so we reduce this risk by appropriate arrangement in the liability date and the structures of fixed or floating interest rates.

(2)Inflation: this risk might cause the company higher costs. In response to this problem, we not only strengthen the process improvement and cost saving, but has made long-term contracts with main raw material suppliers to stabilize the manufacturing cost.

(3)Credit risks : Trading objects shall be chosen carefully in accordance with corporate credit regulations and financial and business status to assess line of credit for customers and treaty articles so as to mitigate potential circumstances of contract breach or delay of account receivable.

(a)Credit receivable : Line of credit for customer shall be assessed and controlled. Collection and follow-up of account receivable shall be consolidated, and regular assessment on reserve for bad debts shall be made to prevent credit issues of customer and affect general operation.

(b)Financial institutions: make business with financial institutions of good credit for loaning, so as to avoid the problem of the financial institution itself that affects our normal operation.

(4)Liquidity Risk Management: timely decentralize financing channels by flexibly use of cash capital increment, convertible bonds, bank loans, etc., to prevent a single incident from causing a situation that the short-term assets value is not enough to cover the short-term debt payment or unexpected cash outflow. Also, by expanding the business we can avoid concentrating the product transaction on just a few major customers and thus reduce the risk resulting from a transaction that cannot be made at an ideal time point caused by customer reasons.

(a)Budgeting: Management team is responsible for the preparation of short and long-term budget and to specify clearly future operating policies, guidelines and detail operations, and perform regular analysis for the difference between budget and actual execution.

(b)Management of funds : Short-term funds shall not be used for long-term purposes. Cash flow shall be monitored at all times. Line of credit from bank shall be maintained not less than monthly revenue to ensure liquidity of funds. By means of capital increase and issuance of convertible corporate bonds, ratio of funds in hand can be elevated and liabilities ratio can be lowered.

(c)Investment Management: Long-term investment and strategic investment are considered for the long-term development without involving in



the liquidity risk; as for the application of short-term capital, fixed time deposit or high realization fixed income bonds are chosen mainly to reduce the liquidity risk.

### 3、Management of legal risks：

Wafer Works Corporation has customers all around the globe whose operating scopes covering plenty of countries. The company has always been closely watching any changes of policy or laws that would affect corporate business or finance for affected aspects to be discussed immediately for operating adjustments to be made by law. Furthermore, the company set up a legal department of expertise professionals to work with external legal counselor for counseling and assistance of legal issues from every department. Related countermeasures shall be made to mitigate associated legal risks.

### 4、Operational Risk Management:

- (1) Internal control regulations and standard operation procedures are established for each operation; also, we had passed ISO-related certifications such as quality management system and environmental management system.
- (2) Establish internal control system, quality management, environmental management and other related audit systems, and performed by the relevant internal audit unit for the execution of auditing.
- (3) Yearly self assessment is carried out for the internal control system to examine whether relevant work risks are being controlled under reasonable operating procedures.
- (4) Education and training shall be consolidated. The corporate authority regularly arranges related training plans or courses for employees so they can be able to consolidate the concept of operating risks into daily administration.

### 5、Environment, Safety and Health Management:

Based on the sustainable operation of the company, the responsibility for environment and energy&resource protection as well as the ideal of employee's safety and health protection, WAFER WORKS aims at any emergencies, natural disasters, environmental impact and work risk to evaluate in details and come out comprehensive response plans and procedures.

Risk assessments are carried out in all internal departments of the company for their responsible operations according to the following assessment process:

- (1) Hazard Identification: Identify possible risks/events with adverse effect on the operation goals.
- (2) Risk assessment: Assess the risk level of every adverse events.
- (3) Risk Correspondence: Evaluate feasible response plans against the possible damage of the risk.

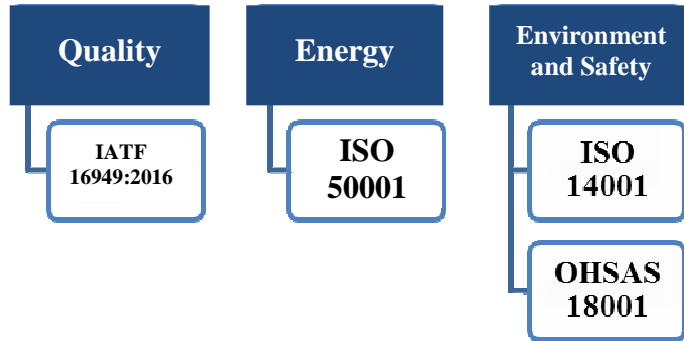
In addition, the company continuously promotes Business Continuity Management (BCM) in response to any abnormal situation that may impact the company operation.



Important Risk Assessment Items	1st Mechanism	2nd Mechanism	3rd Mechanism
	Business Organizer	Risk Management Review	BoD and auditing
<input type="checkbox"/> Interest rates, exchange rates and financial risk <input type="checkbox"/> High risk high leverage investment, loans to others, endorsement, derivatives trading, financial investment	FA Div., President office	Management Meeting	BoD Meeting : Final decision and control of operational risk management  Audit office : Check, evaluation, supervision and improvement tracking and reports of risk  Legal office : Review and correction of laws and all contracts
<input type="checkbox"/> Research and development plan <input type="checkbox"/> Technology and industry change	Technology Development Div., Sales Div.	Technical Meeting, Management Meeting	
<input type="checkbox"/> Political policy and law change <input type="checkbox"/> Corporate image change <input type="checkbox"/> Effectiveness of investment, re-investment and merger	President office, Legal office, Investment Planning office	Management Meeting	
<input type="checkbox"/> Poor quality risk <input type="checkbox"/> Expansion of factory or production <input type="checkbox"/> Major purchase or sales policy	Plant Manager office, QA Div., Material Div.	Production and Sales Meeting, Management Meeting	
<input type="checkbox"/> Directors and major shareholders' equity changes <input type="checkbox"/> Managerial authority change <input type="checkbox"/> Meeting management of BoD	Stock Affair office, President office	Management Meeting	
<input type="checkbox"/> Staff behavior, morality and ethics <input type="checkbox"/> Personal, property and environment safety	All Dept.	Management Meeting	
<input type="checkbox"/> Information and communication security	IT Div.	Management Meeting	
<input type="checkbox"/> Litigation and non-legal items	Legal office	President office	
<input type="checkbox"/> SOP and law compliance	All Dept.	QA, Safety office, Audit office	
<input type="checkbox"/> Other operation related items	All Dept.	President office	

## 1.2.3 Certification Performance

We actively participate in certifications with achieved performance as follows. We expect our continuous growth to fulfill the anticipation of clients and the society on us.



Certification	Certification Company	Effective Duration
IATF16949:2016	UL	2020/11/12
ISO-50001	BV	2018/12/14
ISO 14001	UL	2018/4/30
OHSAS 18001	UL	2018/4/30



## 1.2.4 Participate in External Organizations

Other than the promotion of corporate sustainability related activities in the company, Wafer Works Corp. also actively attends the meeting and activities held by industrial unions and outside associates irregularly, establishes the communication channels with the members of the same industry and always takes control of the situation of industrial development and international development trends and the important and immediate information related to the stakeholders Wafer Works Corp. concerned. Moreover, we are willing to share our industrial executive experiences and ideas to the government and relative authorities and hope that what we share can be of benefit to them when develop the good and useful policy and rules. The external organizations that WAFER WORKS is participating are as follows :

- Member of Taiwan Enterprise Continuity Forum
- Member of Corporation Aggregate Enterprise Sustainable Development Association of Republic of China
- Member of Hsin-Chu Science Park Guild



## 1.3 Sustainability Strategy



### 1.3.1 Ethical Management

"Establishment with Honesty" is the top business philosophy of WAFAER WORKS and has been written in the company portfolio to stress the purpose of business with integrity. In order to practice the spirit of ethical management, we had enacted "Ethical corporate management principles", "Procedures for ethical management and guidelines for conduct" and "Handling procedure for insider transaction prevention" and were approved by board of directors to regulate the behavior of board members and company staff. In addition, the "EICC Measures for Professional Ethics Management " had been made and announced, to show our purpose and resolution in good faith management and simultaneously all integrity related regulations are included into the scope of performance appraisal.

The contents of "EICC Measures for Professional Ethics Management" are stated as follow :

1. Principle of Integrity.
2. Respect individuals and customers.
3. Avoid conflicts of interest.
4. Gifts and business entertainment.
5. Facilitating Payment (not allowed).
6. Complete, proper, accurate, timely and understandable information disclosure.
7. Report, protection and exemption.
8. Corporate social responsibility.

Regarding assessment of risks, any establishment of system at Wafer Works Corporation shall lay emphasis on reasonable division of labor and authorization so as to elevate efficiency and prevent occurrences of risks including corruption. The company has made "EICC Measures for Professional Ethics Management" to proceed with assessment on operating risks of integrity. For any identified risks, the authority shall review



related operating procedures and propose corrective measures in order to prevent occurrences of related risks.

With regards to report and complaint channel, in order to provide the channels for employees to reflect any opinion and report any illegal action, WAFER WORKS provides substantial mailboxes and report channels clearly defined in the "EICC Measures for Professional Ethics Management ". Upon discovering any illegal actions, the employee shall report by emails or written letters to the chairman, general manager, auditors or other eligible personnel. Report email address: public01@waferworks.com

With regards to the execution performance of good faith management, WAFER WORKS had defined the operation procedure for ethical management and anti-corruption related educational training in the "Regulations of employees' work ethic and code of conduct" and regularly trains and announces to all employees about our resolution, policy and preventive scenarios for ethical management as well as the consequence of any behavior harmful to ethical. "Establishment with Honesty" is the top business philosophy of WAFER WORKS. There was no confirmed corruption event in 2016 and therefore no related action was done.

WAFER WORKS includes honesty, integrity and customer orientation into the employees' core competency and performance appraisal based on the business philosophy of ethical management and establishment with honesty. Employees are reviewed regularly every year to assure that the organizational culture and employee behavior comply to the company's philosophy of sustainable business and through the long-term strategy planning the performance of long-term sustainable development is implemented and promoted.

In order to establish correct legal concepts and code of conduct for all employees as well as reduce the management risk of company, we plan and develop employees' core competency based on the company's "Establishment with Honesty" concept for work ethics, insider transaction, business bribing, anti-corruption and other propaganda and training courses. Every employee is requested to sign the Declaration of information security and business secret to assure them of complying every ethical principles, behaviors and regulations as well as equipping correct legal concept in dealing with relevant affairs at work, so that the company's competency can be strengthen to achieve sustainable development.

## 1.3.2 Operational Organization

WAFER WORKS is an OTC company with BoD as the highest management unit. Every director has a minimum of 30 years experience in business, legal affair, finance, accounting or other work experience required by the company's business with fields covering semiconductor, optoelectronics, venture capital investment and other industries. They have rich knowledge and experience, personal insight and business sense and offer many recommendations toward business strategy and direction of development of the company.

The functions and duties of BoD are listed as follows:

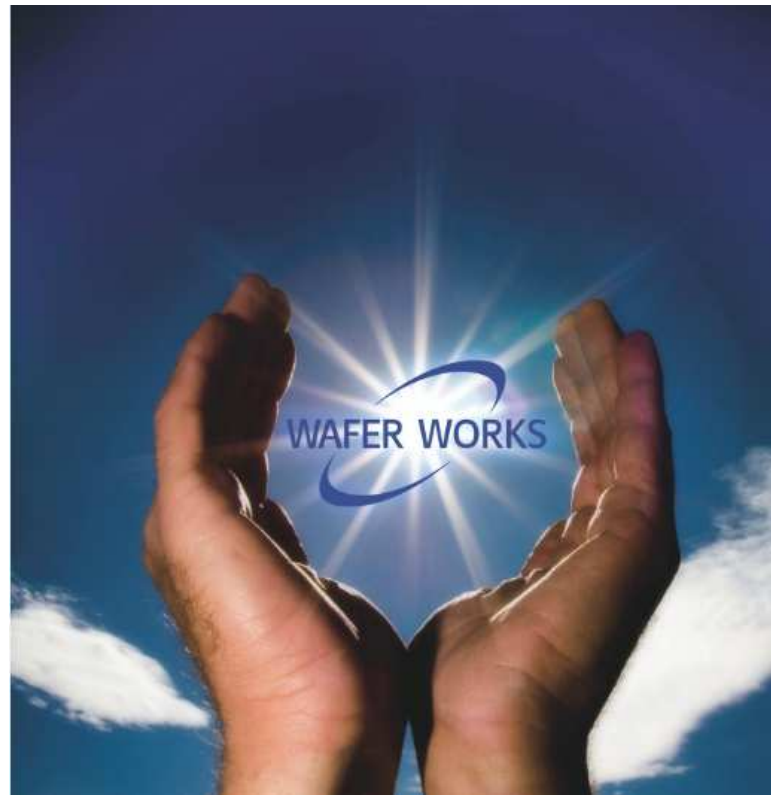
- (1) Supervision: Supervise the law compliance, transparent financial status, instant key information revealing, no internal corruption. To fully realize the duty of supervision, the Salary and Payment Committee and internal audit units are established under the BoD.
- (2) Guide the management team: at least a regular meeting is held quarterly for BoD to review the achievements of the management team and criticize and examine the company strategies proposed by management level.
- (3) Assess the performance of the management team and appoint or discharge managers.

The function and duty of the Salary and Payment Committee are listed as follows:

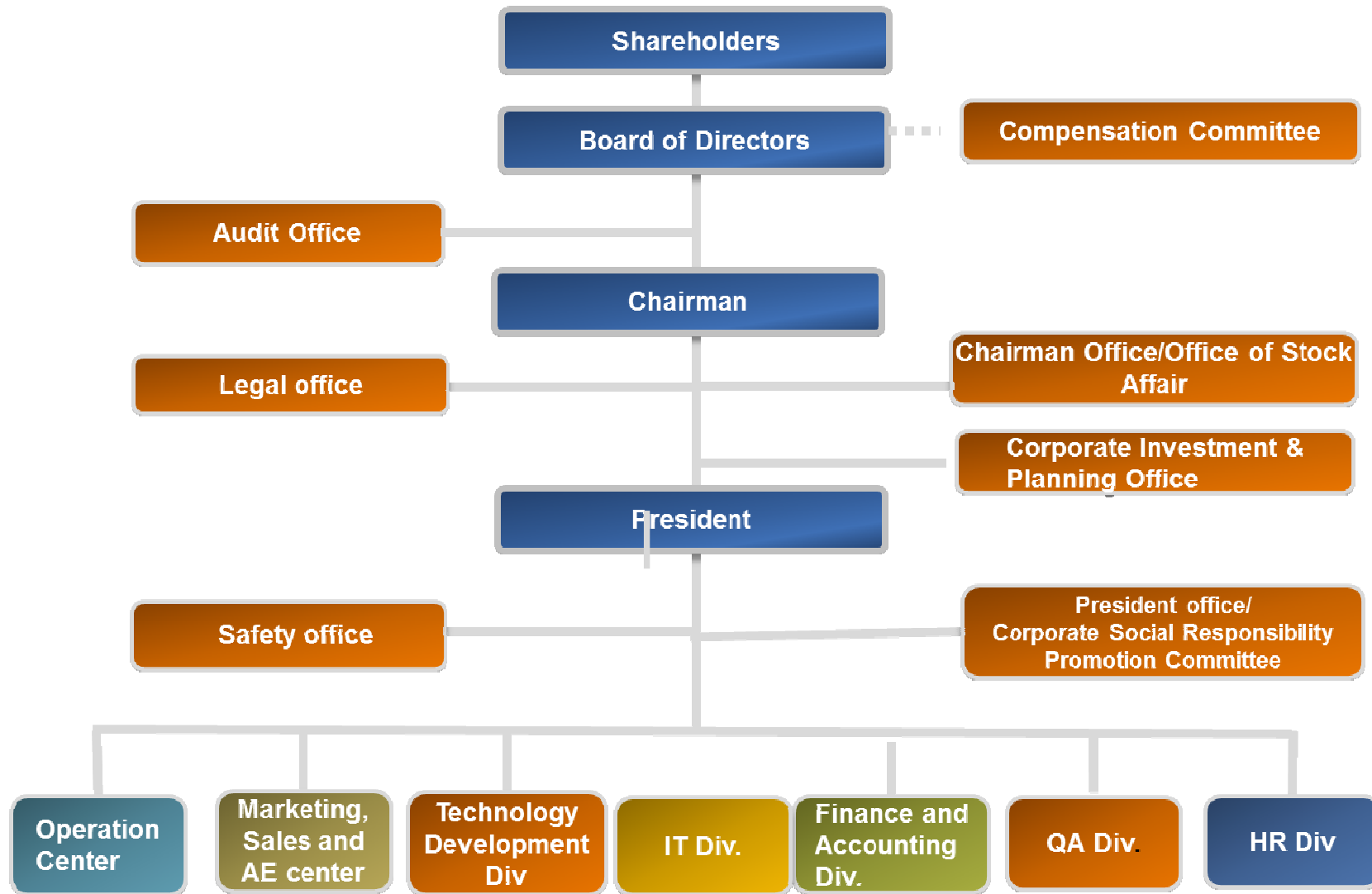
- (1) Define and regularly review the policy, regulations, standards and structure of directors, supervisors and managers' yearly and long-term performance goals as well as salary and payment.
- (2) Regularly assess and define the salary and payment of directors, supervisors and managers.

Title	Name	Major Academic/Career Experience
Chairman	Ping-Hai, Chiao	Master of Chemical Engineering, San Jose State University Manager of Process Engineering Department Siltec. Senior Manager of Lite-on Semiconductor Corp. Helitek Founder and President
Director	Lander Liu	Doctor of Business Administration, Nova Southeastern University, USA Vice President, USI Management Consulting Corp. (UM)
Director	Fon Tain Belon Co., LTD. Representative: Nan-Yang Wu	Master of Mechanical Engineering, Stanford University President of Fontainebleau Co., Ltd
Director	Hua Eng Wire&Cable Co., LTD. Representative: Min-Shiang, Lin	Provincial Kaohsiung Vocational High School Examination Yuan Grade B Financial Administrator Qualified Vice President, Hua Eng Wire&Cable Co., LTD
Director	Chung-Ho, Tai	Master of Management Science, Tamkang University Bachelor of Electric and Control Engineering, NCTU Co-founder of Acer Corp. Chairman of InveStar Corporation.
Independent Director	Dong-Sing, Wu	Ph.D in Electric Engineering, NSYSU Professor of Electric Engineering Deptment /Vice President of Da-Yeh University/Director of BoD of Da-Yeh University R&D Director of NAMI Research Institute, Hong Kong University of Science and Technology Director of Center for Research and Development of Engineering Technology / Associate Dean of Engineering College/Chair of Material Engineering Department, NCHU
Independent Director	Yong-Song, Tsai	MBA of International Business Management, NTU Vice President of Walden International Investment Group.
Supervisor	Hitech Holding (BVI) Corp. Representative: Der-Chang, Yeh	Master of Economics, NCCU Consultant of USI Group Companies
Supervisor	Gomerry Business Corp. Representative: Tai-Yuan, Wang	Graduated from KaiNan High School of Commerce and Industry Owner of Gomerry Business Corp.

WAFER WORKS hold the sprit of law compliance as the guide for sustainable business. In order to guarantee the compliance of laws for business and activities, we not only defined the control points of laws relevant to the business and activity executed by all units and undertakers, but established the legal affair and audit units to regularly review relevant laws and audit current regulations for correction and improvement. We also assign employees to attend internal or external law-related training courses to understand the latest laws and assure the implementation of relevant laws. WAFER WORKS has no significant penalty fined by the competent authority due to violation of laws and regulations in 2017.







## Business Functions of Major Units

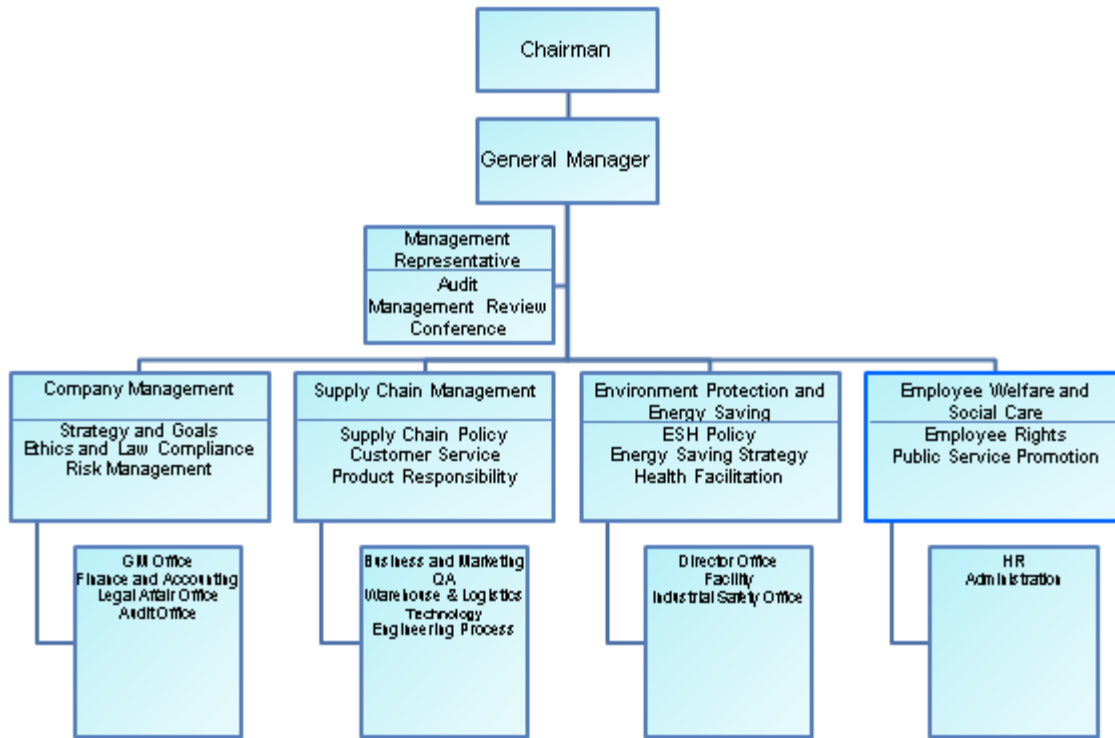
Unit	Business Functions
Chairman	<ol style="list-style-type: none"> <li>1. Establish the company's vision and goals, operation strategy and policy.</li> <li>2. Implement the resolutions and assigned affairs made in BoD.</li> <li>3. Implement the resolutions made in board of shareholders.</li> </ol>
President	<ol style="list-style-type: none"> <li>1. Subjected to the chairman's instruction to execute the resolutions and assigned affairs made in BoD.</li> <li>2. Draft the company's operation plan and take full executive responsibility in BoD.</li> <li>3. Establish regulations, cultivate talents and strengthen the foundation for the company's long-term development.</li> </ol>
Audit Office	<ol style="list-style-type: none"> <li>1. Assist and supervise the implementation of internal control regulation.</li> <li>2. Responsible for internal audit operation.</li> </ol>
Investment Strategy Planning Office	<ol style="list-style-type: none"> <li>1. Assist the management level to draft the company's future development goals, development strategies and investment plan.</li> <li>2. Offer investment advices with strategic and investment value to company's management level.</li> </ol>
Chairman Office/Stock Affair Office	<ol style="list-style-type: none"> <li>1. Processing and communication for company's stock affair.</li> <li>2. Drive company management.</li> <li>3. Establish functional committees or organizations according to laws and regulations.</li> </ol>
Safety Office	<ol style="list-style-type: none"> <li>1. Plan, manage and supervise the implementation of factory safety and health.</li> <li>2. Enact labor safety and health management system and implement.</li> <li>3. ISO14001/OHSAS18001 The Management of system operation and maintenance.</li> </ol>
Legal Office	<ol style="list-style-type: none"> <li>1. Review and create contracts and legal documents.</li> <li>2. The protection and management of intellectual property rights.</li> <li>3. Assist the compliance of laws and regulations, enforce the law risk management and the processing of lawsuits.</li> </ol>
Operation Center	<ol style="list-style-type: none"> <li>1. Normal operation of wafer, crystal growing and epitaxial processing, equipment, manufacturing and facility.</li> <li>2. Process improvement &amp; yield increase, equipment maintenance &amp; utilization improvement, production scheduling, production management and quality improvement and facility system operation.</li> </ol>

Unit	Business Functions
Sales, Marketing and AE Center	<ol style="list-style-type: none"> <li>1. Draft annual sales plan and product pricing policy.</li> <li>2. Provide product application technical support for customers and improve customer service and satisfaction.</li> <li>3. Plan product development blueprint and come out product marketing strategy and promotion activities.</li> <li>4. Provide professional engineering service for internal and external customers.</li> </ol>
Technology Development Div.	<ol style="list-style-type: none"> <li>1. New technology assessment and introduction.</li> <li>2. Technology development for new products.</li> <li>3. Create and manage external technology cooperation.</li> <li>4. Planning of technical development direction.</li> </ol>
IT Div.	<ol style="list-style-type: none"> <li>1. Computerization management, including planning, execution and maintenance.</li> <li>2. Planning and management of network and application systems.</li> <li>3. Update and upgrade of IT equipments.</li> </ol>
Finance and Accounting Div.	<ol style="list-style-type: none"> <li>1. Create, maintain and execute finance and accounting regulations.</li> <li>2. Management of currency, interest and financial risk; funds management.</li> </ol>
QA Div.	<ol style="list-style-type: none"> <li>1. Create company's quality policy and operation system.</li> <li>2. Create and execute the system of material incoming and product outgoing quality inspection standard.</li> <li>3. DCC document control system establishment and management.</li> </ol>
HR Div.	<ol style="list-style-type: none"> <li>1. Company's organization system and job function system establishment.</li> <li>2. Drive the performance appraisal system to construct a performance-oriented salary and payment structure</li> <li>3. Draft human resource plan and talent recruiting according to company's development strategy.</li> <li>4. Establish the talent cultivation and learning development system and execute and manage of training plan.</li> </ol>



### Corporate Social Responsibility Promotion Committee

In order to proactively implement corporate social responsibility, WAFER WORKS established the corporate social responsibility promotion committee with the general manager as chairman and representatives from each unit as committee members. Meetings are held regularly with the executive secretary (Adm. Div.) responsible for managing all related works in order to comply with the international trend of balancing company's management and development with environment and society. It is based on the responsibility of improving life quality of employees, communities and society. Promoting company's competitiveness and superiority is the duty of all committee members. We have held three meeting from 2016 to 2017 with 93% of average rate of attendance of its members.



Organization Structure of CSR Committee



### 1.3.3 Financial Performance

According to the latest statistics information of SEMI, the global prosperity is revival from bottom since the second half year of 2016. The trends extended to 2017. It brings along the revival of global economic prosperity due to the situations of international oil price rebound, European economic growth, China's reform of the supply side having gone well and the Japanese economy has been out of contraction and marches towards revival. For that matter, the prosperity of Semi-conductors industry is revival as well. Compare to the slow trend from 2015 to 2016. The Semi-conductors in 2017 has been out of traditional 3C and the application of PC. The diversified application gives Semi-conductors a great leap forwards to new market. The R&D institutes in the Semi-conductors industry all increase their production value of global Semi-conductors in 2017 and will be over 40 billion with 20% of annual growth rate, which is beyond that of 4% to 5% in the past and is the strongest growing year in the past of 7 years. The consolidated revenue of Wafer Works Corp. in 2017 is 637.7 million and increase 8.1% compared to last year, which fully reflected the trend of market growth.

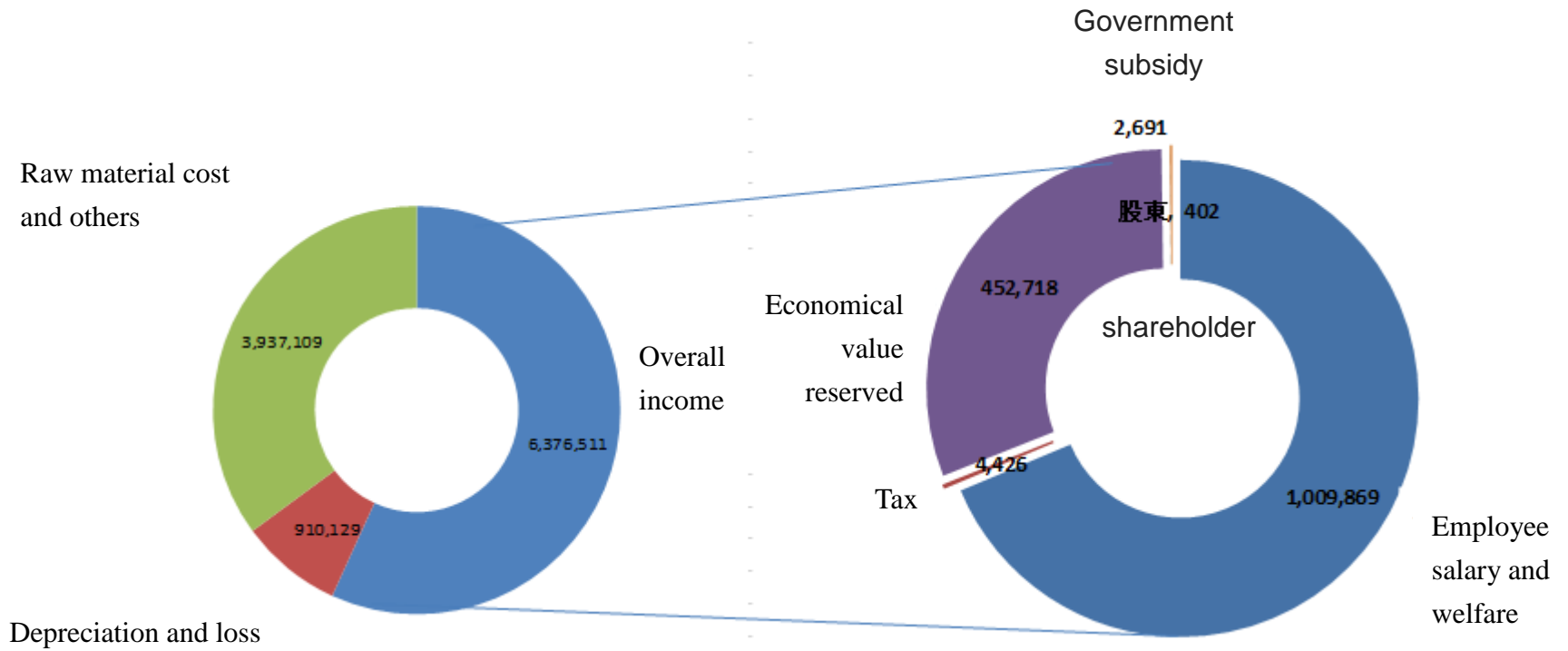
Gartner indicates that the production value of global Semi-conductors Industry has grown 20% in 2017. In addition, according to the research of IEK ((2017/11), the annual growth rate of Global Semi-conductors market in 2018 and 2019 reported IC Insights maintain 8.2%及 6.3% respectively. To sum up, all the survey institutes estimate that the Semi-conductors market will remain positive growth in stable way.

The headquarter and subsidiary companies are devoted to the silicon wafer market for power semiconductor device and IC making. The demand of high-density epitaxial and silicon wafers in the market have obvious grown in 2017, to respond the expectation of future market in the continuous robust growth of the need in Internet of Things, automotive electronics, smart home and big data cloud, etc. Other than optimizing the capacity of 6-inch wafer making factory, we continue to give the improvement of existing wafer and the capacity and yield of the epitaxy. The new 8-inch wafer factories in Zhengzhou, Henan are complete successively, it will be greatly increased our market share and the competitiveness of international market.

The scale of organization in 2017 has not much change but the capacity of the branches in Yang Mei and Long Tan reach the maximization of yield by moving the equipment and improving the efficiency. The capacities of two factories until the end of year are about 300,000 of 6 inch Eqvs in Yang Mei and 200,000 of 8 inch Eqvs. in Long Tan.



Unit: K(NTD)



Source: From 2017 financial report





## 2017 Corporate Social Responsibility Report

ATTACHMENT 5 (If an investor has the ability to exercise significant influence on investee or has material controlling power on investee) (Not including investment in Mainland China)  
(All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified)

### WAFER WORKS CORP. AND SUBSIDIARIES

Investor Company	Investee Company	Address	Main business and products	Initial investment		Investments as of 31 December 2017			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value			
Wafer Works Corp.	Wafer Works Investment Corp.	P.O. Box 217 Aqia, Samoa	Investment Holding Company	USD 52,175	USD 49,675	52,174,826	100.00%	\$3,199,273	\$143,535	\$143,899 (Note1)	Note4
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2, Meishih Rd., Yangmei Township, Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000	500,000	100.00%	4,603	252	252	Note4
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Scotia Centre 4th Floor, P.O.Box 2804, George town, Grand Cayman, Cayman Island	Investment Holding Company	USD 32,950	USD 32,950	Common stock 1 Preferred stock A 6,970,327 Preferred stock B 33,791,198	79.16%	2,798,860	204,641	155,414 (Note2)	Note4
Wafer Works Investment Corp.	Wafermaster Investment Corp.	P.O. Box 217 Aqia, Samoa	Investment Holding Company	USD 5,084	USD 5,084	5,083,900	100.00%	144,642	1,404	1,404	Note4
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd.	Rooms 2006-8 20/F., Two Chinachen Exchange Square, 338 King's Road, North Point, Hong Kong	Trading Company	HKD 10	HKD 10	-	100.00%	(96,233)	(1,757)	(1,757)	Note4
Wafermaster Investment Corp.	Helitex Company Ltd.	47338 Fremont Blvd. Fremont, CA 94538	Manufacturing and trading of semiconductor materials.	USD 2,200	USD 2,200	3,400,000 (Preferred stock 2,000,000)	100.00%	139,836	7,447	1,404 (Note3)	Note4

Note 1 : Investment loss recognized under equity method amounted to 143,535 thousand dollars and the unrealized profit on upstream sale amounted to 364 thousand dollars.

Note 2 : Investment loss recognized under equity method amounted to 161,994 thousand dollars and amortization the difference of the acquisition cost and the underlying equity in the investee's net assets amounted to (6,580) thousand dollars.

Note 3 : Investment gain recognized under equity method amounted to 7,447 thousand dollars and amortization the difference of the acquisition cost and the underlying equity in the investee's net assets amounted to (6,043) thousand dollars.

Note 4 : Transactions between consolidated entities are eliminated in the consolidated financial statements.

Source: From 2017 financial report



### 1.3.4 Corporate Social Responsibility

Becoming a world class semiconductor material supplier based on customer is the faith of WAFER WORKS which has never changed. The challenges that we are facing in the 21st century, but "Sustainable Development" is a common topic that all enterprises encounter. However, one of the necessary condition to achieve the goal of sustainable development is to sincerely implement the Corporate Social Responsibility, CSR, which means "The enterprise's commitment of building a high quality life together with employees, families, communities and local society for the sustainable developmeent of the enterprise."

1. Corporate governing shall be consolidated to protect the interests of interested parties.
2. Supply chain management shall be consolidated to stride forward and become win-win, strategic partners.
3. Environment protection and energy saving shall carry on to create safe and comfortable environment.
4. Care for staff and attention to society shall carry on and perform duty as social citizen.

Sustainable development of enterprise shall proceed in three dimensions of economy, environment, and society with mutual influence on each other. Wafer Works Corporate makes every effort to ensure the sustainable growth and development by long-term strategic planning. Aside from the constant improvement and creating the maximum benefit to the employees, the customers and shareholders, we actively pay attention to environmental protection, human rights maintenance, supplier management, the community interaction and social activities and the valued international issues and expect to carry out the corporate social responsibility with the branches, the suppliers, the customers and all the stakeholders related to our other operation and encourage the virtuous cycle and sustainable development among the corporate, society and environment ecology.

To actively carry out the corporate social responsibility, Wafer Works Corporate establishes the Corporate Social Responsibility Committee. In the committee, we carry out the following events to life, including social activity participation, the eco-friendly and talent training, to improve the concern and participation of employees in social activity and create the good atmosphere in the company. Moreover, we take action on letting more outside groups know more about Wafer Works Corporate to expand our influence circle to those who need help and do our best to implement social responsibility to make contributions to the society.

Business	Goal
Short-term	To actively maintain close relationship with customers and suppliers and in the concept of customer orientation to constantly invest in high-end technology research and developmeent for satisfying customer's requirement in pursuing new things. Also, to enact important policies regarding corporate sustainable business, long-term partnership establishment with customers and social groups, taking full civic duty and maintaining leading ESH level.
Mid-term	To become a world-leading enterprise of professional silicon wafer material (Power Discrete, Power Management IC, Analog IC & MEMS) and endeavor in maintaining a friendly, healthy and co-creating and





	sharing workplace to attract and retain talents, while share achievements with employees and contribute to the society through social participation and other active ways.
Long-term	The company not only wished to become a silicon wafer supplier of customer-oriented solutions but also aimed at the goal of meeting expectations of interested parties by adherence to the ideas of living with environment and co-prosperity with society to be recognized and acknowledged by market. Complying with the development trends of environmental protection and energy-saving, green procurement and environmental friendly measures have been promoted. Production processes have been rationalized and simplified to reduce emissions of wastes. High-performance, energy-saving silicon materials have been developed as well. Meanwhile, suppliers have been driven to respond to requirements of green environmental protection and feedbacks of quality issues. Responsibility of enterprise is duly fulfilled to elevate green competitiveness and jointly create sustainability of business opportunities.

**Executive Goals of Environment Protection:**

Environment	Goal
Energy-Saving	Reduce unit output power consumption; the unit output power consumption reduced by 5% in the next five years.
Water-Saving	Reduce unit output water consumption; the unit output water consumption reduced by 5% in the next five years.

**Social Responsibility Promotion Goals:**

Employee	Goal
Short-term	WAFER WORKS takes employees as important assets of value and cultivate talents with competence development.
Mid-term	To ensure human rights, labor rights, and promote employee's balance between work, family, health and life. Through the care of employees to cultivate semiconductor talents .
Long-term	Implement employee's social participation and improve labor quality, and to fulfill corporate social responsibility.
Social Group	Goal
Short-term	To hold public welfare activities, join the cleaning of community environment, participate in community activities and alternative military service of research and development to give back to society, care neighborhood and cultivate talents with actual actions.
Mid-term	The company has dedicated itself in donating/assisting charity organizations and sponsoring community activities/assurances for the purposes of charitable giving and assistance to the weak. By joining environmental cleaning of community, show our love for environment and make it better. The company conducts cultivation of career path for those who are at alternative civilian services of R&D, and pays regular visits for academic purposes.

Long-term	Keep giving back to society. Expect to bring employee to actively join the group of society benefiting through constant actions of giving back.
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## Human Right and Child Labor

WAFER WORKS complies with domestic labor related laws and fulfills corporate social responsibility to safeguard the lawful rights and interests of employees; We follow norms recognized internationally, including right to freely establish associations, collective bargaining, concern for vulnerable groups, prohibit child labor, eliminate all forms of forced labor, eliminate employment discrimination, etc., to maintain basic labor rights. To present our resolution of self-regulating, the employee's human right protection and prohibition of child labor is clearly written in work rules, recruiting management regulations, sexual harassment prevention and management regulations for fulfilling the obligation of social responsibility. Our company takes the responsibility of supervision and management and asks all cooperative suppliers to follow related internal regulations, by which to eliminate the improper use of child labor.

Our company value labor rights and interests greatly, and through various management practices, employee discipline, rewards and punishment management, to ensure that every employee should get a fair treatment and respect of human rights.

Our company prohibits any racism, inhuman treat employees or discrimination in workplaces.

As of 2017, the child labor usage ratio is zero. With HR recruitment as the first line of prevention and through the labor condition audit we were proven achieved the target of zero child labor in 2017 to fulfill our corporate social responsibility.



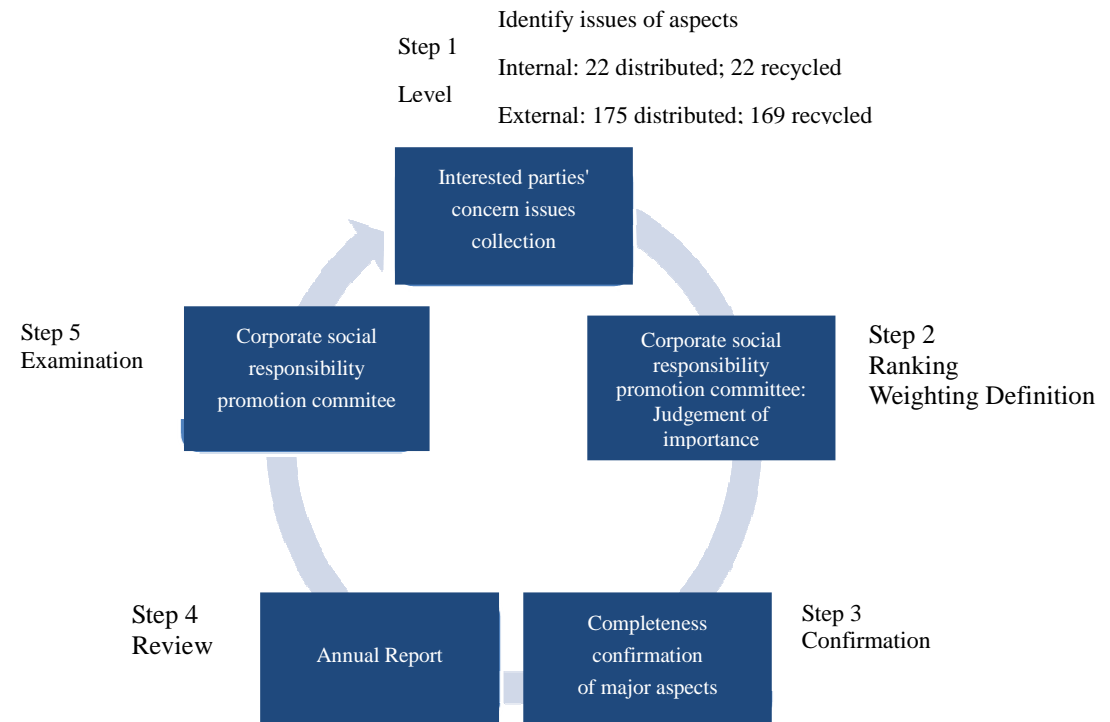
## 1.4 Interested Parties

### 1.4.1 Key Issues

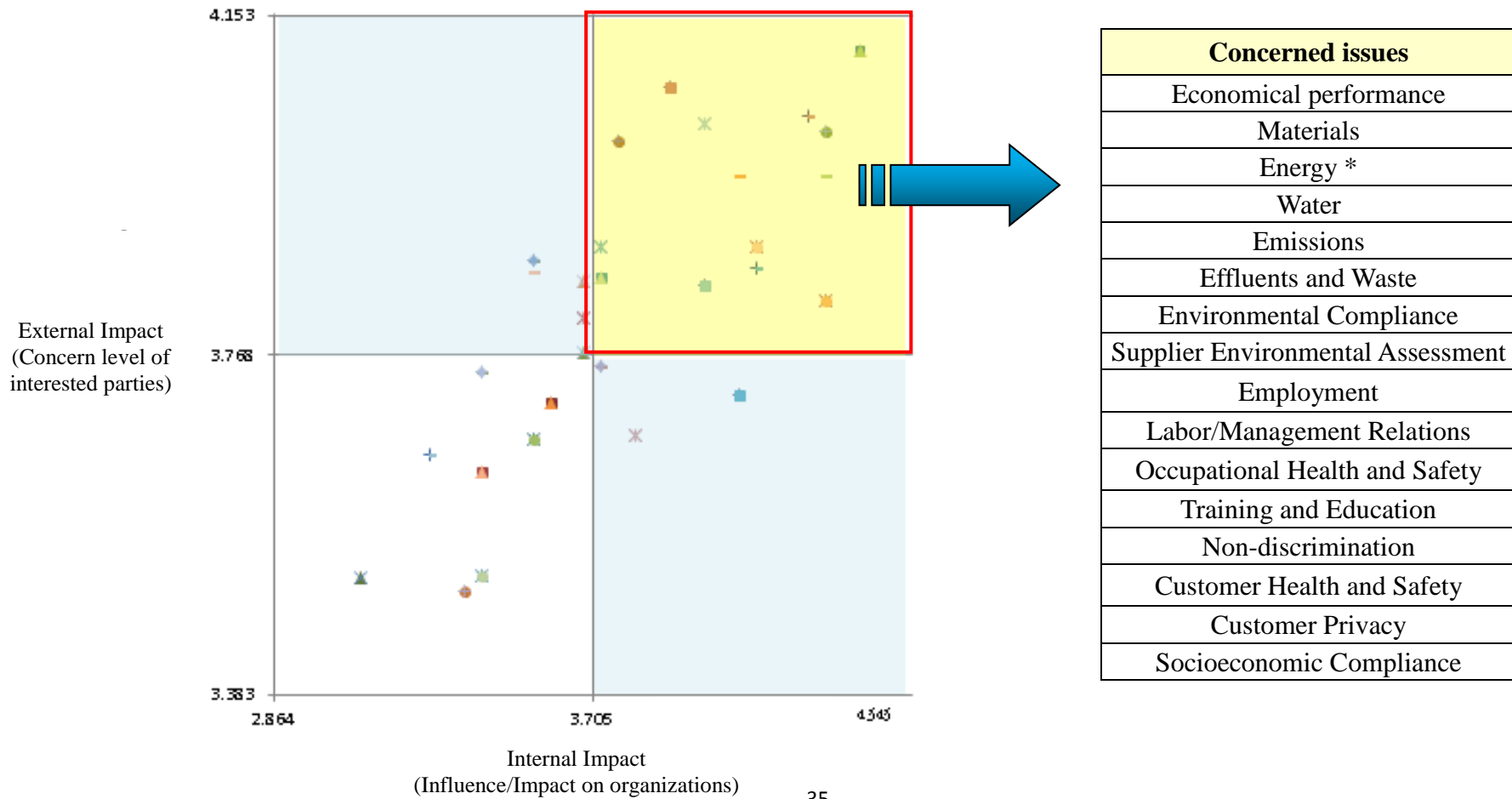
The interested parties are identified via the discussion of business management level according to company's business philosophy and business process of each department, which include employees, customers, shareholders, suppliers, contractors, community residents, social groups, government organizations, media, and other units such as certification companies, verification companies and academic organizations. We review our interested parties regularly every year and no big change is made.

For the generation of key issues, they are processed under the sequence of identification, ranking, confirmation, review and examination. An enterprise shall comprehensively assess its development strategies and potential operation risks and their impact level on the enterprise's sustainable development, so as to come out substantial issues and the weighting of content of each issue.

With regards to internal and external interested parties and the issues concerned by them, we collected the issues concerned by the interested parties as well as its level of concern using the questionnaire survey method targeting employees, customers, shareholders, suppliers, contractors and all types of interested parties (distributed 175 questionnaires and recycled 166; the response ratio is 96.6%; valid questionnaire 177; invalid questionnaires 0) and internal high level managers (distributed 22 questionnaires and recycled 22; the response ratio is 100%) in order to understand the impact of each issue on company's operation.



Via a substantial analysis 16 issues of concern were identified and assessed their internal and external impact on the organization. After the importance judgment made by social responsibility promotion committee, as our products are not final products, 15 were decided to be major key issues in 2017 and were revealed their management principles and related indexes. There is no significant change from the 2016 report neither on the scope nor the aspects, and there is no impact on the information revision.



### 2017 WAFER WORKS CSR Report of Major Aspects and Revealing Boundary Setting

● Major and to be revealed    ⊙ considered to be revealed in the future

Category	Major Aspects	GRI Standards	Internal		External				
			Wafer Works Co., Ltd (YangMei Factory)	Wafer Works Co., Ltd. - Science Park Branch (LongTan Factory)	Customer	Supplier	Contractor	Government Organization	Local Community
Economical	Economical performance	201-1~201-4	●	●	●	●	●		●
Environmental	Materials	301-1~301-3	●	●		⊙			
	Energy *	302-1、302-2 302-4、302-5	●	●		⊙			●
	Water	303-1~303-3	●	●		⊙			●
	Emissions	305-1、305-2、305-7	●	●	●	●			●
	Effluents and Waste	306-1~306-3	●	●	●	●			●
	Environmental Compliance	307-1	●	●	●	●	⊙	●	●
	Supplier Environmental Assessment	308-1、308-2	●	●		●			
Social	Employment	401-1~401-3	●	●		⊙			
	Labor/Management Relations	402-1	●	●		⊙			
	Occupational Health and Safety	403-1~403-4	●	●	●	●	●	●	
	Training and Education	404-1~404-3	●	●	●		⊙		
	Non-discrimination	406-1	●	●		●			
	Customer Health and Safety	416-2	*	*	*				
	Customer Privacy	418-1	●	●	●				
Socioeconomic Compliance	419-1	●	●	●	●		●		

Note1: In consideration of corporate development strategy and promotion status of social responsibility of enterprise, discussion shall be done by commission of social responsibility of enterprise to determine whether or not those subsidiary companies whose half shares or more have been controlled by the company shall be included into organizational boundary in the future.

Note2: The major aspects marked with \* were judged by CSR committee for its significance for not to reveal as the company's product is not the end product.



## 1.4.2 Communication Channels

WAFER WORKS value opinions and recommendations from all interested parties, which are summarized and collected through diversified communication methods to interact with interested parties and were made as the basis of revealing of this report through the substantial analysis to understand the issues concerned by interested parties, who were also feedbacked along with the revealing of this report.

The communication methods and frequency between WAFER WORKS and the interested parties are listed below. The company website is also equipped with the interested party zone for interested persons to contact us.

### Contract information for interested parties

Website of the interested party zone : <http://www.waferworks.com/csr?c=164>

CSR e-mail: [A00@waferworks.com](mailto:A00@waferworks.com)

Report e-mail: [public01@waferworks.com](mailto:public01@waferworks.com)

Interest Party	Communication Methods and Frequency	Key Concerned Issues
Customer	Annual customer satisfaction survey; quarterly or semi-annually business review meeting with customer (including service, delivery time, quality, continuous improvement plan and other related issues); implementation of customer audit and response to customer's requirement in questionnaire.	Customer Privacy Anti-competitive Behavior Materials
Shareholder	(1) Constructed mandarin and English websites to instantly update company's business status. (2) Regularly publish monthly business income, decisions of BoD and various financial reports. (3) Follow related regulations to publish important information in Market Observation Post System. (4) Hold annual board of shareholders to announce the company business status. (5) Hold legal person forums, press conferences or issue press releases irregularly. (6) Establish the spokesman system to respond investors' questions by telephone or emails. (7) Collect issues concerned by investors through questionnaires every year. (8) Communication Channels: A. Spokesman : RueiYuan Mao ; Deputy Spokesman : MingChe Hsu ; Ext. : #8898. B. Investor's e-mail : <a href="mailto:public@waferworks.com">public@waferworks.com</a>	Employment Economic Performance Labor/Management Relations
Employee	(1) Labor-Management Conference: Regularly hold quarterly labor-management conferences with representatives from the labor side and management side to discuss and negotiate the adjustment	Occupational Health and Safety

	<p>of overall company laboring conditions as well as regulations announcement, mutual benefit of both parties and other related issues.</p> <p>(2) President Forum: the purpose is to enable employees to sufficiently reflect recommendations related to work environment, operation execution and policies and regulations and to realize corporate culture concept, operating status, management decision-making, welfare, rules and regulations and other information. Employees are encouraged to raise ideas or questions in the meeting for discussion in order to build the open management corporate culture. This forum is hold irregularly along with the completion of summarization and analysis of annual employee opinion survey.</p> <p>(3) Chairman Mailbox: offer a channel for all employees to directly reflect company-relaed issues to the highest management at any time, however, providing real names is mandatory for acceptance.</p> <p>(4) Questionnaires.</p> <p>(5) Communication and appeal mechanism:  A. Appeal of sexual harassment prevention: <a href="mailto:vickyten@waferworks.com">vickyten@waferworks.com</a>  B. HR exclusive e-mail: <a href="mailto:H00@waferworks.com">H00@waferworks.com</a>  C. WAFER WORKS Employee Web Portal: HR Div. contact e-mail  D. HR extension number: # 8200, # 8211, # 8219, # 8218</p>	<p>Economic Performance  Training and Education</p>
<p>Supplier/ Contractor</p>	<p>Irregular education, training, communication meeting and questionnaires (Provide supplier audit or survey regularly and contractor educational training irregularly).</p>	<p>Occupational Health and Safety  Labor/Management Relations  Employment  Materials  Effluents and Waste</p>
<p>Community Residents</p>	<p>Support community residents' activities or questionnaire survey irregularly.</p>	<p>Water  Emissions  Effluents and Waste</p>
<p>Government Organization</p>	<p>Irregular workshops participation, project cooperation or questionnaire survey.</p>	<p>Effluents and Waste  Environmental Compliance  Emissions</p>
<p>Social Group</p>	<p>Support activities or questionnaire survey irregularly.</p>	<p>Employment</p>

		Labor/Management Relations Occupational Health and Safety
Media	(1) Hold legal person forums, press conferences and issue press releases irregularly. (2) Establish the spokesman system to respond investors' questions by telephone or emails. (3) Collect the issues concerned by media through questionnaire survey every year.	Materials Customer Privacy Economic Performance
Other (certification companies, verification companies, academic organizations and other cooperative partners)	Implement verifications (audit) operation regularly every year; irregularly attend workshops or communicate via questionnaire survey.	Labor/Management Relations Biodiversity Effluents and Waste





## Ch2 Environmental Friendly

Wafer Works holds the philosophy based on corporate sustainable operation, fulfilling environment and energy&resource protection responsibility as well as the protection of environment and health of neighborhoods to implement effective management for any urgent situation, natural disasters, environmental impact and other possible risks that may encounter along with all-round response plan and procedure. With regards to environmental protection, all operation controls have met environmental protection regulations and standards as well as YangMei and LongTan factories had passed the certification of ISO14001, which makes environment protection work being managed more systematically.

Our company adheres to the principle of honesty and integrity and completely follow all applicable laws&regulations and interested parties requests. To meet the growing and increasingly stringent regulatory requirements, we will check local and international regulations through various channels, and pay close attention to any restriction that would be harmful to our activities and make correspondent reactions.

Wafer Works had created the operation and maintenance procedures for air and water pollution control and waste management, which are performed by related units accordingly to ensure that all facilities can exert their maximum effect. And there are various kinds of monitoring and control system equipped at the end of pollution control facilities. In case of encountering the monitoring value beyond the alert level, the operator will immediately react according to the emergency response and notification process to avoid environmental pollution and the violation of rules and regulations. As Wafer Works' products are not end products, which are labeled to declare no harmful classification item and the compliance of RoHS and REACH regulations. In 2017, due to the abnormal acid draining of machine, the release water of Wastewater plant in Yang Mei branch exceeds the standard amount and receives the improvement notification from the authority. The malfunctioned equipment was repaired immediately and precaution measures had been established to prevent repetitive occurrences.



## 2.1 Air Pollution Prevention

At Wafer Works, our air pollution prevention strategy is to firstly, utilize advanced processing techniques to reduce the number of pollutants that will enter in the emissions, followed by the use of highly efficient abatement equipment to remove the pollutants in the emissions, so as to ensure that the concentration of pollutants in the air emissions are less than or compliant with government regulations. Depending on the characteristics of the air emissions, the emissions can be broadly divided into 4 categories of alkaline exhaust, acidic exhaust, volatile organic compounds and particulate pollutants. There are different types of air pollution abatement equipment dedicated to the different types and characteristics of pollution. At the same time, we also respect the right of neighboring companies and residents, which is why we have integrated the operation status of all equipment into our central monitoring system which will be observed 24 hours a day by staff on rotational shifts. All operation condition changes will be within the scope of constant surveillance and any deviation exceeding the preset values will trigger an immediate alarm.

The source of air pollution produced by factory running are inorganic acid, volatile organic compound (VOC) and trace of particulate pollutants, both VOC and inorganic acid emission are less than 0.6kg/hr and all pollutant emissions are lower than the amount approved by environmental protection authorities.



## 2.2 Water Resource Management

Since the construction of factory, Wafer Works highly values water pollution prevention and water resource management and we constantly promotes water recycling program every year and endeavors in reducing water consumption for water resource protection.

The water source using in the manufacturing process in 2017 is mainly tap water (took up 60.14% of total water source) and recycled water (took up 35.36% of total water source), while the rest is underground water (took up 4.5% of total water source). The waste water of LongTan factory is discharged to the waste water processing plant of LongTan science park, while for YangMei factory the waste water is discharged directly to the SheZi River, which is not a water source or habitat protection zone and has no significant impact on the biological environment.

Water Source	2015			2016			2017		
	Tap water	Underground water	Recycled water	Tap water	Underground water	Recycled water	Tap water	Underground water	Recycled water
Sum	1,399,143	171,464	757,708	1,584,668	129,016	758,912	1,708,878	127,802	1,004,991
Statistic Unit: m <sup>3</sup>	60.1%	7.36%	32.54%	64.09%	5.22%	30.69%	60.14%	4.5%	35.36%

The waste water of Wafer Works has been processed by proper facilities and for discharging the water quality shall comply to existing laws and regulations, in addition to the regular test and examination to ensure no severe impact on the nearby water area. With regards to the monitoring system, we established the monitoring and data capturing system, by which all indexes for waste water processing are monitored, including chemical oxygen demand (COD), suspended solid (SS), fluoride concentration (F-) and pH value. Such system provides first-line warning for immediate actions taken in case of any abnormality occurs, so as to prevent any pollution from damaging the environment. Upon detecting abnormal water quality, the monitoring system will immediately inform the on-duty operator for taking correspondent action to avoid breaking the laws and prevent the environment from being polluted.

Item	Unit	YangMei Factory		LongTan Factory	
		Discharging standard	Average	Discharging standard	Average
PH value	PH	6~9	7.57	5~9	7.64
COD	mg/L	<100	49.88	<500	9.44
SS	mg/L	<30	8.16	<300	31.03
F-	mg/L	<15	6.4	<15	10.07



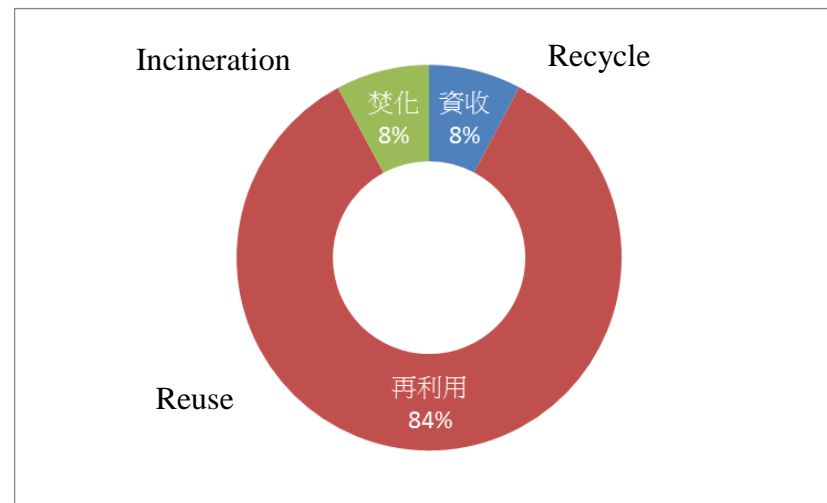
The water resource management plan is executed under three strategies - reduction, reutilization and recycling. We incorporate water-saving faucets or devices and toilets to reduce water consumption; recycle the waste water discharged by water cleaning equipments and reused in the cooling towers and washing towers; at the same time rain water is collected for trees and plant watering; in addition, we also recycle the waste water induced by cutting and polishing equipments.

Water Resource Recycling Measures	
YangMei Factory	Benefit (CMD)
Reutilization from process recycling*	372.0
Recycling and reutilization of reproduced washing water*	110.0
LongTan Factory	Benefit (CMD)
Online analyzer waste water recycling	1.6
Pure water meter sealing water recycling	40
RO and UF concentration water recycling of pure water systems*	500
Rinse water recycling and reutilization of pure water resin (2B3T and MB) backend reproduction	450
Air-conditioning cooling water collected and used for cooling tower	10~20
The water which is recycled by high efficiency filters and water recycling systems (ACF→MB→Polish→POU) for process use.	480
Add recycling units (sedimentation pool + UF) for backwashing water recycling for process use	320
Add sand filters in the water cooling system to filter out impurity from circulating water	25
Plant watering changed to manual operation and reduce utilization frequency	1.3
Process recycling for reutilization	380
WWXL PIA02 Reuse draining Water of washing machine after the polish treatment	54
Kilala washing machine Give the modification to QDR recipe	8
STBC Improve the overflow	11.5
<b>Total recycled amount</b>	<b>2753.4</b>

Note: \* is meter reading , others are estimated

## 2.3 Waste Management

Wafer Works has equipped with complete waste processing and recycling mechanisms to ensure no output of harmful waste. Municipal waste is transported to the government-designated incinerators by garbage collection vendors; while general industrial waste such as (oil) sludge is classified, collected and handover to local qualified waste treatment vendor. There were 2,976 tons of waste generated in 2017, among which 84% was recycle, 8% was recycle and 8% was incineration.



We keep giving the promotion in reducing the pollution and waste recycling. Other than recycle and reuse the cutting fluid, we as well as recycle and reuse HF produced in the round etching treatment (LongTan factory had recycled and reused HF 20,518 liters in 2017 at a recycling ratio of 13.20%), new empty chemical recycling tank for recycling and reusing. No major chemicals leakage or violating environmental regulations in 2017.

## 2.4 Carbon Management

### 2.4.1 Energy Policy

Wafer Works is a professional semiconductor material supplier. We create a business environment complying energy saving and carbon reduction and fulfill the corporate social responsibility for environmental safety protection and continuous improvement. Our company commit to carry out the energy management system at full stretch. In order to declare our resolution in the overall target of energy management and to convey accurate information to all employees and related interested parties, we commit the following items.

1. Follow the energy laws and related regulations.
2. Support the use of energy-saving products and services and ensure the receiving of information and resources.
3. Raise energy use efficiency and continuously improve energy performance.
4. Regularly review the energy targets to implement the energy management system.
5. Fully participate in energy conservation and carbon reduction to reduce emissions of greenhouse gases.

YangMei factory had obtained the ISO50001 management system certification in 2015. Longtan factory is scheduled to obtain verification of managerial system ISO50001 by end of 2018.

	Power (millions of joule)	Diesel (millions of joule)	Natural Gas (millions of joule)
2015	384,132,226	955,279	18,685,666
2016	415,208,416	745,530	19,866,883
2017	420,158,369	542,800	20,945,187

Note: 1 KWH = 3.6 million joule

1 cubic meter of diesel = 38.79 million joule

1 cubic meters of natural gas = 37.26 million joule

#### 2017 Energy Saving Performance

Type	Energy Saving Measures	Power saving (KWH)
A/C	Cooling towers efficiency improvement	57,600
A/C	Ice water temperature rise	219,802
Lighting	Clean room chamber lighting turn-off	45,377
Lighting	Removing one lighting tube	51,018
Lighting	Turn off unnecessary lighting	57,816
A/C	FFU disable in QA Labs	72,270
A/C	RCU A/C box energy saving	78,840
Total energy saving		582,723



Climate change has been considered an important global environmental issue, and Wafer Works is also committed to various efforts, including energy saving, energy efficiency improvement and other solutions, to reduce the impact and manage possible risks induced from the climate change.

## 2.4.2 Risks and Opportunities of Climate Changes

Wafer Works had identified and analyzed possible business risk and potential impact with corresponding strategies proposed. For the confirmed risks, we have established the monitoring and control mechanism. In addition, the overall energy cost might be significantly increased under the new climate change related regulations.

Physical climate risk:

Climate changes might increase the frequency and severity of storms, floods, droughts and other climate disasters and thus impact our business and supply chains, e.g. water resource shortage or interruption of raw material supply.

Wafer Works believes that opportunities also come along with the challenge of climate change. YangMei factory received ISO50001 energy management certification, and we will continue to carry out energy saving and carbon reduction measures to face the adjustment and relieving of the climate change.

## 2.4.3 Greenhouse Gas Inventory

Along with the development trend of global climate change, enterprises bound to play increasingly important roles in energy conservation and carbon reduction management. Wafer Works Corporation consolidates management of carbon emissions. Every year the factories conducts self-check on greenhouse gases emissions with inspection by 3<sup>rd</sup> party. And the emission data has continued to be managed to ensure continuous improvement of energy-saving and reduction of carbon emissions.

The self inventory result showed that the total greenhouse gas emissions of both factories in 2017 is 68,568 tons of carbon dioxide. The main processes with greenhouse gas emission are Octafluoropropane (C<sub>3</sub>F<sub>8</sub>) and nitrous oxide (N<sub>2</sub>O).

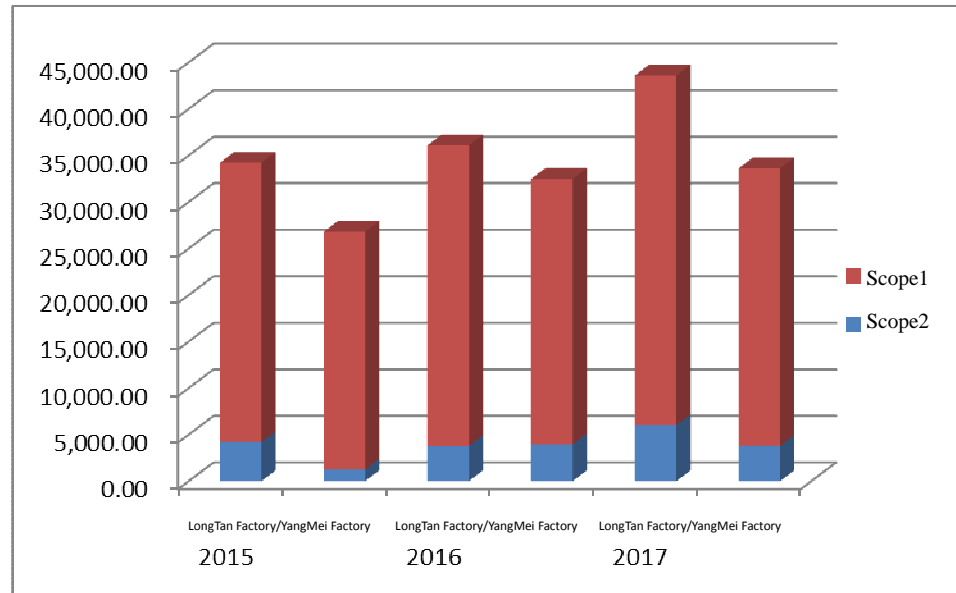
Factory	2015		2016		2017	
	YangMei	LongTan	YangMei	LongTan	YangMei	LongTan
Scope 1	4,188.94	1,244.53	3,768.25	3,960.27	6,021.70	3,785.16
Scope 1	5,433.47		7,728.52		7,728.52	
Scope 2	30,032.11	25,560.41	32,316.13	28,523.83	37,574.87	29,830.52
Scope 2	55,592.52		60,839.96		60,839.96	
Sum	39,654.52	26,804.94	36,084.39	32,484.10	43,596.57	33,615.68
Overall Sum.	66,459.46		68,568.49		77,212.25	

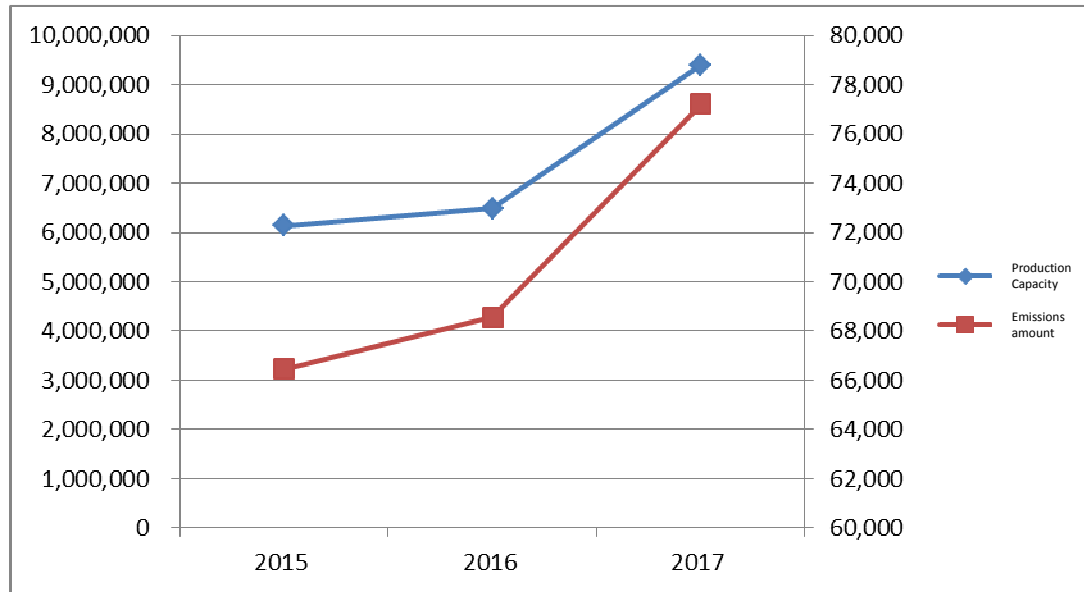
Note: The GWP value is based on the published value of 4nd IPCC assessment report (2007).

Unit: tCO<sub>2</sub>e



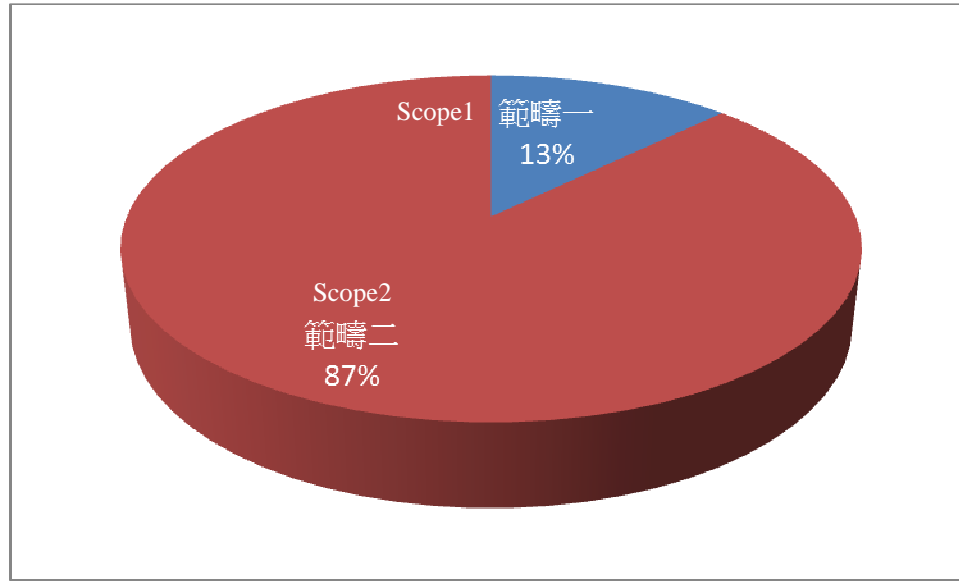






According to the greenhouse gas inventory, the result shows that 87% of greenhouse gas is emitted by power using while the rest is from fixed and mobile incineration sources such as natural gas, petroleum and diesel and minor process emissions.





**Scope1:**

It denotes the greenhouse gas directly emitted from the emitting sources owned or controlled by the organization, such as factory chimneys, process, ventilation systems and the fixed incinerating sources, process and transportation vehicles owned or controlled by the organization.

**Scope2:**

It denotes the indirect emission sources, which indirectly cause greenhouse gas emissions due to input power, heat or steam.



## Ch3 Employee Care

### 3.1 Safe and Healthy Workplace

Employees are important assets of the company. Wafer Works promises to provide a safe, comfortable and healthy working environment by assessing the risk of employees' work environment, identifying risk sources and implement appropriate countermeasures. At the same time, emergency drills and training courses are held every year, including emergency instructions, equipment wearing and use, response drills, etc., for colleagues to understand the response procedure and handling methods in case of an abnormal situation, and then to reduce the harm and loss incurred therefrom.

#### 3.1.1 Occupational Safety and Health

There is no labor union in Wafer Works but with site safety and health committee that regularly holds meeting for safety and health related issue discussion. The labor representatives are elected or assigned according to the law to provide an official channel of a face-to-face communication of safety and health issues between managers and employees as well as sharing health and safety management experience outwards.

**Representatives ratio between two factories**

Factory	YangMei	LongTan
Labor representative (people)	10	9
Total (people)	20	20
Percentage	50%	45%

In order to achieve the target of zero disaster, we draft annual occupational safety and health management program every year with detailed implementation plan defined to actually execute the planned schedule and content accordingly, and trace and review implementation performance in the occupational safety and health committee. The hazards and risks of business entities are controlled by the execution, audit, review and modification of the program as well as constant implementation of PDCA measures to further reduce the ultimate goal of disaster prevention.



### Statistical Analysis of Disability Injury

The Wafer Works' occupational accident statistical analysis refers to the important disability injury statistical indexes announced by ministry of labor and choose disability injury frequency (FR), disability injury severance ratio (SR) as the main statistical basis (off-site transportation accident is excluded from the statistic result).

Wafer Works had occurred one injury and near misses in 2017, which didn't meet the standard for report. Also there was no occupational accident, hence SR/FR is 0.96.

Year	2015		2016		2017	
	FR	SR	FR	SR	FR	SR
LongTan	0	0	0	0	0	0
YangMei	0	0	0	0	0.96	0.96
Semiconductor industry 2014~2016(average)	FR			SR		
	0.69			13		

\*Disability injury frequency (FR) = Disability injury count x 1000000/total work hours

\*\* Disability injury severance ratio (SR) = Absent days due to disability injury x 1000000/total work hours

### 3.1.2 Healthy Workplace

#### Healthy Workplace Promotion

Wafer Works Corporation carries on health promotion scheme at workplace. In 2017, we conducted including: screening of 4 kinds of cancers, blood donation activities, preventive health care services (vaccine for prevention of carcinoma of uterine cervix, and injections of vaccines for prevention of influenza) were conducted.

For high-risk work environment inside the factory such as ionizing radiation, noise and arsenic workplaces, the operators working therein shall take special physical examination and concurrently be provided with appropriate protective gears and via regular tracking to ensure the health of the operators.

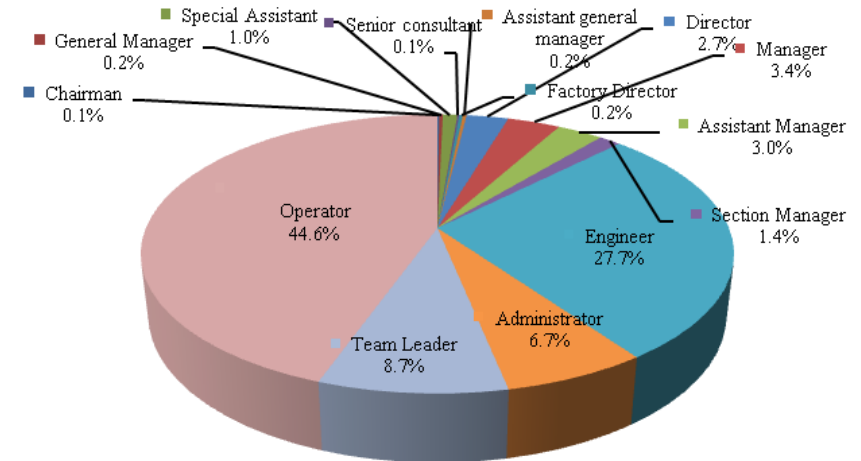
## 3.2 Employee Career Development

### 3.2.1 Employee Recruitment

Wafer Works recruits talents from various fields based on the operating strategies and conditions through various channels, of which the local hiring is of top priority, with compliance of salary related laws. The recruiting channels include human resource banks, recruiting in army, employment expo activities, position matching at employment service stations, application of alternative military service, etc.

The basic staff recruiting of Wafer Works complies with local regulations regarding salary and payment. Intensive screening and fair salary definition are done before hiring. No differential treatment for all applicants regarding their residing area, gender, age, etc.

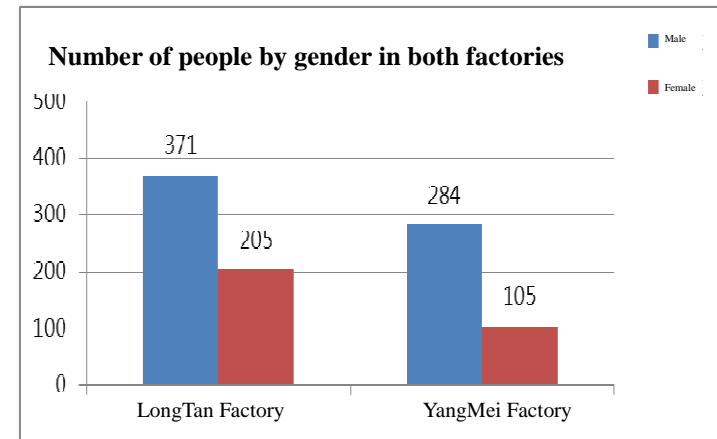
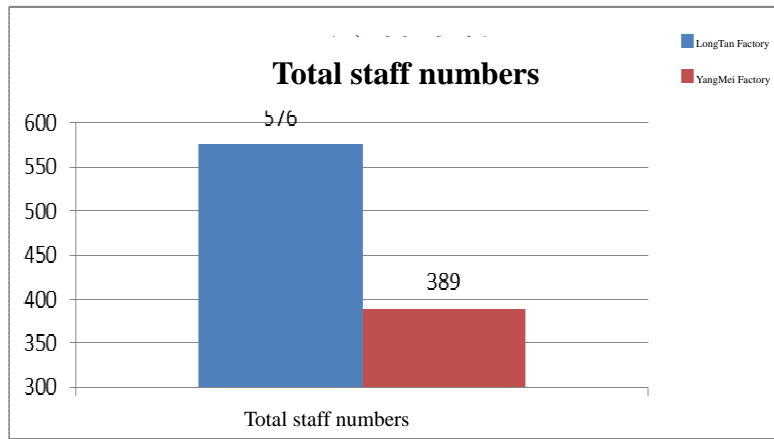
Wafer Works has no union established. All employees will be informed of any major operation change that may affect them according to the Labor Standards Law, also the labor-management meeting is held quarterly to ensure the rights of employees. The management representatives of LongTan and YanMei factories are the same 6 people, while the labor representatives of LongTan factory are 5 and YangMei factory is 6, the representatives of both management and labor side are 17 people in total.



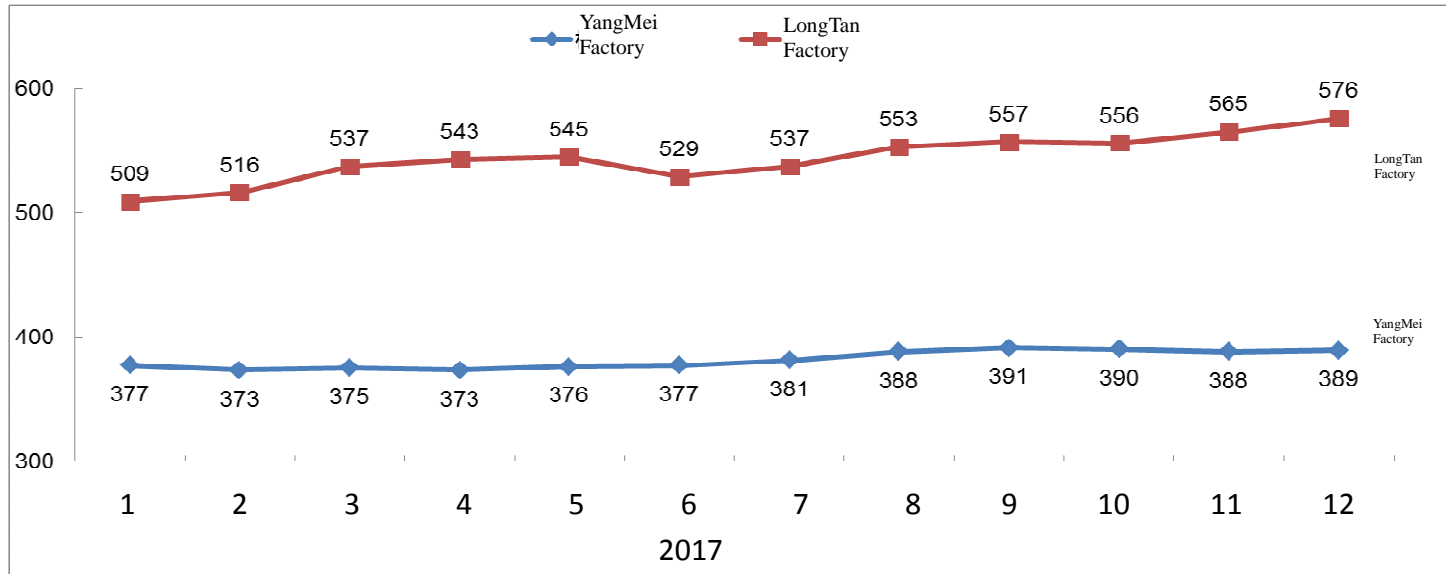
Distribution of staff titles in 2017

Object	Period of notice
Over 3 months but less than 1 year	10 days
Over 1 year but less than 3 year	20 days
Over 3 years	30 days

All staffs of Wafer Works are officially employed including senior managers above director level. The total employee number is 965 in 2017, among which there are 389 staffs in YangMei factory (including 100 foreign employees) and 576 staffs in LongTan factory (including 142 foreign employees). There is no significant change in the number of employees. The ratio of employing Taiwanese as senior managers in Wafer Works is 100%.



### 2017 Trend Chart of Incumbent Employee Number in LongTan and YangMei factory





Among the governance organization members above grade 9, there are 62 males, taking up 88%, and 7 females, taking up 12%; while the rest employees of different job functions and age groups are listed as follows:

Item	Male						Female						Total
	<30 years old	Ratio	30-50 years old	Ratio	>50 years old	Ratio	<30 years old	Ratio	30-50 years old	Ratio	>50 years old	Ratio	
Governance Organizations	0	0%	43	62%	19	28%	0	0%	5	7%	2	3%	69
Project manager/Assistant manager/Senior engineer/administrator	1	5%	6	29%	4	19%	0	0%	10	48%	0	0%	21
Advanced engineer/administrator	1	1%	45	57%	7	9%	1	1%	24	30%	1	1%	79
Engineer/administrator	26	28%	27	29%	1	1%	13	14%	25	27%	0	0%	92
Assistant engineer/administrator/team leader/senior technician	24	12%	114	56%	8	4%	7	3%	45	22%	7	3%	205
Operator	128	26%	185	37%	16	3%	82	16%	84	17%	4	0%	499
Total	180	19%	420	44%	55	6%	103	11%	193	20%	14	1%	965

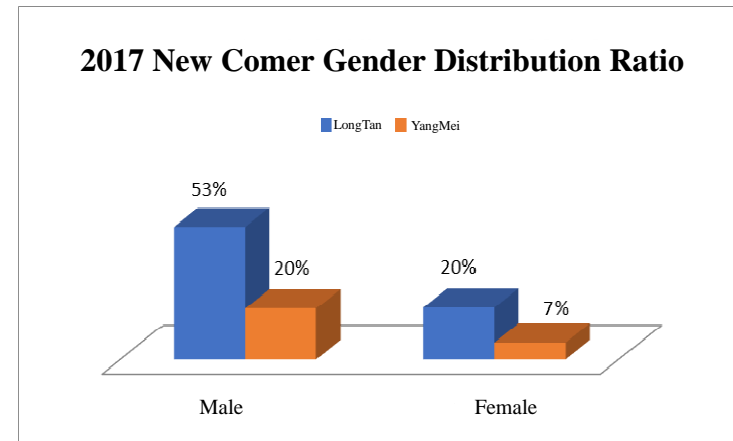
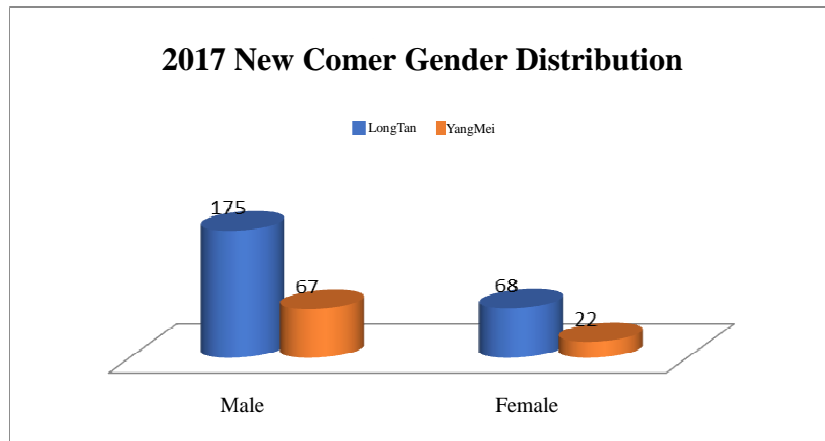
Formula: Number of employees of different type and age/ Total number of people for each item



In addition to the minimum standard of welfare defined by laws, Wafer Works also provide great welfare related to food, clothing, accommodation and traffic. There are 332 new comers in 2017, among which there are 242 male employees, taking up 73% of the total number of employees, while there are 90 female employees, taking up 27% of the total number of employees. There are 241 new comers under the age of 35, taking up 73% of the total number of employees, while there are 91 new comers between the age of 35 to 50, taking up 27% of the total number of employees, and there are 0 new comers above the age of 50.

2017 New Comer Gender Distribution				
Factory/Gender	Male	Female	Total	Total number of people
LongTan	175	68	243	576
YangMei	67	22	89	389
Total	242	90	332	965

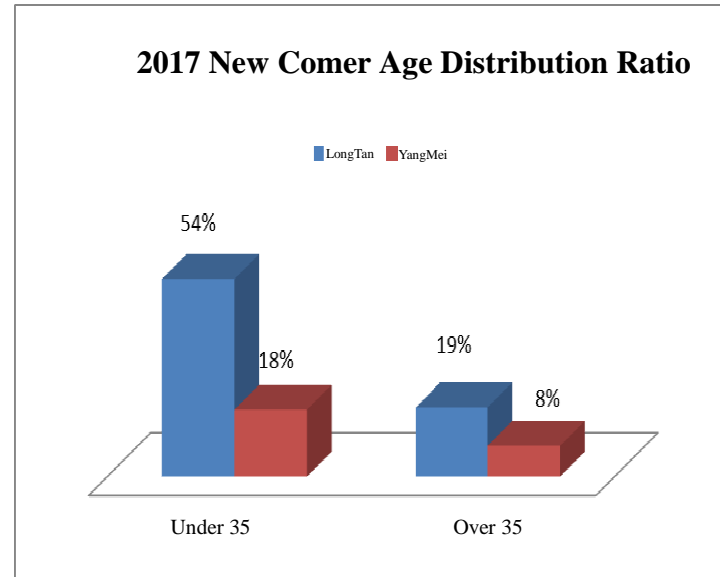
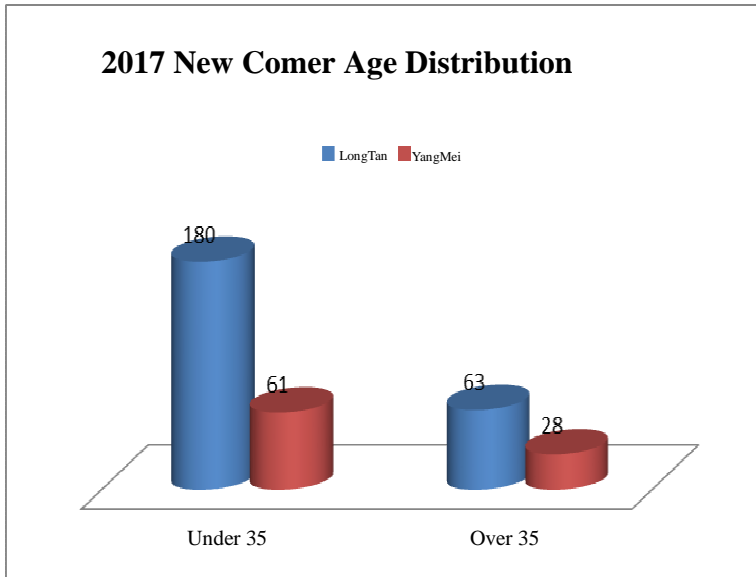
2017 New Comer Gender Distribution Ratio			
Factory/Gender	Male	Female	Total
LongTan	53%	20%	73%
YangMei	20%	7%	27%
Total	73%	27%	100%



Formula: Number of new comers of gender/ Total number of people of each factory

2017 New Comer Age Distribution			
Factory/Age	Under 35	Over 35	Total
LongTan	180	63	243
YangMei	61	28	89
Total	241	91	332

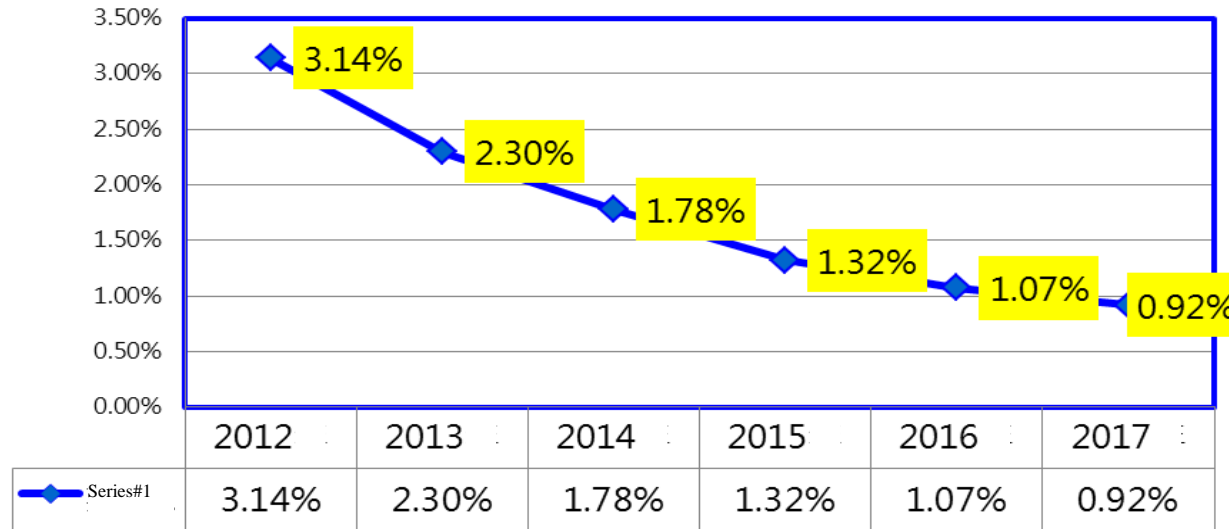
2017 New Comer Age Distribution Ratio			
Factory/Age	Under 35	Over 35	Total
LongTan	54%	19%	73%
YangMei	18%	8%	27%
Total	73%	27%	100%



Formula: Number of new comers of age/ Total number of people of each factory

The 2012 - 2017 Wafer Works resignation rate. The 2017 resignation rate is 0.92% and the resigned staff's gender distribution and age distribution ratio are as follows.

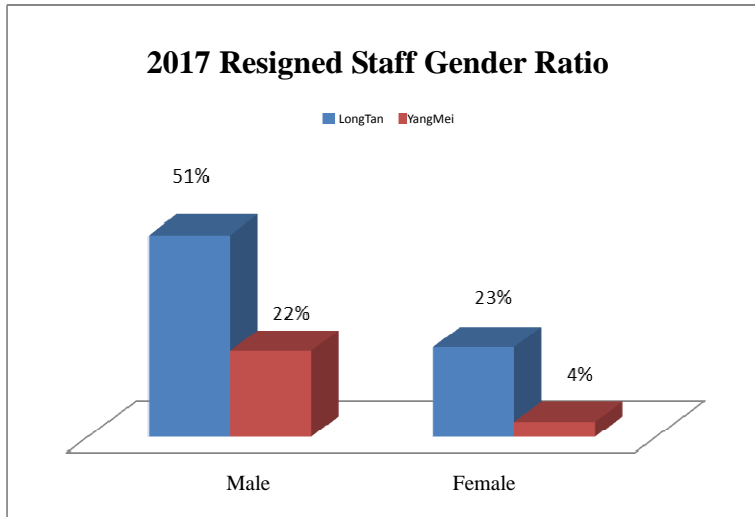
**2012-2017 Resignation Rate**



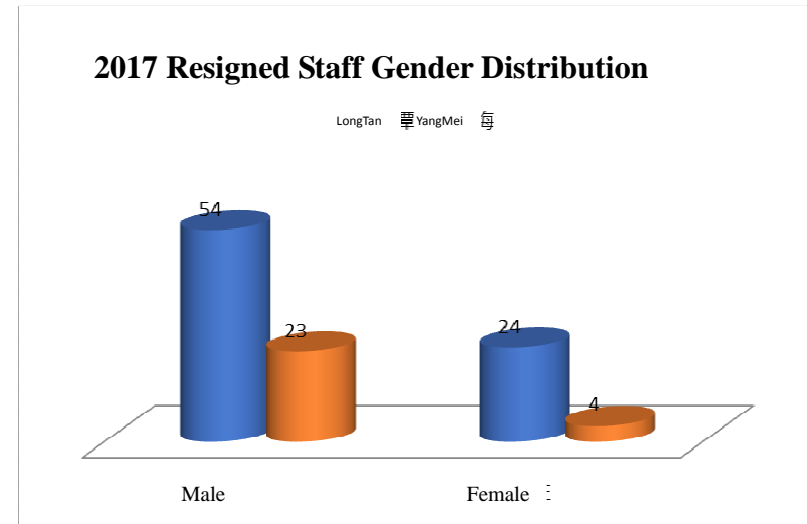
Formula: Resignation ratio of the year = Average monthly resignation ratio of the year

Monthly resignation ratio = Number of resigned staff of the month/Total number of staff in service of the month





Formula: Number of resigned staff of gender/Total number of resigned staff of each factory



Formula: Number of resigned staff of age/Total number of resigned staff of each factory

### Equality Treatment to All Employees

In compliance with regulations, and in line with gender equality and ethnic harmony, all employment positions will not discriminate based on applicant gender, nationality and ethnicity. As long as job seekers possess the ability and have confidence, all applicants shall engage in fair competition. There will be no differences in terms of work, promotion or employee training.

### Competitive Salary and Benefits

Wafer Works place a strong emphasis on the salaries, welfare and benefits of the employees. Every year, the market and regional salary standards are measured through various means to make appropriate adjustments in the salaries of our employees so as to ensure competitive salary and the attraction of talents.

Salary measurement standards are determined based on academic qualifications, work experience, professional knowledge or skills. The salary will not be affected by gender, ethnicity, political stand, marital status, age or religious beliefs.

### Humanistic Female Space

Wafer Works plants are equipped with nursery rooms with independent access. These rooms are solely dedicated for breastfeeding.

### Conditions of Working after Maternity Leave

At Wafer Works, our employees showed higher rates of reinstatement after maternity leave, which is a sufficient display of our friendly workplace environment.

Conditions of Maternity Leave and Reinstatement	M	F
Number of employees eligible for maternity leave in 2017	53	20
Number of employees applying for maternity leave in 2017	3	5
Number of employees reinstated after maternity leave in 2017	2	5
Percentage of reinstatement	67%	100%
Number of employees still working after 12 months of reinstatement following maternity leave in 2017	2	4
Ratio of retaining employees to reinstated employees after maternity leave in 2017	100%	80%

Formula: Reinstatement rate = (Total number of employees reinstated after parental leave/Total number of employees bound to be reinstated after parental leave) x 100%

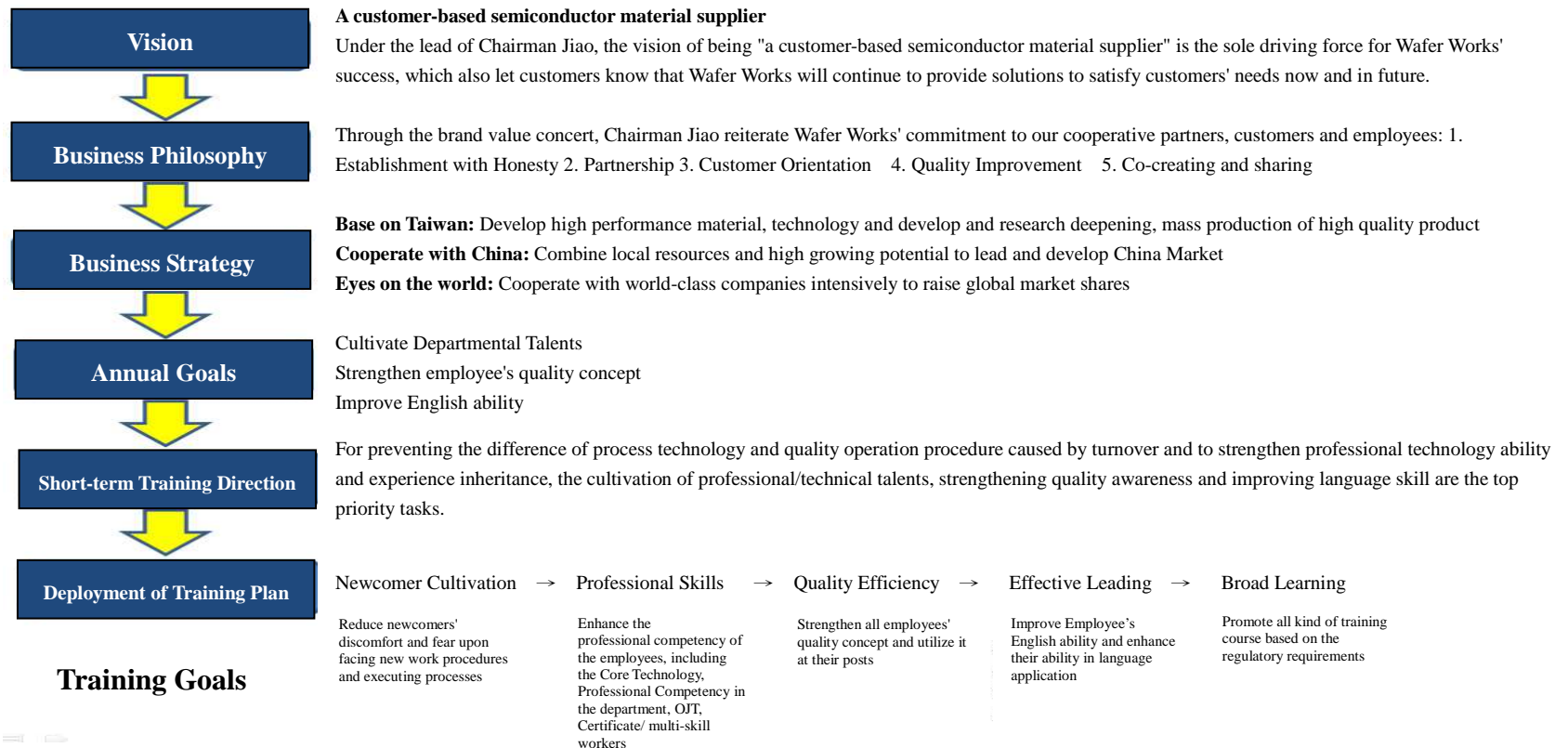
Retention rate = (Total number of employees still in service 12 months after reinstating from parental leave/Total number of employees reinstated after parental leave in last report duration) x 100%



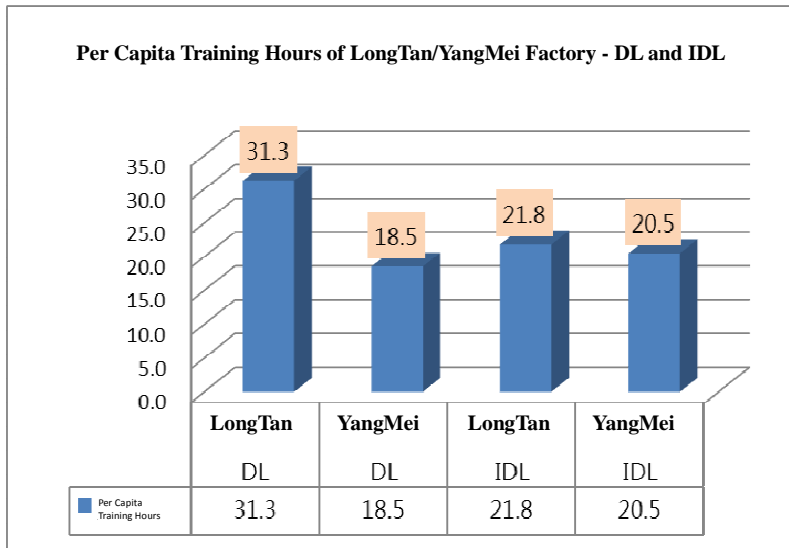
### 3.2.2 Staff Training, Organizational Learning and Development

Employees are the most important assets of Wafer Works, while education and training are important measures to upgrade, mature and strengthen the assets. Assist competency management and career development planning and promote employees to actively participate and learn for increasing work performance as well as elevating professional knowledge and technical capability are one of Wafer Works' important goals. Wafer Works holds training courses of professional knowledge and skill and production technology for each department, to cultivate employees with professional capability, to promote employees to actively participate and learn for increasing work performance as well as elevating professional knowledge and technical capability. We also encourage staff to do self-training and to realize lifelong learning by offering diversified learning opportunities for building complete career structures, while combine the e-Learning platform for retraining and learning in order to comply the policy of labor quality promotion. We also recommend and assist the employees to take occupational trainings provided by government for building a second specialty.

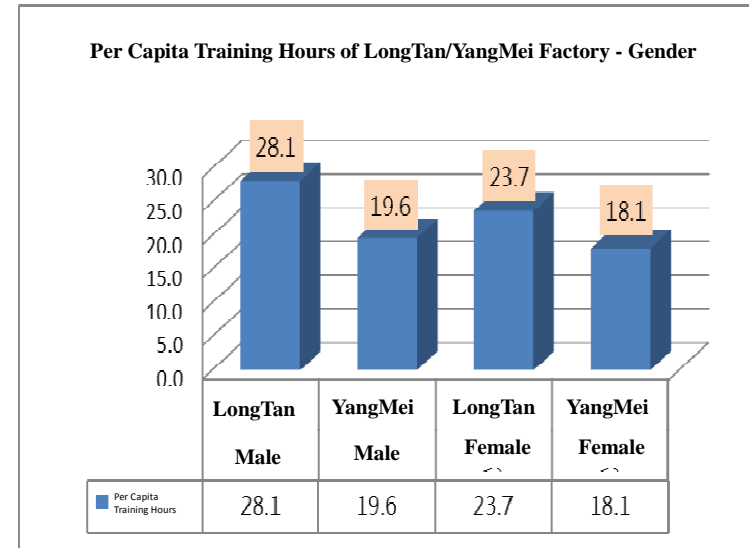
1. According to different stages of employees, different training topics and policies are implemented, by which we expect to improve the quality of personnel via education and training.
2. Define annual education and training targets based on the company's operating goals every year. According to the education and training requirement of 2017, creating a training structure of professional techniques is the key point of employees' competency training of this year.



3. In order to fully implement educations and trainings, they are clearly defined as one of the KPIs of each department. According to the development of each department, a clear amount of training hours to be held is defined and listed as a KPI. HR department will monthly analyze and announce the actual training status.



Formula: Total training hours of each factory by gender/All DL and IDL number of people of each factory



Formula: Total training hours of each factory by gender/All DL and IDL number of people of each factory





DL and IDL Per Capita Training Hours Distribution of Two Factories in 2017				
Gender	Factory	Total Hrs	People	Per Capita Hrs
Male	LongTan	9035.3	289	31.3
Male	YangMei	4726.0	255	18.5
Female	LongTan	6251.4	287	21.8
Female	YangMei	2748.6	134	20.5

Formula: Total training hours of each factory by gender/All DL and IDL number of people of each factory

DL and IDL Per Capita Training Hours Distribution of Two Factories in 2017				
DL/IDL	Factory	Total Hrs	People	Per Capita Hrs
DL	LongTan	10434.7	371	28.1
DL	YangMei	5574.35	284	19.6
IDL	LongTan	4849.05	205	23.7
IDL	YangMei	1900.25	105	18.1

Formula: Total training hours of each factory by gender/All DL and IDL number of people of each factory

#### 4. Performance Management and Career Planning

Wafer Works implement the performance management through an open performance appraisal system, which is applicable to all official employees of Wafer Works and is not subjected to gender and age. The purpose of such system is not only to strengthen the consensus of job objectives between staff and managers, but to understand the difference in the expectations and mission accomplishments between employees and managers via performance interview. We emphasize the mechanism of "Employee development is main and performance appraisal is complementary" via such system, and hope to cultivate and develop employees' personal ability and further improve the company's competitiveness and overall organization performance.

In order to make personal and company development supplement each other, all employees are required to define personal learning development plans in November every year in accord with departmental development objectives of next year. Objectives and job functions are clearly written in personal annual review records according to personal career development perspectives. At the year-end review, the objectives, work content and learning programs defined in the beginning of the year are confirmed their execution performance. HR division plays a key role in the implementation of educational trainings and assists employees (including newcomers and transferred) in the elevation of professional knowledge and skills. The training plan of next year is defined via the annual training survey and planning at the end of each year and with the deployment of the training courses, the employees' professional technical ability is hereby enhanced.

### 3.3 Employee Benefits

Wafer Works has always upheld the belief that employees are the most important asset of the company, and has planned a diversity of benefits to attract and retain talented employees.

- Newcomers will be given 7 days of annual leaves after passing the certification of probation
- Stock option (by cash capital increase)
- Mid-year bonus (Dragon Boat Festival and Mid-Autumn Festival) / Year-end bonus
- Gift certificates for Labor's day/Dragon Boat Festival/ Mid-Autumn Festival/Birthday
- Employee's infirmary
- Meal subsidy
- Club subsidy
- Staff dormitory and the accommodation subsidy
- Marriage, funeral and maternity benefits
- Employee health check (superior to the laws and regulations)
- Employee travel or subsidies
- Year-end party
- Free employees group insurance (life insurance, injury insurance, accidental insurance, medical insurance, hospitalization, cancer insurance, occupational disaster)/insurance expense discount for family dependants

In accordance with the law, on the day of reporting for duty, employees are insured labor and heal insurance. In addition, the company also provide group insurance for all employees as well as travel and overseas business trip insurance. Weekly insurance company's on-site service is arranged to provide related consulting services for all staff.

We also have:

- Staff Cafeteria



- Staff leisure and fitness center
- Welfare association
- Basketball court
- Tennis court
- Library

For staff to relax body and mind when off-work.



- Parental Leave

We offer parental leave according to the regulations of the gender equality law and the labor standards law. Employees that are eligible, i.e. have been working over 6 months and with kids under the age of three, can apply for parental leave w/o pay along with our service of applying for parental subsidy from Labor Insurance Bureau on their behalf. During the parental leave period, the company affords the expense of labor and health insurance, retain their positions and contract with temporary worker for covering their works until their return after leaves without arbitrary adjustment or lay-off. We provide options to advance or postpone reinstatement which let the staff with the need of parental leaves to be free of worries.

- Pension Scheme

The pension scheme of Wafer Works follows the related laws and regulations as well as our retirement rules. Employees reported for duty on and before 2005/6/30 can choose either the new or old pension scheme at their own will, while for employees reported for duty on and after 2005/7/1 are mandatory to follow the new pension scheme according to the "Labor Pension Provisions".



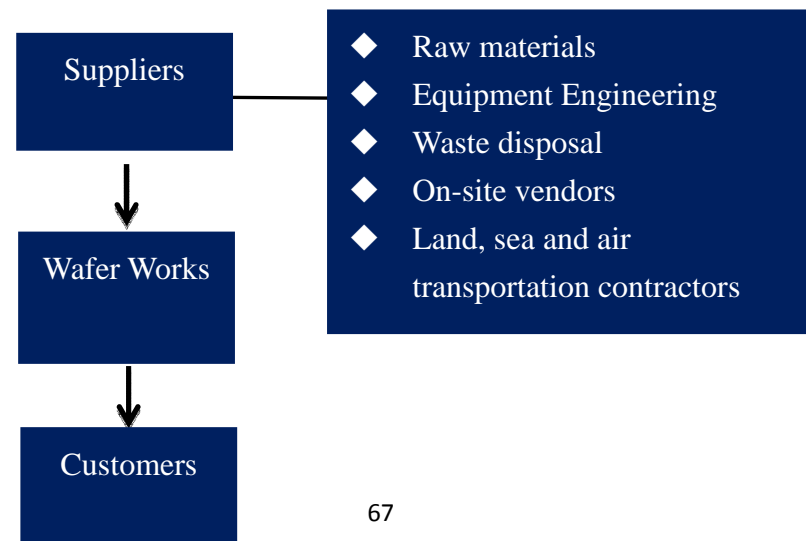
## Ch4 Partnership



### 4.1 Interaction with supply chains

Wafer Works actively invests labor and resources in the investigation and confirmation of raw material suppliers as the control of internal hazardous material information. We incorporate environmental protection principle into the supplier management mechanism. According to the RoHS regulations and the provisions of banned substances (QS-2-702) demanded by customers, Wafer Works requests key and important material suppliers to use raw material and packaging material complying with environmental protection related specifications as well as no use of metal materials produced by the countries listed in Conflict Metals. Together with our suppliers and partners, we jointly seek and develop better and more environmental-friendly green products and through procurement to contribute for local social economic development. To ensure the compliance with our demands for all key and important material suppliers, Wafer Works holds regular assessments and reviews of suppliers for their compliance level, and should there is any incompliance item the supplier is requested to improve it.

#### Supply Chain Organization



The suppliers of Wafer Works consist mainly of raw materials suppliers, equipment engineering suppliers, waste disposal vendors, on-site vendors (such as security, janitors), and land, sea and air transportation contractors, which are mostly with long-term cooperative relationship. Unless there is a significant change in demand or supply that requires seeking new suppliers or adjusting procurement ratio, we keep good purchase relationship with our suppliers.

**Structure and raw material supplier management policy are introduced as follows**

Raw material supplier attributes	Definition	Management Strategy
One and only supplier	The raw material is produced exclusively by one and only supplier and no other supplier can replace it.	Strive for the best quality, delivery, service, price, and other aspects of cooperation.
Single supplier	Such raw material can be supplied by different suppliers, but due to the difference of product property Wafer Works only certified one supplier in line with the property demands.	Strive for the best quality, delivery, service, price, and other aspects of cooperation. * Early involve in the cost analysis strategy. * Promote SECOND SOURCE program.
Multi-supplier	Such raw material can be supplied by different suppliers and Wafer Works has certified multiple suppliers.	Strive for the best quality, delivery, service, price, and other aspects of cooperation. * build a competitive supply environment. * Filter manufacturers, eliminate the weak and keep the strong ones. * COST DOWN and risk dispersion.

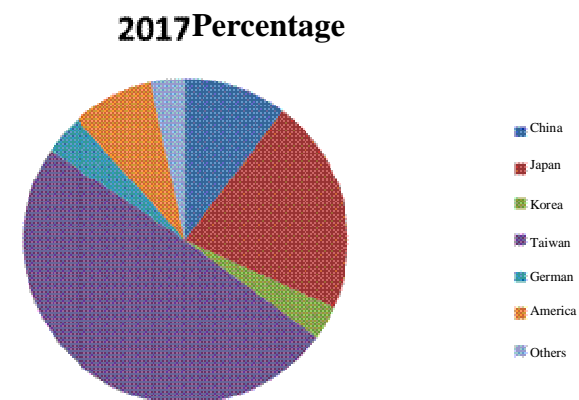
Presently the main area of procurement of Wafer Works is Taiwan. In order to facilitate healthy operating activities, we cooperate with each procumbent partners to actively promote CSR and green purchasing as well as the implementation of material supply localization to support the development of local suppliers with actual movements, which reduce not only the cost of air and sea transportation but also the carbon trace generated during the material shipping process. We insist on the mechanism of environmental protection. Other than recycling and reusing Pallet and PP cushioning materials, the corner protector for the raw material is made by the recycled material and replaces the heavy commodities barreled cutting fluid for Tank-packaging ones to reduce the cost and the consumption of goods.

\*The recycling percentage for Pallet and PP cushioning materials in 2017\*

PP cushioning materials: 2832 (recycling) / 82630 (total usage) \*100% =9.9%

Pallet: 609/3739\*100%=16.3%

Country	2015 Percentage	2016 Percentage	2017 Percentage
China	7.5	7.7	10
Japan	20.3	20.4	21.6
Korea	2.3	2.8	3.4
Taiwan	56.4	56.3	49.3
German	4.5	4.2	4.1
America	6	5.6	8.1
Others	3	3	3.4



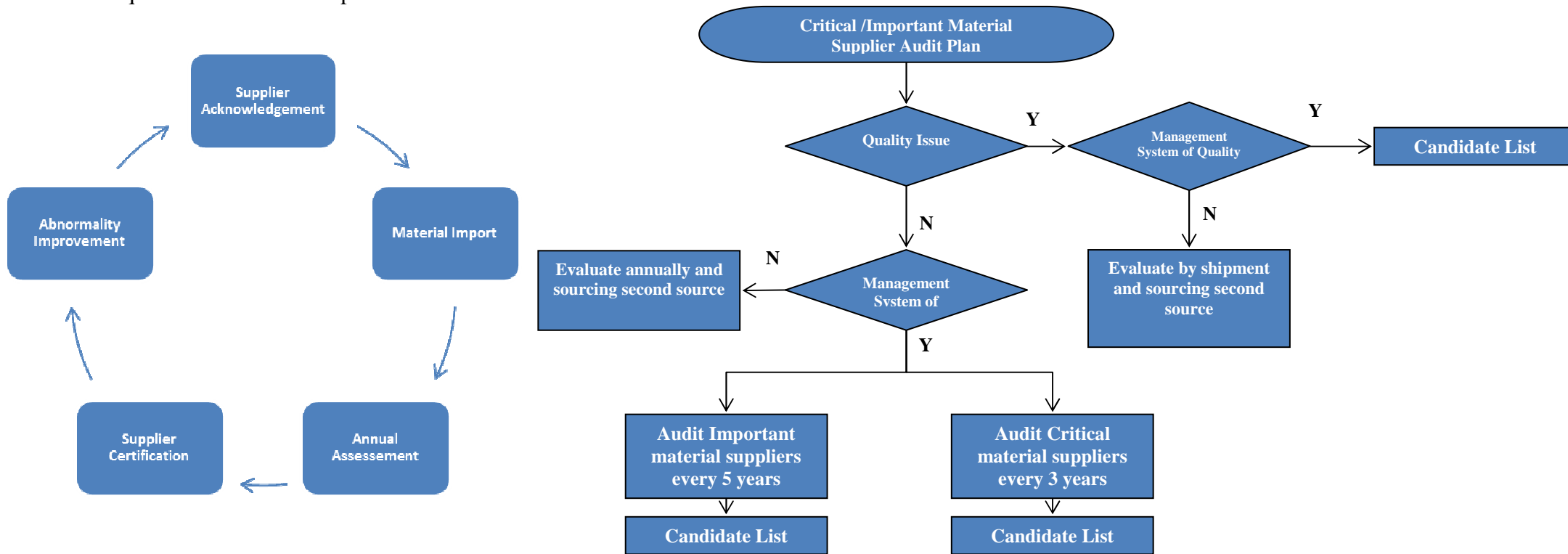
### Management System of Suppliers

For every purchase, Wafer Works Corporation has requested upstream suppliers to comply with RoHS standards, related labor safety qualifications regulated by our nation, ISO qualified, and standard conditions of notices and drawings along with cargos to notify hazardous substances. And suppliers must duly recycle used containers or carrier assistive devices. Certification of non-radiative pollution shall be enclosed with every cargo. These regulations to be strictly followed are stated on "Price Inquiry" and "Purchase Order". And the above forms are expressly stated with corporate standpoint of adherence to the spirit of sustainable operation as well as compliance with principle of fair trade. The company dedicates itself in requesting trading manufacturers to conform to requirements of environmental protection, labor safety, and human rights. In case of any non-compliance with regulations, cargos shall be rejected for acceptance and the supplier will be listed on supplier assessment operation as punishment. Besides, in response to the subjects of international human rights to be gradually emphasized, purchased all materials, parts, or products with metal ingredients shall be investigated in detail for the compliance with "Conflict Free Metals" to ensure all raw materials purchased are from legal sources. Safety of working environment, protection and respect for rights and benefits of employees, consolidation of prevention for pollutions out of production processes and products, fulfillment of duty of social responsibility can be assured. As for the waste dealer each year we will do the on-site audit for all the waste dealers to make sure they take care of the wastes based on the law and all the wastes are properly handled.

### Vision of Supplier Management

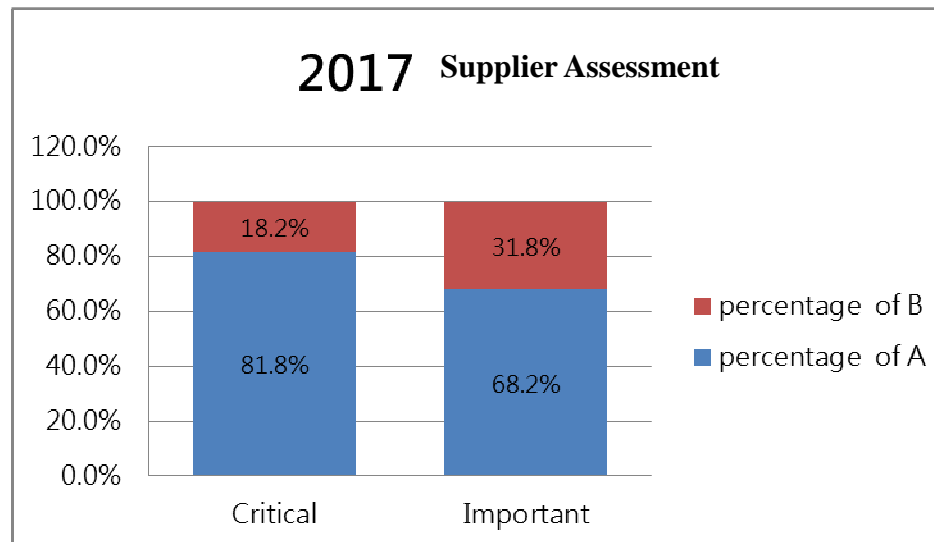
The vision of supplier management of Wafer Works is to strengthen product quality, supplier management effectiveness and the balance of quality cost through the cooperation with suppliers, and to further improve the customer service efficiency and satisfaction in order to attain a win-win situation by building a supply chain partnership with customers and suppliers.

The supplier management works under the logic of "keeping the strong, weeding out the weak". After acknowledging a supplier, the documents, incoming material quality, delivery schedule control, etc., shall be recorded as the reference for annual assessment by engineering, purchasing and QA departments. Also, the internal supplier audit plan is implemented for certification. Once there is any abnormality found, the supplier is requested for constant improvement.



### Annual Supplier Assessment Result

There are 44 key and important material suppliers participated in the 2017 annual supplier assessment. The assessment result showed that nearly 80% of the suppliers are of Grade A and over 20% of them are of Grade B. In order to verify this supplier assessment result, based on the supplier annual audit plan we selected 11 suppliers among all the suppliers for verification, the result of which displays a compliance with the assessment result.

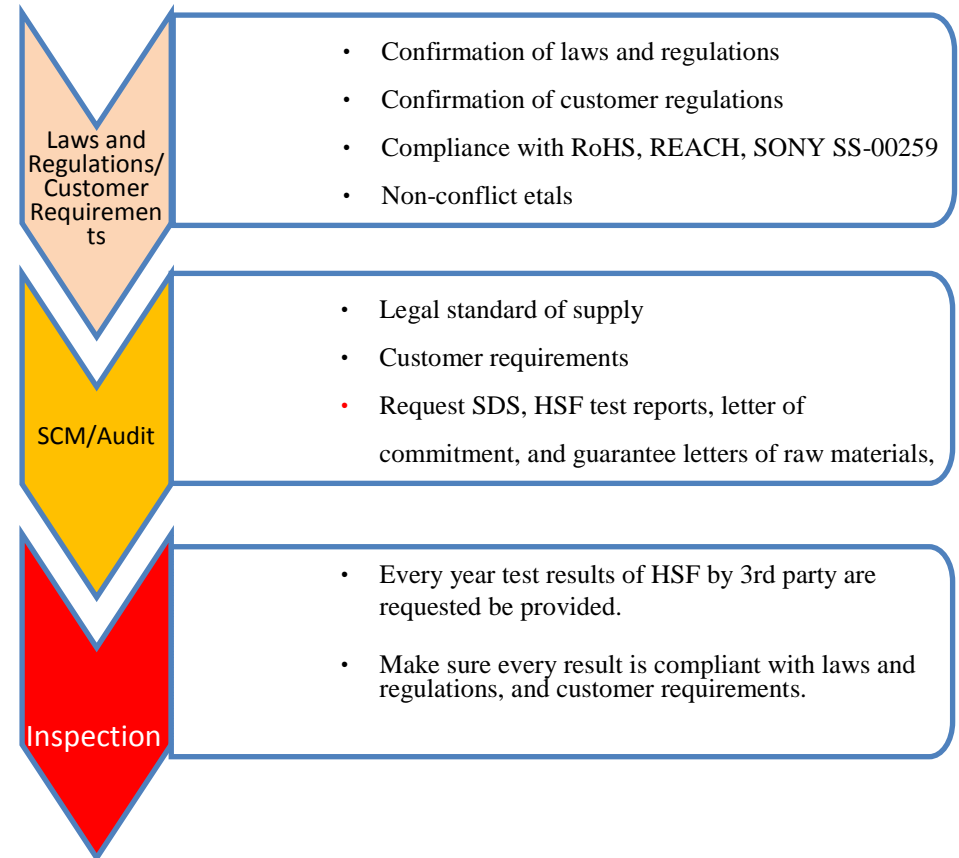




## Green Materials

In accordance with requirements from RoHS, REACH, and customers, every year the company requests 3<sup>rd</sup> party inspection reports, letters of commitment, guarantee letters from suppliers to make sure related materials are compliant with these requirements including RoHS, REACH, SVHC, heavy metals, or other chemicals harmful to human body or environment. All the test results are N.D. (Not detected) to ensure corporate products are non-toxic and non-hazardous to human body and environment.

The company continues to promote green procurement by requesting guarantee letters from suppliers of raw materials and packaging materials to guarantee their products don't contain any environment-hazardous management substances. Also test reports are requested to be provided to make sure products are compliant with related laws and regulations of demands from customers, and letters of commitment are requested to be provided by suppliers of raw materials and packaging materials to guarantee non-using any of all materials within conflict areas on all of their products. The company has formulated administrative measures for green associated substances to be categorized as directions of supply chain management, raw materials, and inspection on packaging materials, verification on products, internal audits, and survey by customers for the execution of administration. Furthermore, notifications of updated version contents focusing on customer-concerned laws and orders (such as RoHS, Sony SS-0259...etc.) of hazardous substances shall be announced through Knowledge Management System (KM) among staff. In accordance with laws or orders, the company shall conduct identifications of products compliances to make sure all concerned substances are under control and are compliant with RoHS, REACH, and requirements of customers to meet green product standards and mitigate influences on natural environment.



## Green Procurement

The use of products with labels of environment protection may reduce consumption of resources, and mitigate pollution of environment and impact on the earth. Based on the responsibility as a global citizen, the company proactively promotes procurement of green products to duly perform duty as social citizen of enterprise. In order to preserve environment of earth and consolidate green product policy, suppliers of materials must submit inspection reports by lot or regularly to prove the products supplied compliant with related international laws and regulations regarding non-use of restricted substances and customer requests so as to fulfill the idea and commitment of green supply chain management.

## Conflict Mineral Issues

Wafer Works has incorporated the “Conflict Minerals” into the supplier management policies. As citizens of the world, Wafer Works declare and promise not to accept the use of metals from mines in conflict zones. At the same time, we also require our suppliers to promise not to use metallic materials from mines in conflict zones in their products to prevent such conducts through the market mechanisms.

## Child Labor Issue

In order to become a qualified supplier, the supplier shall complete a self evaluation questionnaire provided by Wafer Works, guaranteeing no violation of child labor related laws and regulations as well as the requirements related to corporate social responsibility, and upon discovering the foregoing violations in relevant operation points or suppliers, improvement activities shall be taken.



## 4.2 Customer Service

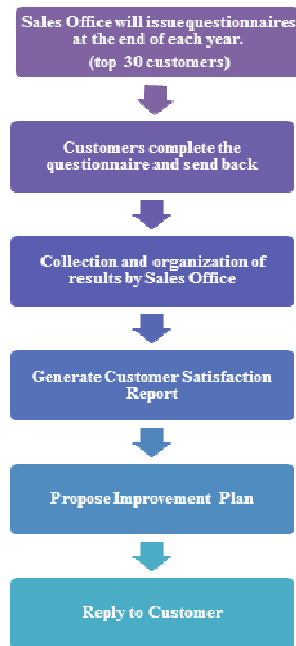
Wafer Works based on the concept of "customer first" and provides an one-stop-shop service for fulfilling customers' current and future needs!

### Service Satisfaction Implementation Principles

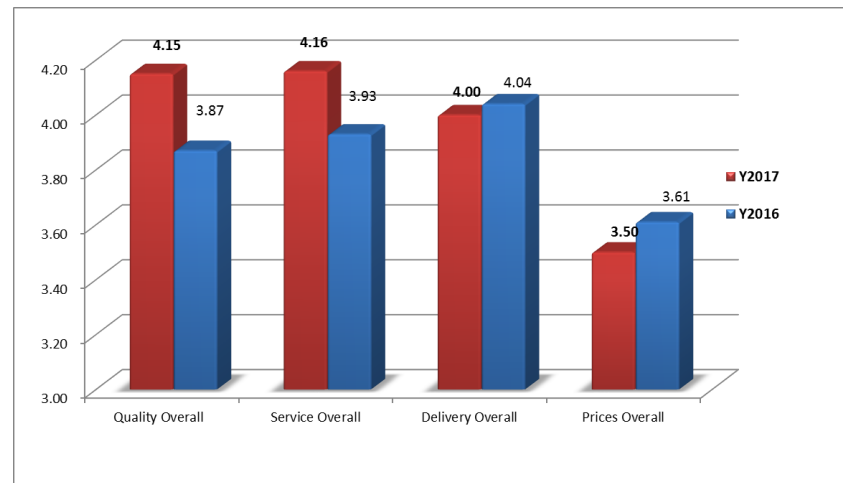
With the top 30 customers in sales volume as main questionnaire objects, sales representative will issue questionnaires or conduct telephone interviews to obtain effective responses from the customers. The responses will be analyzed and reviewed during the monthly quality meetings to obtain customer satisfaction. Responsible departments will be appointed to propose improvement plans and to ensure the implementation. The implementations will then be replied to the customers.

In addition to the annual satisfaction survey, there is a "Customer Quality Report System" to completely record quality issues, which will be confirmed and reviewed in a temporal meeting involving all related personnel. Also, actions and status will be constantly traced in the weekly quality review meeting.

#### Customer Satisfaction Management Process Table



#### Result of 2017 and 2016 Satisfaction Survey



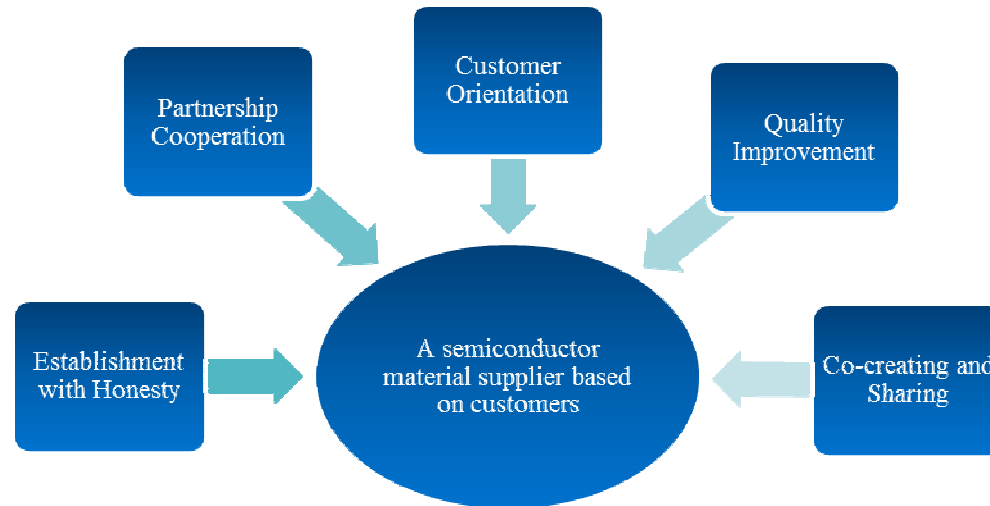
### The Score of Customer Satisfaction Survey of

2017--- **81.49**  
 Year 2016--- **80.08**

Company set up relevant continuous improvement projects, including quality, service, delivery, price, etc., to make improvement and raise customer satisfaction.

## Customer Privacy

"Establishment with Honesty" is one of Wafer Works' business philosophy. Before doing business with the customers, a NDA will be signed between both parties to ensure no information leakage. Therefore, Wafer Works Corporation has not been complained about related circumstances about invasion of customer privacy or loss of customer data.

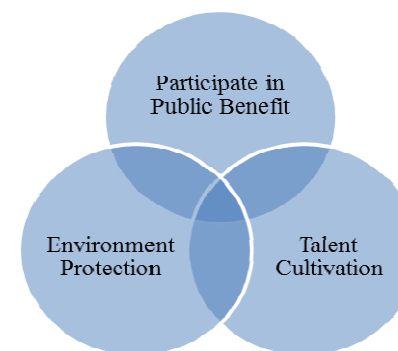


A semiconductor material supplier based on customers



## Ch5 Social Concern

Wafer Works holds the ideals of giving back to society, co-existing with community and sustainable operation in participating public benefit activities, protecting environment, giving back to neighborhood and supporting talent cultivation and actively devote ourselves on the road of fulfilling corporate social responsibility.



Social welfare implementation results in 2017	
Project	Implementation results
1、Public Benefit Activities Participation	
1、In response of invoice donates or Gathering of charity goods and materials	Invoice donates / 4 Times, 391Pcs Goods and materials donates / 1 Time
2、Sponsor community activities	Sponsor / 6 Times, NTD\$ 28,000
3、Blood donation activity was held	Blood donation / 1 Time, 27,000 C.C.
2、Environmen Protection	
1、The cleaning for surrounding Yang Mei Factory	Day
2、"Everyone Comes & Cleans Our Homes" held by SIPA	Year

## Community Activity Participation

To empathize with the hardworking of colleagues and gain the relationship with each other and build up the team work, we have held three Consensus camps to get the Wafer Works family closer.



➤ Sponsor community activities:

In order to build well relationship with communities, Wafer Works Corporation adheres to philosophy of good-neighborliness and proactively participates in community activities to improve interaction with neighbors. For example, the company sponsored Party of Mid-Autumn Festival by Bade Village, Rui-Ping Village, Apple Communityn, Rui- Tang Community Development Association, sponsored activities of Folk by Apple Communityn, and sponsored Winning bonus of Dragon boat races by Bade Village. The company supports community activities to express the idea of caring for neighborhood.

➤ Participation in environmental cleaning activity held by SIPA:

In May 2017 the company participated in the environmental cleaning activity named "Everyone Comes & Cleans Our Homes" held by SIPA and stayed with community by doing our part in cleaning our homes.

## Public Benefit Activities Participation

### ➤ Gathering of charity goods and materials:

The goods we gathered including story books, stationery and storage boxes. Lovely kids in Kangfu-Lohas Preschool may need some goods and materials. Let us join the charity and bring happiness for the childhood of every kid.



財團法人桃園市樂福社會福利基金會附設桃園市私立樂活育幼院

捐物收據 物字第No. 003474

愛心專戶：財團法人桃園市樂福社會福利基金會附設桃園市私立樂活育幼院  
 郵局劃撥帳號：50248043 土地銀行：094-091-07905 電話：03-4398931 傳真：03-4393852  
 地址：桃園市平鎮區中豐路南勢二段535巷10-1號 統一編號：31538293  
 立案證號：桃園市政府社兒字第1040186585號 法人登記證號：103法登財字第10號

承蒙 美和興(股)公司 先生/女士/寶號  
 感謝您關懷弱勢慷慨捐贈如蒙收訖特此據為憑 我們衷心感謝並珍貴您的捐助 敬祝您 平安喜樂

物品名稱	數量	備註
書	30	
文具	1	

本中心開立收據以所得稅法第四條第十三款公益、慈善機關捐款可用於企業捐助費用支出商個人所得稅列舉申報項目  
 依所得稅法查核課則規定捐物收據必須檢附原始購物憑證該費才准予認列：

捐物日期：16年8月9日 身分證號/統一編號：  
 捐物者地址：□□□  
 聯絡電話：

負責人： 會計： 經手人： 徐嘉慧 104.08.5000 會



➤ In response of invoice donates:

In Taiwan, population of the disabled have exceeded 1,100,000. The major income are mostly subsidies or allowances from government. A mere invoice represents infinite hope for the disabled and their families. Let us accumulate all hopes for more disabled persons to obtain more comprehensive social welfare services. (Source of data : Eden Foundation) We gathered and donated invoices to Taoyuan-Hsinchu Section at Northern Resource Center of Eden Foundation.

➤ Blood donation activity was held:

Wafer Works Corporation had the enthusiasm of "Roll up sleeve and give blood today" thus regular blood donation activities have been held. On Jul 2017, another event of blood donation was held to convene every employee of Wafer Works Corporation to give one bag of blood one-after-one for the enthusiastic charity event.



茲收到：  
**合晶科技股份有限公司**  
發票數量：  
**發票 189 張**  
捐款金額：**0 元**  
(捐款金額將以『伊甸之友』開立，以利實信。若需開立『正式捐贈收據』

伊甸社會福利基金會  
320 桃園市中壢區環西路 8

合晶科技  
32542 桃

備註：  
1.本憑證僅作為發票收受證明，不得為其  
2.如有任何問題與指教，歡迎隨時與我們

♥愛心小提醒：發票也有『有效期限』囉

伊甸社會福利基金會  
320 桃園市中壢區環西路 83 號 5 樓 494-7341#137 資源中心 寄  
合晶科技股份有限公司 行政處 范小姐 收  
32542 桃園市龍潭區科學園區龍園一路 100 號

茲收到：  
**合晶科技股份有限公司**  
發票數量：  
**發票 112 張**  
捐款金額：**0 元**  
(捐款金額將以『伊甸之友』開立，以利實信。若需開立『正式捐贈收據』請與本會聯絡。)

財團法人伊甸社會福利基金會  
北區資源中心-桃竹組敬上

106 年 12 月 12 日

備註：  
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2.如有任何問題與指教，歡迎隨時與我們聯絡。03-4947341#137 錢小姐收

♥愛心小提醒：發票也有『有效期限』囉！請不要讓自己的愛心不小心過期了。

茲收到：  
**合晶科技股**  
發票數量：  
**發票 202 張**  
捐款金額：**0 元**  
(捐款金額將以『伊甸之友』開立，以利實信。若需開立『正式捐贈收據』請與本會聯絡。)

財團法人伊甸社會福利基金會  
北區資源中心-桃竹組敬上

106 年 9 月 25 日

備註：  
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2.如有任何問題與指教，歡迎隨時與我們聯絡。03-4947341#137 錢小姐收

♥愛心小提醒：發票也有『有效期限』囉！請不要讓自己的愛心不小心過期了。



## Talents Cultivation

Setting "semiconductor talent cultivation" as our purport, Wafer Works not only constantly endeavors in the development and capability expansion of internal and external talents, but further walks into campuses to fulfill our responsibility in cultivating semiconductor talent seeds. We had carried out various academia-industrial cooperative activities in 2017.

For the "semiconductor seed" project, many academia-industrial and internship programs are held with five schools, which are NCU, CYCU, NTUT, Hakata Industrial School and Niigata Industrial School, to start cultivating semiconductor talent seeds as early as the phase of school, which enables students of learning semiconductor related knowledge and technology deeply in schooling period and intensively link to the follow-up occupational talent development. We actively do job-matching and deepen the cultivation of semiconductor technology talents to fulfill corporate social responsibility.

- To cultivate good technology talents and provide learning channels for talents, Wafer Works participates in the research and development alternative military service to develop professional/dedicated research and development manpower. We value the study and application of basic science to accumulate research and development experience.

Retention rate of Research and Development Alternative Military Service in 2017		
Factory/Gender	Male	Retention Rate
LongTan	3	100%
YangMei	5	100%
Total	8	100%

- Wafer Works Corporation utilized the cutting-edge silicon substrate on semicon components for IoT application, and executed A+ Industrial Innovation R&D Program of MOEA. Thus R&D team has started since 2015 to comprehensively visited the expertise and professors at school who have profound experiences in industry and academic fields. Professor Li Tien Hsi of NCU was one of the scholars with both academics and practices, and he was also a scholar and expert we knew through the referral by CTO, Dr. Li Tien Hsi many years ago.

Prof. Tien-Hsi Lee wanted the undergraduate students in the NCU to know the making process of Silicon Wafer in reality and experienced in person other than just from the book so on June, 2017, he again brought 30 students from the silicon material course in NCU to visit Wafer Works Corp. to get in-depth knowledge in the process of Silicon Wafer. The visiting students were so many that we divide them into three groups and gave them 30-minute explanation in each production area by different technical personnel. In the 30-minute explanation, the technical personnel talked about the design reason for each process and the relationship and the impact among them and will do a group discussion during the explanation. If the students had the questions, the technical personnel and the students can interact with each other right away and gain the learning effectiveness and memory as well as developed the knowledge and interest in Semi-conductors material making and know more about the daily routine and professional skill of the engineer.





**Wafer Works Co., LTD.**

Website: [www.waferworks.com](http://www.waferworks.com)

A Semiconductor Material Supplier  
Based on Customers





## Appendix

G4	Standards	Description	Chapter	Page Number	Notes
		<b>Organizational Profile</b>			
G4-3	102-1	Organization Name	Preface 1.2	1、6	
G4-4	102-2	Describe the organization's activities, Major brands, products and services	1.2	6	
G4-5	102-3	Headquarter location	Preface 1.2	1、6	
G4-6	102-4	Name and number of countries in which the organization operates	1.2 1.2.1	6~8	
G4-7	102-5	The nature of the ownership and legal form	1.2	6	
G4-8	102-6	The market to which the organization provide services	1.2.1	7~10	
G4-9	102-7	Inroduction of the scale of organization	1.2 1.2.1 1.3.3 3.2.1	6~8、11~13、28、 29、54	
G4-10	102-8	Any significant change in employee and employee number by contract&gender, contract&location, type&gender division	3.2.1	54、55	
G4-12	102-9	Description of the organization's supply chain	1.2.1 4.1	10、67	
G4-13	102-10	Any significant change in organization scale, structure, ownership or supply chain during the report period	Chainman's Talk 1.3.3 4.1	4、28、29、67~72	
G4-14	102-11	Describing whether the organization has precaution policies or principles for corresponding	1.2.2 2.4.2	14~17、46	
G4-15	102-12	The economic, environmental and social regulations, principles and other initiatives regulated externally but signed and acknowledged by the organization	-	-	No Initiative signed or acknowledged
G4-16	102-13	List the membership of guilds and associations or domestic/international initiative organizations in participation	1.2.4	19	
		<b>Strategy</b>			
G4-1	102-14	Claims of the highest decision maker of the organizaiton	Chainman's Talk 1.11.3.4	4、5、31、32	
		<b>Ethics and Integrity</b>			
G4-56	102-16	Describe the value, principles, standards and code of conduct of the organization	1.3.1	20、21	
		<b>Governance</b>			
G4-34	102-18	Describe the governance structure of the organization, including the committee of the highest governance association.	1.2.2 1.3.2	14~17、22~27	
		<b>Stakeholder communication</b>			
G4-24	102-40	Organizations to communicate interested parties groups	1.4.1 1.4.2	34~39	
G4-11	102-41	The ratio of total employee number under the protection of collective negotiation agreement	3.2.1	53	



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G4-25	102-42	Identify and choose the basis of communication with interested parties	1.4.1 1.4.2	34~39		
G4-26	102-43	The method of communication with interested parties	1.4.1 1.4.2	34~39		
G4-27	102-44	How to respond to the key issues and concerns proposed by the interested parties in the negotiation. The interested parties propose such key issues and concerns.	1.4.1 1.4.2	34~39		
Reporting Practice						
G4-17	102-45	List all entities contained in the organization consolidated financial statements or other equivalent documents	1.3.3	30		
G4-18	102-46	Define the process of the report content and the boundary of aspect. How does the organization follow the principle of report content definition	Preface 1.4.1 1.4.2	1、34~39		
G4-19	102-47	List all major aspects identified in the process of report content definition	1.4.1 1.4.2	34~39		
G4-22	102-48	The impact and reason for the revision of any information in the previous report	-	-	N/A	
G4-23	102-49	Describe the significant change in the major aspects and boundary of aspect comparing to the previous report period	-	-	N/A	
G4-28	102-50	Period of report	Preface	1		
G4-29	102-51	Last date of report	Preface	1		
G4-30	102-52	Duration of report	Preface	1		
G4-31	102-53	The contact who can reply questions release to the report or its content	Preface	1		
G4-32-a	102-54	GRI compliance basis	Preface Appendix	1、83~86		
G4-32-b	102-55	GRI content index	Preface Appendix	1、83~86		
G4-32-c	102-56	external guarantee/assurance	Preface	1		
Topic	Aspect of Concern	Standards	Description	Chapter	Page Number	Notes
Economic	Economic Performance (OECD)	103	Management policies	2.4.2 3.3	46、65	
		201-1	Direct economical value produced and distributed by the organization	1.3.3	28~30	
		201-2	Risks and Opportunities of Climate Changes	2.4.2	46	
		201-3	The scope of welfare program committed and planned by the organization	3.3	65	
		201-4	Subsidy obtained from government	1.3.3	28~30	
	Market Presence	103	Management policies	3.2.1	53、54	
		202-2	The ratio of hiring local residents as high level management at important operation points	3.2.1	53、54	
	Anti-corruption	205-3	Corruptive events confirmed and actions taken	1.3.1	21	In 2017, the company was proved without any confirmed corruptive incidents thus there was no countermeasures taken.
	Anti-competitive Behavior	206-1	The total and results of lawsuits resulted from any violations of anti-competition, anti-trust, and monopolistic conducts	1.2	6、7	No such case occurred
	Environment	Materials	103	Management policies	4.1	68、69
301-1			The total weights or total volumes of nonrenewable/renewable material used in producing and wrapping the main products	4.1	68、69	
301-2			The percentages of renewable material used in making and organizing the main produce	4.1	68、69	



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	301-3	The percentages of the recycled products and their packing based on the production categories	4.1	68、69		
Energy	103	Management policies	2.4.1	45		
	302-1	Energy consumption within the organization	2.1 2.4.1	41、45		
	302-2	Energy consumption outside the organization	2.1 2.4.1	41、45		
	302-4	Reduce the energy consumption	2.4.1	45		
	302-5	Reduce the energy demand for products and services	2.4.1	45		
Water	103	Management policies	2.2	42		
	303-1	Total water intaking amout	2.2	42		
	303-2	The water source that is significantly affected by the water intaking	2.2	42		
	303-3	Percentage and amount of water resource recycling and reutilization	2.2	42、43		
Emissions	103	Management policies	2.4.2	46		
	305-1	Direct greenhouse gas emissions (scope1)	2.4.3	46~50		
	305-2	Indirect greenhouse gas emmissions by energy consuption (scope2)	2.4.3	46~50		
	305-7	Nitrogen oxides, sulfur oxide and other significant gas emissions	2.1 2.4.3	41、46~50		
Effluents and Waste	103	Management policies	2.2 2.3	42、44		
	306-1	Total water dischaging by different water quality and discharging target places division	2.2	42		
	306-2	Total weight of waste by type and disposal method division	2.3	44		
	306-3	Total count and annout of severe leakage	2.3	44	No such case occurred	
Environmental Compliance	103	Management policies	2	40		
	307-1	Amount of the fines due to the violation of environmental laws and regulations , and the number of sanctions other than the ones being fined	2 2.3	40、44		
Supplier Environmental Assessment	103	Management policies	4.1	71		
	308-1	The percentages of selecting new suppliers based on the environmental standards	4.1	71		
	308-2	The real and potential negative impacts supply chain has towards to the environment and what can we do	4.1	71		
Society	Employment	103	Management policies	3.2.1	57	
		401-1	Total number and ratio of new employees and resigned emmployees according to the age group, gender and regional division	3.2.1	57~59	
		401-2	Welfare for full-time employees	3.3	65	
		401-3	Reinstatement and retention ratio after maternity leave by gender division	3.2.1	61	
	Labor/Management Relations	103	Management policies	3.2.1	53	
		402-1	Shortest period of notice for critical operation changes	3.2.1	53	
	Occupational Health and Safety	103	Management policies	3.1	51	
		403-1	The percentage of labor representatives in a formal Safety and Health Committee	3.1.1	51	
		403-2	Inductrial injury type, frequency of inductrial injury, occupational disease, percentage of loss days and absenteeism by region and gender division, and the total number of deaths on business	3.1.1	52	
		403-3	Workers who are exposed to high occurence rate and high risks of occupational diseases	3.1.2	52	
	403-4	Union agreement officially included related subjects of health and safety	3.1.1	51	No labor union established in the company	



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Training and Education	103	Management policies	3.2.2	62	
	404-1	Average training hours of each employee in each year by gender and employee type division	3.2.2	62~64	
	404-3	The ratio of employees accepting regular performance and career examination by gender and employee type	3.2.2	63、64	
Diversity and Equal Opportunity	103	Management policies	3.2.1	56	
	405-1	Classification by gender, age, minority ethnic groups, and other diversified indicators. The composition of corporate members of governing organization and all kinds of employees	3.2.1	56	
Non-discrimination	103	Management policies	1.3.4	33	
	406-1	Total of discrimination incidents, and actions of improvement taken by organization	1.3.4	33	
Child Labor	103	Management policies	1.3.4 4.1	33、73	
	408-1	Found operating points and suppliers with severe risk of using child labor, and the actions in preventing using child labor taken.	1.3.4 4.1	33、73	
Customer Health and Safety	416-2	Classification by result. The total incidents of any violations of laws and voluntary principles regarding impacts on health and safety within life cycles of products and services	—	—	The company's products are not end products
Marketing and Labeling	103	Management policies	4.1 4.2	69、74	
	417-1	In accordance with informative category of products and services classified by organization information and labeling procedures, and the percentages of important products and services which require compliances with these kinds of informative regulations	4.1	72	
	417-2	Classification by category of result. Incidents of any violations of laws and voluntary principles regarding informative label of commodities and services	1.2.1	7	
	417-3	Classification by category of result. The total incidents of any violations of laws and voluntary principles regarding marketing propaganda (including commercial, promotion, and sponsor)	1.2.1	7	No occurrence
Customer Privacy	103	Management policies	—	—	No occurrence and the company won't allow it to happen thus no specific management method has been stipulated.
	418-1	The count of complains related to the loss of customer data or the confirmed customer privacy violations	4.2	75	No occurrence
Socioeconomic Compliance	103	Management policies	1.2 1.2.1 1.3.1 1.3.2 1.4.2 2	6、7、20~26、37~40	
	419-1	The amount of the huge fines for the violation of the social and economic laws and regulations and its numbers of sanctions, other than the fine	1.2 1.2.1 1.3.1 1.3.2 1.4.2 2	6、7、20~26、37~40	
Others	Corporate Social Responsibility		5	76~81	