



2018 Corporate Social Responsibility Report

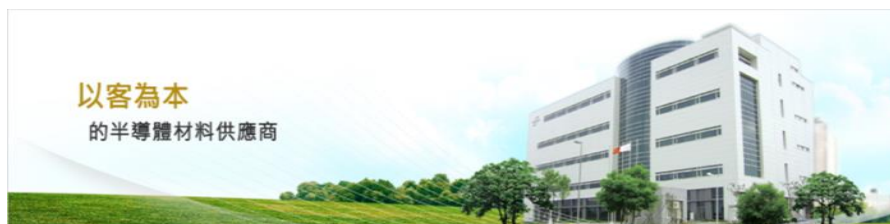


合晶科技股份有限公司
WAFER WORKS Corporation

Wafer Works Co., LTD.

2018 Corporate Social Responsibility Report





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., 2018 to Dec., 2018. 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., 2018. We will issue the Corporate Social Responsibility Report annually.

Revelation Basis

The report is written based on the core option of GRI Standards.

This report is guaranteed by British Standard Institution (BSI) Taiwan that it has met the requirement of Standard Core Option and AA1000 Type 1 Medium Assurance Level.

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.

Wafer Works Corporation

Administration

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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



Last year, the terminal market of semiconductor developed rapidly, bringing growth of wafer in both volume and total revenue both grew compared with the previous year. The performance of Wafer Works Corporation was also better than expected. Not only did it improve in production capacity, technology development and operating results, but also in corporate social responsibility, echoing the expectations of stakeholders. 2018 is the 21st anniversary of Wafer Works, and the beginning of the next 2 decades. Wafer Works will continue to work hard for “customers, shareholders, employees, environment, and society” and transform the risks and opportunities of sustainable development into the motivation of growth and competitiveness. Last year, the production capacity of Longtan 8-inch Plant reached 300,000 pieces, and Zhengzhou 8-inch Plant officially started operation in late October, making the overall monthly capacity to 1 million pieces. It was a milestone for the company, bringing rise in revenue and profit every season with an annual revenue of NTD9.21 billion. The long-term research and development of SOI is also on schedule. Wafer Works will continue to integrate new technologies and new market trends to bring innovative opportunities to the company, while insisting on the principle of “stable relationship and innovative cooperation with customer” and to continue to care for the society and environmental protection, and drive new business opportunities for Wafer Works.

Wafer Works is committed to becoming a good corporate citizen by continuously strengthening corporate social responsibility, integrating the concept of sustainable management into corporate culture and operational objectives, promoting environmental protection and energy

conservation, and implementing green manufacturing to drive continuous improvement through innovation. The company is dedicated to the environmental sustainability, to promote green plant, green manufacturing and green supply chain, to develop water management and carbon management every year, to pursue the best use of energy and resources, and to actively invest in waste reduction and pollution prevention through recycling and reuse. The traditional clean-up and disposal are transformed into the concept of effective management of resources for the implementation of sustainable production. Waste recycling, environmental protection and energy conservation are also implemented in the daily life of employees to reduce the impact of the production and products to the environment. Regarding social care, Wafer Works effectively combines the company's resources with the spontaneous love and charity of the colleagues to support the interaction between employees and the society and find more practical ways to fulfill love and feedback to the society by continuously providing resources and care for the disadvantaged groups. In addition, the company also encourages employees to participate in blood donation, street cleaning, and various social and community activities.

Wafer Works growth momentum comes from the cooperation between the industrial environment and the society. In the future, we look forward to strengthen our own advantages and actively continue to develop the orders for 8-inch ultra-low resistance wafers and 12-inch low-resistance wafer technology to offer more advanced and energy-saving semiconductor materials, become a world-class leader in specialized products (low resistance and heavy doping), expand market share and create greater performance. At the same time, we hope that we can work together with all partners stakeholders to make influence, create value for the environment and society, and achieve a more sustainable future.



Ch1 Sustainable Operation

1.1 Business Philosophy

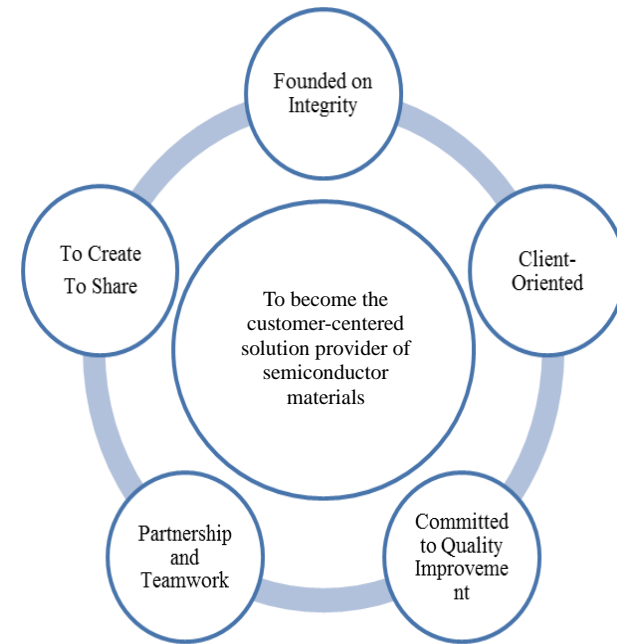
In 1986, President Mr. Chiao Ping Hai established Helitek Corporation in USA and started up business of silicon wafer which was the predecessor of Wafer Works Corporation. Also, it laid the foundations of silicon wafer development for Wafer Works Corporation. In 1997, Wafer Works Corporation was established in Taiwan; through steady development of its core business, we expand production base to six plants across the Taiwan Strait. The company has become the top 6th supplier of semicon materials in the world. In the meantime, it is the second largest manufacturer of heavily doped low-impedance products.

Wafer Works plants aim to fulfill customer satisfaction and long-term goal since the beginning; this concept has become the core value of the company - customer-oriented.

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. In the meantime, employees are the core value of the company; we recruit and retain outstanding talents with the core values of the company, and promise to create a safe and inclusive workplace to ensure that each employee enjoys a friendly working environment with human rights, skills development and safety.

Outcomes have been shared with staff. Wafer Works Corporation regards sustainable development as the highest principle and strides towards

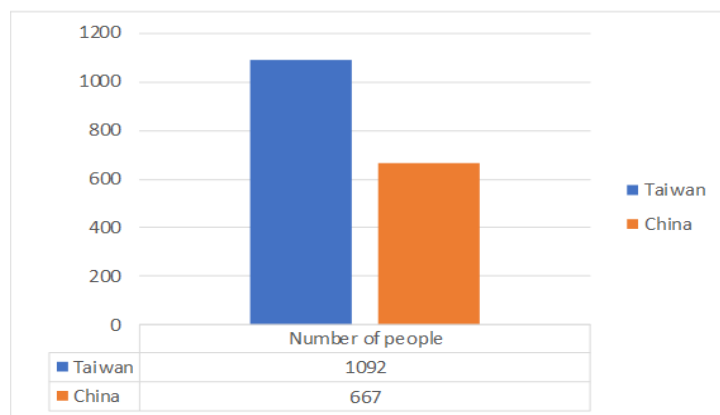


the goal of "A customer-oriented supplier of semicon materials". Meanwhile, we keep bringing positive influence to the society through the five major aspects to implement corporate social responsibility, namely corporate governance, employee care, environmental sustainability, customer service, and social participation.

1.2 Managerial Status

World Class Supplier of Semiconductor Silicon Wafer

After 20 years of hard work, Wafer Works has become the 6th 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 nearly 2,000 employees around the world. Wafer Works insists on strict operation and sales management. 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	1092	667

Company Name	Wafer Works Corp.
Establishment Date	July 1997
IPO Date	May 2005
Chairman	Pat Chiao
Number of Employees	1092
Paid-in Capital	NT\$ 5,108,984,360
Products	Silicon Rods, Polished Silicon Wafers, Epitaxial Wafers
Certifications	ISO 9001 、TS 16949 OHSAS 18001 、ISO 14001
Headquarter	No. 100, Longyuan 1st Rd., Longtan Science Park, Taoyuan, 32542

1.2.1 Global Distribution

Wafer Works (Taiwan) Corporation (WWX)

In Taiwan, Yangmei Plant and Longtan Plant were established to supply 6-inch and 8-inch polished wafers to the domestic and global market. Established in October 2018, it mainly supplies 8-inch wafer for the global and China market.

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 factories 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 (WWXY)

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

Wafer Works (Zhengzhou) Corporation (WWXZ)

Established in October 2018, it mainly supplies 8-inch wafer for the global and China market.

Representative

Japan: Tokyo Hyogo

South Korea: Gyeonggi-Do (경 기 도)

Europe: Netherlands, Belgium, Italy

Helitek Company Ltd.

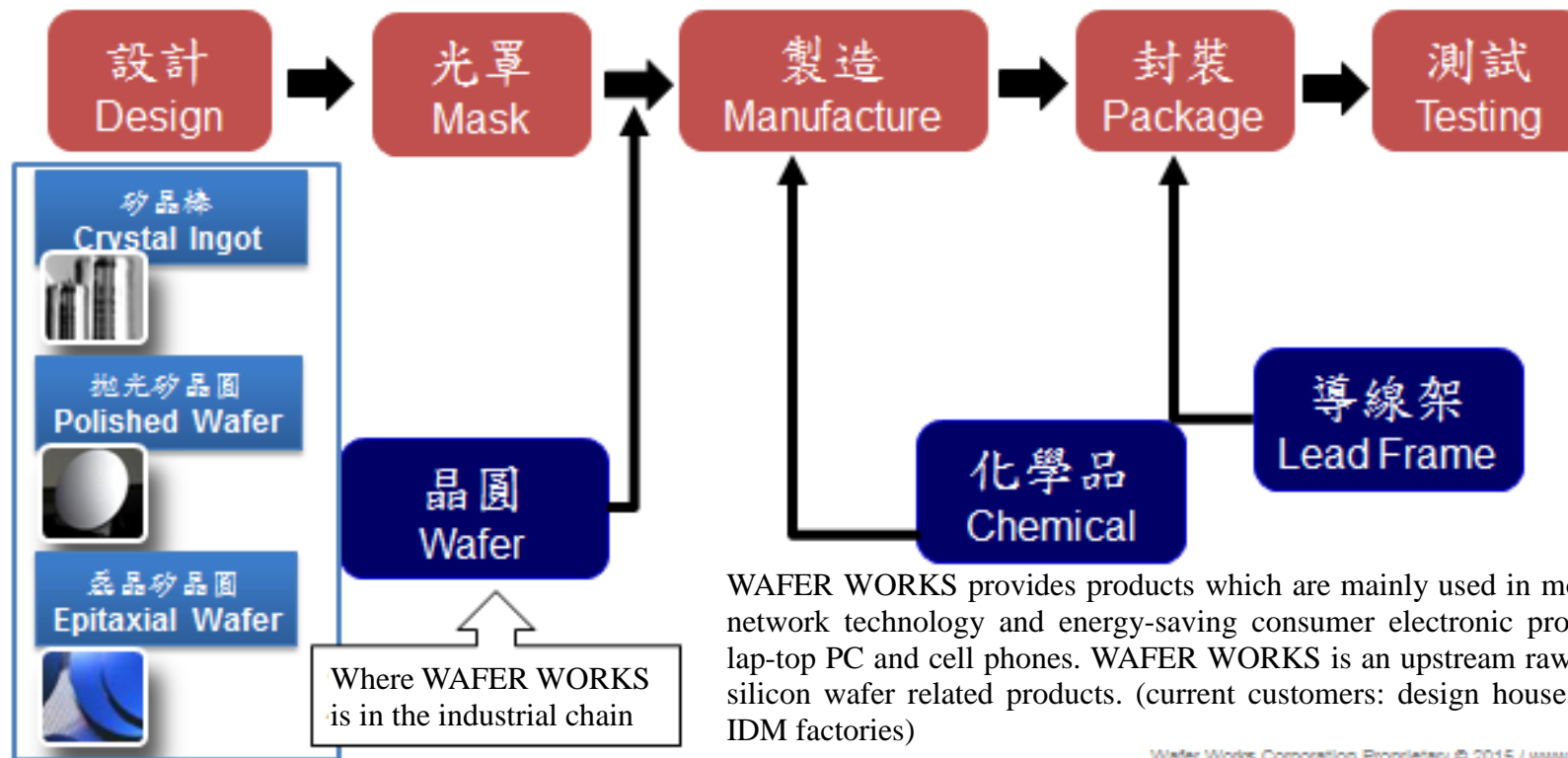
The establishment of Helitek is to obtain a more competitive cost of production and to provide better technical support for customers as well as set up perfect warehousing service and shorten the product delivery time, in order to significantly reduce customers' costs. Helitek is an important marketing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

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



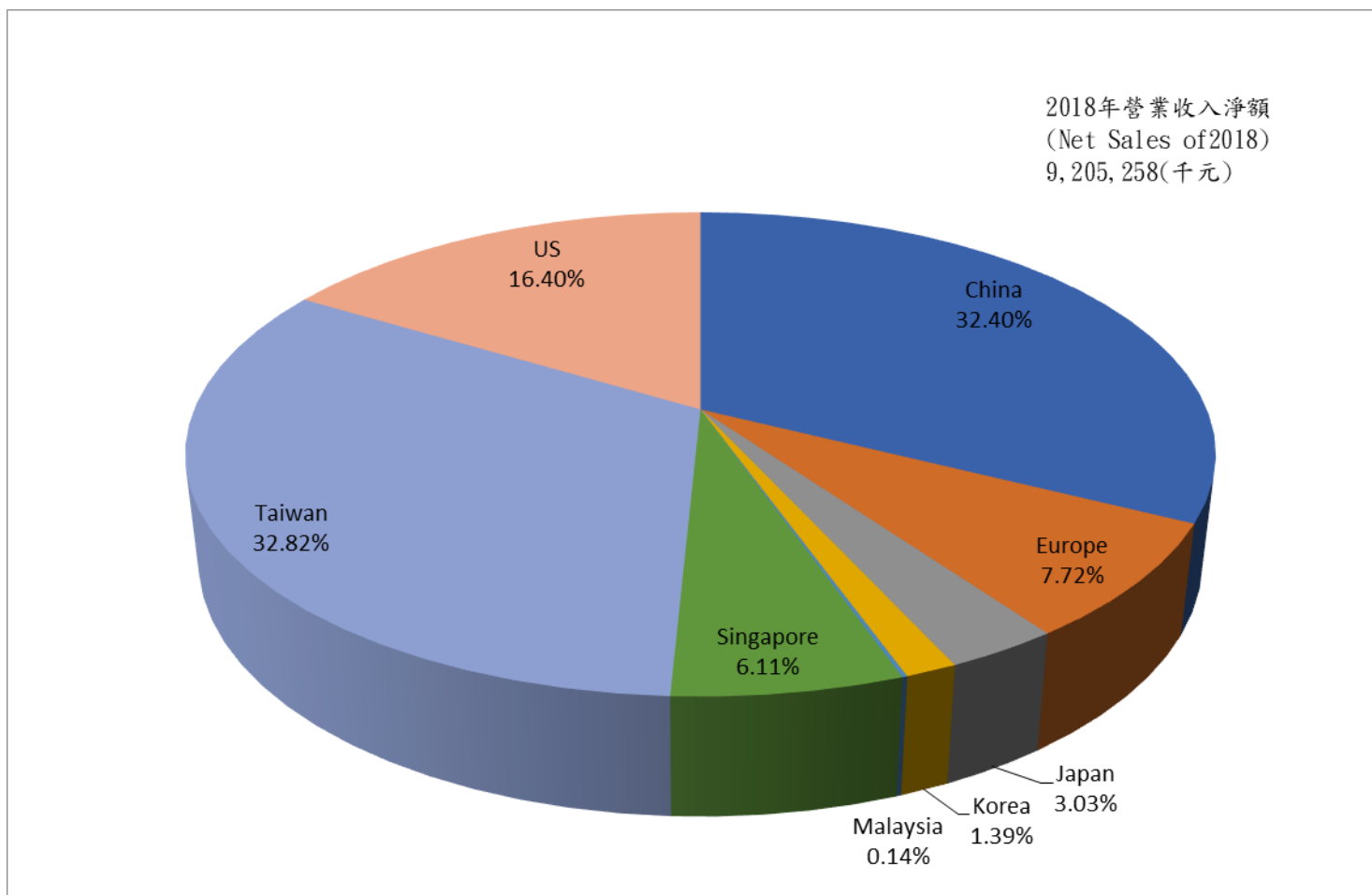
Supplier Chain of Taiwan Semiconductor Industry



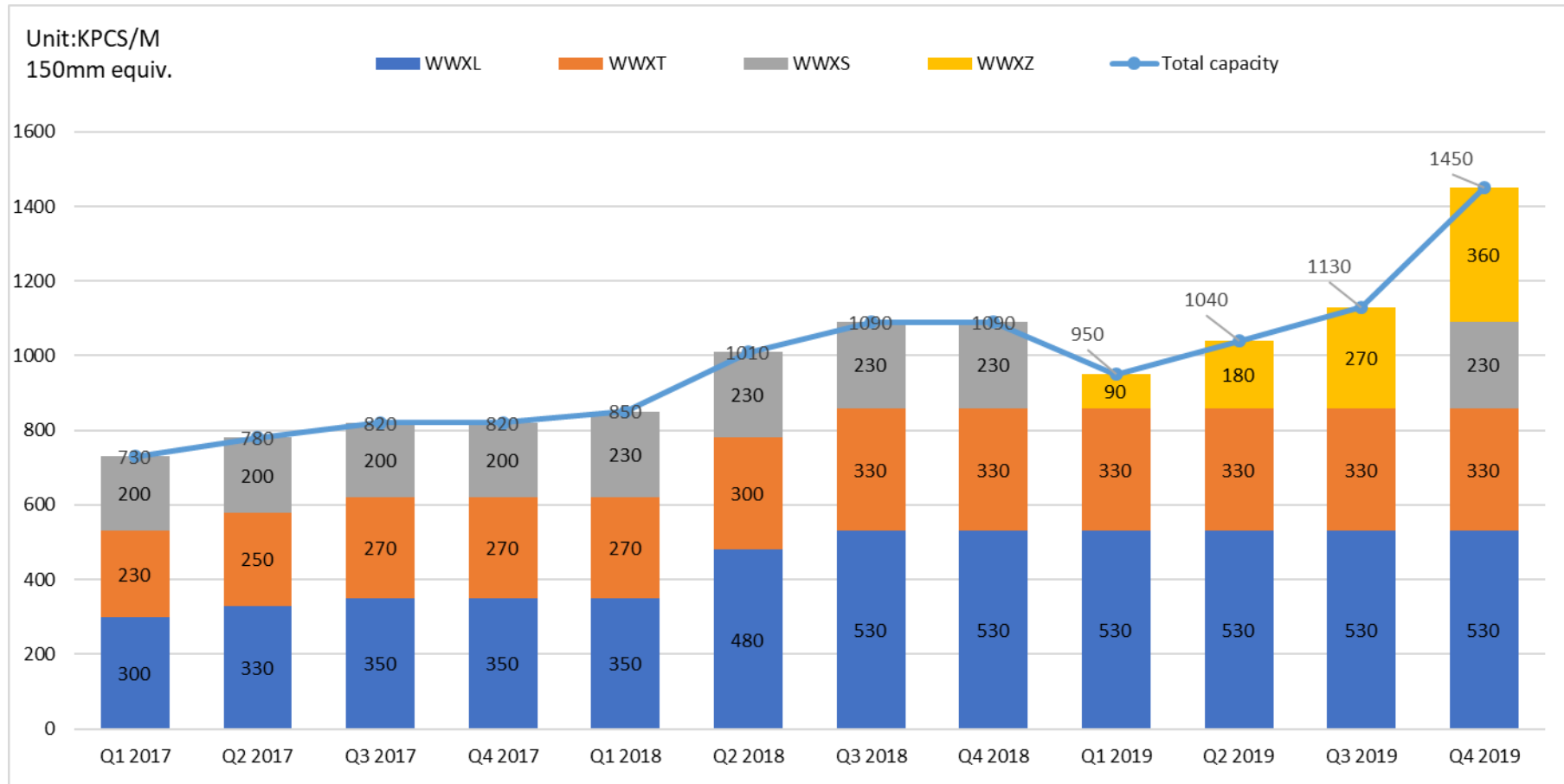
WAFER WORKS provides products which are mainly used in mobile communication, network technology and energy-saving consumer electronic products, such as LCD, lap-top PC and cell phones. WAFER WORKS is an upstream raw material supplier for silicon wafer related products. (current customers: design house,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

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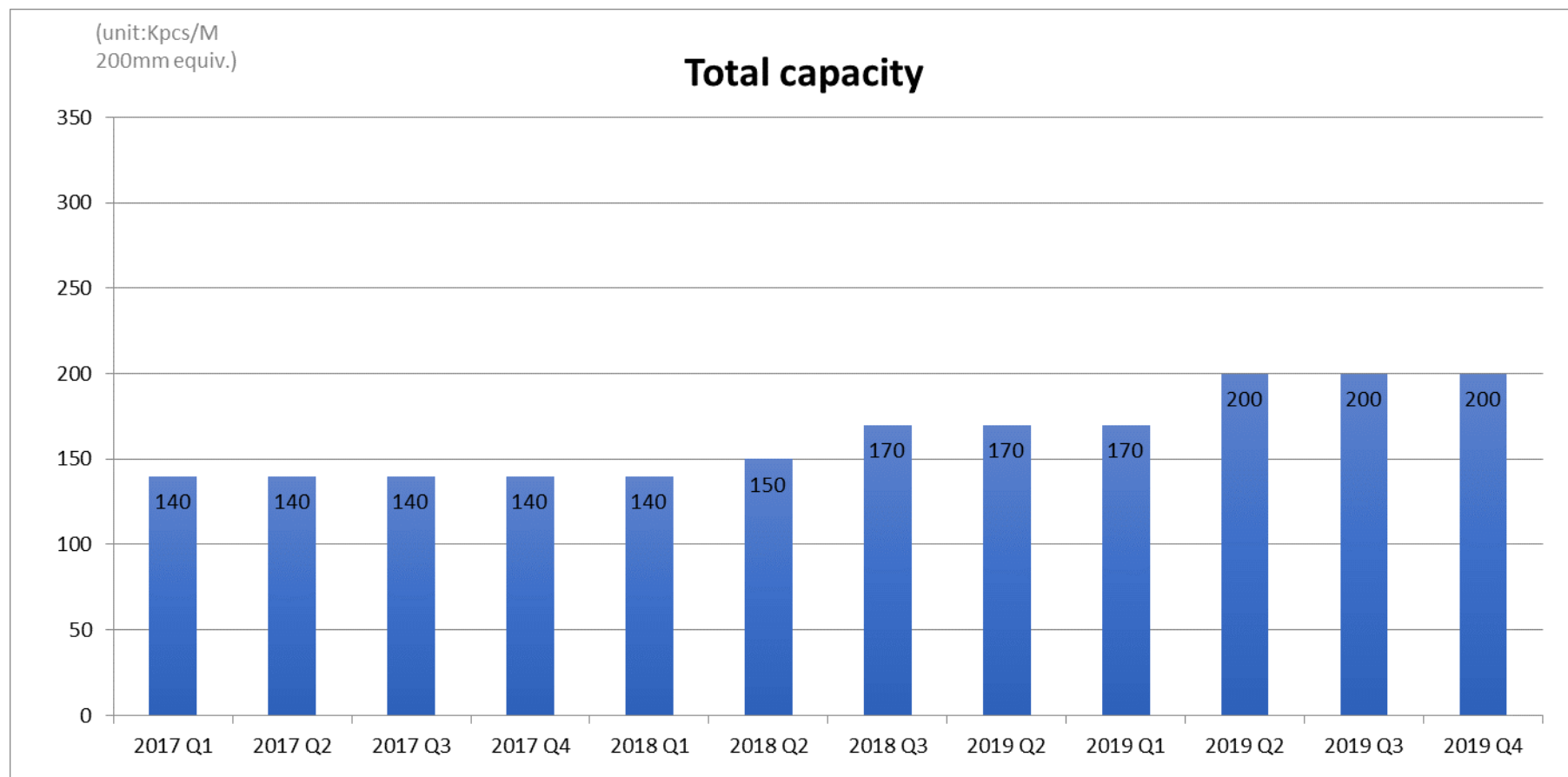
Ratio of regional net sales



Substrate



Epi



1.2.2 Operational Risk Management

Establishing a complete enterprise risk management mechanism and improving the company's ability to respond to crisis are fundamental for a company's sustainable operation and competitiveness. The ultimate operation goal for Wafer Works is sustainable operation; Wafer Works insists to corporate vision and long-term sustainable responsibility to the society, we maintain the company's image and protecting the rights and interests of stakeholders. Wafer Works actively carries out crisis response, pre-crisis prevention and drills, starting from risk management and hazard identification. (, like fire, earthquake, etc.) and protect the right of the stakeholders. In order to implement the concept of risk management for all employees, each functional unit identifies the detailed risks according to the professional division of labor, and formulates management strategies and response plans to reduce, transfer or avoid risks, so as to effectively reduce the company's operational risks.

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: In addition to improving the efficiency of discrete key components and widening the gap with competitors, Wafer Works actively develops new customers and new applications., we also actively develop P -type and MEMS related products to reduce the impact on the operation due to seasonal fluctuations.
- (2) Customer Deconcentration: Our customer is distributed in Europe, the United States, Japan, Taiwan, China and Asia Pacific region are all world-known IDMs and foundries; the revenue does not come from on a small number of customers.
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. The company regularly evaluates the market capital status and bank interest rates to carefully decides the way of financing. In terms of medium and long-term investment benefits, we actively cooperate with institutions to seek strategic targets, and timely handles non-core investment projects to strategically reduce, transfer or avoid risks.

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 reviewing various contracts and providing legal advice and assistance to all departments. Related countermeasures shall be made to mitigate associated legal risks. and to ensure that all employees from top to bottom abide by laws and regulations.

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. Through education training and advocacy, we will continue to promote high standards of professional ethics and culture. 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. Based on the results of the risk assessment, priority is given to the high risk of fire and earthquake to develop Business Control Plan (BCP) for the rehabilitation.

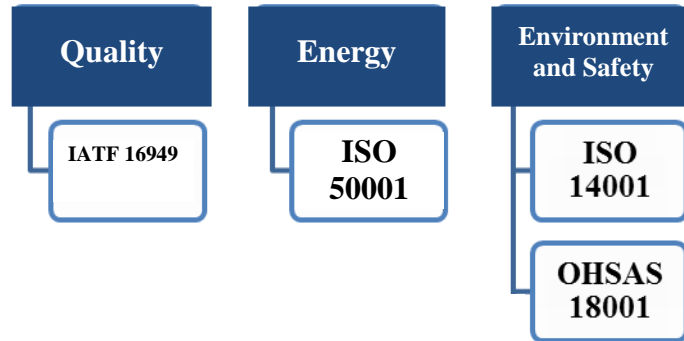
Important Risk Assessment Items	1st Mechanism	2nd Mechanism	3rd Mechanism
	Business Organizer	Risk Management Review	BoD and auditing
<input type="checkbox"/> Interest rates, exchange rates and financial risk <input type="checkbox"/> High risk high leverage investment, loans to others, endorsement, derivatives trading, financial investment	FA Div., President office	Management Meeting	BoD Meeting : Final decision and control of operational risk management
<input type="checkbox"/> Research and development plan <input type="checkbox"/> Technology and industry change	Technology Development Div., Sales Div.	Technical Meeting, Management Meeting	Audit office:
<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	Check, evaluation, supervision and improvement tracking and reports of risk
<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	Legal office :
<input type="checkbox"/> Directors and major shareholders' equity changes <input type="checkbox"/> Managerial authority change	Stock Affair office, President office	Management Meeting	Review and correction of laws and all contracts

□ Meeting management of BoD			
□ Staff behavior, morality and ethics	All Dept.	Management Meeting	
□ Personal, property and environment safety			
□ Information and communication security	IT Div.	Management Meeting	
□ Litigation and non-legal items	Legal office	President office	
□ SOP and law compliance	All Dept.	QA, Safety office, Audit office	
□ 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	UL	2020/11/12
ISO 50001	BV	2021/8/19
ISO 14001	UL	2021/4/19
OHSAS 18001	UL	2021/4/19



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. It is hoped that our own experience of sustainable management can drive the positive cycle for the industry and become the power of social uplifting. 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 WAFER 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 "RBA 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 "RBA 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 "RBA 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 "RBA 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 regular training and promotion is held twice a year to enable employees to fully understand the determination, policies, prevention programs and violations of the integrity of the company. "Honesty " is the most important philosophy of Wafer Works Corporation. There is no confirmed corruption in 2018, so there is no relevant action to be taken.

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 experiences 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 current board of directors consists of nine male directors, three of whom are independent directors, with an average age of over 50 years and a directorship of three years.

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) Evaluate the performance of the management team and appoint and managers : The board of directors shall hold at least one regular meeting every quarter in order to listens to the management team report, and judges and examines the company strategy proposed by the management team.

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	Fon Tain Belon Co., LTD	Board of Director, Jie-Jiang Co., Ltd. Board of Director, EPISTAR Co., Ltd.
Director	Lander Liu	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.
Director	Kao-Ke (B.V.I) Corporation Representative: WANG, Tai-Yuan	KaiNan High School of Commerce and Industry Owner of Gomerry Business Corp.
Independent Director	Dong-Sing, Wu	Ph. D in Electric Engineering, NSYSU Lifelong Distinguished Professor, Dept. of Material Science and Engineering, National Chung-Hsing University Professor of Electric Engineering Department /Vice President of Da-Yeh University/Director of BoD of Da-Yeh University 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.
Independent Director	FONG-YI, Lin	Master of Economics, Nankai Institute Bachelor of Accounting, Soochow University Independent Director of Grape King Bio

- (3) Important matters of resolution: Except for the matters that should be decided by the shareholders' meeting in accordance with the law or the company's articles of association, the implementation of the company's business shall be handled in accordance with the resolutions of the board of directors.

The company's directors were re-elected in 2018 to establish an audit committee according to law. The functional duties of the audit committee aimed at the supervision of the following matters:

- (1) The appropriate expression of the company's financial statements.
- (2) The appointment/dismissal of the auditor and its independence and performance.
- (3) Effective implementation of internal company control.
- (4) The company complies with relevant laws and regulations.
- (5) Control over the existence or potential risks of the company.

The company held three salary compensation committee meetings in 2018.

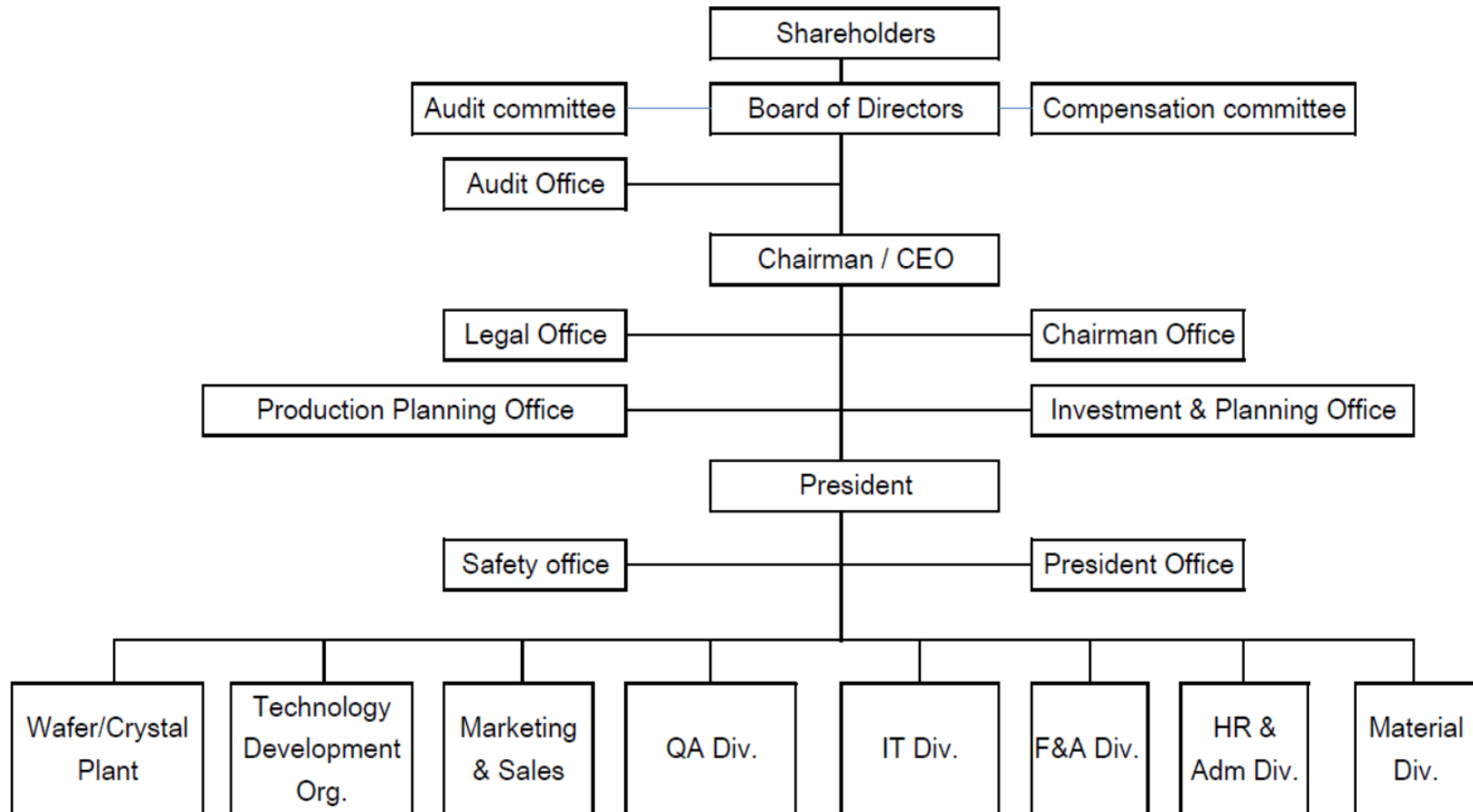
The function and duty of the Salary and Payment Committee are listed as follows:

- (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.

WAFER WORKS hold the spirit 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 2018.



Waferworks Corporation Organization Chart



Business Functions of Major Units

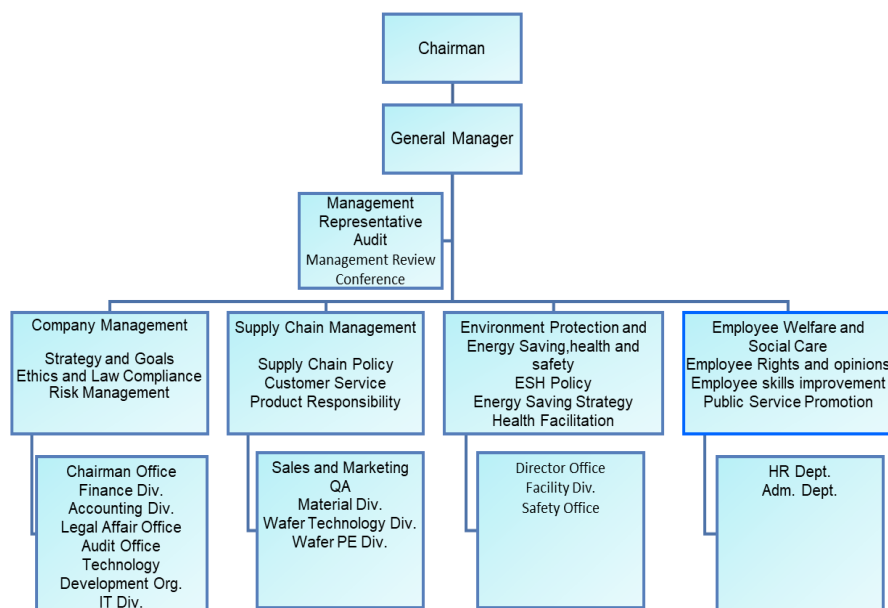
Unit	Business Functions
Chairman	<ol style="list-style-type: none"> 1. Establish the company's vision and goals, operation strategy and policy. 2. Implement the resolutions and assigned affairs made in BoD. 3. Implement the resolutions made in board of shareholders.
President	<ol style="list-style-type: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

Unit	Business Functions
Sales, Marketing and AE Center	<ul style="list-style-type: none"> (1) Develop new markets and customers. (2) Develop blueprint of product development, marketing strategies and promotional activities. (3) Coordinate group marketing planning and activities. (4) Draft annual sales plan and product pricing policy. (5) Assist collection of payment and control credit limit of customers. (6) Provide product application technical support for customers and improve customer service and satisfaction. (7) Create company revenue, profit and business items. (8) Manage and plan sales channel (9) Plan and implement company's future development strategy (10) Provide customers with professional technical service, and propose product information and strategies based on each product application (11) Planning and marketing of global market, develop new products and increase market share
Technology Development Div.	<ul style="list-style-type: none"> (1) New technology assessment and introduction. (2) Technology development for new products. (3) Create and manage external technology cooperation. (4) Planning of technical development direction.
IT Div.	<ul style="list-style-type: none"> (1) Computerization management, including planning, execution and maintenance. (2) Planning and management of network and application systems. (3) Update and upgrade of IT equipment.
Finance and Accounting Div.	<ul style="list-style-type: none"> (1) Create, maintain and execute finance and accounting regulations. (2) Management of currency, interest and financial risk; funds management.
QA Div.	<ul style="list-style-type: none"> (1) Create company's quality policy and operation system. (2) Create and execute the system of material incoming and product outgoing quality inspection standard. (3) DCC document control system establishment and management. (4) ISO 9001, IATF 16949 management system planning, maintenance, and implementation.

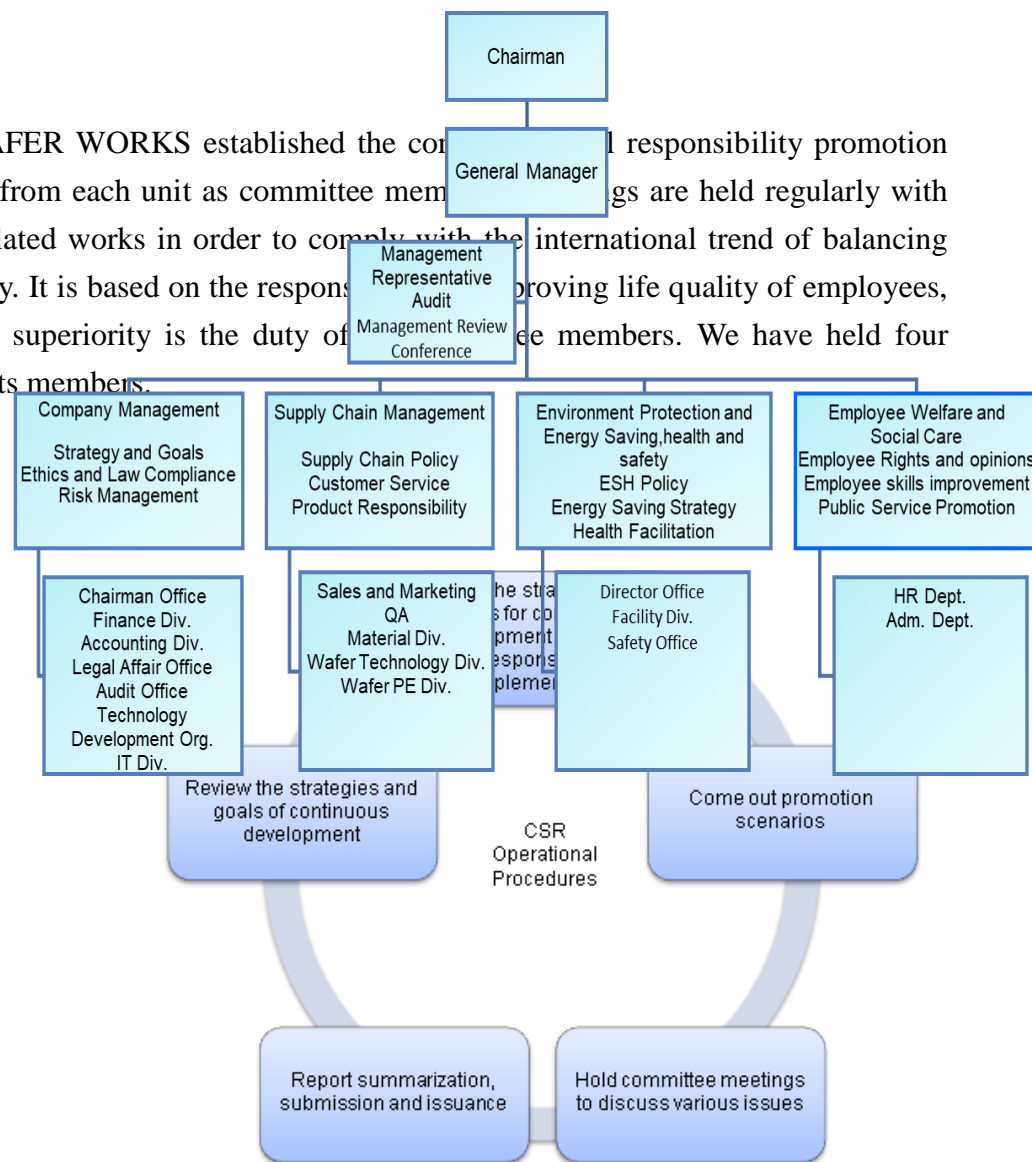
Unit	Business Functions
Materials Div.	<ul style="list-style-type: none"> (1) Inventory management, purchase equipment, raw materials and parts from domestic or foreign market (2) Assist plants to develop several sources of raw material and parts. (3) Correct account maintenance. (4) Make all unit of Materials Dept. to keep record in computers by system. (5) Planning, coordination and implementation of annual customs inventory check.
HR & Adm	<ul style="list-style-type: none"> (1) Company's organization system and job function system establishment. (2) Drive the performance appraisal system to construct a performance-oriented salary and payment structure. (3) Draft human resource plan and talent recruiting according to company's development strategy. (4) Establish the talent cultivation and learning development system and execute and manage of training plan. (5) Company's foreign affairs and public relations. (6) Establishment and promotion of administrative and general affairs. (7) Management and supervision of plant environment, security and cleaning.
Wafer/Crystal Factory	<ul style="list-style-type: none"> (1) Inventory management, purchase equipment, raw materials and parts from domestic or foreign market. (2) Process flow, equipment and manufacturing of crystal& wafer & epitaxy, and operation of the plant. (3) Process flow improvement and yield rate improvement, equipment maintenance, improve utilization rate, production scheduling, production management, quality improvement, plant system operation.



In order to proactively implement corporate social responsibility, WAFER WORKS established the CSR 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. Dept.) 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 members. We have held four meetings from 2016 to 2018 with 96% of average rate of attendance of its members.



Organization Structure of CSR Committee



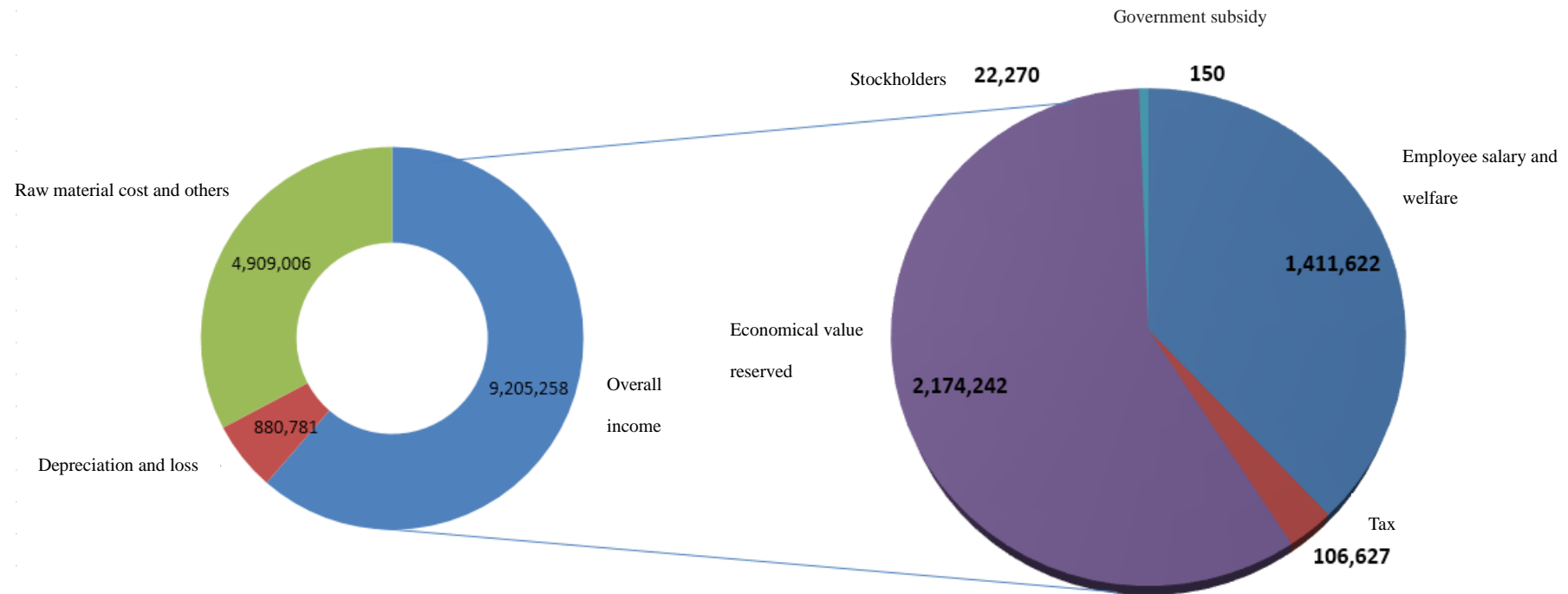
1.3.3 Financial Performance

In 2018, the wafer export volume increased by 8% compared with 2017, reaching 12,732 million square miles, with a total sales revenue of USD 11.4 billion, a 31% increase year on year. The performance of Wafer Works Group was also great that it reached several milestones in 2018, including sales volume of the 1st quarter exceeded 1 million pieces, production capacity of Long tan Plant reached 300,000 pieces in the third quarter, grand opening of Zhengzhou plant on October 26, Yangzhou plant became the group base for small and medium-sized long crystal, the new product SOI was shipment on schedule, the revenue of Shanghai Jingmeng grew greatly, and all the plants have successfully completed the annual target. The cumulative revenue of the group in 2018 is NTD 9.21 billion, which is a 44% growth compared to last year. The profit attributable to the parent company was NTD 1.91 billion, a growth of 5.3 times. And the basic earnings per share (EPS) is NTD 3.8, the highest after the financial turmoil. Gartner indicates that the production value of global Semi-conductors Industry has grown 20% in 2018. In addition, according to the research of IEK (2018/11), 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-conductor's 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 2018, 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. In 2018, significant growth has been achieved. In response to the demand for lower resistance wafer materials for automotive electronics and the IoT, Wafer Works will build Phase II Crystal R&D Center" at Longtan Plant in 2019, and continue to strengthen the 8-inch N-type Ultra-low-resistance products and the development of 12-inch N-type low-resistance single crystal rod technology to ensure Wafer Works' leading position of the crystal blending technology, and widen the gap of followers.

To meet production demand, new equipment was purchased for Longtan Plant in 2018; by the end of the year, the production capacity of the two plants was about 300,000 pieces of 6" Eqv / Longtan 300,000 pieces of 8" Eqv (about equivalent).





Unit: K(NTD)

Note: The government subsidy comes from “Taoyuan Youth Salary Employment Appropriation Program” that the company joined.

Source: From 2018 financial report.





2018 Corporate Social Responsibility Report

WAFER WORKS CORP. AND SUBSIDIARIES

				Initial Investment		Investments as of 31 December 2018						
Investor	Investee							Percentage		Net income	Investment	
Company	Company	Address	Main businesses and products	Ending balance	Beginning balance	Number of		of ownership	Book	(loss)of	income (loss)	
						shares		(%)	Value	investee company	recognized	Note
Wafer Works Corp.	Wafer Works Investment Corp.	P.O. Box 217 Apia, Samoa	Investment Holding Company	USD 52,175	USD 52,175	52,174,826		100.00%	\$3,313,235	\$325,623	\$325,804	Note3
											(Note1)	
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2 , Meishih Rd., Yangmei Townsh , Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000	500,000		100.00%	3,268	30	30	Note3
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 Preferred stockA Preferred stockB		79.16%	3,050,254	400,406	312,615	Note3
						6,970,327 33,791,198					(Note2)	
Wafer Works Investment Corp.	Wafermaster Investment Corp.	P.O. Box 217 Apia, Samoa	Investment Holding Company	USD 5,084	USD 5,084	5,083,900		100.00%	157,372	7,943	7,943	Note3
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	Trading Company	HKD 10	HKD 10	-		100.00%	(94,904)	4,337	4,337	Note3
Wafermaster Investment Corp.	Helitek 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%	157,324	12,766	12,766	Note3

Note1 : Investment loss recognized under equity method amounted to 325,623 thousand dollars and the unrealized profit on upstream sale amounted to 181 thousand dollars.

Note2 : Investment loss recognized under equity method amounted to 316,961 thousand dollars and amortization the difference of the acquisition cost and the underlying equity in the investee's net assets amounted to (4,346) thousand dollars.

Note3 : Transactions between consolidated entities are eliminated in the consolidated financial statements.

Source: From 2018 financial report.

1.3.4 Corporate Social Responsibility

Wafer Works shares a good and better future with you! We are committed to sustainable management and giving back to the community, promoting green energy and circular economy!

In order to practice corporate social responsibility, Wafer Works takes it as the core mission of the enterprise, uses enterprise resources and advantages, creates and rewards the greatest benefits and values, and shares with the stakeholders to create a better future and become the most trusted and worthy partner.

Wafer Works believes that the implementation of corporate social responsibility should start from the core of the enterprise and generate positive influence to help improve important social concerns. Wafer Works continues to care for corporate governance, environmental protection and social participation, and create partnerships with all stakeholders for the future.

In order to actively practice corporate social responsibility, Wafer Works established a Corporate Social Responsibility Committee to take sustainable development as the highest guiding principle, to grasp the overall trend of economic, social and environmental changes at home and abroad, and to continue to communicate with external consultations on CSR issues. Practical actions are taken make more external groups know about Wafer Works, and expand the scope of influence to more people in need, and fulfill corporate social responsibility and give back to society.

Look forward to 2019, global climate change and environmental issues have become a topic of concern to the international community. Wafer Works pursues sustainable development, and will continue to promote water recycling projects every year to increase the proportion of recycled water use; for waste management, we ensure the best use of resources; for carbon management and greenhouse gas inventory, we try to reduce the risks and impacts of climate change. Facing the rise of innovative technology and the uncertain operating environment in the world, Wafer Works will adhere to the business philosophy of “becoming a customer-oriented semiconductor material supplier”. In addition to continuously improving operational performance, the company will achieve a new peak in revenue. In addition, starting from corporate governance, we will take a more cautious view of the implementation of corporate social responsibility from top to bottom, and fully promote social responsibility work to create more sustainable value for the enterprises and society.

1. Improve information transparency, comply with laws and value ethics
2. Prohibition of child labor and forced labor; banned conflict minerals

3. Comply with environmental regulations, work safety regulations and energy policies

4. Respecting colleagues, sharing love and giving back to the society

Over the years, Wafer Works continued to create a friendly workplace environment for all employees to feel at ease and develop their skills at home and abroad; develop innovative and high-quality products, and at the same time reduce the environmental impact of the production process; care about the region, participate in community activities, and to enhance employees' concern and participation in public welfare, and form a good internal atmosphere. Wafer Works strives to ensure the company's sustainable growth and development through long-term practical strategic planning. In addition to continuous good performance in the industry and create value for employees, customers and stakeholders, we are more active in corporate citizenship, investing in environmental protection, human rights maintenance, supplier management, community interaction, social welfare, and every international issue that is valued, and expects to be associated with subsidiaries, suppliers, customers and others relevant party of interests can take social responsibility, and promote more sustainable development momentum to all levels for a virtuous circle and sustainable development between enterprises, society and environmental ecology.

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 development 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 environmentally 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.
Waste Reduction	Recycling rate of the whole plant reached 86%.

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. Wafer Works participates in community activities, give back to the society and care for the neighborhood with practical 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. Take care of the environment and make the environment better.
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.

Education Training

Regular training and promotion to enable employees to fully understand the company's corporate social responsibility policy, corporate social responsibility committee structure, corporate social responsibility website, stakeholder website, corporate social responsibility implementation planning and other relevant regulations. In addition to conducting corporate social responsibility training for newcomers, in 2018, two corporate social responsibility related education and training sessions were held, with a total of 1055 participants.

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 2018, 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 2018 to fulfill our corporate social responsibility.

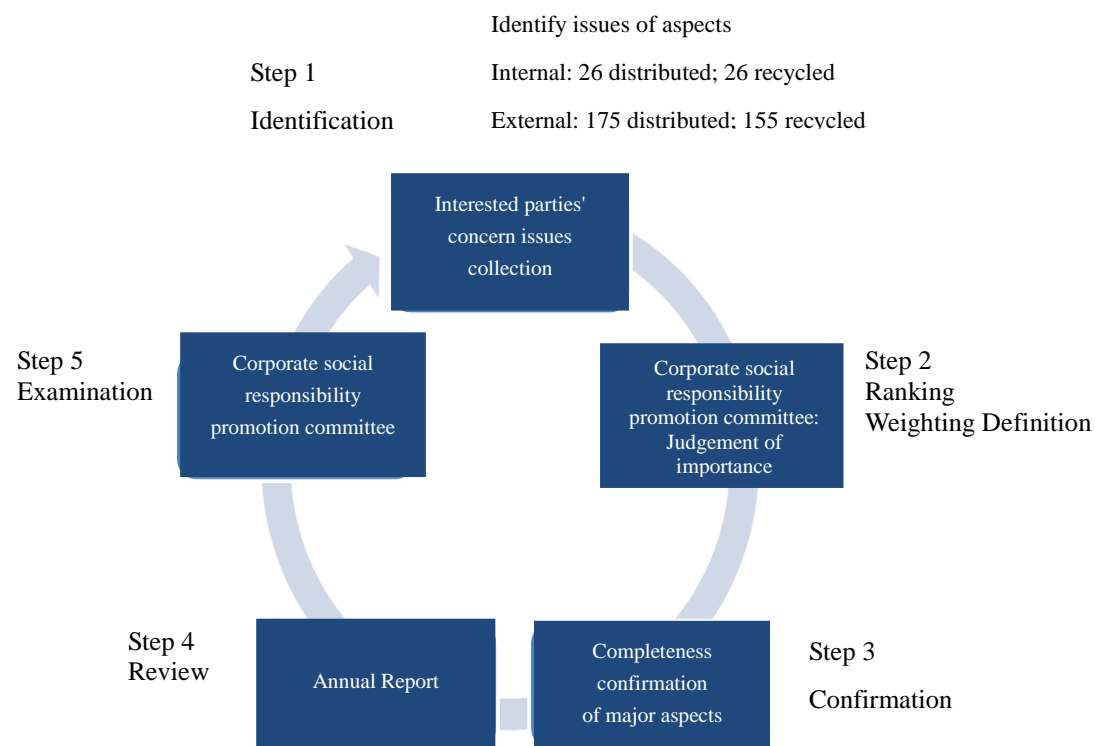
1.4 Interested Parties

1.4.1 Key Issues

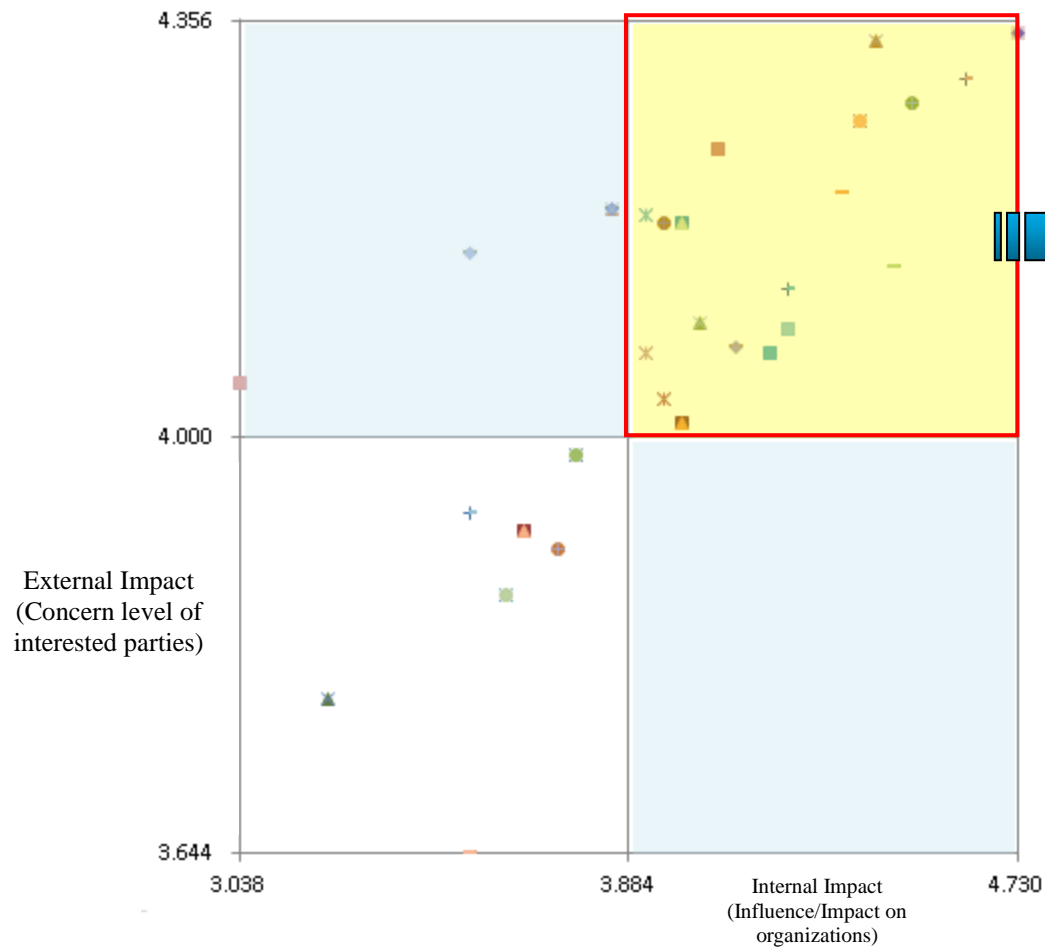
The interested parties are identified via the discussion of business management level according to company's business philosophy and business process of each department, which include employees, customers, shareholders, suppliers, contractors, community residents, social groups, government organizations, 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 155; the response ratio is 88.6%; valid questionnaire 153; invalid questionnaires 2) and internal high level managers (distributed 26 questionnaires and recycled 26; the response ratio is 100%) in order to understand the impact of each issue on company's operation.



Via a substantial analysis 22 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, 21 were decided to be major key issues in 2018 and were revealed their management principles and related indexes. There is no significant change from the 2017 report neither on the scope nor the aspects, and there is no impact on the information revision.



Concerned issues	
Economic performance	Employment
Market Status	Labor/Management Relations
Indirect economic conflict	Occupational Health and Safety
Anti-corruption	Training and Education
Materials	Employees diversity and Equal Opportunity
Energy *	Non-Discrimination
Water	Child Labor
Emissions	Forced or compulsory labor
Sewage and Waste	Customer Privacy
Environmental Compliance	Socioeconomic Compliance
Supplier Environmental Assessment	

2018 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
Economy	Economic performance	201-1・201-3・201-4	●	●	●	●	●		●
	Market Status	202-1・202-2	●	●	●	●	●	●	●
	Indirect economic conflict	203-1・203-2	●	●					
	Anti-corruption	205-1~205-3	●	●					
Environment	Materials	301-3	●	●		◎			
	Energy *	302-1・302-3・302-4	●	●		◎			●
	Water	303-1~303-3	●	●		◎			●
	Emissions	305-1・305-2・305-7	●	●	●	●			●
	Sewage and Waste	306-1~306-3	●	●	●	●			●
	Environmental Compliance	307-1	●	●	●	●	◎	●	●
	Supplier Environmental Assessment	308-1	●	●		●			
	Employment	401-1~401-3	●	●		◎			
Society	Labor/Management Relations	402-1	●	●		◎			
	Occupational Health and Safety	403-1~403-4	●	●	●	●	●	●	
	Training and Education	404-1~404-3	●	●	●		◎		
	Employees diversity and Equal Opportunity	405-1・405-2	●	●					
	Non-Discrimination	406-1	●	●		●			
	Child Labor	408-1	●	●	●	●			
	Forced or compulsory labor	409-1	●	●					
	Customer health and safety	416-1・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

While pursuing sustainable development, Wafer Works takes care of its employees, ensures the interests of investors, and values the opinions and suggestions of all stakeholders, and establishes interactions with key stakeholders through diversified communication methods, and consider positive advice on operations, finance, corporate governance from stakeholders. Through substantive analysis to understand the issues of interest to stakeholders, and fully understand the ideas and needs of stakeholders, in addition to providing the basis for the decision presented in this report, it is also an important reference for the company to formulate strategies and goals for the implementation of sustainable development planning and decision-making in promoting social responsibility.

Contract information for interested parties

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

CSR e-mail: A00@waferworks.com

Report e-mail: 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.	Environmental compliance Waste water and waste Social and economic compliance
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.	Economic performance Market status Labor Relations

	B. Investor's e-mail : public@waferworks.com	
Employee	<p>(1) Labor-management conference: Labor-management meetings are held regularly every quarter, and labor and management representatives actively participate in discussions and consultations on matters relating to the adjustment of the company's overall labor conditions, system declarations, and reciprocity between employers and employees.</p> <p>(2) Chairman's Mailbox: Provides a direct channel for all employees to respond to company-related issues at any time to the top management, but opinion with names will only be responded.</p> <p>(3) Questionnaires.</p> <p>(4) Communication and appeal mechanism: A. Appeal of sexual harassment prevention: vickyten@waferworks.com B. HR exclusive e-mail: H00@waferworks.com C. WAFER WORKS Employee Web Portal: HR Div. contact e-mail D. HR extension number: # 8200, # 8211, # 8219, # 8218</p>	Occupational Health and Safety Economic Performance Training and Education
Supplier	Irregular education, training, communication meeting and questionnaires.	Customer privacy Anti-corruption Forced or compulsory labor Social and economic compliance
Contractor	Regular audit and questionnaires.	Anti-corruption Occupational safety Waste water and waste Environmental compliance
Community Residents	Support community residents' activities or questionnaire survey irregularly.	Effluents and waste energy emission
Government Organization	Official document, Irregular workshops participation, project cooperation and authority questionnaire survey.	Effluents and Waste Water Emissions Environmental

		Compliance
Social Group	Support activities or questionnaire survey irregularly.	Labor relationship Economic performance Labor Relations Employee diversity and equal opportunities
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.	Economic Performance Materials Labor Relations
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 Relations Occupational safety Economic performance Water Labor relationship Customer health and safety Customer privacy



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®ulations 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.

Wafer Works Environmental Protection and Security Policy

Wafer Works Corporation is a professional semiconductor material supplier. In order to implement environmental and safety workplace and continuous improvement of corporate social responsibility, we are committed to the implementation of environmental and occupational safety and health management systems. In order to demonstrate our determination to support the overall goal of the company, and to convey the correct message to the employees and all stakeholders under the company's organization, we are committed to the following:

1. Follow the requirements and expectations of laws and stakeholders on environmental protection and occupational safety.
2. Develop low-impact technologies to the environmental and energy consumption, and pursue environmental sustainability.
3. Continue to improve work, reduce potential risks, and prevent occupational disasters and diseases.
4. Establish a good communication and consultation pipeline, and strengthen interaction with stakeholders, employees, suppliers, contractors and customers.

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 2018, 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. With perfect pollution prevention and control, Wafer Works was not involved in any violation in 2018.

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.

Each year, Wafer Works entrusts third-party organizations to implement air pollutant emission testing in accordance with regulations to ensure that the total emissions of volatile organic compounds (VOCs) and inorganic acids are in compliance with the “Infrared Manufacturing Air” announced by the Environmental Protection Agency of the Executive Yuan. The entire plant emissions specified in the Pollutant Discharge Standard shall be in accordance with 0.6 kg/hour.

Plant/ Contaminant Type	Volatile Organic Compounds (VOCs) (kg/ hour)	Inorganic Acid (kg/ hour)
YangMei Factory	0.03	No need to test
LongTan Factory	0.1708	0.029

Source: Fixed pollution source air pollution inspection report.

Remarks: The detection of inorganic acid in Yangmei Plant is conducted once in 5 years or regular fixed pollutant operation permit change/ transaction, so no data can be revealed in the 2018 for Yangmei Plant.

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 2018 is mainly tap water (took up 62.10% of total water source) and recycled water (took up 35.95% of total water source), while the rest is underground water (took up 1.95% 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 after treated to the SheZi River, which is not a water source or habitat protection zone and has no significant impact on the biological environment.



	2016			2017			2018		
Water Source	Tap water	Underground water	Recycled water	Tap water	Underground water	Recycled water	Tap water	Underground water	Recycled water
Sum	1,584,668	129,016	758,912	1,708,878	127,802	1,004,991	2,100,382	66,120	1,215,844
Statistic Unit: m ³	64.09%	5.22%	30.69%	60.14%	4.5%	35.36%	62.10%	1.95%	35.95%

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 is 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	7.63	5~9	7.6
COD	mg/L	<100	43.26	<500	98.18
SS	mg/L	<30	5.7	<300	33.95
F-	mg/L	<15	6.34	<15	9.55
Total Drain Water	M3	999,233		940,237	

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 equipment 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 equipment.

Water Resource Recycling Measures	
YangMei Factory	Benefit (CMD)
Reutilization from process recycling*	437.0
Recycling and reutilization of reproduced washing water*	184.0
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
LSR	
Total recycled amount	3302.4

Note: * is meter reading, others are estimated

2.3 Waste Management

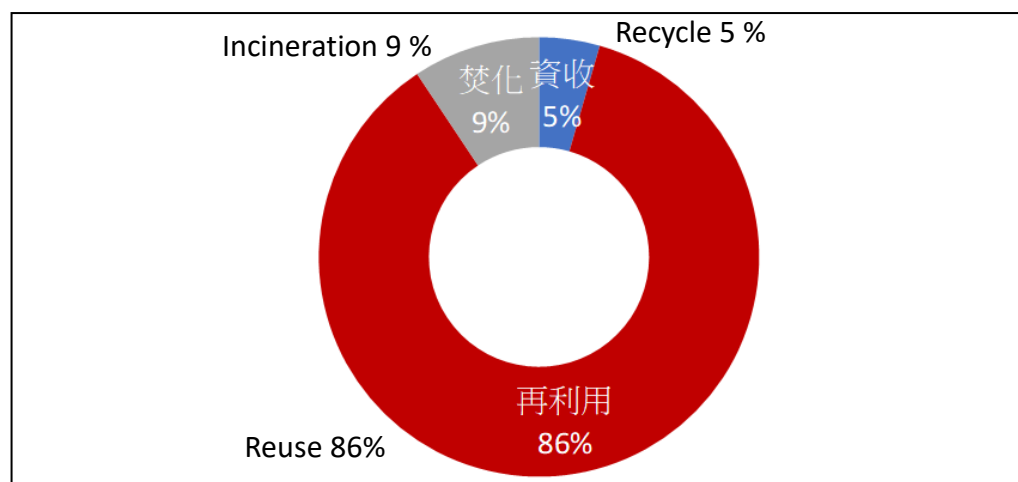
Policy	Continuous improvement and reduce environmental impact
Goals and Objectives	Waste cycling rate reaches 86%
Highlights of Program Implementation	Annually: The primary choice is reuse and recycle waste Monthly: Monitor classification of waste and implement effective management
Performance of 2018	The waste recycling rate reached 86%

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. According to the treatment methods, waste can be divided into resource waste, incinerator for general business waste, and recycling for general business waste. The output of each type of waste in Wafer Works in 2018 is as follows:

Total waste output form for 2018	
category	Weight (ton/year)
Resource waste	154.22
General business waste (incineration)	323.45
General business waste (recycling)	2949.3
Harmful business waste	11
Total	3426.97

The main recycling guidance of Wafer Works is to reduce pollution and waste disposal. In 2018, we started to work with waste management enterprise to handle empty barrels used for containing chemical materials in the manufacturing process. Through cleaning → neutralization → testing → qualified → crushing → plastic recycling and recycling methods, those empty barrels can be recycled and this obtained the approval from the competent authority. In the proportion of waste treatment methods can be seen, the recycling rate of Wafer Works waste accounted for 86%.

The ring etching process HF is recycled and reused (in 2018, the HF waste acid recovery and reuse amount of Longtan Plant was 18,390 liters, and the recycling ratio was 11.33%).



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.

	Power (millions of joule)	Diesel (millions of joule)	Natural Gas (millions of joule)
2016	415,208,416	745,530	19,866,883
2017	420,158,369	542,800	20,945,187
2018	445,760,640	391,469	20,912,771

Note: 1 KWH = 3.6 million joules

1 cubic meter of diesel = 38.79 million joules

1 cubic meters of natural gas = 37.26 million joules

2018 Energy Saving Performance

Energy Saving Measures	Power saving (million joules)
Change new pump for long crystal power saving plan (3 pumps)	392,191
Repair inverter of 5 air compressors	409,968
Improve 2 long crystal energy saving thermal field	1,404,000
Reduce outlet temperature of cooling water	667,703
Increase temperature of iced water	890,269
Turn off non-essential lighting	208,137
Close Quality Assurance Lab FFU	260,172
Total energy saving	4,232,440

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. 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 3rd party. And the emission data has continued to be managed to ensure continuous improvement of energy-saving and reduction of carbon emissions.

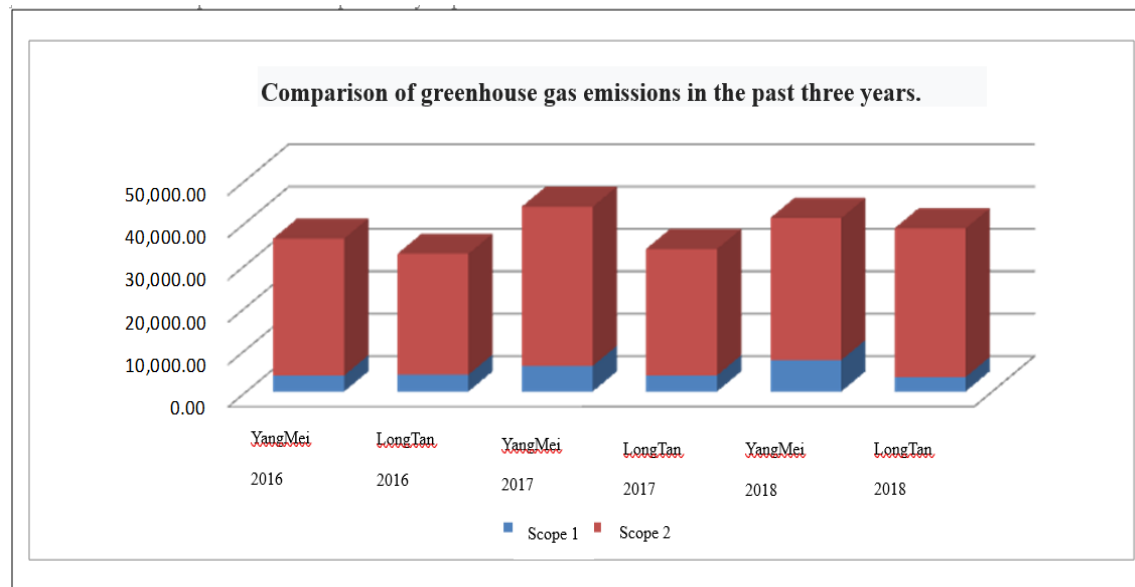
The greenhouse gas organization boundary setting method of Wafer Works adopts operational control rights. 100% of the emission sources covered by the organization's boundary are owned and controlled by Wafer Works. The EPA (Environmental Protection Administration) requires to adjust GWP to AR4 version, and mainly adopts the “emission factor method”. In addition, mass balance is adopted for some of the calculation methods. The emission factor method mainly refers to the greenhouse gas emission coefficient management table 6.0.3 published on the National Greenhouse Gas Control Platform of the Environmental Protection Agency, and the power emission coefficient of the Energy Bureau.

The total greenhouse gas emissions of Wafer Works in 2018 (Scope 1, Category 2) is 79,419.80 tons of carbon dioxide equivalent. The main emissions are from Category 2 purchased electricity, followed by process emissions sources, including Octafluoropropane (C₃F₈) and nitrous oxide (N₂O). The category 3 is mainly for other indirect emissions generated by outsourcing activities and is provided by other companies. The source of the possession or control is the main source. Therefore, Wafer Works considers the method adopted at the current international stage can only be reference for investigation.

Year	2016		2017		2018	
Factory	YangMei	LongTan	YangMei	LongTan	YangMei	LongTan
Scope1	3,768.25	3,960.27	6,021.70	3,785.16	7393.14	3384.7292
Scope1(SUM)	7,728.52		7,728.52		10,777.87	
Scope2	32,316.13	28,523.83	37,574.87	29,830.52	33,528.08	35,113.8496
Scope2(SUM)	60,839.96		60,839.96		68,641.03	

Note: Wafer Works Corporation 2018 Greenhouse Gas Inventory Management Report Wafer Works Corporation Subsidiary 2018 Greenhouse Gas Inventory Management Report

Unit: tCO₂e



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.

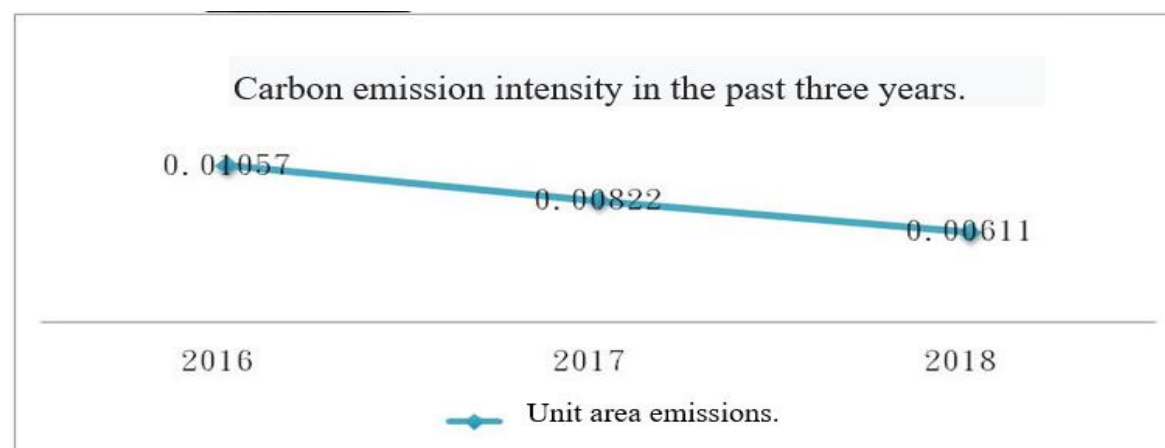
According to the results of the greenhouse gas inventory, Scope 2 is the main greenhouse gas emission source of the two plants, which is derived from the main source of electricity use. It is divided into process use, including gas nitrous oxide (N₂O) used in CVD process and the principle of using plasma. Octafluoropropane (C₃F₈) is used as two kinds of gases for process cleaning; and the cleaning process must use ozone generator to generate carbon dioxide gas for cleaning acid and alkali liquid, and the other part is fixed and mobile combustion source (such as natural gas, Gasoline, diesel) and a small amount of emissions.

In the past three years, according to the carbon emission intensity, it shows a gradual decline trend, indicating that Wafer Works has achieved considerable results in carbon management.

Wafer Works continued to meet the expectations of shareholders. The results of the greenhouse gas inventory of the two plants were verified by third-party verification agencies, and the integrity and correctness of the emissions inventory were pursued as a reference for the development of carbon reduction policies.

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Unit : tCO₂e/m²

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

Each year, emergency response drills and training courses are arranged, including: response requirements, equipment wear and use, and drills, so that employees can understand the contingency procedures and disposal methods when abnormal conditions occur, thereby reducing the damage and loss caused by abnormal conditions.

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 every quarter. 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)	17	18
Percentage	59%	50%

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 2018, which didn't meet the standard for report. In 2018, Wafer Works suffered an injury event (fall). According to the incident investigation management procedure, the incident occurrence unit and related units conducted investigations on the cause and applied corrective and preventive measures.

Year	2015		2016		2018	
Index	FR	SR	FR	SR	FR	SR
LongTan	0	0	0	0	0	0
YangMei	0	0	0	0	0.96	0.96
Semiconductor industry 2015~2016(average)	FR			SR		
	0.69			13		

* Disabling injury frequency rate (FR) = number of disability injuries x 1000000 / total working hours.

** Disabling injury Severity Rate (SR) = Disability Injury Absence Days x 1000000 / Total Hours of Work.

*** Source for the average value of the semiconductor industry: Average of the total injury index of various industries from 2015 to 2017 published by the Ministry of Labor

The indicators of disability injury of Wafer Works in the past three years

Year	Gender	Number of People	Fatal Cases due to Work	Total hours or work	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity Rate (SR)	(ODR) Occupational Disease Rate (ODR)	(AR) Absence Rate (AR)
2016	Male	609	0	1,176,384	0	0	0	
	Female	276	0	533,568	0	0	0	
	Total	885	0	3,419,904	0	0	0	
2017	Male	640	0	1,242,944	2.41	6	0	
	Female	308	0	599,104	0	0	0	
	Total	948	0	3,684,096	2.41	6	0	
2018	Male	727	0	1,413,408	0.71	1	0	
	Female	321	0	625,752	0	0	0	
	Total	1048	0	4,078,320	0.71	1	0	

Remarks:

1. False alarm events and traffic incidents are not included in the statistics of injury indicators
2. The date of the injury event is not included in the calculation of the number of lost work days.
3. Total experience hours = total number of people * 8 hours * annual scheduled work days; data from occupational disaster reporting system
4. Disabling injury frequency rate (FR) = number of disability injuries × 1,000,000 / total working hours (decimal after the third decimal place)
5. Disabling injury severity rate (SR) = Total Disability Injury Days × 1,000,000 / Total Elapsed Hours (After the decimal point)
6. Occupational disease rate (ODR) = (number of occupational diseases * 1,000,000) / total working hours
7. Absence rate (AR) = (absence hours) / total working hours; absentee hours calculation: general sickness + physiological leave + work injury leave, etc.
8. Wafer Works Corporation is located in Taiwan
9. There are no injury incidents from outsourcing contractors

Special hazard operator management

Employees are important assets of the company. Therefore, Wafer Works pays great attention to the health of employees. It offers general health check superior to relevant laws and regulations for all employees every year. According to the requirements of the Occupational Safety and Health Law, the relevant environmental monitoring operations are carried out for units with special operations within the plant as a basis for ensuring the health condition of employees and carrying out relevant special health checks according to the monitoring results. The results of the inspections will be collected, and after the interviews with the factory doctors, appropriate health education, suggestions and follow-up medical treatment will be provided based on the staff problems. If necessary, the unit supervisor, the work room and other relevant units should proposal improvement plan such as adaptive deployment of work sites, change of working hours, and continue to implement health tracking management for employees to detect potential health risks and implement corrective at early stage.

1. Special operations: noise operation, free radiation operation, operation of arsenic and its compounds, dust operation, chromic acid and its compound operations.
2. Check the ratio of abnormal people:

Item People	Inspected People	Abnormal People	Abnormal Rate
Noise operation	185	12	6.4%
Free radiation operation	43	0	0%
operation of arsenic and its compounds	81	0	0%
dust operation	17	0	0%
chromic acid and its compound operations	15	0	0%

3. Subsequent abnormal improvement method:

(1) Convene a meeting with relevant personnel of the abnormal event and carry out improvement project according to the results of the meeting.

(2) Medical staff and safety staff conduct on-site environmental assessment, visit and education, irregular inspections of employees' use of protective equipment during work, change of workstations, change of plant, and shorten working hours.

4. Vision: For the 6% special operation physical examination abnormal cases, to protecting the health of the colleagues to maintain the status quo, it will not worsen.

3.1.2 Healthy Workplace

Healthy Workplace Promotion

Wafer Works Corporation carries on health promotion scheme at workplace. In 2018, 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 related health issues, inside the factory such as: human factors engineering hazard prevention, abnormal workload, 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.

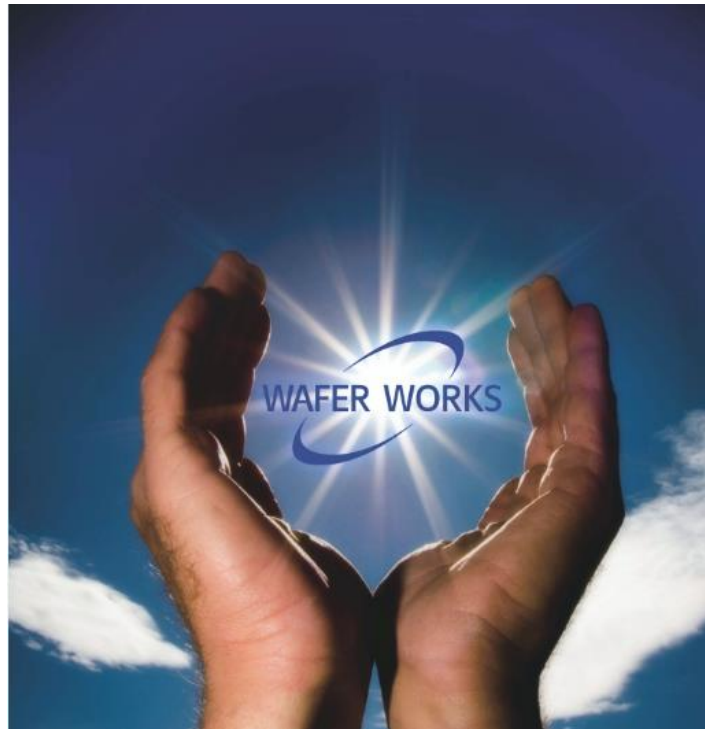
Wafer Works is striving to implement workplace health and provide a variety of health care solutions and implement the three-stage and five-level preventive medicine concept, so that employees can use their company resources to reduce physical and psychological stress, and thus strengthen personal health. Monthly medical visit, nursing staff provide basic care, health check-up and tracking, gym facilities, visually impaired massage, blood donation activities, flu shot injection, etc.

To ensure the health of each employee, we actively and continuously implement: (1) promote maternal protection, (2) repetitive work and other musculoskeletal diseases, (3) abnormal workload that promote disease, (4) new employees physical examination, (5) annual health checkup, (6) abnormalities such as family inheritance disease, one-on-one interviews by nurses and resident physicians in a case-by-case manner, comprehensive assessment of case work content, life routine factors such as exercise habits, family medical history, etc., if necessary, work with the supervisor and the work room of the unit to conduct work safety observations on the work environment, and provide adjustments that can be implemented or improved to ensure the health of the employees.

In order to improve employees' health management awareness, Wafer Works is conducive to the early detection of preventive concepts of physical abnormalities to reduce the risk of disease. Therefore, in promoting health, the following activities are promoted in the plant by cooperation with health authorities: blood donation activities, visually impaired massage, preventive health care service (flu shot injection), cancer screening.

Item	Explanation
Visual inspection staff Vision check	<p>1. Total service: 336 person/year.</p> <p>2. For the precise operation colleagues, provide quarterly vision health services, the inspection content of general vision, astigmatism, intraocular pressure monitoring.</p> <p>3. Abnormal results: The referral doctors refer to the doctor, inform the unit supervisor (evaluate the abnormal situation and then decide whether the workers need to be deployed), and cooperate with the supervisor to not audit the colleagues in myopia.</p>
Factory medical service	<p>1.Service items:</p> <p>1-1. Occupational Safety Law 6-2 related evaluation items: human factor assessment, abnormal work load, maternal protection.</p> <p>1-2. Personal health consultation, follow-up related education and referral of annual and new human body abnormalities report.</p> <p>1-3. Open medical services for prescriptions and prescriptions for chronic diseases.</p> <p>1-4. Blood draw tracking service.</p> <p>2.Total service: 200 person/year.</p>

Preventive health care Seasonal flu	1. Total service: 60 person/year.
Preventive health care Cancer screening activity	1. Total service: 80 people. 2. Project: oral cancer, breast cancer, cervical cancer, colorectal cancer.
De-Stress Visually impaired massage	This service achieves 98% staff satisfaction.



3.2 Employee Career Development

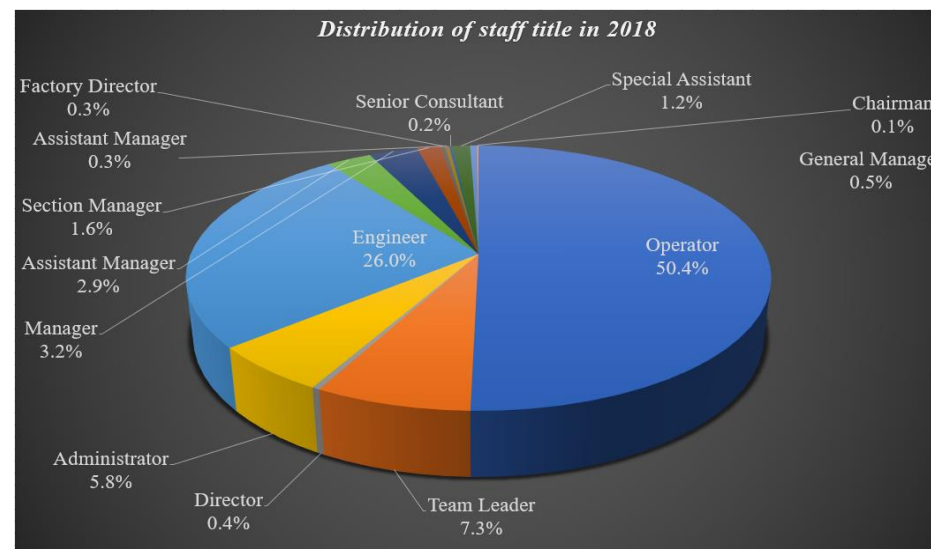
3.2.1 Employee Recruitment

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.

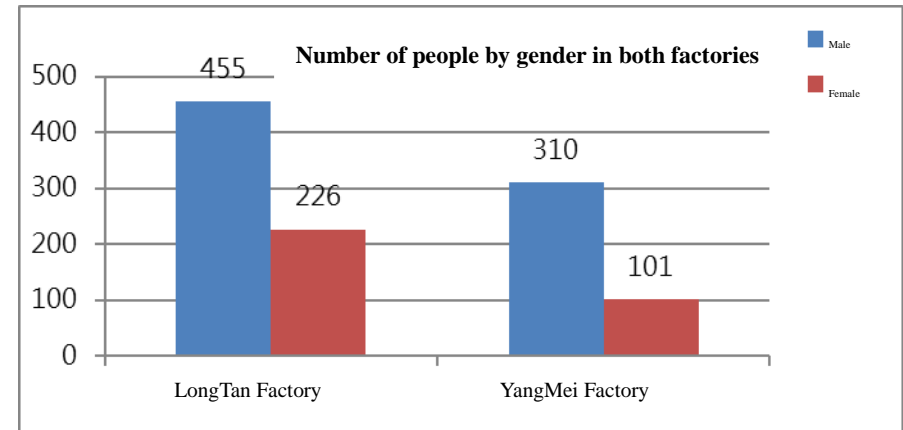
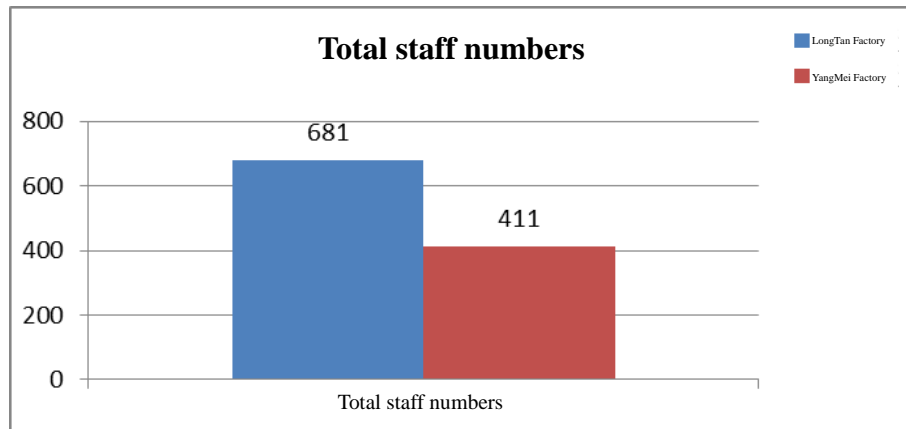
The basic staff recruiting of Wafer Works complies with local regulations regarding salary and payment. Intensive screening and fair salary definition are done before hiring. No differential treatment for all applicants regarding their residing area, gender, age, etc.

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 6 and YangMei factory is 6, the representatives of both management and labor side are 18 people in total.

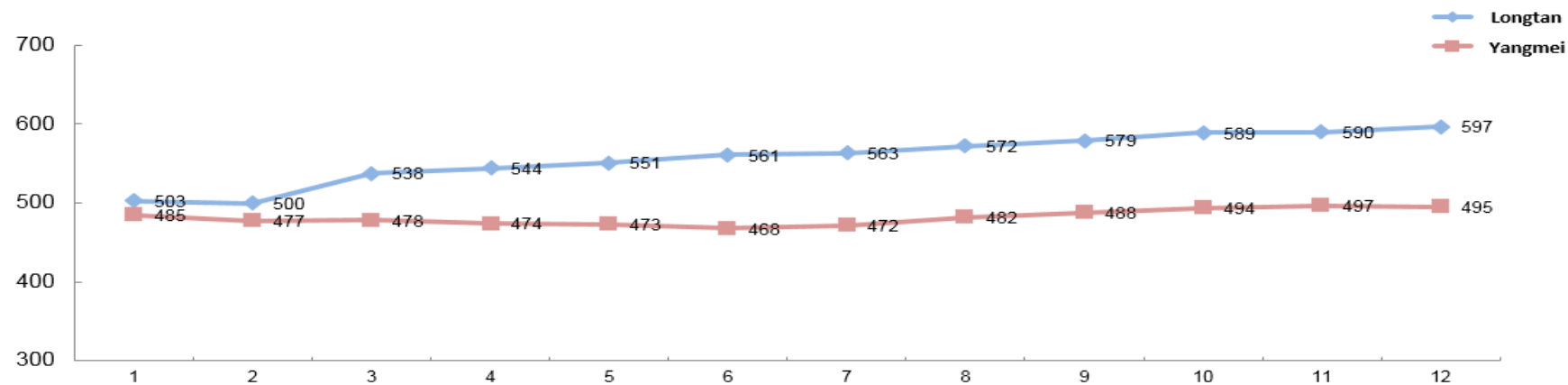
All staffs of Wafer Works are officially employed including senior managers above director level. The total employee number is 1092 in 2018, among which there are 411 staffs in YangMei factory (including 103 foreign employees) and 681 staffs in LongTan factory (including 160 foreign employees). There is no significant change in the number of employees. The ratio of employing Taiwanese as senior managers in Wafer Works is 100%.



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



2018 Trend Chart of Incumbent Employee Number in LongTan and YangMei factory



Among the governance organization members above grade 9, there are 67 males, taking up 89%, and 8 females, taking up 11%; 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%	50	67%	17	23%	0	0%	6	8%	2	3%	75
Project manager/Assistant manager/Senior engineer/administrator	1	2%	28	55%	4	8%	0	0%	18	35%	0	0%	51
Advanced engineer/administrator	6	6%	57	57%	8	8%	4	4%	24	24%	1	1%	100
Engineer/administrator	30	19%	66	42%	7	4%	17	11%	35	22%	4	3%	159
Assistant engineer/administrator/team leader/senior technician	37	20%	94	52%	6	3%	8	4%	34	19%	3	2%	182
Operator	200	38%	147	28%	7	1%	96	18%	72	14%	3	0%	525
Total	247	25%	442	40%	49	4%	125	11%	189	17%	13	1%	1092

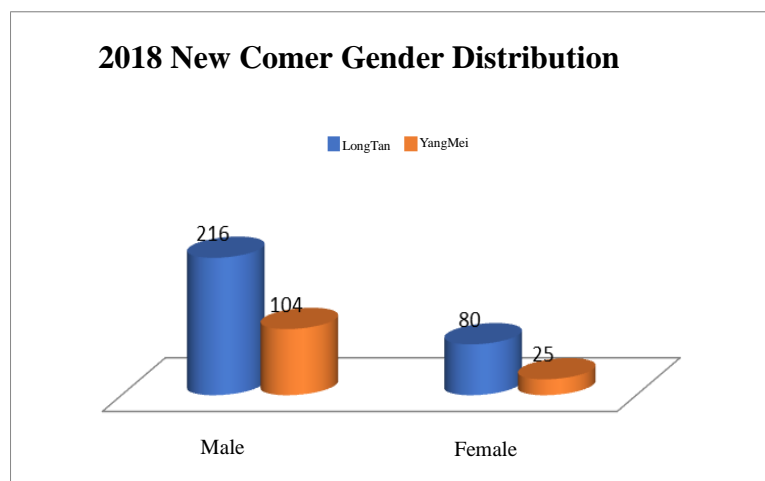
Formula: Number of employees of different type and age/ Total number of people for each item



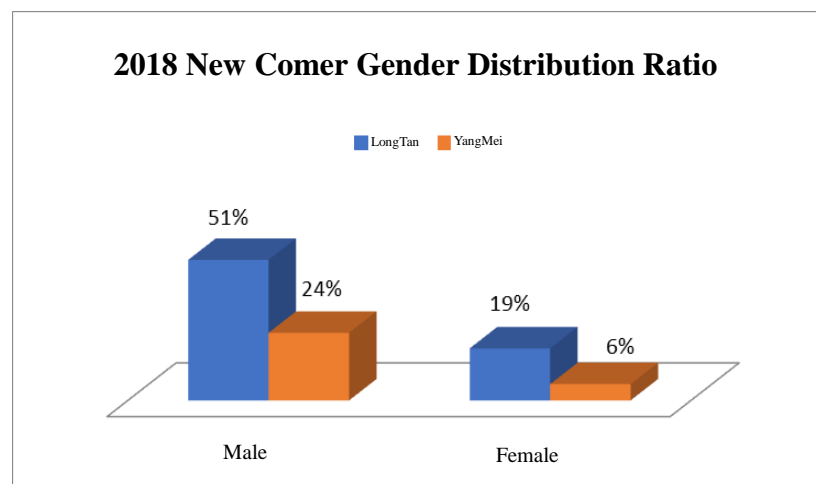
In addition to the minimum standard of welfare defined by laws, Wafer Works also provide great welfare related to food, clothing, accommodation and traffic. There are 425 new comers in 2018, among which there are 320 male employees, taking up 75% of the total number of employees, while there are 105 female employees, taking up 25% of the total number of employees. There are 328 new comers under the age of 35, taking up 77% of the total number of employees, while there are 97 new comers between the age of 35 to 50, taking up 23% of the total number of employees, and there are 0 new comers above the age of 50.

2018 New Comer Gender Distribution			
Factory/Gender	Male	Female	Total
LongTan	216	80	296
YangMei	104	25	129
Total	320	105	425

2018 New Comer Gender Distribution Ratio			
Factory/Gender	Male	Female	Total
LongTan	51%	19%	70%
YangMei	24%	6%	30%
Total	75%	25%	100%



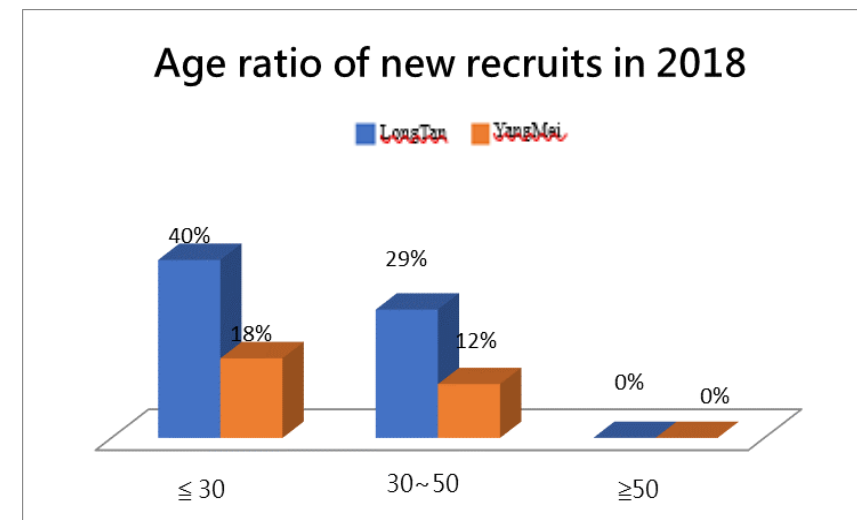
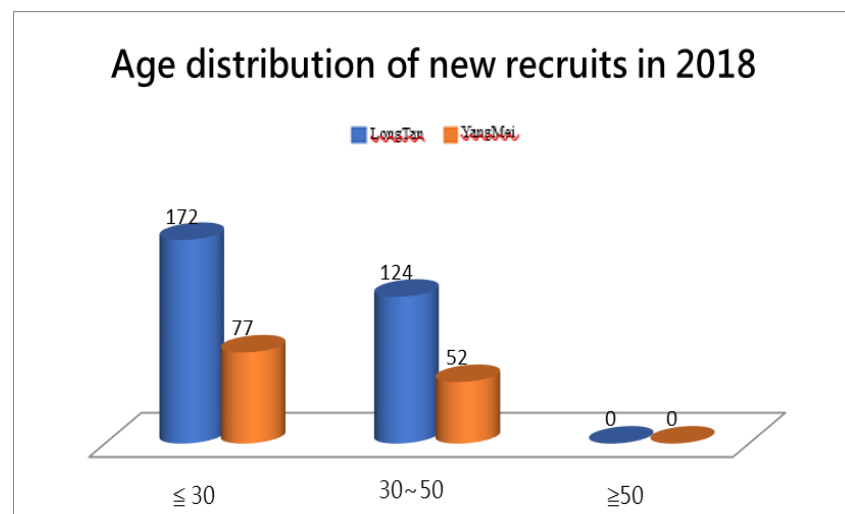
Formula: Number of new comers of gender/ Total number of people of each factory



2018 New Comer Age Distribution				
Factory/Age	≤30 years old	30-50 years old	≥50 years old	Total
LongTan	172	124	0	296
YangMei	77	52	0	129
Total	249	176	0	425

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

2018 New Comer Age Distribution Ratio				
Factory/Age	≤30 years old	30-50 years old	≥50 years old	Total
LongTan	40%	29%	0%	70%
YangMei	18%	12%	0%	30%
Total	59%	41%	0%	100%

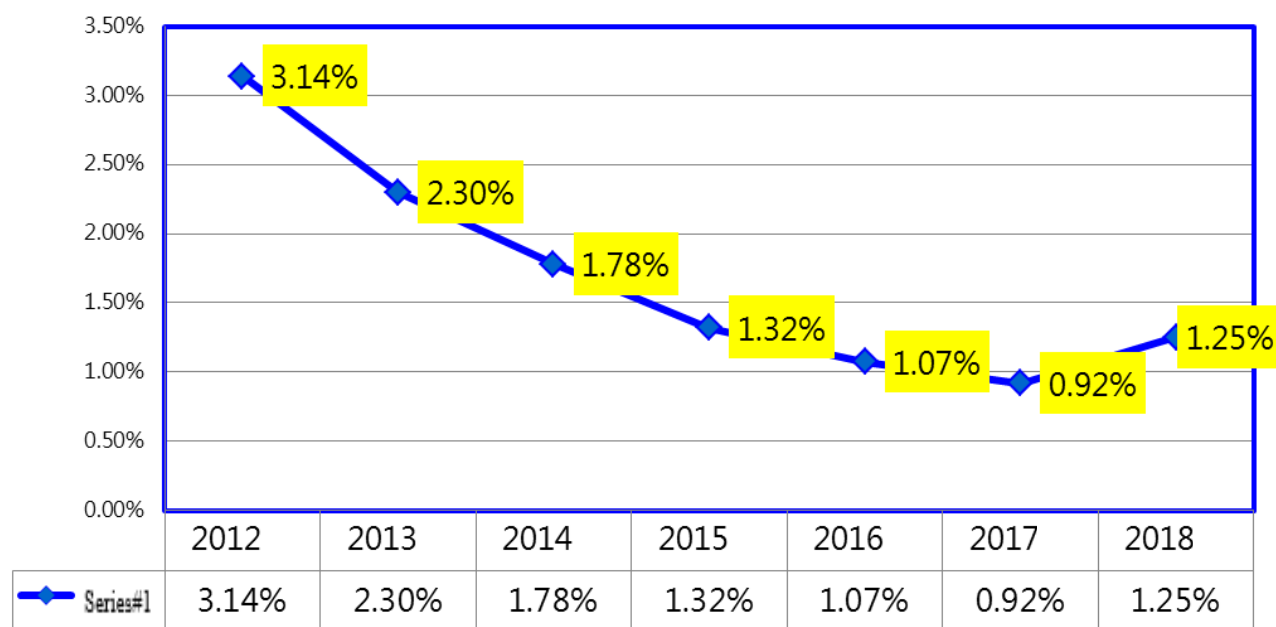


The 2012 - 2018 Wafer Works resignation rate. The 2018 resignation rate is 1.25% and the resigned staff's gender distribution and age distribution ratio are as follows.

The decline in resignation rate is mainly for the company's commitment:

1. Promote the development of employees' careers, implement the promotion and employee education and training system, thereby enhancing employees' willingness to develop in the company and increasing the retention rate.
2. Adjustment of human resources structure: Promote the use of research and development alternatives, male and high-level talents in key industries (RAISE program) and industry-university cooperation in various colleges and universities to provide stable talents.
3. Retention measures: Provide the company's internal job rotation learning and welfare based on the employee's career development willingness.
4. Through the staff team consensus camp activities, unite the organizational consensus and employee centripetal force.
5. Employee cash compensation distribution (employee bonus): In order to increase employee participation in the company, encourage employees to share their long-term and share business results, the company will provide annual employee profit based on individual assessment results and issue 2017 employee bonus in mid-September 2018 according to individual assessment results. .
6. Quarterly Bonus: In 2018, the company achieved the company's profit and budget targets in Q1~Q3, and issued quarterly bonuses to stimulate employee morale and improve employee satisfaction.

2012-2018 Resignation Rate

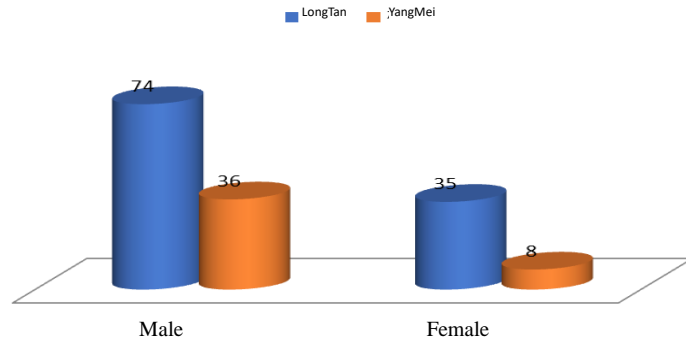


Formula: Resignation ratio of the year = Average monthly resignation ratio of the year

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

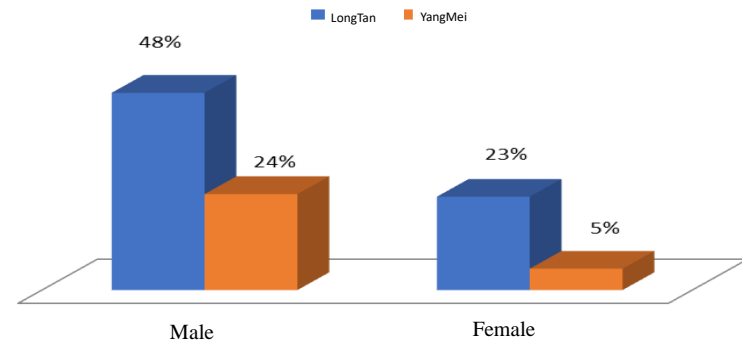


2018 Resigned Staff Gender Distribution



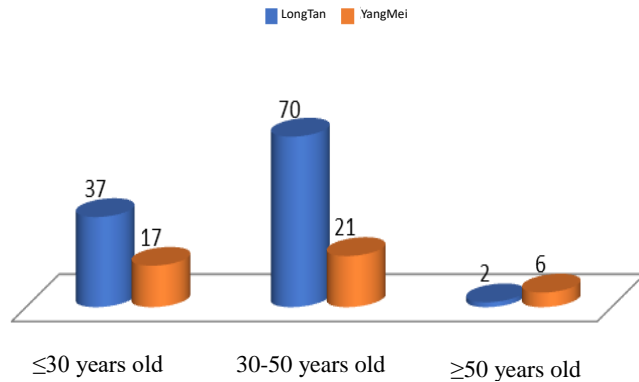
Formula: Number of resigned staff of gender/Total number of resigned staff of each factory.

2018 Resigned Staff Gender Ratio



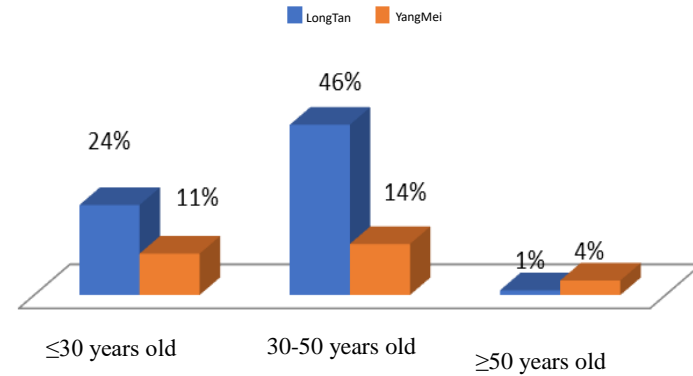
Formula: Number of resigned staff of age/Total number of resigned staff of each factory.

2018 Resigned Staff Age Distribution



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

2018 Resigned Staff Age Ratio



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.

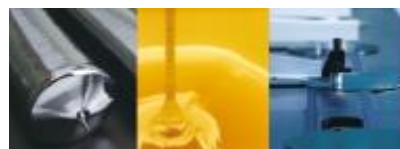
Conditions of Working after Maternity Leave

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 2018	46	22
Number of employees applying for maternity leave in 2018	1	6
Number of employees reinstated after maternity leave in 2018	1	4
Employee should reinstate in 2018	2	4
Reinstatement Ratio	50%	100%
Number of employees reinstated actually in 2017	2	5
Number of employees still working after 12 months of reinstatement following maternity leave in 2018	2	4
Ratio of retaining employees to reinstated employees after maternity leave in 2018	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%

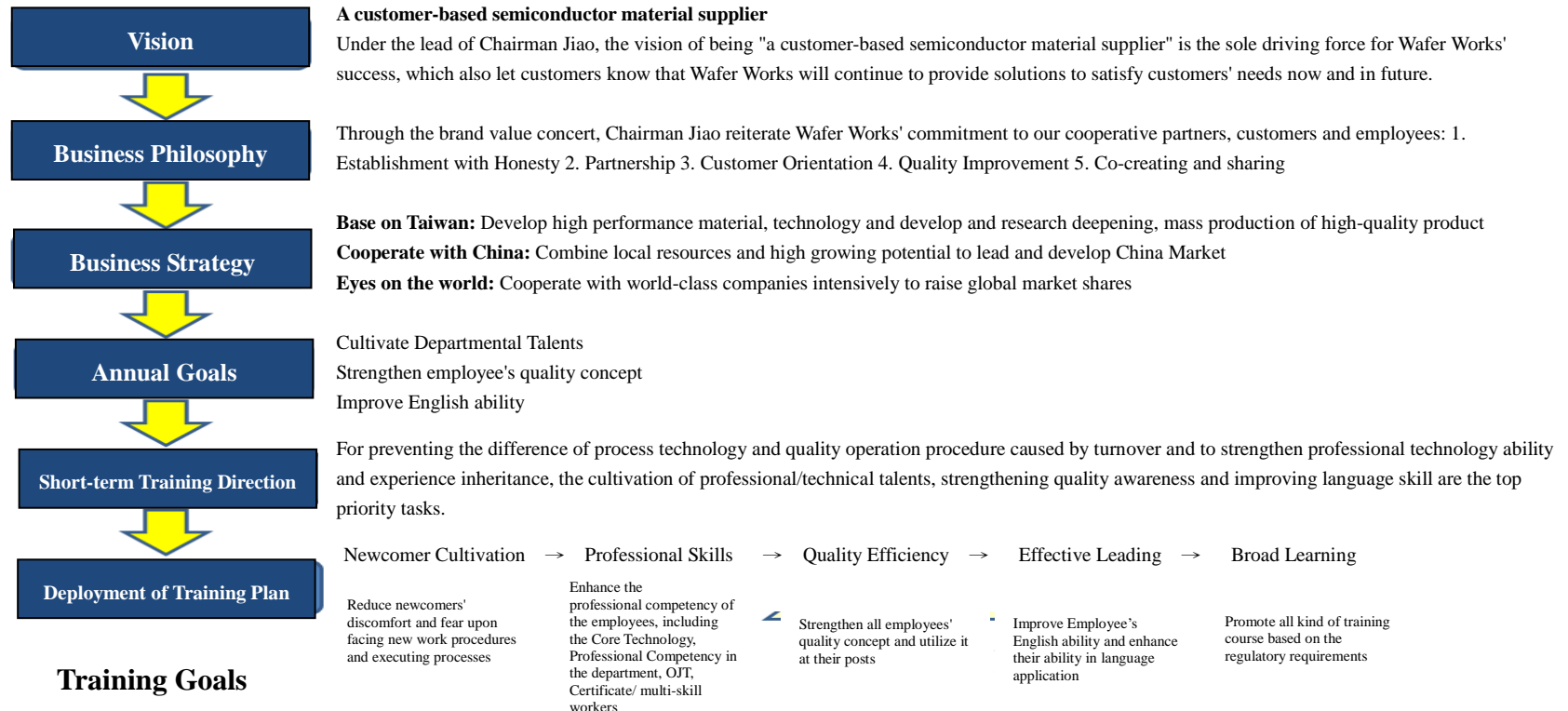
Retention rate = (Total number of employees still in service 12 months after reinstating from parental leave/Total number of employees reinstated after parental leave in last report duration) x 100%



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 2018, creating a training structure of professional techniques is the key point of employees' competency training of this year.





3. We value the professional training of employees; through professional training program to establish multi-disciplinary of employees.

2018 Professional and Effective Certificate

Certifying Personnel	Numbers of Certificate	Rate of Certificate
Operator	1	80%
	More than 2	64%
Engineer	1	47%
	More than 2	27%

4. Emphasis on quality management, through 6 Sigma courses, we train employees' ability to systematically analyze, solve problems, and develop leading ability, making it easier for decision makers to identify and invest resources in potential and valuable projects, and to reduce the cost and friction of communication caused by different inter-departmental goals. Thus, make the organization move towards data orientation and improve the quality of decision-making in the management level. In turn, improve the overall product and process quality, increase the company's industrial competitiveness, reduce operating costs and increase profits.
5. To strengthen international outlook, we organize the "TOEIC +100" course and design a 30-minute learning course, and use the English Daren Lecture to teach exclusive learning methods, cultivate employees' self-learning ability in English and create a corporate learning atmosphere.
6. 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.

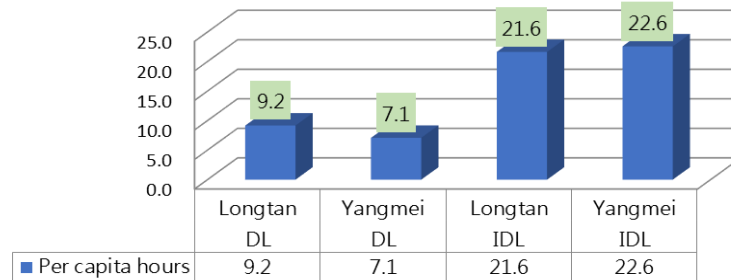
7. Performance Management and Career Planning

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.

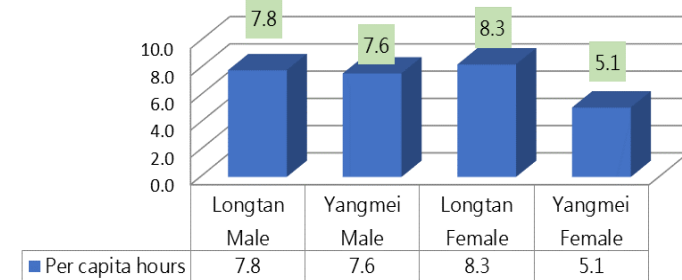
In order to make personal and company development supplement each other, all employees are required to define personal learning development plans in November every year in accord with departmental development objectives of next year. Objectives and job functions are clearly written in personal annual 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.



Longtan/Yangmei Plant per capita training hours - DL/IDL



Longtan/Yangmei Plant per capita training hours -Gender



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 2018

DL/IDL	Factory	Total Hrs.	People	Per Capita Hrs.
DL	LongTan	4004.5	437	9.2
DL	YangMei	2295.0	324	7.1
IDL	LongTan	8931.0	413	21.6
IDL	YangMei	3949.5	175	22.6

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

Male and Female Per Capita Training Hours Distribution of Two Factories in 2018

Gender	Factory	Total Hrs	People	Per Capita Hrs
Male	LongTan	4466	570	7.8
Male	YangMei	2841	374	7.6
Female	LongTan	2321	281	8.3
Female	YangMei	637	125	5.1

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.

- 3-day annual leave is given for newcomers more than 6 months in accordance with the regulations
- 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 dependents

In accordance with the law, on the day of reporting for duty, employees are insured labor and health 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.

Foreign employees enjoy 3 holiday vouchers, meal subsidies, community subsidies, wedding and funeral and childbirth allowances, employee travel, staff accommodation, health checkups, employee group insurance, and commuting to and from work.



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".

The new regulation requires 6% levy, and the old system pension is paid in full.



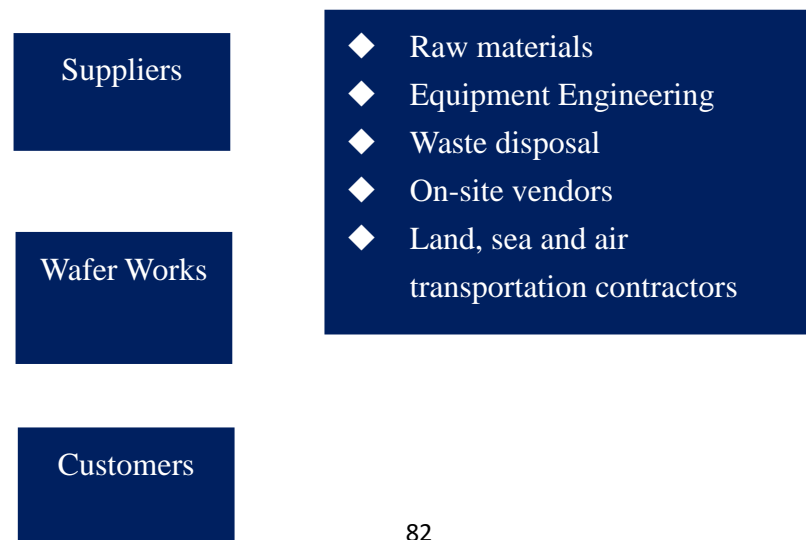
Ch4 Partnership



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. To grow together with suppliers, we develop complete supply chain management practices and management practices that include supplier management, supplier evaluation, supplier audits and green material requirements to guide suppliers to meet green supply chain requirements and reduce supply chain risk. 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.

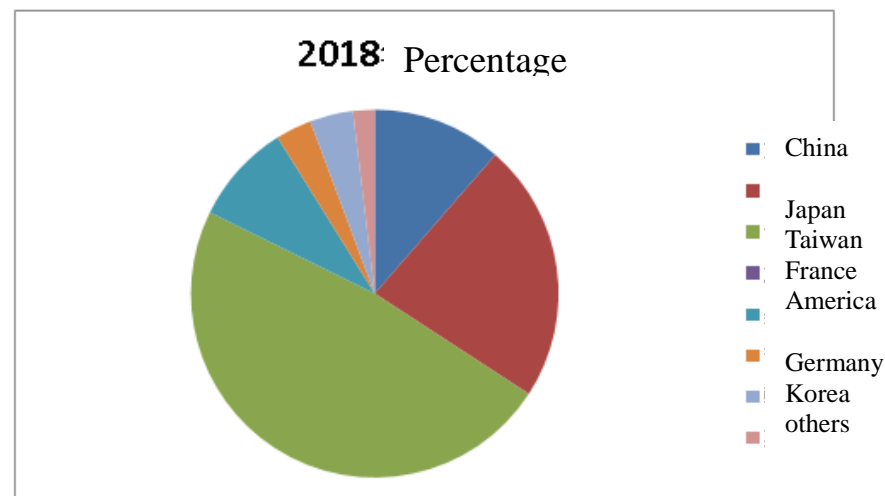
Presently the main area of procurement of Wafer Works is Taiwan. In order to facilitate healthy operating activities, we cooperate with each procumbent partners to actively promote CSR and green purchasing as well as the implementation of material supply localization to support the development of local 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.

In 2018, the annual cutting oil consumption is 306,000L, which is changed from barrel (200L) to Tank (900L). The annual packaging consumption is reduced by 1190 (78%).

* Percentage of pallets and PP buffered recycled materials in 2018*

PP buffer material: 5,655 (recycling) / 103,557 (total amount) * 100% = 5.5% pallet: 948 / 3,484 * 100% = 27.2%

Country	2015 Percentage	2016 Percentage	2018 Percentage
China	7.7%	10%	11.4%
Japan	20.4%	21.6%	22.8%
Taiwan	56.3%	49.3%	48.1%
France	0.7%	0%	0%
America	5.6%	8.1%	8.9%
Germany	4.2%	4.1%	3.2%
Korea	2.8%	3.4%	3.8%
Others	2.1%	3.4%	1.9%



Management System of Suppliers

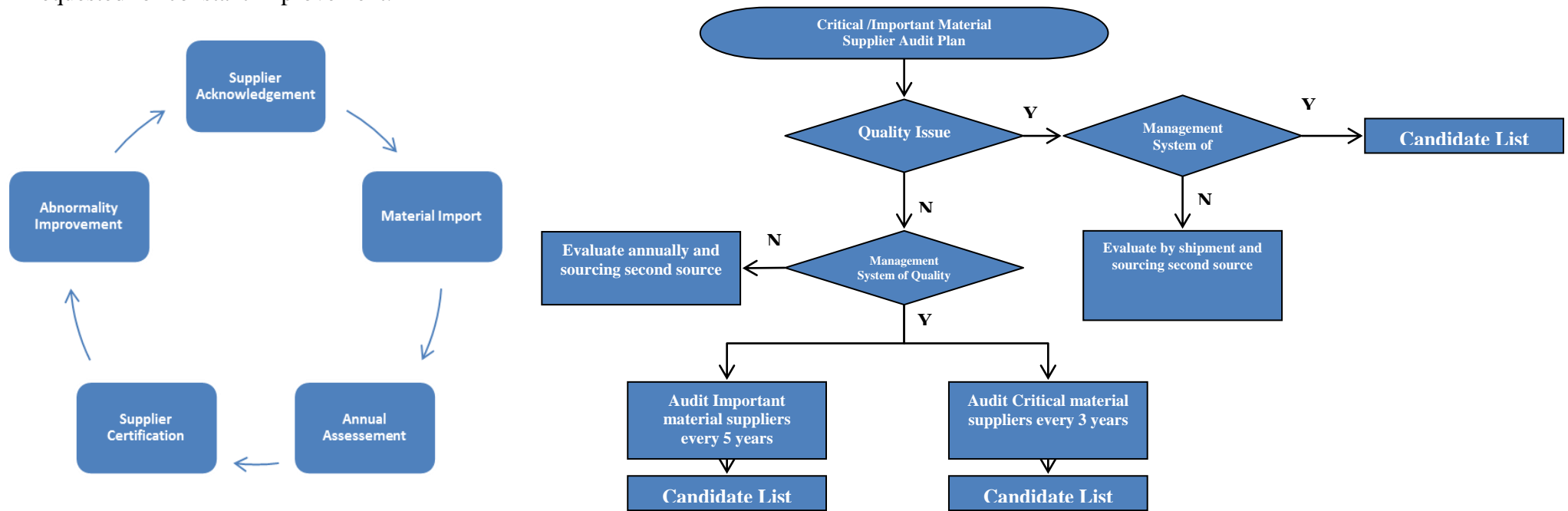
For every purchase, Wafer Works Corporation has requested upstream suppliers to comply with RoHS standards, related labor safety qualifications regulated by our nation, ISO qualified, and standard conditions of notices and drawings along with cargos to notify hazardous substances. And suppliers must 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

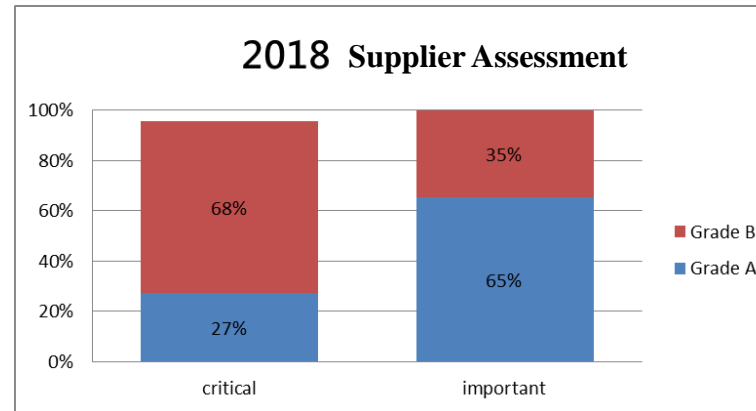
The vision of supplier management of Wafer Works is to strengthen product quality, supplier management effectiveness and the balance of quality cost through the cooperation with suppliers, and to further improve the customer service efficiency and satisfaction in order to attain a win-win situation by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



Supplier Evaluation and Supplier Audit

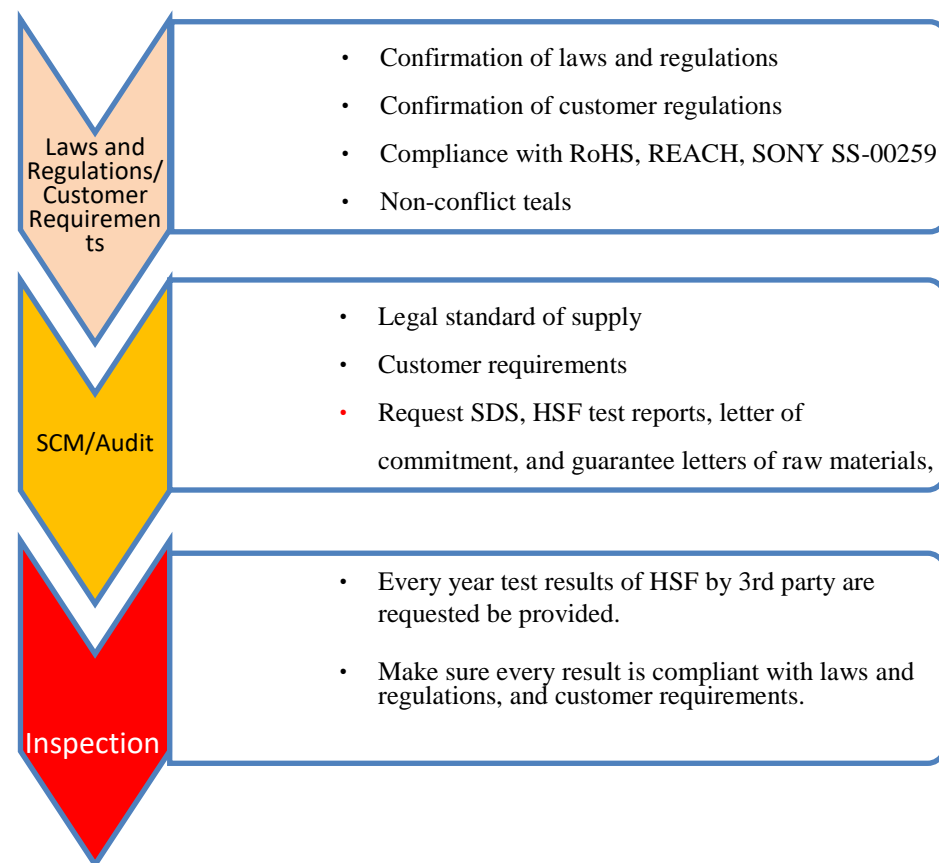
According to the Qualified Supplier Evaluation and Assessment Practice (PR-3-205), Wafer Works assesses the quality, delivery, price and cooperation of suppliers every 6 months, and arrange supplier audit activities every year to ensure that the supplier's performance meets the requirements. There are 45 key and important material suppliers participated in the 2018 annual supplier assessment. The assessment result showed that nearly 95% of the suppliers are of over Grade B, in line with expectations, suppliers that fail to meet the target shall continue improvement activities and monitor their improvement; in order to verify the conformity of supplier evaluation results with actual performance, among the many suppliers, 8 suppliers shall be selected for verification based on the supplier year audit plan. the result of which displays a compliance with the assessment result.



Green Materials

In order to implement sustainable development and fulfill social responsibilities, Wafer Works has established a green material management mechanism. According to the Green Product Related Substances Management Measures (QS-2-701), we ask suppliers to provide third party report of RoHS, REACH, guarantee letters from suppliers to make sure related materials are compliant with these requirements including RoHS, RoHS 2.0, 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, RoHS 2.0 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 a 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.

In 2018, the overall score was slightly lower than that in 2017. Except for quality issues, the rest were mainly affected by the boom, imbalance between supply and demand (short in supply), and adjusted price and supply according to company policy.

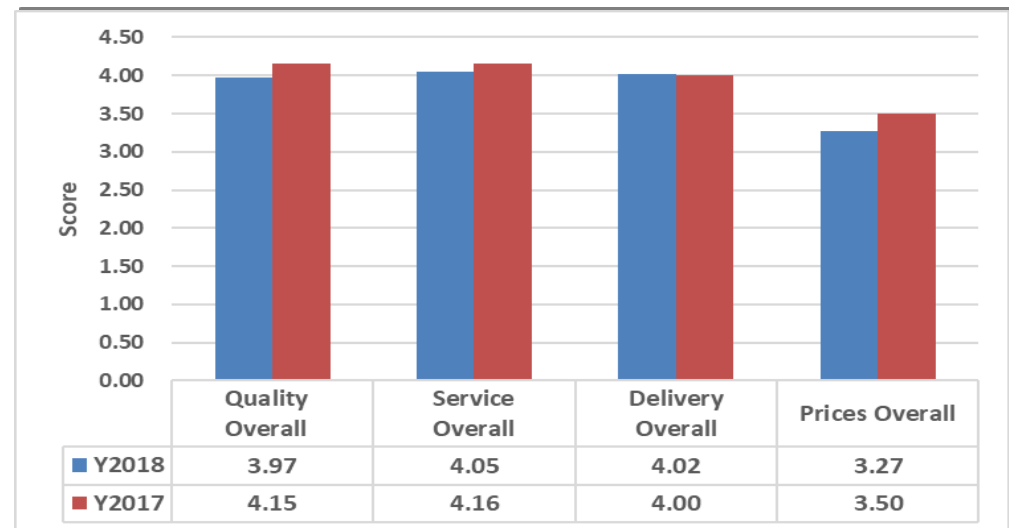
For the quality part, re-set the 2019 quality target:

Reducing external customer complaints: ≤ 3 , 2. Repeated type of customer complaint: 0, 3. Five priority quality items: 0, 4. 2019 deviations: reduce by more than 20% compared to 2018.

Customer Satisfaction Management Process Table



Result of 2018 and 2016 Satisfaction Survey

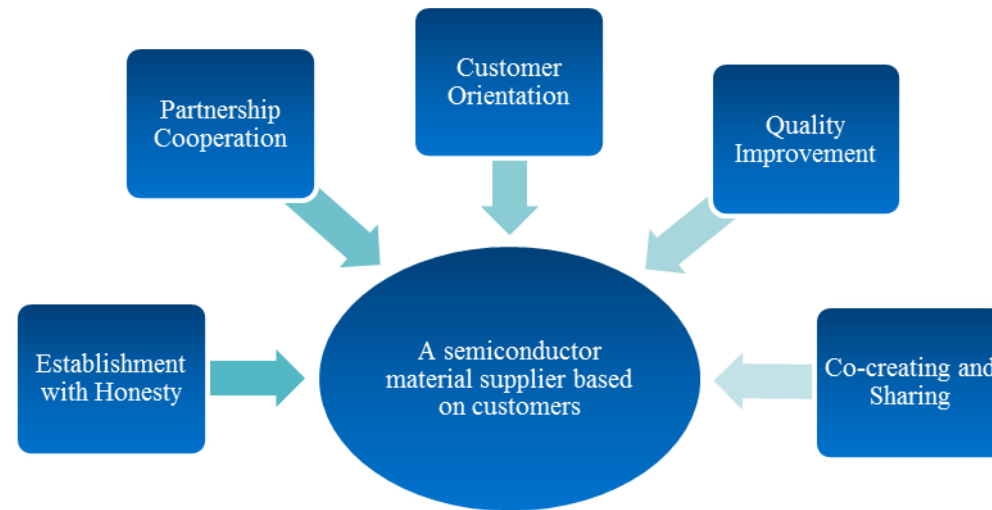


- The Score of Customer Satisfaction Survey of 2018--- **80.26**
Year 2017--- 81.49

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, an NDA will be signed between both parties to ensure no information leakage. Ask employees to sign NDA, arrange regularly training courses, and the computers used by employees have closed access functions to strengthen the protection of company data.

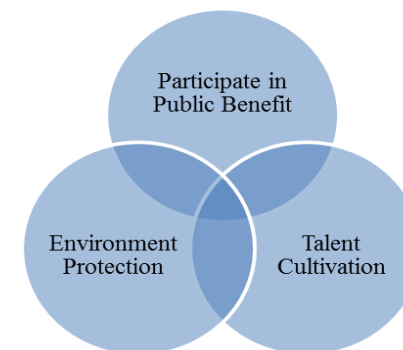


A semiconductor material supplier based on customers



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 2018						
Project	Implementation results					
1、Public Benefit Activities Participation						
1、In response of invoice donates or Gathering of charity goods and materials	Invoices donates / 4 Times, 642Pcs Changes donates / 4Times, NT\$9,621					
2、Sponsor community activities	Sponsor / 5 Times, NTD\$ 25,000					
3、Blood donation activity was held	Blood donation / 2 Time, 54,500 C.C.					
2、Eenvironment Protection						
1、The cleaning for surrounding Yang Mei Factory	Day					
2、"Everyone Comes & Cleans Our Homes" held by SIPA	Year					
3、Cultivation of Talent						
Industry-university cooperation to cultivate semiconductor talents Teaching/intern training	St. John University	LHU EE	LHU CME	CHU ST&EE	NCUT CME	Total
	12	26	2	1	4	45

“Small change & invoice, great value”, it represents unlimited hope, let us accumulate all the hopes, and promote the development of better social welfare services. We raised invoices, change, and donated the Taoyuan and Hsinchu Group of the Eden Foundation North District Resource Center.

11653台北市文山區萬美街一段55號3樓
統一編號：05200169

財團法人伊甸社會福利基金會
EDEN IDIAN SOCIETY WELFARE FOUNDATION
伊甸社會福利基金會
勸募收據

收據編號：10715026545

日期：2018/12/06

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 壹仟壹佰伍拾壹元整	NT\$	1,151
備註 MEMO			

董事長： 襄理：高乙文

活動名稱：各類弱勢失能家庭服務
活動時間：2018年1月1日至2018年12月31日止
帳款文號：臺服特字第1061363864號
募款目的：籌募各類弱勢失能家庭服務計畫經費

收據編號：1071501995

日期：2018/06/06

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 壹仟陸佰捌拾元整	NT\$	1,680
備註 MEMO		捐款 方式	一般現金捐款
		捐款 用途	失能家庭基金

董事長： 王明娟

活動名稱：各類弱勢失能家庭服務
活動時間：2018年1月1日至2018年12月31日止
帳款文號：臺服特字第1061363864號
募款目的：籌募各類弱勢失能家庭服務計畫經費

收據編號：10715021029

日期：2018/10/17

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 肆仟零貳拾陸元整	NT\$	4,026
備註 MEMO		捐款 方式	支票捐款
		捐款 用途	失能家庭基金

董事長： 襄理：高乙文

活動名稱：各類弱勢失能家庭服務
活動時間：2018年1月1日至2018年12月31日止
帳款文號：臺服特字第1061363864號
募款目的：籌募各類弱勢失能家庭服務計畫經費

收據編號：1071501995

日期：2018/06/06

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 肆仟零貳拾陸元整	NT\$	4,026
備註 MEMO		捐款 方式	支票捐款
		捐款 用途	失能家庭基金

董事長： 王明娟

活動名稱：各類弱勢失能家庭服務
活動時間：2018年1月1日至2018年12月31日止
帳款文號：臺服特字第1061363864號
募款目的：籌募各類弱勢失能家庭服務計畫經費

收據編號：10715021029

日期：2018/10/17

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 肆仟零貳拾陸元整	NT\$	4,026
備註 MEMO		捐款 方式	支票捐款
		捐款 用途	失能家庭基金

董事長： 王明娟

活動名稱：各類弱勢失能家庭服務
活動時間：2018年1月1日至2018年12月31日止
帳款文號：臺服特字第1061363864號
募款目的：籌募各類弱勢失能家庭服務計畫經費

收據編號：10715021029

日期：2018/10/17

捐款者 NAME	合晶科技股份有限公司全體員工	劃撥 日期	
金額 AMOUNT	新台幣 肆仟零貳拾陸元整	NT\$	4,026
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➤ Sponsor community activities:

In order to establish a good relationship with the community, Wafer Works adheres to the concept of good neighbors and actively participates in community activities to enhance the interaction between neighbors, such as Apple Village

Community Management Committee, Badri, Ruipingli, Ruitang Community and other activities to support the community activities, conveying the concept of caring for the neighborhood.

➤ blood donation activity:

Wafer Works regularly organizes blood donation activities with the enthusiasm. It was held in January and August of 2018. It called for all the colleagues to donate a bag of blood, and to be enthusiastic about public welfare and blood donation. Responding to charity activities, this blood donation campaign raised a total of 109 bags of blood.



➤ Visually Impaired Massage:

To increase employment opportunities for disadvantaged groups, Wafer Works was invited by Taoyuan City Labor Bureau to jointly organize visually impaired massage services. It also relieved employees' work pressure and improved work efficiency. A total of 90 employees participated in the experience and showed up to 98% satisfaction.



➤ Participation in environmental cleaning activity held by SIPA:

In May 2018 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. (5 colleagues from WWX participated in this activities)



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 2018.

For the "semiconductor seed" project, many academia-industrial and internship programs are held with SIX schools, which are NCU, CYCU, Hiroyuki Industrial High School in Fukuoka, Japan, Muchao High School, Guangqi High School, Fan Shu Vocational High School joined the program. Applicants who perform well in the work and meet the requirements of scholarships can apply for tuition and fees.

, 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 2018		
Factory/Gender	Male	Retention Rate
LongTan	9	100%
YangMei	3	100%
Total	12	100%

Item	Muchao High School	Guangqi High School	NCU ME	CYCU Physics	Fan Shu Vocational High School	Hiroyuki Industrial High School in Fukuoka, Japan
Visit Date	4/10 & 4/12	4/20	5/28	5/30	6/22	10/30
Number of Visitors	160	40	29	35	37	85

Taipei Municipal Mu Zha Junior High School/ Lunghua University Visit



Paul Hsu Senior High School/ Lunghua University Visit



Department of Mechanical Engineering at National Central University Visit



Department of Physics. at Chung Yuan Christian University Visit







Wafer Works Co., LTD.

Website: www.waferworks.com

A Semiconductor Material Supplier
Based on Customers



Appendix 1

GRI Standards		Description	Chapter	Page Number	Notes
GRI 101 : Foundation 2016		Organizational Profile			
GRI 102 : General Disclosures 2016	102-1	Organization Name	Preface 1.2	1 、 7	
	102-2	Describe the organization's activities, Major brands, products and services	1.2	7	
	102-3	Headquarter location	Preface 1.2	1 、 7	
	102-4	Name and number of countries in which the organization operates	1.2 1.2.1	7~8	
	102-5	The nature of the ownership and legal form	1.2	7	
	102-6	The market to which the organization provide services	1.2.1	7~10	
	102-7	Introduction of the scale of organization	1.2 1.2.1 1.3.3 3.2.1	7~9 、 11~13 、 30~31 、 66~67	
	102-8	Any significant change in employee and employee number by contract & gender, contract & location, type & gender division	3.2.1	66~67	
	102-9	Description of the organization's supply chain	1.2.1 4.1	10 、 82	
	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	4~5、30~31、82~87	
	102-11	Describing whether the organization has precaution policies or principles for corresponding	1.2.2 2.4.2	14~18 、 51	
	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
	102-13	List the membership of guilds and associations or domestic/international initiative organizations in participation	1.2.4	20	
		Strategy			
	102-14	Claims of the highest decision maker of the organization	Chainman's Talk 1.1 、 1.3.4	4~5 、 6 、 33~36	
		Ethics and Integrity			
	102-16	Describe the value, principles, standards and code of conduct of the organization	1.3.1	21 、 22	
		Governance			
	102-18	Describe the governance structure of the organization, including the committee of the highest governance association.	1.2.2 1.3.2	14~18 、 23~29	
		Stakeholder communication			
	102-40	Organizations to communicate interested parties' groups	1.4.1 1.4.2	37~42	

GRI 102 : General Disclosures 2016	102-41	The ratio of total employee number under the protection of collective negotiation agreement	3.2.1	65	
	102-42	Identify and choose the basis of communication with interested parties	1.4.1 1.4.2	37~42	
	102-43	The method of communication with interested parties	1.4.1 1.4.2	37~42	
	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	37~42	
		Reporting Practice			
	102-45	List all entities contained in the organization consolidated financial statements or other equivalent documents	1.3.3	32	
	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、37~42	
	102-47	List all major aspects identified in the process of report content definition	1.4.1 1.4.2	37~42	
	102-48	The impact and reason for the revision of any information in the previous report	-	-	N/A
	102-49	Describe the significant change in the major aspects and boundary of aspect comparing to the previous report period	-	-	N/A
	102-50	Period of report	Preface	1	
	102-51	Last date of report	Preface	1	
	102-52	Duration of report	Preface	1	
	102-53	The contact who can reply questions release to the report or its content	Preface	1	
	102-54	GRI compliance basis	Preface Appendix	1、100~103	
	102-55	GRI content index	Preface Appendix	1、100~103	
	102-56	external guarantee/assurance	Preface	1	

Key Issues						
GRI	Topics	GRI Standards	Explanation	Chapter	Page	Remark
Economy	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2.4.2 3.3	51、80	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 201 : ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	1.3.3	30~32	
		201-3	Defined benefit plan obligations and other retirement plans	3.3	80	
		201-4	Financial assistance received from government	1.3.3	30~32	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.2.1	65~67	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 202 : MARKET PRESENCE 2016	202-2	Proportion of senior management hired from the local community	3.2.1	65~67	

	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	4.1	82	
		103-2	The management approach and its components	4.1	82~88	
		103-3	Evaluation of the management approach	4.1	82~88	
	GRI 203 : INDIRECT ECONOMIC IMPACTS	203-1	Infrastructure investments and services supported	4.1	82~88	
		203-2	Significant indirect economic impacts	4.1	82~88	
	GRI 205 : ANTI-CORRUPTI ON	205-3	Confirmed incidents of corruption and actions taken	1.3.1	22	In 2018, the company was proved without any confirmed corruptive incidents thus there was no countermeasures taken.
	GRI 206 : ANTI-COMPETI TIVE BEHAVIOR 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.2	7 、 8	No such case occurred
Environment	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	4.1	83 、 84	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 301 : MATERIALS 2016	301-3	Reclaimed products and their packaging materials	4.1	83 、 84	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2.4.1	50	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 302 : ENERGY 2016	302-1	Energy consumption within the organization	2.1 2.4.1	44 、 50	
		302-4	Reduction of energy consumption	2.4.1	50	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2.2	45 、 46	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 303 : WATER2016	303-1	Water withdrawal by source	2.2	45 、 46	
		303-2	Water sources significantly affected by withdrawal of water	2.2	45 、 46	
		303-3	Water recycled and reused	2.2	45~47	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2.4.2	51	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 305 : EMISSIONS2016	305-1	Direct (Scope 1) GHG emissions	2.4.3	52~55	
		305-2	Energy indirect (Scope 2) GHG emissions	2.4.3	52~55	
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	2.1	44 、 45	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2.2 2.3	45~49	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 306 : EFFLUENTS	306-1	Water discharge by quality and destination	2.2	45~46	
		306-2	Waste by type and disposal method	2.3	48 、 49	

	AND WASTE2016	306-3	Significant spills	2.3	48、49	No such case occurred
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	2	43	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	2 2.3	43、49、49	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	4.1	83~84	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	4.1	83~84	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.2.1	69	
Society		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	3.2.1	69~72	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.3	80	
		401-3	Parental leave	3.2.1	74、75	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.2.1	65	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 402: LABOR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes	3.2.1	65	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.1	56	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-1	Workers representation in formal joint management-worker health and safety committees	3.1.1	57	
		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.1.1	58	
		403-3	Workers with high incidence or high risk of diseases related to their occupation	3.1.2	61~62	
		403-4	Health and safety topics covered in formal agreements with trade unions	3.1.1	57	No labor union established in the company
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.2.2	76	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			



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	GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	3.2.2	76~79	
		404-3	Percentage of employees receiving regular performance and career development reviews	3.2.2	79	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	3.2.1	68	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	3.2.1	68	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	1.3.4	36	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 406: NON-DISCRIMI NATION 2016 GRI	406-1	Incidents of discrimination and corrective actions taken	1.3.4	36	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	1.3.4 4.1	36 、 38	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 408: CHILD LABOR 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	1.3.4 4.1	36 、 38	
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary			
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			
	GRI 416: CUSTOMER HEALTH AND SAFETY 2016 GRI	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	—	—	The company's products are not end products
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	4.1 4.2	84 、 89~90	
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	4.1	87	
		417-2	Incidents of non-compliance concerning product and service information and labeling	1.2.1	8	
		417-3	Incidents of non-compliance concerning marketing communications	1.2.1	8	No occurrence

	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	—	—	No occurrence and the company won't allow it to happen thus no specific management method has been stipulated.
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	GRI 418: CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.2	91	No occurrence
	GRI 103 : MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	1.3.1	21~23	
		103-2	The management approach and its components	1.3.2		
		103-3	Evaluation of the management approach	1.2 1.2.1 1.3.1 1.3.2 1.4.2 2	7、8、21~28、40~43	
	GRI 419: SOCIOECONOMI C COMPLIANCE 2016 GRI	419-1	Non-compliance with laws and regulations in the social and economic area	1.2 1.2.1 1.3.1 1.3.2 1.4.2 2	7、8、21~28、40~43	
	Others			5	92~99	
		(SDGs) Chart		Appendix2	106	

Appendix2

SDGs Charts		
Item	Goals	Chapter
Goal 1	Eliminate all formed of poverty everywhere.	5 Social Concern
Goal 2	Eliminate hunger, achieve food safety, improve nutrition and sustainable agriculture.	5 Social Concern
Goal 3	Ensure health and welfare of all ages.	3.1.2 Healthy Workplace
Goal 4	Ensure education with fair and high quality, promote lifelong learning	3.2.2 Staff Training, Organizational Learning and Development
Goal 5	Achieve gender equality and empower women	3.2.1 Employee Recruitment
Goal 6	Ensure everyone can enjoy water, sanitation and its sustainability management	3.1 Safe and Healthy Workplace
Goal 7	Ensure everyone can afford reliable, sustainable and modern energy	2.4.1 Energy Policy
Goal 8	Promote inclusive and sustainable economic growth, achieve comprehensive and productive employment and make everyone have a good job	5 Social Concern
Goal 9	Establish resilient infrastructure, promote inclusive and sustainable industry and accelerate innovation	1.2.2 Operational Risk Management
Goal 10	Reduce inequality in domestic and inter-country	3.2.1 Employee Recruitment
Goal 11	Encourage inclusive, safe, resilient and sustainable cities and living environment	5 Social Concern
Goal 12	Ensure sustainable consumption and production patterns	4.1 Interaction with supply chains
Goal 13	Take urgent measures for climate change and its impact	2.4 Carbon Management
Goal 14	Conservation and sustainable use of marine and marine resource	2.2 Water Resource Management
Goal 15	Protect, maintain and promote sustainable use of territorial ecosystem, sustainably manage forests, combat desertification, end and reverse land degradation, and inhibit biodiversity loss	2.2 Water Resource Management
Goal 16	Promote a peaceful and inclusive society for sustainable development; provide judicial channel to all people, establish effective, responsible and inclusive system in all level	1.3.2 Operational Organization
Goal 17	Strengthen the sustainable development and global partnership	4.1 Interaction with supply chains