



**ADLINK 2017**  
**Corporate Social**  
**Responsibility Report**

# CONTENTS

Foreword from the Chairperson/ 02  
Message to our "interested parties"



## Corporate Overview

1.1 About ADLINK	05
1.2 Business Performance and Expectations	07
1.3 Association and Guild Memberships	09

## Corporate Governance and Interested Parties

2.1 Company Governance	11
2.2 Board of Directors	14
2.3 Remuneration Committee	16
2.4 List of Majority Shareholders	17
2.5 Dividend Policy and Distribution	17
2.6 Employee Bonus Sharing and Compensation of Directors and Supervisors	18
2.7 Corporate Risk Management	20
2.8 ADLINK Corporate Social Responsibility Management Committee	21
2.9 Interested Parties' Areas of Concern and Communication Channels	23
2.10 Core Values and Code of Ethics	29
2.11 Code of Ethics and Business Engagements	30

## Customer Service and Supplier Management

3.1 Customer Service	34
3.2 Supply Chain Management	35



## Industry-Academic Collaborations

4.1 Research and Development Projects and Alternative Military Service-R&D Projects	39
4.2 Research and Development Projects and Alternative Military Service-Alternative Military Service	40
4.3 Cooperative Education	42
4.4 Academic Collaboration	43
4.5 Innovative Application	44



## Community Involvement

5.1 ADLINK Foundation	47
5.2 Concerns for Vulnerable Groups	52



## Environmental Concerns

6.1 Management System	59
6.2 Pollution Management	59
6.3 Energy Conservation and Carbon Reduction	63
6.4 Green Products	68



## Optimum Workplace

7.1 Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77
7.2 Balance in Work and Life - Employee Welfare Committee	77
7.3 New ADLINKer	79
7.4 Employee Participation - Learning Resources	80
7.5 Employee Relationship - Listen to Each Other's Heart	81
7.6 Safe and Healthy Workplace	82



## Foreword from the Chairperson / Message to our "interested parties"

To everyone who cares about the sustainable operation of ADLINK,

ADLINK has cut a striking figure in numerous prospective fields in the last two years. For strategy development, we stepped out of the field of the embedded computing system in traditional industrial computers and gradually march toward the emerging, high-growth edge computing market. Edge computing means that computing will be carried out by the terminal and we won't adopt the centralized computing structure. The new structure meets the low-delay, real-time needs of the IoT. When entering this market, we need to integrate the latest hardware technology and support network connection and software to provide the terminal application service required for the IoT system.

To adapt with the drastic change in the trend of emerging industry, ADLINK actively seeks a breakthrough to increase market competitiveness. We cooperate with partners with the industry ecosystem (e.g. NVIDIA, Intel, VMware) and actively participate in the integration of 5G technology of wireless private network and ROS2 information platform. Our participation aims to provide a reliable, real-time-control communication system structure. Furthermore, OpenSled, the open rack design proposed by ADLINK is adopted by OCP League (Open Compute Project) and becomes the standard of carrier rack design. By joining the international organization in the industry, we create our leading advantage in technology and enhance the value of product service to explore the new momentum of market growth. For customer satisfaction, our global VIP customer satisfaction survey lead by Customer Care Center shows positive growth for three years in a row. This shows recognition of our performance from customers.

To face rigorous challenges from rapid change in industry, ADLINK in unwavering in its pursuits in the field of environmental sustainable development. We progressively introduce high-performance power solutions into the product design. Energy loss is reduced over 50%



comparing to old products. We held numerous supplier seminars when implementing the environmental policy for green products. A total of 167 Taipei suppliers and 85 Shanghai suppliers joined the seminars. We clearly claimed our determination for basing product quality and environmental protection on corporation competitiveness. We also include relevant requirements into the supplier evaluation and assessment form to fulfill the requirement of green product. In our company, we continue to recycle cartons, solder splash and steel plates, as well as improve the process and carry out water and power conservation for office environment. We aim to provide a comfortable, safe working environment for employees and do our bit for environmental protection.

To create the best working environment, we abide by labor regulations in different regions for global recruitment and employment. We offer a diverse, equal and challenging working environment, management measures and talent development system to enhance the career development of employees. We provide all-round care for employees based on our objective about taking care of physical and mental health of employees. ADLINK has been focusing on social participation issues for a long time. We promoted the spirit of "never give up and cherish life" via "Multiply Disabled Entertainment Troupe" and struck a large echo. We invited disadvantaged children from Taiwan and China to join the Shanghai kid summer camps for seven consecutive years. ADLINK Foundation held "Nomadic Qinghai-Tibet Plateau Education Experience Journey" and "ADLINK Ethics & Arts" to encourage global cultural and arts exchange by providing opportunities for in-depth experience.

While cultivating the development of industrial IoT field, ADLINK upholds the mission of "Advance Technologies, Automate the World" and continues to devote ourselves into corporate governance, shareholder rights, product responsibility, employee care, environmental sustainability and social charity. We firmly forge ahead to the goal of becoming a sustainable development corporation.

Jim Liu Chairperson and CEO

### Editorial Principles

ADLINK aims to become a world class company on the basis of fulfilling corporate social responsibilities. The Corporate Social Responsibility Report, which includes corporate governance, social, economic and environmental performance, also discloses the efforts and performance for 2015 with regards to sustainability.

The disclosure period of this report is from January 1, 2017 to December 31, 2017. The financial data includes operational performance for the parent company and subsidiaries, while the remaining indicators exclude data from oversea subsidiaries. This report was written by the ADLINK Corporate Social Responsibilities Management Committee and edited with reference to the principles and structures of GRI Standards Glossary is issued by the Global Sustainability Standards Board (GSSB) to be used together with the GRI Sustainability Reporting Standards (GRI Standards), with the goal of disclosing ADLINK's main sustainable items, strategies, goals and measures.

### Time of Release

ADLINK regularly publishes the annual Corporate Social Responsibilities Report, including announcements on its official website, for the benefit providing a convenient reference for interested parties.

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# Corporate Overview



- 1.1 About ADLINK
- 1.2 Business Performance and Expectations
- 1.3 Association and Guild Memberships



## 1.1 About ADLINK

Established in August 1995, ADLINK implements the cross-industry application, Data-to-Decisions, based on our leading edge computing solution. ADLINK offers abundant modules and the industrial IoT platform for general and specific markets based on the needs of vertical industries, including industrial automation, network communication, medical treatment, national defense, transportation and entertainment information. Our products include industry-standard motherboards, servers, chassis, modules, gateways, systems, and end-to-end solutions. We also provide plentiful measurement products, touch computers and specific displays. Most of our products are robust, shockproof and vibration-proof, supporting the wide temperature operating environment.

ADLINK is a global enterprise that provides localization services. ADLINK's headquarters are in Taiwan. Our R&D and integration business centers are in Taiwan, China, the U.S. and Germany. Our products are produced and manufactured in Taiwan and Shanghai, China. We have sales and service locations all over the world. ADLINK has been listed on Taiwan Stock Exchange since 2004 (stock code: 6166). URL: <http://www.adlinktech.com>

### Industry Overview

For our strategy development, we stepped out of the market of traditional embedded computing and march toward edge computing, an emerging high-growth market. We combine the latest hardware technology and support the network connection and software to provide the computing node of the IoT system. ADLINK continues to set the growth rate target of embedded product above 15%. Meanwhile, our edge computing products take the lead in vertical markets such as manufacturing, network and communication, medical treatment, transportation and public safety. These new



1995

Date of Incorporation, headquarters in Taipei, Taiwan.



NTD 10,667,894 Thousands

Total consolidated revenue in 2017.



NTD 1.79

Earnings per share in 2017.



6166

Stock code since 2004.



Over 1,900 employees

Total number of employees across the globe in 2017.

products usually need to support multi-vendor solutions and help the entire supply chain develop the industry ecosystem. Semiconductor vendors at the upstream of supply chain (e.g. Intel and NVIDIA), software partners at the midstream (e.g. OSIssoft, VMware, MVTec and Saguna), and system integration vendors and OEM vendors at the downstream (our dealer or agent).

When many vendors want to expand their businesses in these edge computing markets, ADLINK already has strategic advantages. ADLINK has suitable technologies, cultures, priority development and partners to help us defeat competitors with pure IT or OT (Operational Technology) background and succeed in the IT/OT (edge) field. What sets us apart is our best industrial platform, network connection solution and application support technology (such as machine learning, connection with old equipment, and mobile robot). Finally, ADLINK adopts market-oriented strategies and the latest technology to provide customer-oriented solutions and support new business values including excellent operation or innovative business model of our company.

## Market analysis and future development

Our global sales is supported by four regional business organizations, the U.S., Europe, Asia-Pacific and China. Our products are sold all over the world but our biggest markets are in countries with the most advanced technology. According to market maturity, current leading vendors in the market and the market share competition, ADLINK expects that the market share in the core embedded computing market will grow a bit slowly. Our goal is to keep the average of compound annual growth rate above 15%.

The emerging edge computing market helps us growth quickly and significantly increases our market share. However, it has relatively high unpredictability. ADLINK already has plans for the edge computing market and put our advantage in consideration. Our advantages include robust, reliable industrial computers, network connection software solutions, advanced application support technology (e.g. AI terminal) and ecosystem partners (e.g. NVIDIA and Intel). We are very optimistic of the rapid growth. ADLINK has deployed edge computing technologies in all of our vertical markets. However we don't know which one has the niche to bring the biggest opportunity in the next few years. All the niche markets are likely to grow significantly.

We believe that our strategy is correct. Flexible operating strategies, active and innovative positioning and implementation will lead to expected performance. ADLINK needs to stay flexible and actively responds to the market opportunity and its value proposition. We focus on products and solutions that can scale-up and attract primary dealers (such as existing leading IT and OT vendors). Our biggest opportunity for rapid growth is to find the best solution for these markets and quickly focus on and develop these products with our vendor partners.

## The main locations of ADLINK in the world in 2017

It has been 20 years since ADLINK was first established. Currently, there are subsidiaries in the U.S.A, Singapore, China, Japan and Germany, with offices in France, India and Korea to provide immediate support and expedite services are provided for local customers. ADLINK's products are sold to over 40 countries in 5 continents worldwide, and it has many closely working partners in many countries from Asia-pacific and Europe.





## 1.2 Business Performance and Expectations

For our financial performance in 2017, the company achieved a consolidated revenue of NT\$ 10,667,894,000. The net profit rate before tax was NT\$ 505,599,000 and the after-tax EPS was NT\$ 1.79. Refer to the following abridged table for financial revenue and expenditure and ability of profitability analysis:

▼ The financial receipts and expenditures and profit position of ADLINK in recent years (Units: Million NTD)

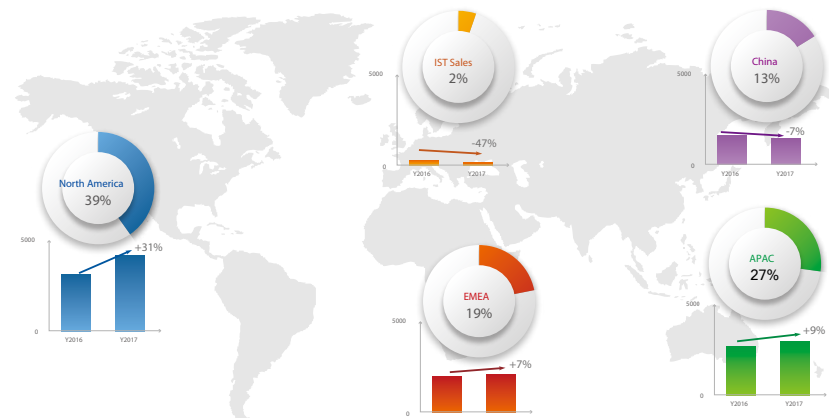
Item	Consolidated Financial Statement	2017	2016
	Business Income	10,668	9,570
	Gross Profit	3,963	4,166
<b>Financial Receipts and Expenditures</b>	Gross Margin	37%	43%
	Pre-tax net profit	506	532
	Net Profit	390	431
	Net Profit Margin	4%	5%
<b>Profitability</b>	After-tax EPS (NTD)	1.79	2.00
<b>Employee Salary and Benefits</b>	Total sum of salaries	1,962	1,946
	Total sum of benefits	725	413
<b>Payments to donors</b>	Shareholder cash dividend	326	392
<b>Payments to governments</b>	Profit-seeking Enterprise Income Tax	104	93

▼ ADLINK Technology R&D expenditures ratio (Units: Million NTD)

Consolidated Financial Statement	2017	2016
Net sales revenue	10,668	9,570
Research and Development Expenses	1,572	1,553
R&D budget/Net sales (%)	15%	16%

Annual consolidated revenue ratios for all regions in 2017 are as follows: Americas 39%, Europe 21%, Asia (including Taiwan) 27%, and China 13%. The revenue ratios for all departments in 2017 are as follows: IoT Strategy Solution and Technology Department 21%, Embedded Platform and Module Department 37%, Network Communication and Public Construction Department 18%, Medical Business Center 4%, and Design and Manufacturing Service Center 20%.

▼ ADLINK Technology global product sales ratios by region (Units: Million NTD)



▼ ADLINK Technology global product sale ratios by product lines (Units: Million NTD)



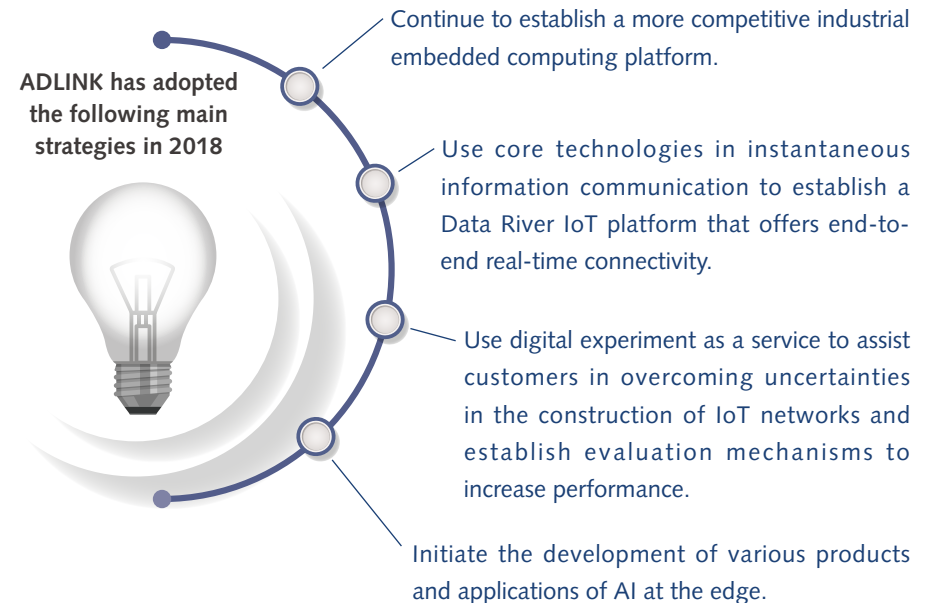
## Business Plan and Development Strategies

Over the past twenty years, ADLINK has established technical, quality, and market advantages in industrial embedded products. It has also gained a solid long-term foundation of customers in each vertical market. On this basis, we shall sustain future growth and continue generating stable profits by applying two major strategies. First, we shall focus on markets where we enjoy core competitiveness and use the value chain of our end customers as an important basis for establishing partnerships. Second, we shall adopt more innovative technologies, develop heterogeneous computing structures, and optimize integrated software and hardware performance in order to provide customers with optimized application platforms.

In addition, we have also obtained a wealth of experience through our preliminary IoT collaboration projects with major domestic and foreign companies, developing expertise in the integration of information technology (IT) and operation technology (OT). We shall use this hard-won experience as well as our highly reliable technologies (e.g., DDS, OCR, etc.) to strive for the development of an IoT development platform: Data River. Data River is a software and hardware platform that extracts information for standardization, while facilitating instantaneous transmission and communication. On this platform, IT and OT staff can effectively optimize information processing priorities to maximize the benefits of IoT applications.

Digital experiment as a service (DXS) is a product and service solution that facilitates our customers' adoption of IoT applications. This plan is aimed to help clients by reducing various levels of uncertainty in the process of introducing IoT, and by providing specific assessments based on expected benefits. In 2018, we hope to achieve 40 DXS global adoption cases. We also believe that the success of these customers will be an important foundation for ADLINK's future growth.

As artificial intelligence (AI) applications have gained momentum, ADLINK has established close partnerships with major chip manufacturers such as Intel and Nvidia. In the next two years, we shall introduce a series of highly-anticipated products that adopt AI at the edge, and which can be applied to the smart factory, smart city, and smart medical care sectors.





### 1.3 Association and Guild Memberships

ADLINK applied for and obtained international certificates including ISO 9001, ISO 13485, ISO 14001, OHSAS 18001, ISO/IEC 17025, ISO/IEC 80079-34, Taiwan Excellence and TL 9000. We have factories in Taiwan and China, deploy globalized marketing network, continuously launch new products and develop new markets.

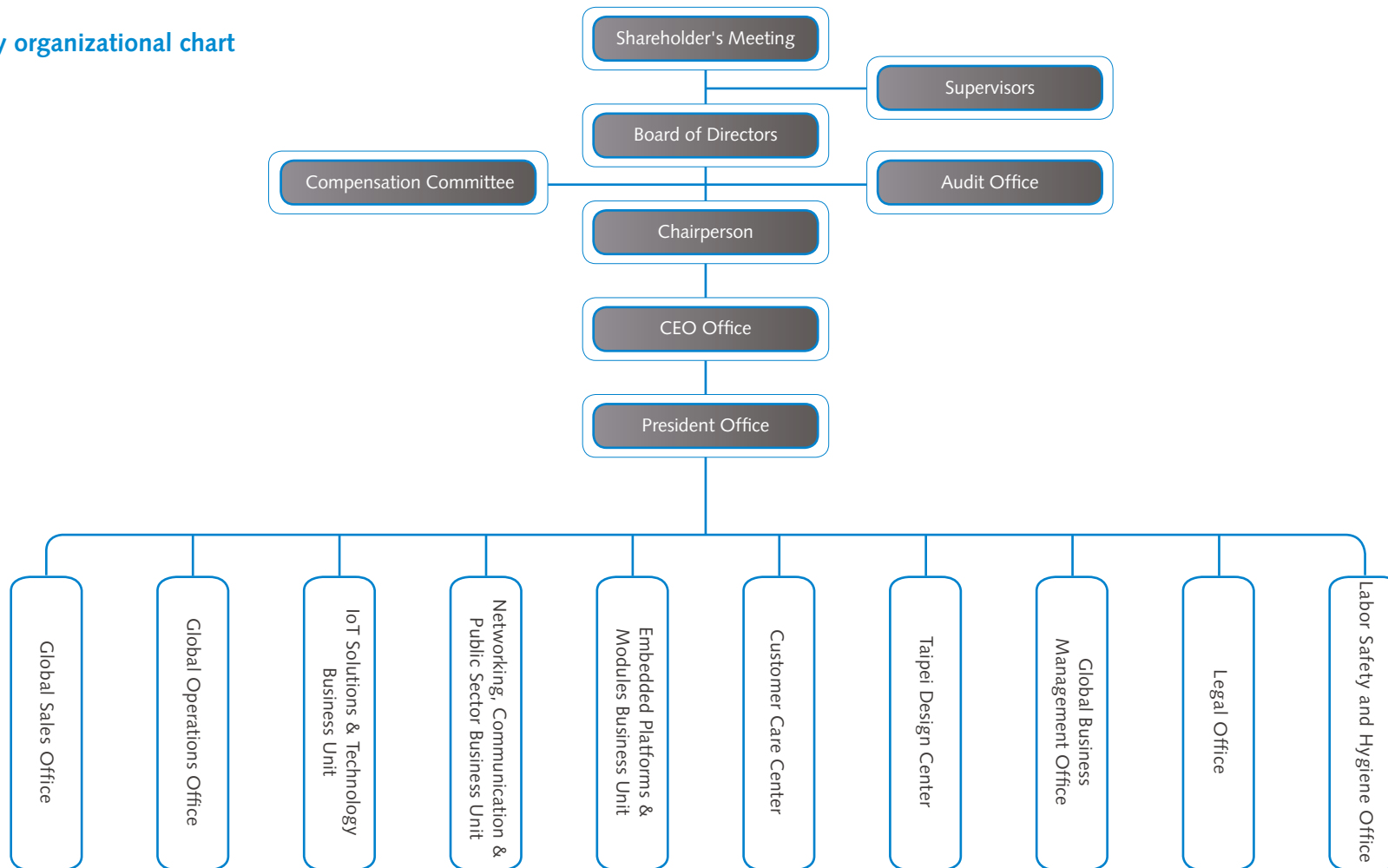
Maintaining the operational mission of innovative technology and moving the world, we actively participate in international member organizations to contribute toward improvements and cooperation in industrial technology. We are a premier member of Intel® Internet of Things Solutions Alliance. We have actively joined numerous

international standard organizations, including PICMG, PC/104 Consortium, Standardization Group for Embedded Technologies (SGeT), VMEBus International Trade Association (VITA), European Telecommunications Standards Institute (ETSI) and Open Compute Project (OCP). We are also a Sponsor Member of the PXI Systems Alliance and a member of AXIe Consortium. We joined the ROS-Industrial Consortium as the first Asia-Pacific member. We enthusiastically join international organizations in the industry to take a leading position in technology, keep up with the market and technology trend, and thoroughly understand the needs of global customers.



## 2.1 Corporate Governance

Company organizational chart



## Business portfolio of major departments

Department	Portfolio of Business
<b>CEO Office</b>	Responsible of planning the research and promotion of company-wide goal, establishment of strategy and guidelines.
<b>Audit Office</b>	The establishment, engagement, audit and review of every internal control system.
<b>President Office</b>	The coordination, communication, engagement, promotion and drafting of company-wide operation goals.
<b>Labor Safety and Hygiene Office</b>	Leads ISO14001 and OHSAS 18001 systems, system maintenance management, establishes environmental safety and health policy and system for the company, guarantees the safety and health of employees, maintains and audit the environmental and health system of each department of the company. Determines the occupational hazards prevention plan while guiding responsible departments in the implementation, planning, supervises labor safety and health management, checks and examination of safety and health equipment for each unit. In addition, checks, guide and monitor relevant personnel to carry out visits, regular checks, extensive search and testing of work environment, planning employee health check and implements health management.
<b>Legal Office</b>	Legal risk control and suggestion required by business operation as well as contract review, establishment and management, legal work planning, lawsuits control and intellectual property management.
<b>ADLINK Product and Technology Committee</b>	Responsible for product and technology planning, investment of new technology, application of up-and-coming technology and improvement of research technology of the whole group for ADLINK.

<b>Taipei Design Center</b>	Research and development of software, software tests and verification, establishment of hardware standards, manufacturing hardware layout, engineering drawing management, technology information management, components testing and selection, test instruments development, product design verification, product development supports relevant PCB design, green product policy implementation and process planning, environmental assessment and certifications and report.
<b>Global Sales Office</b>	Asia Pacific Sales: In charge of sales services for the Asia-Pacific market (including Taiwan). European Sales: In charge of sales services for the European market. AATI: In charge of sales services for the American market. ADLINK China: In charge of sales services for the Chinese market. ATG: In charge of sales services for the European market. PrismTech: In charge of sales services for global DDS (Data Distribution Service) market. Customer Care Center: Customer support services, customer quality management, post-sales maintenance and order management.
<b>Networking, Communication &amp; Public Sector Business Unit</b>	Planning and execution of the market strategy and comprehensive operational performance for products of network communication, rail transit and national defense industry, decision of sales price, informing and management, suggestion of new product development, market development and expansion of marketing channels, market needs analysis and investigation, product standards establishment, product and projects development schedule management, design modification, engineering drawing management, technology information management, customer technology support and service.
<b>Embedded Platforms &amp; Modules Business Unit</b>	Planning of the market strategy for the products and comprehensive operational performance, decision of sales price, informing and management, suggestion of new product development, market development and expansion of marketing channels, market needs analysis and investigation, product standards establishment, product and projects development schedule management, design modification, engineering drawing management, technology information management, customer technology support and service.

<b>Customer Care Center</b>	The standards establishment, hardware layout manufacturing, mechanical structures design, software development, test and verifications, design information and engineering drawings management, tests instrument development and products tests and verifications for customized products.
<b>IoT Solutions &amp; Technology Business Unit</b>	Planning and execution of the market strategy and comprehensive operational performance for products of intelligence industry, decision and informing of sales price, suggestion of new product development, market development and expansion of marketing channels, market needs analysis and investigation, product standards establishment, product and projects development schedule management, design modification, engineering drawing management, technology information management, customer technology support and service.
<b>Healthcare Business Center</b>	Planning and execution of the market strategy and comprehensive operational performance for medical products, decision and informing of sales price, suggestion of new product development, market development and expansion of marketing channels, market needs analysis and investigation, product standards establishment, product and projects development schedule management, design modification, engineering drawing management, technology information management, customer technology support and service.
<b>Global Business Management Office</b>	<p><b>Information Department:</b> Planning the information system functions for the company, computer equipment management, software maintenance, data management, establishment of computer networks and maintenance of computer software.</p> <p><b>Human Resources Management Department:</b> Human resources strategy such as selection, retention and training of talents and job planning, establishment and promotion of administrative and human resource management system, remuneration system, oversee manpower management, global human resource relevant and corporate culture projects, general affairs procurement and fixed asset management.</p> <p><b>Finance:</b> Operational analysis of financial statement, fund planning and bank transactions, long-term and short-term investment analysis, foreign exchange hedge and shares operations affairs.</p> <p><b>Accounting:</b> Accounting, book keeping and tax process, set up a budget, edit financial reports.</p>

<b>Global Operations Office</b>	<p><b>Taipei Manufacturing Center:</b></p> <ul style="list-style-type: none"> <li>• <b>Quality Assurance Department:</b> QC processes including supplier management, inspections and testing of items and finished products, and production quality control.</li> <li>• <b>Manufacturing Department:</b> The entire production system.</li> <li>• <b>Biotechnology Department:</b> Research technology transferring to factory production technology, maintenance of defective products during production, and post-sale maintenance.</li> <li>• <b>Production Planning Department:</b> Production schedule, materials planning and planning and management for storage of raw materials and products.</li> <li>• <b>Industrial Engineering Department:</b> Factory layout planning, process improvement, workstation design, analysis and evaluation of manufacturing cost, project assessment and management, and promotion and execution of the strategy and guideline for the group goal.</li> <li>• <b>Manufacturing Technology Department:</b> Formulation and publication of working instructions and technical documents for manufacturing, and helping the production line increase quality yield and equipment utilization rate.</li> <li>• <b>Manufacturing Project Management Department:</b> Value chain improvement of VIP customer, exclusive service management for VIP customer, standardization of the management process for cross-departmental team, and promotion and execution of the strategy and guideline for the group goal.</li> </ul> <p><b>Global Operational Quality Assurance Division:</b> Responsible of quality strategic planning, management and planning of quality and environment and health system, customer quality projects improvement and customers complains report processing.</p> <p><b>Advanced Manufacturing Technology Center:</b> Implementation of technology research for new process, and enhancement for capability of global technology resource.</p> <p><b>Global Procurement Division:</b> Responsible for managing suppliers and prices, procurement of production components and search of vendors.</p> <p><b>Strategic Supply Chain Planning Division:</b> Integrate supply chains and collaborate strategy with products department, eventually meeting the company's operational guidelines.</p>
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## 2.2 Board of Directors

In order to select directors, supervisors fairly, just and openly, ADLINK established the "Procedures for Election of Directors and Supervisors" according to the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," and the selection of directors and supervisors for ADLINK is processed in accordance to those procedures.

The highest governance body at ADLINK is the board of directors, the current members on board are seven directors (two of them are independent directors) and three supervisors, which are voted on by shareholders. One of the independent directors and two of the supervisors are women. ADLINK relies on the supervisors' and directors' extensive expertise and experiences in different fields, to keep the company aware of potential prospects for cutting edge technologies and familiarity of international market trends and dynamics. Besides an institutional director, other board members require more than five years of business, legal, financial, accounting or other company required expertise. The composition of the board is diverse and can establish excellent corporate governance system, as well as monitor, appoint and guide the corporate managers while strengthening research skills interactions, increase management functions and lead the effective operation in economic, social and environmental aspects for the company. The board devotes to maximize the rights of interested parties.

The seven directors are Jim Liu, George Feng, Gary Chou, Richard Lin, KAI SUN Investment Co., Ltd., Shi-Hao Hong and Wei-Chien, Lee. Jim Liu is the Chairperson. The Chairperson at ADLINK is not concurrently holding position of corporate managers. The board of directors appointed Mr. Daniel Yang, our senior manager, to be the general manager of ADLINK.

The three supervisors are impartial people from outside the company. They are Hsiu-Miao, Huang, the representative of Chroma ATE Inc., and Chih-Hsien, Chang and Lien-Fa Kuo. The 10 supervisors and directors have various expertise and are equipped with professional knowledge required for work execution. Also, ADLINK greatly values the reputation of individuals ethical actions and leadership.

The total number of shares held by the entirety of the directors and supervisors at ADLINK is 21.23%, which complies with the regulations of securities regulations. ADLINK purchases liability insurance for its supervisors and directors on and within the range of the business with which they engaged.

The board meetings are held at least once per quarter. The director of the board convened eight board meetings in 2017.



## List of ADLINK Board of Directors Members

Title	Nationality or Domicile	Name	Gender	Term	Professional and Educational Background
Chairperson	Taiwan	Jim Liu	Male	Three years	<ul style="list-style-type: none"> <li>• Founder of the company</li> <li>• Computer Science Graduate School, National Tsing Hua University</li> <li>• Institute for Information Industry</li> </ul>
Director	Taiwan	Richard Lin	Male	Three years	<ul style="list-style-type: none"> <li>• Department of Information &amp; Computer Engineering, Chung Yuan Christian University</li> <li>• Technology engineer at De Xin</li> </ul>
Director	Taiwan	Gary Chou	Male	Three years	<ul style="list-style-type: none"> <li>• Chairperson of the Zenitron Corporation</li> <li>• Asian Institute of Management, graduate of MDP class</li> <li>• Department of Electronic Engineering, Tatung University</li> <li>• Electronic design director, Tatung Company</li> </ul>
Director	Taiwan	George Feng	Male	Three years	<ul style="list-style-type: none"> <li>• COO of Operational manufacturing management for ADLINK</li> <li>• PRTM Shanghai Office / Principal</li> <li>• University of Houston, Texas Industrial Engineering</li> <li>• TGC Shanghai Office / VP &amp; General manager</li> </ul>
Director	Taiwan	KAI SUN Investment Co., Ltd.	-	Three years	<ul style="list-style-type: none"> <li>• Institutional directors</li> </ul>
Independent directors	Taiwan	Wei-Chien, Lee	Female	Three years	<ul style="list-style-type: none"> <li>• Master of Social Science of National Taiwan University</li> <li>• Associate General Manager of HR Department of Coretronic</li> <li>• Director of the Board of Kaijun Investment</li> <li>• Representative of the Director of the Board of Etron Technology, Inc.</li> </ul>
Independent directors	Taiwan	Shih-Hao, Hung	Male	Three years	<ul style="list-style-type: none"> <li>• Ph.D of Computer Science and Engineering of University of Michigan</li> <li>• Professor of Graduate School of Computer Science and Information Engineering, Network and Multimedia of Taiwan University</li> <li>• Counselor of Ingrasys Technology Inc.</li> <li>• Principal Engineer of Sun Microsystems</li> </ul>
Supervisors	Taiwan	Hsiu-Miao, Huang Representative of Chroma ATE Inc.	Female	Three years	<ul style="list-style-type: none"> <li>• Director of Finance at Chroma ATE Inc.</li> <li>• Department of Accounting, Tunghai University</li> </ul>
Supervisors	Taiwan	Chih-Hsien, Chang	Female	Three years	<ul style="list-style-type: none"> <li>• Master of Statistics of Stanford University</li> <li>• CEO of Vision Think Tank</li> <li>• Finance and Investment Counselor of Partners Architects Planners</li> <li>• Independent Director of Chunghwa Chemical Synthesis &amp; Biotech Co. Ltd. (Listed company)</li> <li>• Deputy General Manager of Chia Hsin Cement Corporation</li> </ul>
Supervisors	Taiwan	Lien-Fa, Kuo	Male	Three years	<ul style="list-style-type: none"> <li>• Master of Business Division of National Taiwan University</li> <li>• Master of the Law of the Sea of National Taiwan Ocean University</li> <li>• Associate General Manager of Risk Management Department of Evergreen</li> <li>• Associate General Manager of Legal Affairs Department of Evergreen</li> </ul>

## 2.3 Remuneration Committee

The mission of remuneration committee is to assist the board of directors in executing and evaluating the remuneration and benefit policy of the entire company, as well as the compensation of directors and managers.

### **Responsibilities of Remuneration Committee:**

- (1) Establishes and regularly reviews the performance evaluations of directors, supervisors and managers and remuneration policy, system, standards and structure.
- (2) Regularly evaluates and establishes the remuneration and compensation of directors, supervisors and managers.

### **When this committee engages in its duties as mentioned previously, they shall comply with the guidelines listed below:**

- (1) The performance evaluations and remuneration of directors, supervisors and managers shall refer to the payment standards within industry, and considering the reasonable connections among personal performance, company performance and future risks.
- (2) The Committee should not encourage the directors and managers to conduct any activities exceeding the acceptable risk level of the Company in pursuit of higher remuneration.
- (3) With respect to the proportion of short term bonus and changes in the time of payment of remuneration for directors and high-level managers, the Committee should consider the special characteristics of the industry and the business nature of the Company.

### **Composition and selection of the members of Remuneration Committee:**

Chairperson: Wei-Qian Li

Members: Jing-Yi Lei, Ben-Yu Yang

Composition of the members of Remuneration Committee was appointed by board of directors, including one independent director and two external expert committees. The members of Remuneration Committee are all comply with the independence and professionalism as requested by relevant regulations. The term of the members of the Committee shall be the same as that of the board of directors. In accordance to ADLINK's "Remuneration Committee Charter", the Committee meetings shall be convened at least twice a year. ADLINK conducted a total of two Remuneration Committee meetings in 2017. The attendance rate was 100%.

The background information, educational background, concurrent positions in another company or on boards of directors, and the information on the scope of authority of each functional committee of ADLINK Remuneration Committee members are all disclosed in an annual report, that can be acquired on the company website and Market Observation Post System.

## 2.4 List of Majority Shareholders

April 21, 2017

Shareholder Name	Shares	%
Chroma ATE Inc.	24,502,253	11.26%
Keysight Technologies	14,707,559	6.76%
Zenitron Corporation	13,943,324	6.41%
Jim Liu	10,818,924	4.97%
Chung Sheng investment company	10,678,628	4.91%
Fubon Financial Holdings	8,890,385	4.09%
KAI SUN Investment Co., Ltd.	8,309,808	3.82%
Harn Fen Ni	5,107,186	2.35%
JPMorgan account	4,328,797	1.99%
Ling Shuo Technology Co., Ltd.	3,816,821	1.75%
Government fund and relevant shareholders		
Labor pension fund (new scheme)	85,131	0.04%

## 2.5 Dividend Policy and Distribution

### (1) The dividend policy specified in the articles:

To ensure shareholder ROI and cope with the investment planning of the company, our dividend policies are based on the Company Act and regulations of Securities and Futures Bureau of Financial Supervisory Commission to achieve our goal of sustainable operation.

#### 1. Dividend policy

The dividend payment procedures of this company are based on relevant regulations set forth in the Company Act. At the end of every fiscal year, the board of directors formulates the dividend type and amount in consideration of the profit situation of the company and future operational needs upon completion of the auditing and attestation of the financial statement by a CPA. The dividend must not be lower than 60% of after-tax surplus of the year. This proposal is implemented upon approval by the shareholders' meeting. Our business is growing. We adapt to rapid growing needs in industrial automation and mid-long-term asset planning of the company for sustainable operation and active growth. The cash dividend paid each year must not be below 20% of the cash and stock dividend of the year.

#### 2. Dividend payment method

The company adopts the following three dividend payment methods: Capitalization of retained earnings, capitalization of capital reserves, and cash dividends. The following factors are taken into consideration for the payment of cash or stock dividends:

- Demands generated by future business scope expansions
- Maintenance of a balanced level of EPS and profitability
- Current status of cash flows and operating surpluses



## 2.6 Employee Bonus Sharing and Compensation of Directors and Supervisors

### 1. The value or scope of the employee and supervisor compensation specified in the articles of association:

The proposed regulations stipulate that 3% to 20% and a maximum of 3% of pre-tax income of the respective year shall be allocated as the compensation for employees and directors/supervisors, respectively. Relevant reports shall be submitted to the shareholders' meeting. In case of accumulated losses, a certain amount shall be allotted in advance to make up for such losses before compensations are allocated pursuant to the aforementioned ratios. Employee compensations may be paid in stock or cash. Eligible recipients shall include employees of subsidiaries who meet certain criteria. Relevant criteria shall be determined by the board of directors.

Annual earnings are distributed as follows: If the final accounts for the respective year indicate after-tax earnings, accumulated losses will be made up first. 10% of the remaining earnings are allocated as a legal reserve unless accumulated legal reserves have reached an amount equivalent to the paid-in capital. A special reserve is then allotted from the remaining amount. Finally the board of directors formulates a proposal for the distribution of remaining surpluses and accumulated undistributed earnings. Shareholder dividends and bonuses are allocated upon resolution by the shareholders' meeting.

The recipients of previously mentioned employee bonuses include subordinate company employees who match certain criteria.

### 3. Dividend payment amounts and categories

The company pays out dividends in consideration of capital reserves, retained earnings, financial structure, and operating conditions to ensure a sound financial structure and safeguard the rights and interests of its investors.

#### (2) The distribution of resolution dividends in this shareholder's meeting:

In 2018 shareholder's meeting (earning distribution of 2017), we expect to pay NT\$ 1.40 for the cash dividend per share. We pay NT\$ 0.1 per share by cash based on APIC. The total dividend paid is NT\$ 1.50 per share.

#### (3) Impact of the stock grants proposed by the shareholders' meeting on company business performance and EPS:

The company pays out its annual dividends in accordance with its dividend policy. No stock dividends and employee stock options were granted this time. The impact on business performance and EPS is therefore negligible.

**2. Discrepancies between the estimation basis for employee compensation and director/supervisor compensation, the calculation basis for number of shares entitling holders to employee compensation, and actually paid amounts are handled as follows:**

The 2017 employee bonus is estimated at NTD 78,000,000 and NTD 5,000,000 for the remuneration of directors and supervisors, which are based on past distribution records. After the end of fiscal year, when there are major changes in distribution amount as resolved by the board of directors, the original annual distribution amount allocated shall be adjusted. If there are still changes in amount after the date that the approval of annual financial statement is announced, then changes should be estimated by accounting and adjusted into account next year. If the board of directors decides to adopt stock dividends as an employee compensation, the number of stock compensation shall be decided by stock fair value divided by the bonus amount. The stock's fair value is calculated based on the closing price on the day before the board of directors make decisions considering the effect of ex-right and ex-dividends. The basis for estimating the amount of director/supervisor compensation is based on the salary standards of the industry, as suggested by the Remuneration Committee and approved by the Board of Directors.

**3. Compensation allocation approved by the board of directors:**

1. On March 8, 2018, the board of directors approved to allocate NT\$ 78,000,000 for remuneration of employees by cash and NT\$ 5,000,000 for remuneration of directors and supervisors, adding up to NT\$ 83,000,000. It is the same as the recognized annual estimated amount, there is no difference.

2. The proportion of the amount of compensation distributed to the employee stock based on the resolution to the sum of after-tax profit in this period and total employee compensation: Not applicable.

**4. The actual distribution of employee compensation and director/supervisor compensation for the surplus in the previous fiscal year (with an indication of the number, face value, and stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee compensation and director/supervisor compensation, the discrepancy, cause, and handling methods shall be clearly specified:**

The 2016 cash compensation for employees and the compensation for directors and supervisors as passed by shareholder's meeting on June 19th, 2017 are NT\$ 77,320,313 and NT\$ 5,154,687, respectively. The employee compensation and compensation for directors and supervisors approved by shareholder's meeting mentioned above are the same as employee compensation and compensation for directors and supervisors recognized in the 2016 financial report.

## 2.7 Corporate Risk Management

The company has also established an Audit Office directly subordinate to the board. This office assists the directors, supervisors, and top-level executives in inspections and reviews of the internal control system and determination of operational results and efficiency. Designated personnel are in charge of audits of all operational and management functions in the field of finance and sales of the company and its subsidiaries. In addition to routine audits conducted in accordance with annual plans, special audits are carried out based on actual needs and concrete suggestions for improvement are provided. The results are reported to the board of directors on a quarterly basis.

### Goal of the carrying out of internal audits

1. The goal of internal audits is to achieve operating results and efficiency including profitability, performance, and asset safety. Reporting is reliable, prompt, and transparent and conforms to relevant norms and regulations, covering internal and external financial and non-financial reporting in conformity to relevant laws and regulations.
2. Units in charge of internal audits constantly review the internal control system and provide timely suggestions to ensure effective operations of the internal control system. Timely adjustments are made in accordance with changes of the internal and external environment to guarantee the continued effectiveness of the system.

### Internal audit operations

1. Formulation of annual audit plans in accordance with annual risk assessments and regulations of the competent authority and execution upon approval by the board. Audit dimensions include, but are not limited to, operational audits and legal compliance audits.

2. Special audit operations are based on operation and management need of the board and top-level management and are conducted on a non-scheduled basis.
3. Self-inspections of all units and subsidiaries: Responsible personnel in each unit conduct regular inspections of the adequacy, implementation status, and effectiveness of operational control items in the context of planned "internal control self-assessment" operations in accordance with relevant laws. The results of such assessments are reported back to the board upon review by the Audit Office.
4. Subsidiary audits are conducted on a scheduled and non-scheduled basis in accordance with annual audit plans or by special request of the board. Business goal achievement, the reliability of financial statements, and the adequacy of internal controls are assessed and verified to help the group ensure enhanced business performance, legal compliance, and operational efficiency on the part of subsidiaries.
5. Assistance and supervision of amendments of the internal control system: Provision of suggestions for improvement of operating process efficiency and consultation services for internal control system design to facilitate the enhancement of operational efficiency and performance.

Auditing personnel shall perform their duties by embracing a spirit of absolute independence, objectiveness, fairness, and fact-finding. The goal is to ensure that the internal control system is implemented effectively and assist the management level in the fulfillment of duties.

## 2.8 ADLINK Corporate Social Responsibility Management Committee

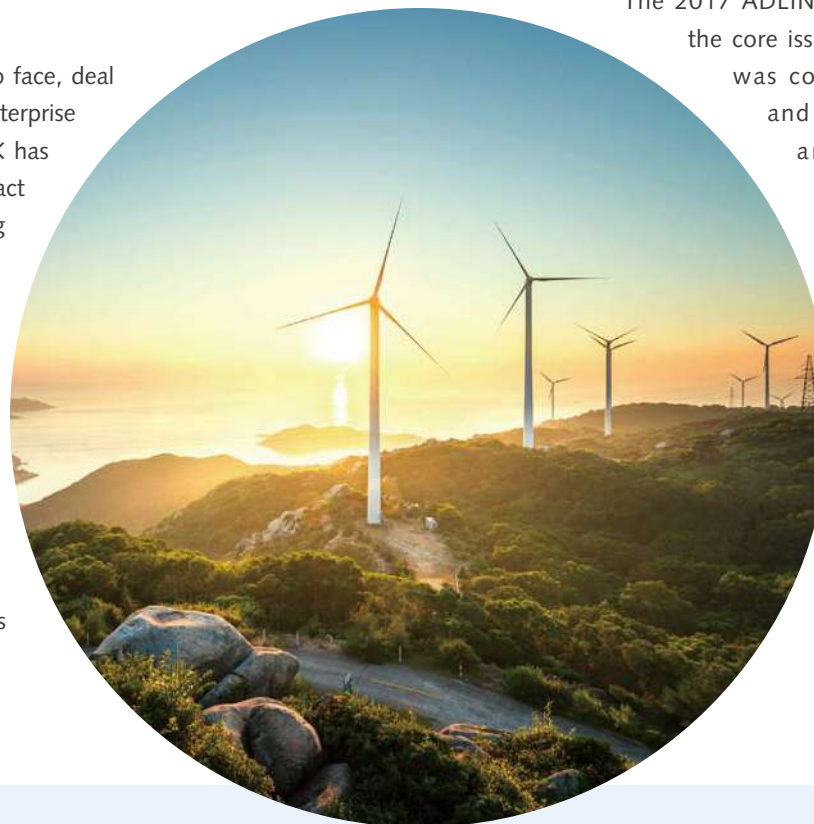
ADLINK Technology has been implementing corporate social responsibility (CSR) concepts in the following five major areas since 2013: corporate governance, employee care, environmental protection and energy conservation, external communication, and social concern. The company has also made a firm commitment to strengthen its operating system, fulfill its social responsibility, and practice environmental conservation. A CSR Promotion Committee was established to promote the planning, execution, organization, and review of CSR related tasks and discuss issues of concern to different stakeholders with the goal of facilitating the promotion of relevant tasks by relevant units.

"Sustainable development" is a key issue that humanity has to face, deal with, and reflect upon. As a global corporate citizen and an enterprise that is committed to driving technology development, ADLINK has the unshrinkable responsibility to devote its resources and impact to this grand cause. The company embraces a spirit of giving back to our planet with gratitude after benefiting from its resources and it is fully committed to fulfilling its role as a corporate citizen as well as its corporate social responsibility. The company also aims to serve as a role model for society in the performance of the sacred duty of "sustainable development".

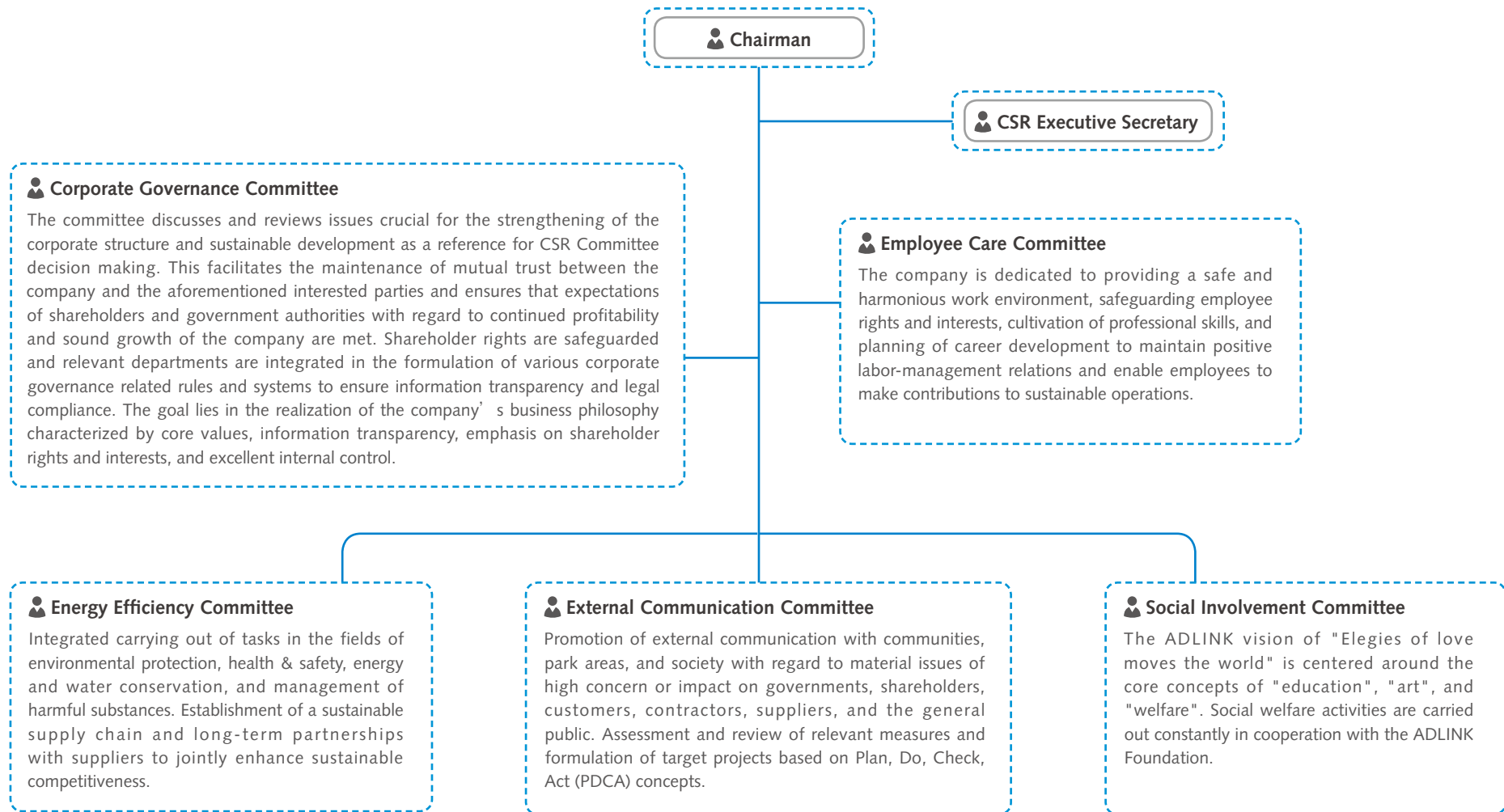
We announce policies of corporate social responsibility as our guidelines when we fulfill the corporate social responsibility. We aim to plan and promote CSR policies. We hope to convert implementation and operation management of CSR to guidelines

for daily work and operation. We enhance management and overall performance of CSR to ensure the implementation of policies of corporate social responsibility. The spirit of the policy lies in the gradual internalization of sustainable management concepts and fusing them with the company's core values and corporate culture. The implementation of this policy stimulates constant improvements and inspections of the connectivity of various action plans with the CSR policy and their adequacy. The goal lies in the gradual implementation of CSR policy contents.

The 2017 ADLINK CSR Report is centered around the core issue of "sustainable operation" and was compiled based on the principles and structures of the GRI Standard announced by GRI in October 2016. Disclosures in the general disclosures, management policies, economic, environmental, and social themes focus on sustainability issues, strategies, goals, and measures.



▼ ADLINK Corporate Social Responsibility Management Committee





## 2.9 Interested Parties' Areas of Concern and Communication Channels

Communicating and interacting with interested parties is an important part of company operations. ADLINKs hopes to fully understand interested parties' thoughts and needs through multi-faceted communicational channels while obtaining their precious opinions through their participation in communication. Thus, ADLINK can better respond in corporate social responsibility operations. Strategies, plans, and innovative methods are provided to strengthen ADLINK's operational ability to fulfill expectations of interested parties and achieve the idea of corporate sustainable development.



The appeal of interested parties is the key to sustainability and success for the corporation. ADLINK finds out and responds to the needs and expectations of interested parties by interaction. We help corporations examine and plan short-, mid- and long-term strategies, create the value of corporation to interested parties, and develop new business opportunities with sustainable operations.

The ADLINK Technology CSR Committee relies on diverse communication channels to discuss and identify interested parties such as shareholders, employees, customers, suppliers, society, non-profit organizations, and government agencies in a systematic manner. The committee also conducts a materiality analysis of issues of concern to interested parties. Upon confirmation of the list of interested parties, an interested party communication platform is established based on the impact on ADLINK and issues of concern. Responsible internal units establish diverse and systematic communication channels. Issues of concern with interested parties in the fields of corporate governance, economy, environment, and society are compiled and organized and the main issues of concern to interested parties are identified in consideration of ADLINK sustainable development concepts and the GRI-Standard aspects. A total of 20 issues of concern with interested parties have been identified. Sustainability assessments and analyses are then conducted based on the level of concern and potential impact of identified issues. Issue boundaries are examined and issues are incorporated into key tasks. Issues of concern to ADLINK and its interested parties and relevant communication channels are as follows:

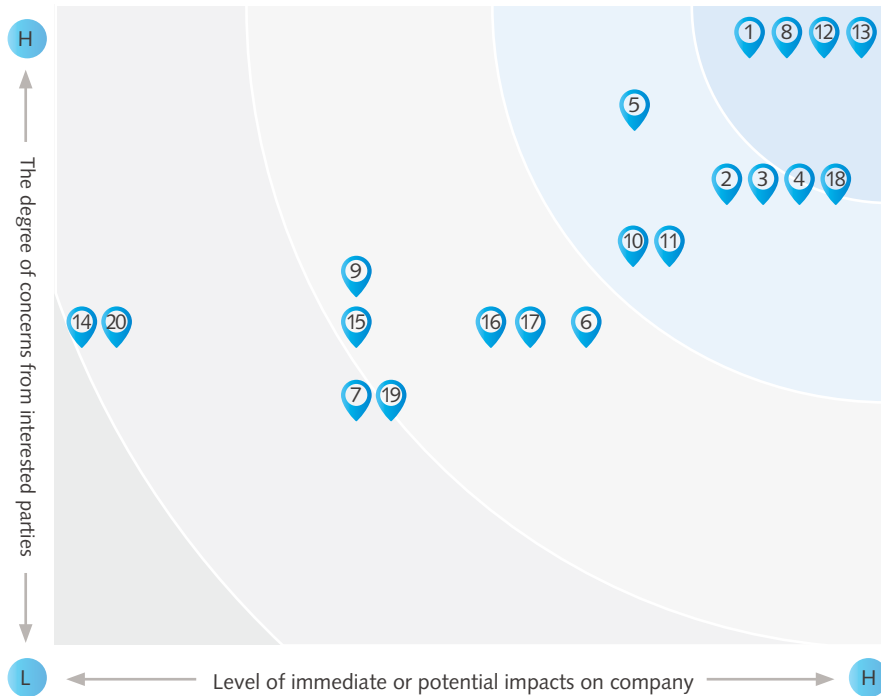
▼ Interested Parties' Areas of Concern and communicational channels

Interested parties	Concerned Agendas	Needs and Expectations	Implementation Result
Shareholders	<ul style="list-style-type: none"> <li>Business Performance</li> <li>Company Governance</li> <li>Risk Management</li> <li>Financial Performance Transparency</li> </ul>	<ul style="list-style-type: none"> <li>Company profitability and performance</li> <li>Our competitive advantage in industrial computer industry</li> <li>How can the company lower the risk in future?</li> <li>Has any communication channel/dividend policy been established?</li> </ul>	<ol style="list-style-type: none"> <li>The annual shareholder's meeting</li> <li>The public earnings call is held at least twice a year</li> <li>Quarterly and annual financial statements</li> <li>Investor's relations on company website</li> <li>Market Observation Post System</li> <li>Dividend policies are explicitly specified in articles of association</li> <li>Spokesperson system</li> <li>Spokesperson and investor contact: iris.chen@ADLINKtech.com</li> </ol>
Employees	Remuneration and Benefits	Does the company comply with the regulatory system?	<ol style="list-style-type: none"> <li>On January 1, 2017, the minimum wage is increased to NT\$ 21,009/month and NT\$ 133/hour. We've adjusted the wage for all of our employees to adhere to regulations.</li> <li>The "one fixed day off and one flexible rest day" policy affects the overtime pay and annual leave. There's not much difference between the overtime pay this and last year. The annual leave affects employees who have been employed for one to six years. We have added the annual leave hours required for them. In addition, employees are forced to cash out their unused annual leave every year. Therefore, we offer annual leave bonus programs to encourage employees take days off regularly to balance mental and physical health and enhance their working spirit.</li> </ol>
	Work Environment	How to carry out the health and safety management for the workplace?	<ol style="list-style-type: none"> <li>The Labor Safety and Health Office assists in relevant issues.</li> <li>We regularly provide the employee health checkup.</li> <li>We hold the quarterly EHS meeting to improve the operating environment, safety and health.</li> <li>The Labor Safety and Health Office conducts the workplace environmental monitoring regularly.</li> </ol>
	Labor-Management Relations	How to carry out good two-way communication?	<ol style="list-style-type: none"> <li>We hold the labor-management conference regularly for communication.</li> <li>We provide an employee suggestion box for employees to express their opinions.</li> </ol>
Customers	Product Quality and Service	We provide ways for product and technical inquiries.	The online platform for quality/technical inquiry (Ask An Expert) responds in two (2) working days.
		Customers hope to receive a complete failure analysis for non-conforming reprocessed products.	For the reprocessed products that customers proposed FAR needs, CQA works with PETC or RMA to write and submit an FAR report to customers.
		Customers expect that major problems can be solved in limited time.	We register customer quality problems in the Issue Log system and monitor the progress of problem solving.

Customers	Product Delivery Date	When do we reply the customer for the delivery date after the customer places an order?	We confirm the standard delivery date of product in four (4) working days.
	Customer Product hazardous material regulations	We require ADLINK provides to feedback to hazardous material control specs or relevant documents for customer product.	<ol style="list-style-type: none"> <li>1. We reflect on differences of spec for both parties and offer suggestions to check whether we can exempt special requirements of customer. Our legal affairs department records the exemption text in the contract or memorandum.</li> <li>2. When the customer insists on special product requirements, PM must tell the customer about all the additional cost of labor and material selection and purchase as soon as possible.</li> </ol>
	Special Conflict Mineral Due Diligence Required by a Few Customers	<ol style="list-style-type: none"> <li>1. We require that the CMRT data must be valid within the last half year.</li> <li>2. All the conflict mineral used for the genuine raw material must come from the RMAP certified smelter. We remove smelters without RMAP certification from the supply chain.</li> </ol>	<ol style="list-style-type: none"> <li>1. We update the latest ADLINK CMRT to the customer based on the annual survey.</li> <li>2. ADLINK carried out the conflict mineral survey based on specific requirements from the customer in 2017 and communicated with the agent and original factory. A few original factories wouldn't cooperate after we communicated with them. Therefore, we provided the list of the original factory to the customer and ask the customer to communicate with the original factory.</li> </ol>
	Marketing Communications	IEC 62304 Medical device software requirements, and product SIL (Safety Integrity Level) requirements	<p>We have been working on the operation.</p> <p>We carry out IEC 62304 pilot run by using the machine of MLC series.</p> <p>We've carried out trial coding with the SIL standard by using the machine with cPCI interface.</p>
Suppliers	Order Management	Understand the process management of ADLINK orders.	We use eChannel Open system to share information of the order.
	ADLINK Order Forecast	Want to understand the estimated orders of ADLINK.	We use eChannel Open system to inform vendors of the material used for orders yet to be placed at the beginning of every month.
	Supplier Environmental Assessment	Suppliers are not familiar with the interface of GPMS (Green Product Management System).	<ol style="list-style-type: none"> <li>1. GPMS URL: Suppliers can download SOP, tutorial video and document plate (<a href="http://gpms.adlinktech.com/adlink/">http://gpms.adlinktech.com/adlink/</a>)</li> <li>2. We held 22 "Supplier GPMS small class teaching" in Taipei and Shanghai (336 vendors and 427 people attended) from 2016 to 2017.</li> <li>3. We held 6 GPMS seminars for PMs, sales and R&amp;D units for internal promotion in Taipei headquarter and Shanghai Factory in 2017.</li> </ol>

Government Units	Environmental Protection	Our idea of pollution prevention	<ol style="list-style-type: none"> <li>1. The "Environmental Protection" section on our website and in our CSR describes and explains the idea.</li> <li>2. We conduct energy and resource project management for the objective and target based on the ESH management system.</li> <li>3. We carry out the regulatory compliance inspection regularly to ensure that our regulatory complies with the standard.</li> </ol>
	Corporate Sustainable Development	How do we plan for corporate sustainable development?	The "Company Overview" section on our website and in our CSR describes and explains our plan.
Non-profit Organizations	Industry-Academic Collaborations	We expect to help students put what they have learn to good use.	<ol style="list-style-type: none"> <li>1. The school announces the major required for job openings for students to select the jobs.</li> <li>2. We introduce our company to students, arrange the interview with managers and explain the job to them.</li> <li>3. Teachers visit us every quarter to find out what students do in their jobs and keep track of their learning progress.</li> </ol>
Society	Dedicated Units in Charge of Communication with Communities	How to carry out good two-way communication?	We assign specialists to join the meeting of administrative committee of the park.
	Social Involvement	How can the company create and convey a good, warm corporate image via the implementation and promotion of charity project?	<p>The company promotes charities via ADLINK Foundation. Charities in 2017:</p> <p><b>/Camp/</b></p> <ol style="list-style-type: none"> <li>1. Shanghai Kid Summer Camp: We lead 20 disadvantaged children from Taiwan and China to join the camp and broaden their horizons.</li> <li>2. Nomadic Qinghai-Tibet Plateau Exploration Camp: We lead 4 students selected from the police college, 3 students selected from the college of performing arts and 1 youth volunteer from ADLINK to go to Qinghai Province (Tibet) to join cultural experience and exchange events.</li> </ol> <p><b>/Life Education/</b></p> <p>We work with "Multiply Disabled Entertainment Troupe", a performing arts group formed by performers with all kinds of disabilities, to hold life education concerts in schools. We promote the essence and spirit of "cherish life" and "never give up and create miracle".</p> <p><b>/Reward Program/</b></p> <ol style="list-style-type: none"> <li>1. Mr. Zhong-Xian Ni Scholarship: This is offered to students of Taiwan Police College.</li> <li>2. Ms. Yue-E Huang Arts Scholarship: This is offered to students of National Taiwan College of Performing Arts.</li> <li>3. ADLINK Foundation Scholarship: This is offered to ADLINK employees and their children.</li> </ol> <p><b>/Charity Sponsorship/</b></p> <ol style="list-style-type: none"> <li>1. We sponsor all the after-school programs of Boyo Social Welfare Foundation Charity in Taiwan for disadvantaged children.</li> <li>2. We sponsor the community churches of Glory Care Association for after-school programs for disadvantaged children.</li> <li>3. We sponsor Curio Arts Association to inspire the painting talent of autistic children and hold exhibitions for these children.</li> <li>4. We sponsor Ocean Citizens of Penghu to protect the ecosystem of Penghu and preserve the primitive culture of Penghu.</li> </ol>

▼ Level of immediate or potential impacts on company



- |                                       |   |   |
|---------------------------------------|---|---|
| 1. Business performance               | 9. Product delivery date                            | 16. Dedicated units in charge of communication with communities |
| 2. Company governance                 | 10. Customer Product hazardous material regulations | 17. Social involvement  |
| 3. Risk management                    | 11. Conflict minerals due diligence of Nokia/Nvidia | 18. Environmental protection                                    |
| 4. Financial performance transparency | 12. Marketing communications                        | 19. Corporate sustainable development                           |
| 5. Remuneration and benefits          | 13. Order management                                | 20. Industry-Academic Collaborations                            |
| 6. Work environment                   | 14. ADLINK Order Forecast                           |   |
| 7. Labor-management relations         | 15. Supplier Environmental Assessment               |   |
| 8. Product quality and service        |   |   |

## SUSTAINABLE DEVELOPMENT GOALS



### ADLINK Respond to The SDGs of The UN

During the continuous progress of corporate sustainability, institutional investors begin to implement the PRI (Principle of Responsible Investment) and include the performance of ESG (Environment, Society and Governance) into the investment analysis. Furthermore, the UN announced 17 SDGs (Sustainable Development Goals) in September 2015 to expand the 8 MDGs (Millennium Development Goals) and march toward the sustainable development goals in 2030 agenda. The UN integrated three major frames, society, economy and environment, to propose five new major elements and highlight the interaction of target integration. While eliminating poverty, the UN needs to stimulate economic growth, satisfy social needs in education, health, social protection and job opportunity. The UN also corresponds to climate actions and environmental protection.

**The 17 goals are:**

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient, and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and its impacts.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

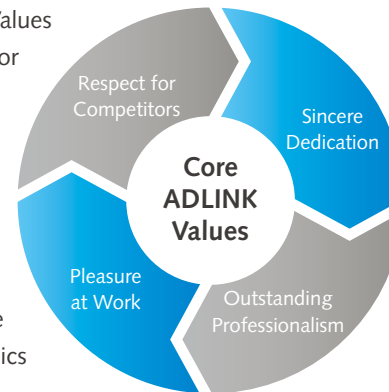
▼ Table - Corresponding SDGs

 <b>Foreword from the Chairperson/ Message to our "interested parties"</b>	
 <b>Corporate Overview</b>	 
 <b>Corporate Governance and Interested Parties</b>	
 <b>Customer Service and Supplier Management</b>	
 <b>Industry-Academic Collaborations</b>	 
 <b>Community Involvement</b>	 
 <b>Environmental Concerns</b>	   
 <b>Optimum Workplace</b>	

## 2.10 Core Values and Code of Ethics

Enterprise value is the key to support corporate events and an important basis of corporate culture formation and employee behavior during the changes of external environment. The corporate core value of ADLINK has four principles: Integrity & Commitment, Excellence & Expertise, Friendly Competition, Enjoying Work. We employ and develop employees conforming with the corporate value via recruitment and training.

"Ethics" represent the basis of human conduct. Values and beliefs based in ethics are a key prerequisite for the creation of healthy and sustainable corporate structures beneficial to humanity and the world. Therefore, we must implement the Employee Code of Ethics to develop the corporate core value. In addition, an all-out effort is made in cooperation with the whole staff to maintain a work environment characterized by respect for the law and pragmatism. The Employee Code of Ethics stipulated by ADLINK is as follows:



- **Compliance with laws and discipline:** ADLINKers respect and abide by all applicable laws and norms. All ADLINKers take pride in observing laws and discipline.
- **Actual records and reporting of the status of the group:** ADLINK is eager to work accurately and completely and record and report personal work honestly without exaggerating or lying about the outcome.
- **Competition based on respect for ethical standards:** ADLINK derives its

competitive edge from its excellent products, high-quality employees, and rapid and superior services. We refuse to participate in and are strongly opposed to unethical or illegal trading activities.

- **Honoring of diverse and fair hiring principles:** At ADLINK we value and respect diverse gender, religion and ethnicity of employees, and provide equal and fair employment and promotion opportunities in accordance with the qualifications and work performance of every employee. Any form of sexual harassment or discrimination is strictly forbidden and will not be tolerated at ADLINK. We also feel obliged to provide a fair and safe work environment.
- **Avoidance of conflict of interest:** We must not take advantage of the performance of our duties to acquire inappropriate benefits for ourselves or others. We must also avoid actual or potential conflicts between personal interests and the interests of the company.
- **Protection of ADLINK assets:** We respect the work contents provided by ADLINK and pledge to protect the assets and information required and utilized for our work. We also keep business secrets provided by ADLINK and other organizations strictly confidential.
- **Offering or acceptance of gifts, entertainment, or bribes:** We must not offer or accept gifts or entertainment of a high value or accept bribes or other inappropriate benefits without explanation.
- **Maximization of positive impact:** All ADLINKers are willing to make a personal contribution to ensure constant improvements of the company and its staff.

By implementing moral discipline, we stimulate employees to have greater commitment and responsibility to their jobs. The commitment and responsibility become their common code of conduct to focus on fair rights and obligations. Finally, we elaborate positive impact by ADLINK Volunteer Foundation and cohere the development motivation of organization.

## 2.11 Code of Ethics and Business Engagement

### (1) Code of ethics and regulation implementation

Each enterprise has its own corporate culture to form a diverse corporate image. ADLINK highlights different corporate philosophies in various development stages. In addition, our core culture is always the same. Therefore, ADLINK piles up different philosophies to become what it is now.

Throughout each change of corporate philosophy, ADLINK enhances the code of ethics again and again. We refer to "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies". In 2006, we formulated our code of ethics, ensuring that managers adopt the proper attitude in the handling of company affairs.

ADLINK voluntarily aims to enhance its understanding of relevant laws and regulations by adopting various methods and internalizes and implements these laws as its own rules of conduct. For employee training, we expect to implement the code of ethics unobtrusively by promotion and formulation of various regulations. Therefore, employees will adhere to the code of conduct for work.

To keep up with the times and update the internal regulations, legal staffs pay attention to the latest information on regulations and notify or dispatch relevant personnel on a timely basis to participate in external courses and gain a better understanding of international trends in the fields of standards, domestic and international laws, and the stance of administrative or judicial units through detailed information provided by external professionals and competent authorities. Through interactions and exchange with businesses in our industry, we gain an understanding of concrete response measures to legal requirements. They update internal measures

regularly via internal communication and integration to keep up with the times and prevent the measures from becoming a mere formality.

It is our employees' duty to ensure the legality of activities prior to his/her work engagement. In case of uncertainties, we seek assistance and confirmation by other units. We have also established a Legal Affairs Office to ensure that staff members have an accurate and consistent understanding of laws, regulations, and other norms and standards. This unit serves as a source of confirmation for legal compliance. ADLINK has also established relevant units and systems to deal with other norms and standards or professional fields. For instance, committee execution systems have been created for the ISO9001, ISO14001, and OHSAS 18001 standards to confirm the applicability of relevant laws and regulations.

For the field that the public focuses on nowadays, ranging from personal information protection, intellectual property management, gender equality in the workforce, occupational health and safety guarantees, anti-corruption, and environment and ecological protection. ADLINKs promotes and implements these topics with an all-out-effort. The following lists several actual corresponding measures as follows:

#### ① Personal data protection and customer privacy

Since the enactment of Personal Information Protection Act, ADLINK carries out document management by optimizing the system, strengthening the internal education of HR staffs and managers of all units, and increasing security of personal data protection. We keep the salary secret. Anyone who asks the HR department for all kinds of HR information must explain his/her needs and purposes. Confidentiality provisions are clearly stipulated in all employment contracts, requiring employees to maintain the confidentiality of all sensitive information they become aware of in the performance of their duties to ensure the full implementation of confidential data protection.



We never slack on the customer privacy. We are in sync with the latest trends for our information security and employee education. After the GDPR (General Data Protection Regulation), the strictest data protection, became effective in Europe, we set up a GDPR project team to regulate customer privacy protection with highest standards for all of our locations. The team consists of staffs from legal affairs, information, marketing and HR departments and promotes the implementation of relevant government decrees. After setting up the system, we will assign the Data Compliance Officer to ensure the continuation and execution of system and complete the customer privacy protection.

### ② Intellectual property rights

The awareness of intellectual property rights is on the rise. We grant rewards to enhance the quality and quantity of patents and encourage employees carry out innovation and creation or modification of current product related to their jobs. We designated "ADLINK Patent Regulations" to specify patent management and maintenance.

### ③ Respect gender equality at workplace

We stipulate rules on sexual harassment at workplace in the employee manual and provide relief. Non-scheduled classes are offered that focus on specific agendas. Furthermore, it is advocated that all employees implement a gender-friendly work environment with equal rights.

### ④ Occupational Health and Safety

ADLINK has established a unified management system in form of a Labor Health and Safety Office to manage all relevant issues and prevent the risk of oversights caused by decentralized management. With the goal of ensuring the health and safety of our work personnel, various activities, relevant drills and day-to-day training are organized to raise the awareness of employees regarding their personal safety and

health. Certain qualifications are required for the emergency preparedness team, fire prevention training, emergency personnel delegation, organic solvent operations supervision, lead operations supervision, forklift personnel supervision, and radiation exposure supervision.

### ⑤ Anti-corruption:

ADLINK demands that all staff members sign an ethics agreement. Additionally, managers who have an impact on company decision-making must abide by certain rules of ethical conduct. For external customers, ADLINK requires its suppliers to sign integrity agreements and CSR statements. The company aims to strengthen a positive corporate culture through synchronized internal and external requirements and strives to satisfy the high expectations of the general public with regard to integrity.

### ⑥ Environment and ecological protection

Environment and ecological protection is one of the important issues concerned around the world. ADLINK always keeps itself ahead of others and starts environment and ecological protection with energy saving and low carbon emission. We bring the issue of ecosystem protection close to daily life. We start by doing little things in our life by using signs for promotion and designating regulations. We gradually think about the actions to take to achieve the sustainability value and enter the high tech green industry.

Newly inducted employees are familiarized with the core corporate values, the company environment and aforementioned items during their orientation training to ensure that all employees have an accurate understanding starting from their first day of work.



## (2) Professional conduct: Legitimate profit-seeking and lawful competition

Legitimate competition leads to corporate advancement. In an unfair competition, enterprises are likely to take numerous deceptive or obviously unfair acts that are sufficient to affect trading order, leading to chaos in the market. In view of this, modern nations view norms pertaining to unfair competition and restrictive competition as a key issue.

In Taiwan, the Fair Trade Act regulates anti-competition (commercial conduct that relies on inappropriate methods) and restrictive competition (restricting other suppliers from fair participation in competition through business engagement). The industry that ADLINK is engaged in is characterized by its irreplaceability. However, we place strong emphasis on relevant regulations set forth in the Fair Trade Act and adopt necessary actions to implement relevant regulations into its employee's work behavior. We have subscribed to the e-newsletter released by the competent authority to receive the latest announcements and declarations and participate in seminars and workshops on a non-scheduled basis to obtain required information. The goal is to gain a better understanding of the latest regulations and actual practices in the field of unfair competitive conduct in Taiwan and abroad as a main reference for the

company's business operations and internal guidance.

Since its beginning, ADLINK has never engaged in anti-competitive practices including unfair competition or restrictive competition. ADLINK adheres to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. ADLINK has also never received penalties, warnings or committed other violations of voluntary guidelines due to the selling of products in an inappropriate manner. ADLINK adopts high standards of self-discipline in its products from research to production. ADLINK has also adopted an independent research and independent production method. As such, ADLINK has never been involved in any infringement or regulatory violations. The company has also never been prohibited to sell in a specific market, and has never received any punishments due to the selling of products.

We view reasonable competition as the expression of corporate vitality. We encourage employees to face all challenges with passion and gain profits in a fair, positive way. A positive, healthy, competitive environment is one of our keys to flourishing nowadays.



## 3.1 Customer Service

ADLINK is devoted to research and develop towards innovations in measurement, automation, customization and IoT technology, and focused on delivering excellent quality, service, reasonable price, and overall automation solutions to the customers and partners across the globe. Our customers are globally recognized companies related to electronic applications throughout communication, manufacturing, medical and transportation industries. Comprehensive customer service is an important core value for ADLINK, and we are dedicated to delivering the highest standard of product quality and service to fulfill our customers' needs. ADLINK has the Design & Manufacturing Service Center and Customer Care Center providing exclusive service for our customers, who are responsible for executing orders as well as oversight on product manufacturing, quality, delivery and after-sales service. Additionally, they value customers' questions or feedbacks seriously by taking instant and correct actions for complete services and overall solutions.

ADLINK Customer Care Center is actively committed to providing:

1. Formal order of standard products- confirmation for delivery dates is provided within four (4) working days after the order received.
2. Online "Ask an Expert" technical/quality service platform replies to the applicants within two (2) working days after the case created.
3. After-sales service- DOA/RMA products are returned back to the customers within fourteen (14) working days from the date of receipt at ADLINK.

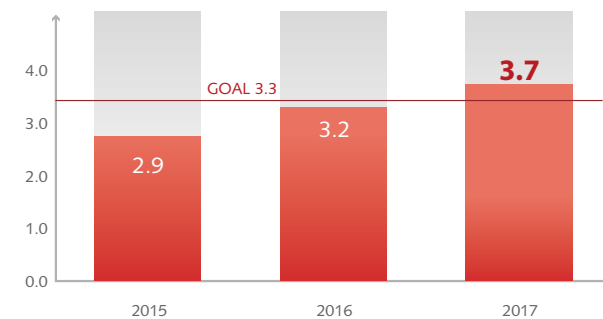
Strick self-demanding to satisfy customers' expectations beforehand is we ADLINK's core service target treated gingerly.

In order to fulfill our commitments to product quality and customer service, Customer Care Center conducts the semi-annual survey for specific global VIP customers, which covers the following areas: overall product quality (capability/reliability), and customer

service (order delivery/after-sales/technical support). The survey helps us realize customers' satisfaction to ADLINK's all-round support. After Customer Care Center collects and organizes all feedbacks of satisfaction survey, the analysis results shall be announced within the scheduled time to all relevant teams for reference only or they have to work out the corresponding improvements for customers' complaints and suggestions. All analysis data and action plans are consolidated and reported in review meetings to Customer Care Center, who integrates to come out final improvement reports and then release to Key customers actively.

Referring to VIP customers' feedbacks, Customer Care Center further designs new questionnaires for each VIP specially by adding tracking questions to hear their actual reaction or satisfaction towards our improvement actions; meanwhile, the updated status of ongoing improvements are provided to each VIP along with the invitation email of coming survey. We are striving to give customers more detailed and thorough services during every satisfaction survey period and show them that ADLINK Technology values and appreciates their Voices. Constant progress and pursuit of complete and high-quality customer services represents the ultimate goal of ADLINK's self-challenges.

► ADLINK Satisfaction Survey results for Global VIP customers by Year  
5 = very satisfied;  
1 = very unsatisfied



## 3.2 Supply Chain Management

### ⦿ Characteristics of local and offshore procurement and supply chain

Disasters caused by global climate change represent environmental issues that are of major concern to all citizens and enterprises on the planet. The greenhouse effect causes irregular weather patterns and extreme storms, floods, and droughts. Their frequency and severity will continue to increase, generating a huge impact on the survival of mankind. ADLINK therefore makes a determined effort to cherish and protect our planet in cooperation with its supply chain.

#### Impact of transportation on the environment:

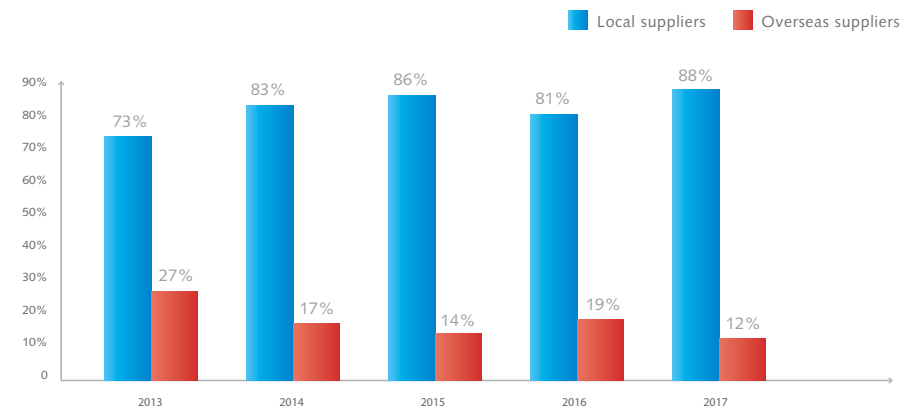
1. Air and noise pollution.
2. Consumption of large amounts of natural resources.
3. Destruction of the natural environment or cultural heritage, which in turn affects urban development.

**In the field of material and equipment procurement ADLINK adopts the following strategies to reduce the impact of transportation on the environment and decrease the amount of emitted greenhouse gases:**

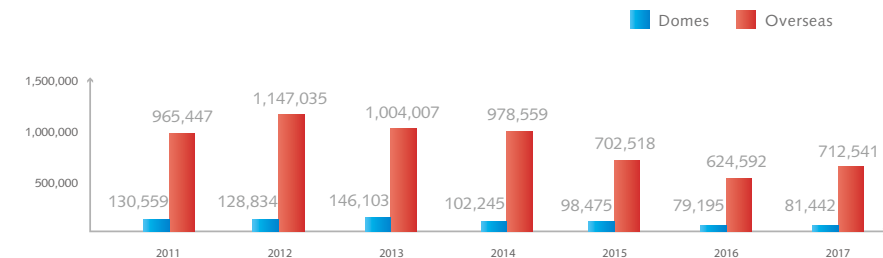
1. Selection of local suppliers helps improve supply chain efficiency and performance and reduce environmental damage.
2. Adoption of a central procurement strategy and sharing of material by production bases to reduce transportation costs and local inventories and increase material flexibility.

Suppliers are important partners for ADLINK's operation. Together, we are seeking corporate sustainable operation and growth through tight cooperation. As of 2011, the company actively selects suppliers and put local suppliers on top priority. The local procurement ratio was gradually increased from 64% in 2011 to 88% in 2017.

▼ Percentages of local and overseas suppliers used by ADLINK



▼ Analysis on the data of carbon emission for feeding transportation from 2011 to 2017

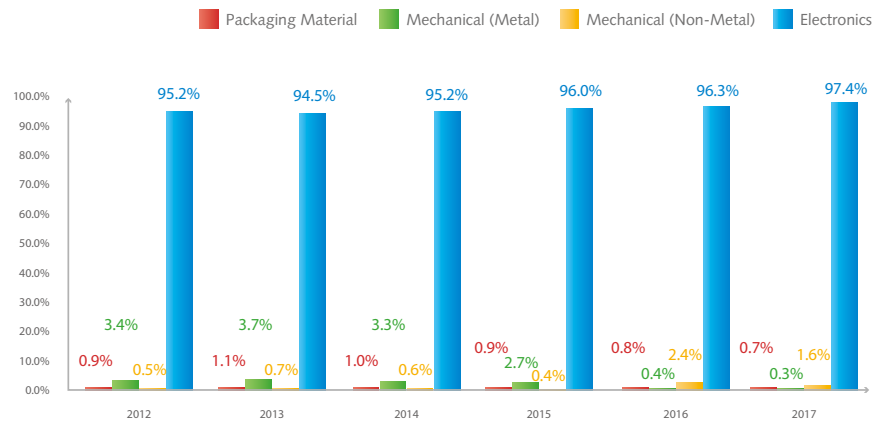


Source: <http://wiki.mbalib.com/zh-tw/%E7%A2%B3%E8%B6%B3%E8%BF%B9>

## Procurement category share rate by ADLINK

ADLINK focuses on the production of mainboards. Electronics components therefore account for over 95% of annual procurement amounts. In the future, the company will gradually shift its focus to system production. Priority will be given to local suppliers and eco-friendly materials to provide customers with complete system solutions.

Percentages of materials used by ADLINK



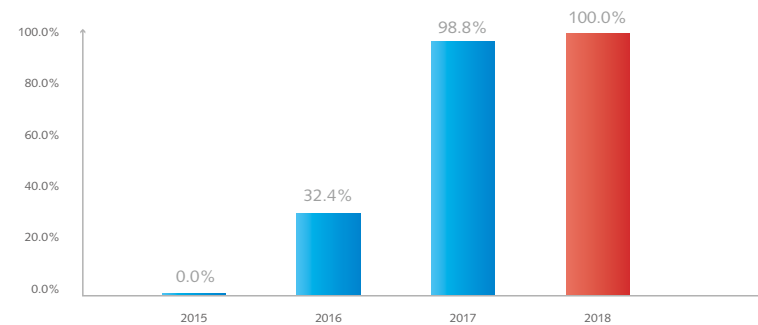
## Supplier Management

For the management of ADLINK's suppliers, besides the original promotion of the ROHS green materials regulation, capability evaluations of new suppliers was also executed. The evaluation focused on organization leadership, production and manufacturing, design and research, cost control, product quality, delivery service, environmental and labor safety. The audit team was composed of quality assurance,

procurement and design. New suppliers who passed the review will then become partners. For the approval of materials, materials have to be complying with ROHS requirements before being adopted for internal uses. For our cooperative suppliers, we conduct regular audit and appraisal to ensure cooperation quality.

Besides fulfilling its own corporate social responsibilities, ADLINK also realizes the concept of sustainable operation and requires that it be extended to supply chain. The past audit methods on suppliers only focused on traditional audit items, which was inadequate. The sustainable development capabilities should be further improved in order to expand the green performance of overall value chain. ADLINK therefore initiated supply chain CSR planning in 2013 with the goal of exceeding legal requirements. Human rights management, conflict minerals, social responsibility, quality, EHS statement and sustainable operations have been included as key items of supplier audits. All suppliers who wish to cooperate with ADLINK must constantly improve themselves and fulfill their corporate social responsibility on a voluntary basis.

Progress announced by CSR suppliers: About 600 suppliers have a stable collaboration with ADLINK and 98.83% is completed by 2017. The plan will be completed by 2018.



In addition, education provided for existing qualified suppliers and pledges made by suppliers: A Green Product Management System (GPMs) has been developed in cooperation with IT since 2013. We officially activated paperless operation in September 2016.

In July 2015, we adopted the Megatech system for supplier management. We carry out paperless review and archive via systematic management, AVL recognition and relevant documents.

### ⦿ Conflict mineral response

As of July 2015, new suppliers are required to sign the ADLINK Supplier Conflict Mineral Declaration or suppliers can issue their own declarations which must include the following contents. Besides, ADLINK demands the suppliers to acquire the latest CMRT (Conflict Minerals Reporting Template) from all the genuine factories.

“ We hereby declare that the products supplied to ADLINK are free of conflict minerals. Herein declare that the products supplied to ADLINK are free of conflict mineral.

We will conduct detailed investigations to ensure that precious metals used by the supply chain such as Gold (Au), Tantalum (Ta), Wolfram (W), and Tin (Sn) have not been acquired from non-governmental armies or illegal organizations, mining areas in conflict areas of Democratic Republic of the Congo and other areas affected by armed conflict or through smuggling. In addition, metals exported by the following countries are considered conflict minerals: Democratic Republic of the Congo (DRC), Rwanda, Uganda, Burundi, Tanzania, and Kenya. (The United Nations Security Council has determined that minerals from the aforementioned nations are extracted from Congo lodes.) ”

Besides, ADLINK demands the suppliers to acquire the latest CMRT (Conflict Minerals Reporting Template) from all the genuine factories.







## 4.1 Research and Development Projects and Alternative Military Service- R&D Projects

ADLINK always puts in lots of efforts in product innovation and technological development. In 2017, ADLINK research teams in France, Netherlands and Taipei cooperated with domestic and overseas major universities and research institutes to strive for numerous research projects of advanced technologies. After we finished the projects, we can use our research outcomes into 5G applications including unmanned handling, AI test and smart factory. These applications are explained below:

### (1) We continue to build an industrial embedded computing platform more competitive than the one before.

In the last twenty years, we have technology, quality and market advantages in industrial embedded products. We have a long-term, stable customer base in vertical markets. We will use two main strategies to keep growing and make profits stably base on this foundation. First, we will focus more on markets with core competitiveness and use the value chain of terminal customer as an important basis for building partnership. Second, we will use newer technologies to develop a heterogeneous computing structure and optimize software hardware integration to provide an optimized application platform to customers.

### (2) We use the core technology of real-time data communication to build the Data River IoT platform (end to end real-time connectivity).

We become very experienced in IT (Information technology) and OT (Operation technology) integration during our preliminary plan on IoT cooperation with major domestic and overseas companies in the past year. Based on these valuable experiences, we use highly reliable technologies (e.g. DDS, OCR) to develop an IoT

development platform - Data River. Data River is a software-hardware platform for real-time transmission and communication after data acquisition and normalization. IT and OT staffs can optimize the configuration for the priority of data processing via this platform to maximize the application performance of IoT.

### (3) We use the "digital experiment as a service" solution to help customers make a breakthrough in the uncertainty of IoT setup, build an evaluation system and increase the operating performance.

DXS (digital experiment as a service) is the product and service solution we use to help customers implement IoT application. This solution is used to reduce all uncertainty factors during IoT implementation and make specific evaluations for expected performance. In 2018, we hope that 40 DXSs can be adopted in the world. We believe that the success of these customers will be important cornerstones for future growth of ADLINK.

### (4) We develop all kinds of products and applications of AI edge computing (AI at the edge).

AI (Artificial Intelligence) is used more actively. Therefore, ADLINK and major chip companies Intel and Nvidia build a close partnership. In the next two years, we will launch a series of AI edge computing products that meet the high expectation of the market. They can be used in smart factories, cities and medical treatment.

## 4.2 Research and Development Projects and Alternative Military Service- Alternative Military Service

Talent discovery and cultivation has always been an important issue for corporate development. There are lots of recruitment channels nowadays for us to find the right talents through more ways.

Most of men have to serve in the army after graduation. The government established the R&D alternative military service system to utilize research talents effectively and increase the industrial research capability and competitiveness. To advocate the government program and recruit specialists, we actively join the program and apply for the R&D alternative military service. We planned a series of measures for draftees.

### (1) Career and training planning

When the new draftees start work, they will join the ADLINK mentor system, and will be guided by outstanding senior employees of the same unit. Through the leading and guidance of a mentor, draftees can adapt to the new environment and job quickly.

Newly hired draftees must participate in the new hire training organized by the company just like other new employees. The training content includes a company introduction, quality assurance, environmental health and safety documents, company system and employee benefits, work environment introduction as well as an introduction on each unit of the company. The mentor system mostly focuses on helping new draftees to adapt to the job quickly. General knowledge courses such as New hire training are used to help draftees learn more about ADLINK and corporate culture. Professional trainings such as job skill enhancement are carried out by each department according the annual training plan. Submission and execution of each professional training focus on internal training and uses external training as a supplement. The internal training can be divided into planning and educational

training. Planning training is about gathering a majority of employees and teaching them in a group; educational training is based on operational needs. The department head shall assign specific personnel for the training, mostly utilizing a one-on-one teaching style.

To strengthen talent development and training, the training plan of the current year is reviewed and the following year of training courses are planned. We aim to help employees improve their own skills continuously and provide a more comprehensive training for new employees. The objective is to increase the personnel's comprehensive capabilities through a series of internal and external training corresponding to specific job skill requirements while assisting newly hired draftees in planning their careers.

### (2) Using management planning during service period

1. Before the work starts, the draftee is allowed to understand future work planning and execution items, making him understand the main duty and basic requirements of his position, the scope of duty cover main work content, and also include work from the department or company project/annual strategic key items, to encourage employees actively seek for tasks and growth in capabilities.
2. If the draftee appears to be the wrong fit of the position, HR Department and the department head will collaborate and analyze its causes as well as understanding the capabilities of draftees. Training will be conducted to make up his deficiency at work, or give appropriate duty rotation, letting him/her work in the right position with right working manner.

3. If the draftee has excellent performance, appropriate duty rotation will be given too, as a mechanism for talent reserve.
4. If a draftee appears to be unable to adapt to the working environment, the mentor leading the new draftee tries to understand the cause of any issues and provides proper help while reporting to the department head and HR Department. If the mentor cannot solve the aforementioned problem, his department or HR Department will arrange appropriate training or other career counseling programs based on the cause of the problem.
5. Talent training and development is based on the double track of position and job levels, which take care of the double track of career development needs on both professional position and management position. The promotion of the position and job levels shall be considered a talent evaluation, capability, and performance of draftees. Position promotion is based on the vacancy of positions that are the next level up, and also considers if personal capability will match with duty and capability requirements of that position.
6. Benefits system:
  - Welfare is allocated to draftees every month. Draftees may enjoy benefit measures just like general employees, including birthday gifts, wedding gifts, birth gifts, child education funds, emergency assistance, club grants, local and oversea travel grants, wedding and funeral gift money, diseases and injury subsidies and birthday parties.
  - We encourage employees to organize clubs for better life quality in leisure time. We hope that employees keep a better balance between work and life by building and maintaining a habit. There are lots of clubs available. We have sports ones, such as the dancing club, softball club and basketball club. We have the Zen club for spiritual enhancement. We have the robot research club, which

allowing employees to combine work and interest. We also have coffee dessert club for food tasting and tea club for tea tasting.

- Devoted to improving the work environment, making a comfortable and safe environment for employees. For example, setting up employee rest area, providing free coffee and snacks as well as training class rooms.
7. Communications, cares and concerns are priority in labor-management relations, physical implementations:
    - The establishment of a grievance committee and supervisory committee of business entities' labor retirement reserve all comply with regulations.
    - Organize employee events, letting employees interact and mingle after work, which increases the team harmony.
    - Establishes resignation or job transfer interview system, so employees can receive required help and effective placement before them decide to leave the job or being transferred.

### (3) Performance evaluation and incentive measures planning.

#### Performance evaluation:

1. Performance evaluation charts: There are 16 different types of performance evaluation charts divided by duty types, ranks, and positions applicable to different statuses.
2. Employee evaluation charts: Besides the description on current performance review, also include work expectation and personal career development of new fiscal year.
3. Supervisor evaluation form: Supervisors shall describe future work content and planning for employees.

4. Relevant personnel evaluation form: Replaces the evaluation marks with evaluation message, employees who have interaction with evaluated employees via work shall give feedback and it shall serve as reference for supervisors on comprehensive evaluations.
5. Staff status record: Provides job changes in supervisory employees, promotion records and incentive/punishment records, serves as reference of career planning.

After the annual performance review, supervisor will arrange a one-on-one interview with employees to gain an in-depth understanding of the employee's development and difficulties.

In regards to review results and planning of the new year, encourage employees to speak and express opinions while actively giving feedback, an open talk is appreciated. Interview focus on future expectations, the communications on new annual work goal.

#### **(4) Retention plan after the service term is fulfilled.**

1. When the draftee completed his work term and is willing to stay with the company, the draftee will be arranged to have the same position at same department, while understanding his future career development.
2. Analyze the draftee's job functions and his career development plan to provide systemic talent development training.
3. Encourage him to carry more duties and challenges in order to increase his capability and receive competitive remunerations.
4. Creates an excellent learning and growing environment, and retains talents through other incentives.

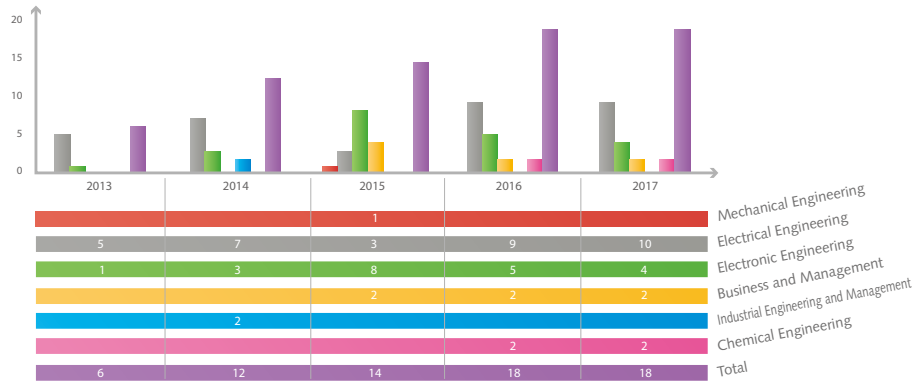
## **4.3 Cooperative Education**

**Use what you learn, let cooperative education pull the distance between "theory" and "practice" closer.**

ADLINK has been working with colleges and universities to combine theory and practice and build a platform for talent cultivation for more than ten (10) years. We designated a mid-long term development plan on rare talents in the industry to pursue for our common goal of industrial development because we want to cultivate new talents for the industrial IoT. We actively create industry-academic collaboration plans with academic and education units (e.g. Institute for Information Industry, Industrial Technology Research Institute). We train domestic high-end talents specialized in global smart cloud computing service platform. For instance, we collaborated with the Department of Computer Science & Information Engineering, National Central University on relevant project plans of “The Ministry of Education assists colleges and universities in industry-academic collaboration R&D elite plan-development of Industrial IoT information testing platform” in 2016. Therefore, we help new talents understand the industry trend. We create a multi-win situation for the society, school, corporate and student.

ADLINK Technology places great emphasis on corporate social responsibility with the goal of creating greater value for society. The company therefore initiated an cooperative education program with Ming Chi University of Technology in 2005. The number of students participating in the program has increased from 5 in 2005 to 18 this year, exhibiting a gradual growth trend. Practical training and operational learning familiarize the students with the industry and increase the internship experience of enterprises, giving students an opportunity to experience working life in a positive work environment prior to graduation. This has a significant positive effect on study attitudes and future career planning of students and helps cultivates future talent for the company.

▼ Statistics on participants in the industry-academia collaboration program



### Bring forward industry innovations, creates industrial value.

ADLINK has input long term effort in project relevant to promotion of industry innovations by Ministry of Economic Affairs. ADLINK strives to strengthen corporate technology to innovate the application capabilities, invest in technology development of prospective industry that has potential and strengthen system integration energy, while being awarded with "information application model award" of industry program from Ministry of Economic Affairs. Through its technology program, ADLINK works with the government to create research energy and accumulate future innovative power for the local industry. ADLINK works toward the strategic direction of "Bring forward the industry innovations, creates industrial value" to establish long term competitive advantages in international market.

With its ten year long partnership with Ministry of Economic Affairs, ADLINK will continuously increase the additional value of products, striving toward having the goals of "international competitiveness", "niche market" and "develop emerging

market using innovations". Meanwhile, ADLINK has been implementing a revolution in concepts and is guiding research and development through its innovative perspectives.

## 4.4 Academic Collaboration

**We integrate 5G technology of wireless private network and ROS2 information platform to create a future factory.**

Industry 4.0 is getting popular. Smart manufacturing has stepped into high automation. Autonomous Mobile Robot (AMR) and Collaborative Robot (COBOT) in production manufacturing is an essential factor of a future factory. When implementing various automation networking production equipment in the modern factory, both of the network communication system requirement and the standard of communication interface between equipment required for factory digitalization are enhanced.

The wireless industrial communication with 5G technology can support communication needs from human to machine and sensor. It provides highly stable and low-delay transmission and longer transmission distance. It will be used for numerous fields and optimizes the maneuverability of various mobile devices. ROS2 (Robot Operating System2) provides the interposer with highly efficient data sharing and has gradually become the API standard of smart robot.

Based on the trend of industrial ecosystem above, we provide an environment for sharing of consistent factory data with the help of DDS (Data Distribution Service). To support self-developed technologies, we prioritize domestic technological cooperation and combine the energy of domestic industry to increase the overall international competitiveness.

Execution and consignment units including Fair Friend Group, Gemtek, Institute for Information Industry, Yan Qingling Industrial Research Center of National Taiwan University, Anest Iwata and Wang Li will work on "ROS2 toward Converged 5G for Factories of the Future (Rost5G)" through technological division of labor. We integrate 5G technology of wireless private network and ROS2 information platform to provide real-time control and reliable communication system structure. We expect to create the next opportunity of growth in the network communication industry and drive the ecological development of Industry 4.0. We build the ecological chain of smart robot industry to achieve strict application of the future factory.

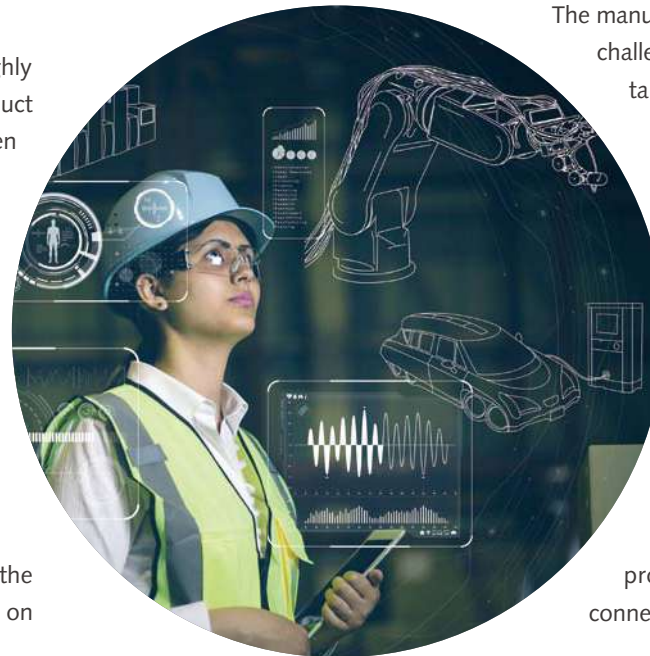
**The need of networking device will definitely increase. ADLINK helps Taiwanese factories enhance the automation technology.**

Most of manufacturers are still in limited automation. However, the need of highly customized product increases and the fixed production mode that puts one product in mass production can no longer satisfy the need. Real-time data transfer between devices on production line must be enhanced for future factories to produce customized products with high efficiency. A production line structure with high flexibility, interconnectivity and dynamical adjustment is created to satisfy the need. Many connected mobile devices such as robots will be introduced into the factory. To adapt to such trend, all kinds of connected devices are designed to meet needs of different industries. The need of connected mobile devices increases, such as the smart mobile robots with arms, collaborative robots on the production line, AGV, and new AR/VR glasses. There are more mobile devices now. Therefore, a highly reliable, real-time wireless communication system for private network is required.

ADLINK and units including Fair Friend Group actively participate and approve the EU research plans with common goals. We and these units began collaborating on

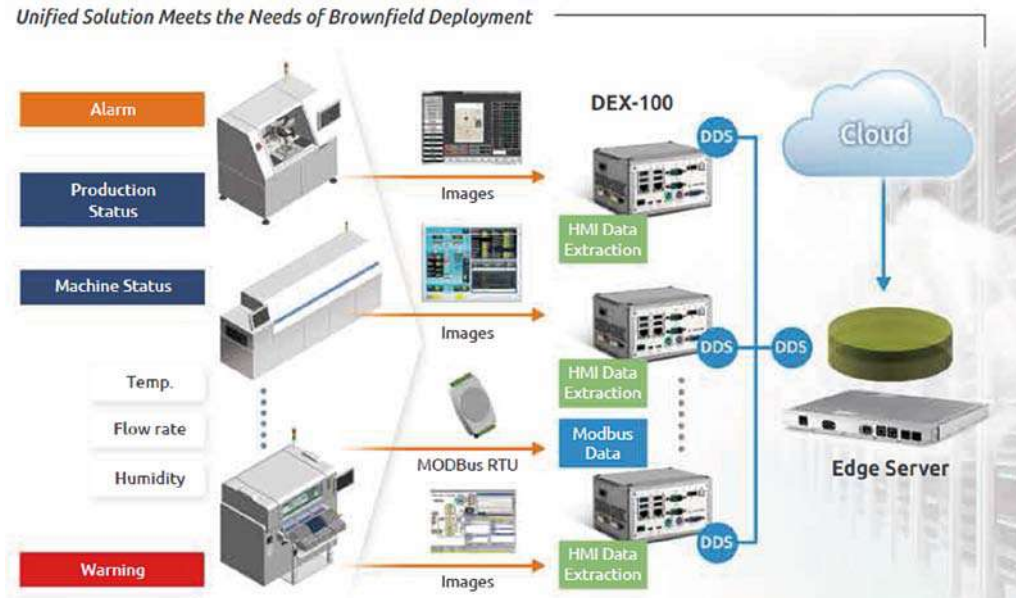
technology development for a transnational forward-looking industry. We carry out cross-field integration to develop ICT vertical application products of future factory. ADLINK will integrate AI to develop robot controllers with visual, sensing and precision control and real-time communication and set a new standard of smart manufacturing with an open controller platform. We will make ROS2 a common platform for mobile robots. We will invent more than 200 innovative products of smart robot and help Taiwan take the global lead in this field by 2025.

## 4.5 Innovative Application



The manufacturing industry faces important challenges in innovative application of talent and professional knowledge.

ADLINK uses years of experience and information collected from the preliminary plan of IoT collaboration with major domestic and overseas companies. We think about the way to create a ready-to-use platform for information extraction and transfer. This platform can extract information comprehensively, convert protocols simply and quickly, and connect OT and IT.



DEX-100 is an innovation application of OCR (Optical Character Recognition). We can implement this technology from the remote end to apply it to a near-end machine. We can use OCR to integrate machines with different protocols to ensure that they can extract data in the same way. Afterwards, we convert the protocol of all devices to the same standard via video signal output. We gather the data to the cloud for analysis to increase production efficiency. We use one way to connect all devices and help system integrators quickly implement data to customers. Therefore, we can create an expandable, non-intrusive, easy-to-use, real-time-sharing, and end-to-end solution to help factories connect the unconnected PC Base devices. As a result, we can acquire all the information on the condition of production, machine and environment immediately, which is indispensable to smart factories in Industry 4.0.

ADLINK always fulfills the responsibility as a social citizen and continues to develop products with higher efficiency and energy saving. We promote the Intel IoT Market Ready Solutions (MRS) and DEX-100, an information extraction system, with Intel via user-oriented open innovation. We integrate software and hardware applications to form an ecosystem great for innovation. We can only create new ideas of innovative application as long as we continue to integrate technology with application. We can achieve good interaction between technology advancement and application innovation and help knowledge society progress forward via technology innovation.



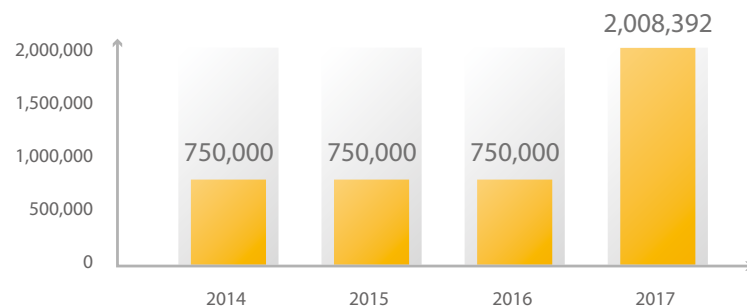


## 5.1 ADLINK Foundation

ADLINK believes in the concept of "give back what you take from society" and set up ADLINK Foundation in December 2004 to mainly promote technology education and humanities and art. Also, the ADLINK Foundation contributes toward disadvantaged groups and establishes a vision, "ADLINK celebrates love and moves the world". Only through education, will people then understand the truth of love, and that the world turns only through the power of love.

### Life Education

▼ 2014-2017 Budget for life education



#### "Multiply Disabled Entertainment Troupe" life education academic event

-  The budget in 2016 was NT\$ 750,000.
-  The budget in 2017 was NT\$ 1 million.

The ADLINK Foundation has supported a "Multiply Disabled Entertainment Troupe" for a long time, which is a troupe composed of performance artists with mental and

physical disabilities. Performances have been organized in prisons, on campuses, and in hospitals. The troupe embraces the same spirit of "Never give up and cherish life" no matter whether the audiences are inmates, young students, or patients. The goal is to overcome handicaps and present life stories and a spirit characterized by perseverance and courage through artistic performances. Audiences not only enjoy the performances but are also motivated and inspired and experience the true meaning of "Life with unlimited possibilities". This performance mode is unprecedented and unique.

The target audience is elementary and middle school students in remote areas in Northern Taiwan. Other schools can also apply for the performance from us. We want to teach children about love and gratitude and respect diversity by our campus tour.

The budget in 2016 is NT\$ 750,000. We held 12 shows in elementary and middle schools and 1 show in a junior college. We also cooperated with ADLINK Employee Welfare Committee to hold 1 show for "ADLINK Good Deed Train". In conclusion, we held 14 life education performances: March 31 at Rongfu Elementary School in Xinzhuang District, New Taipei City, April 6th at Shiu Lin Junior High School in Hualien, April 24 at Gan Yuan Junior High School in Shulin District, New Taipei City, May 18 at Jaunan Junior High School in Miaoli, June 3 at Jinhua Junior High School in



Taipei, September 6 at Chih Ching Elementary School in Ruifang District, New Taipei City, September 20 at Ruifang Elementary School in Ruifang District, New Taipei City, October 18 at Ding Nei Junior High School in Keelung, November 11 at Wuchang Junior High School in Taipei, November 24 at Shin Yi Elementary School in Keelung, December 3 at "ADLINK Good Deed Train" of Glory Church in Taoyuan, December 5 at Taiwan Police College in Taipei, December 14 at Daya Junior High School in Taichung, and December 15 at Hongye Elementary School in Nantou.

The budget in 2017 is NT\$ 1 million. We held 10 shows in elementary and middle schools, 2 shows in regular and vocational high schools, 1 show in a junior college. We also cooperated with ADLINK Employee Welfare Committee to hold 1 show for "ADLINK Good Deed Train". We held 1 show for community performance. In conclusion, we held 15 life education performances: March 14 at Chi Hsien Elementary School and Tung Hsing Elementary School in Yilan, March 21 at San Min Elementary School and Hsien Ming Elementary School in Yilan, March 23 at Taiwan Police College in Taipei, April 7 at Zhong Yi Elementary School in Luzhou District, New Taipei City, April 22 at Longgang Rice Noodle Festival in Taoyuan with "ADLINK Good Deed Train" (we took disadvantaged children of Leli Elementary School in Tucheng District, New Taipei City to go on a tour), May 8th at Min Cu Elementary School in Songshan District, Taipei, May 11 at San Min Elementary School in Songshan District, Taipei, June 21 at National Lo-Tung Industrial Vocational High School in Yilan, September 13 at Sanyi Senior High School in Miaoli, September 29 at Ruifang Junior High School in Ruifang District, New Taipei City, October 28 at Glory Church in Taoyuan, November 27 at Hongye Elementary School in Nantou, and November 28 at Shih Gang Elementary School in Puli Township, Nantou.



### "Nomadic" Qinghai-Tibet Plateau Exploration Camp

The budget in 2016 was NT\$ 1,008,392.

"Nomadic" is a social enterprise focusing on Tibet-Qinghai Plateau (Yushu Prefecture). It provides tours for people who are willing to listen to the world to immerse in nomad lifestyle in the plateau and Tibetan culture. Vision - It hopes that the most ancient nomadic civilization in Tibet-Qinghai Plateau can reveal its whole new value. Mission - It connects the heart of people in cities and plateau farms for these people to hear, see and support each other and face future challenges.

Nomadic Qinghai-Tibet Plateau Education Experience Tour is a new event held by ADLINK Foundation in 2017. We selected 8 participants from camp volunteers and the students of schools sponsored by the scholarship of ADLINK Foundation. These participants include 4 students of Taiwan Police College, 3 students of National Taiwan College of Performing Arts, and 1 youth volunteer of Shanghai kid summer camp. We want to help young people experience the plateau lifestyle and Tibetan culture. Students of Taiwan Police College and National Taiwan College of Performing Arts can use the experience of this tour in their jobs or art performances. We offer an opportunity for Tibetan youths in Qinghai Province to learn new information and exchange culture with these students.



Event content:

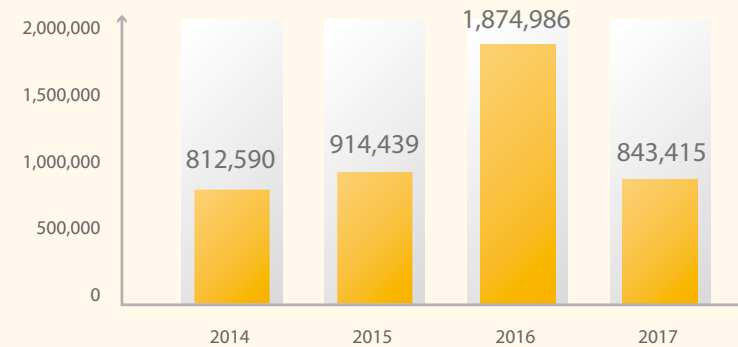
1. Tibetan village life: Profound participation in village life.
2. Survival and extinction: The story behind stray dog rescue.
3. Nomad in tall mountains: Experience of the nomad life in plateau.
4. Sky burial: Confrontation of Life, death and reincarnation.
5. Temple and youth: Unveil the Tibetan Buddhism.
6. Kora: Bravery and devotion of pilgrims.

At the end of the tour, ADLINK Foundation will record the experience of these students in text and video forms. We will put these experiences into a book "Up to the Mountain, Ordinary Beauty for Yourself" and share the exchange between Tibetans and Taiwanese students with more friends.



## Cultural Education

▼ 2014-2017 Budget for culture education



### "ADLINK Ethics & Arts", a culture exchange event in Germany in 2016

 The budget in 2016 was NT\$ 1,163,462.

"ADLINK Ethics & Arts" is a cultural exchange event organized by ADLINK Foundation. We led students and graduates of National Taiwan College of Performing Arts to Germany for arts and cultural performance from August 25 to 27, 2016. These students performed in three junior high schools, Gesamtschule An der Erft, Liebfrauenschule Mülhausen and Lise-Meitner-Gymnasium. We arranged a drama performance workshop to introduce Taiwanese culture to the world, helped German students understand traditional Taiwanese drama culture and create successful people-to-people diplomacy!

Local governors and Chinese friends in Germany valued and paid attention to our performance. Mr. Görtz, the deputy mayor of Willich, Mr. Lambertz, the councillor of Willich, and Dr. Wagner, the Chairman of Institute of Technology, showed up for

support. Mr. Fu Qiang, the Director of China Operation of NRW.INVEST GmbH, Mr. Ren Hong Qi, the director of Taiwan Trade Center, Duesseldorf, Ms. Zhang Yu Zhi, the secretary of First Secretary of Overseas Compatriot Affairs, Taipei Representative Office in the Federal Republic of Germany, and Ms. Chen Li Li, Overseas Chinese Affairs Commissioner, led 300 audience members including Chinese Germans to watch the final show on August 27. It was quite cheerful!

Back then, ADLINK Foundation always brought disadvantaged children from Taiwan and Shanghai to join the children's summer camp in Pudong, Shanghai to help these children learn more about each other's culture. These children gradually grew up throughout these years and some of them are students of National Taiwan College of Performing Arts. We hold "ADLINK Ethics & Arts", a performance for cultural exchange, to keep caring for and encouraging children. We hope that these children can enhance international arts and cultural exchange and broaden their horizon via their performance of traditional drama and stunt.

The performance began with the magnificent show "Good Start". We arranged the Peking opera and folk stunt, including Jiu-Jitsu, contortion, brick stack and plate spinning. We also performed the ensemble of traditional Chinese music, including Chinese flute, zhong ruan and zither. German professors and students enjoyed an impressive arts performance.

Show information:

First show: August 25, 2016 (Thu.)

Time: 13:45-14:45 for show/14:55-16:00 for workshop

Location: Gesamtschule An der Erft: Aurinstr. 59, 41466 Neuss

School: <http://www.ge-erft.de/>

Second show: August 26, 2016 (Fri.)

Time: 10:00-11:00 for show/11:00-12:00 for workshop

Location: Liebfrauenschule Mülhausen: Hauptstr. 87, 47929 Grefrath

School: <http://www.liebfrauenschule-muelhausen.de/>

Third show: August 27, 2016 (Sat.)

Time: 18:00-19:00 for show/19:00-20:00 for workshop

Location: Lise-Meitner-Gymnasium: Hausbroicher Str. 40, 47877 Willich

School: <http://www.lmg-anrath.de/>



### ADLINK Peking Opera Experience Camp

- The budget in 2016 was NT\$ 102,032.
- The budget in 2017 was NT\$ 118,000.

From 2016 to 2017, ADLINK Foundation has sponsored National Taiwan College of Performing Arts to hold a Peking Opera Experience Camp planned. These courses cover opera dance, Taiwanese opera, folk acrobatics, Taiko drum music, opera fine arts, and Peking drama dress-up and make-up. These courses include oral instruction, explanations, and practical exercises. Participants are transported into the wondrous world of the Peking Opera in a fun and relaxed manner and gain a personal experience of the realm of engulfing song and dance.

The unique form, contents, and aesthetic quality of the Peking Opera fascinates foreign visitors of all generations and often represents their first encounter with the mysterious beauty of Chinese culture. The performance techniques and male and female roles of the Peking Opera give us a glimpse of the high level of sophistication of traditional Chinese performance arts and the deep connotations of traditional culture.

Participants:

1. ADLINK Foundation volunteers, ADLINK Technology employees and their children.
2. Participants in past ADLINK Shanghai kid summer camps.

3. Drama school recruitment targets (mainly from disadvantaged).
4. Students of Chinese school in Dusseldorf.
5. People who have a strong interest in traditional drama.



**"Living and Growing with the ADLINK's spirit" cross-strait summer camp for children**

**"Youthful years, build your dream with ADLINK" Youth volunteers training camp**

- The budget in 2016 was NT\$ 609,492.
- The budget in 2017 was NT\$ 725,415.

Since 2011, ADLINK Foundation has held Shanghai kid summer camp and volunteer training camp with theme "Living and Growing with the love of ADLINK" in ADLINK China every summer vacation. Each year we select disadvantaged children from Shanghai and Taiwan and provide full sponsorship for the flight ticket, dining, accommodation, visit and course during the camp.

A total of 20 disadvantaged children were selected in 2016 National Taiwan College of Performing Arts in Taiwan was commissioned to select 6 students and Chih Ching Elementary School in Ruifang District, New Taipei City selected 4 students; Shanghai selected a total of 10 disadvantaged school children from the private Xinmiao Elementary School. In 2016, Lin Yi Ling, a Taiwanese student who joined the 1st Shanghai kid summer camp came back as a youth volunteer when she became a high school student to lead students sharing the same background as her. She said that, "I feel moved for becoming an instructor of the camp. I think taking care of children takes a lot of responsibilities. This camp is so warm and it feels home. I'm glad for having this chance to learn about gratitude and devotion."

A total of 21 disadvantaged children were selected in 2017 National Taiwan College of Performing Arts in Taiwan was commissioned to select 6 students and Boyo Social Welfare Foundation Charity selected 6 students from its after-school program; Shanghai selected a total of 9 disadvantaged school children from the Shanghai Jinding School. In 2017, Dong Wen Yong, a Shanghai student and Zhong Jia Hong, a Taiwanese student, joined the 1st Shanghai kid summer camp came back as youth volunteers when they became high school students to lead students sharing their background. Dong Wen Yong said, "I picked up the old camp manual when I was organizing my room. I recalled my memory from the camp. Therefore, I contacted the camp. I said that I want to be a volunteer. I'm very happy to see my old teammate Zhong Jia Hong back then. I'm grateful for having this opportunity to serve the camp and I cherish each moment with all the children and volunteers. I encourage them to come back as volunteers and pass on the spirit of the camp!"

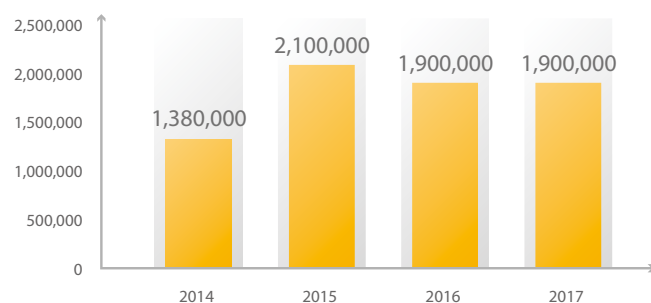
ADLINK Technology Chairman Jim Liu has organized the Shanghai kid summer camps for seven consecutive years in order to provide children from disadvantaged families with valuable experiences, develop team spirit and creativity, and expose the children to new knowledge, allowing them to get a glimpse of actual working conditions through visits of ADLINK Technology. ADLINK employees were invited to join the ranks of volunteers. In addition, the company achieved the goal of training young volunteers on both sides of the Taiwan Strait through the organization of these camp activities. Volunteers experience the joy of giving and had a chance to improve interpersonal interactions, observe relevant skills in a meticulous manner, and develop team leadership skills. The acquired knowledge and skills come in handy at the workplace and add to their personal competitiveness. Every participating school child from both sides of the Taiwan Strait is deeply infused with vitality and warmth through the passionate leadership of the youth team. The goal is to provide role models for these children who grow up in a difficult environment and enable them to maintain an optimistic and positive attitude.

## 5.2 Concerns for Vulnerable Groups

▼ Subsidies for various activities from 2014 to 2017

Sponsored item	2014	2015	2016	2017
Budget for life education events	750,000	750,000	750,000	2,008,392 (Adding Qinghai-Tibet Camp)
Shanghai kid summer camp and volunteer training camp	501,510	614,439	609,492	725,415
Caring for the disadvantaged - Charity sponsorship	1,380,000	2,100,000	1,900,000	1,900,000
Various scholarships	425,000	630,000	908,000	890,000
<b>Sum of various funds</b>	<b>3,056,510</b>	<b>4,094,439</b>	<b>4,167,492</b>	<b>5,523,809</b>

▼ The budget for charity sponsorship from 2014 to 2017



The budget for charity sponsorship from 2014 to 2017 was NT\$ **3.8** million.



### Boyo Social Welfare Foundation Charity donations

From 2016 to 2017, we donated a total of NT\$ 2 million for the "holistic education" program organized by Boyo Social Welfare Foundation.

#### Outcome overview

(1) Direct after-school service:

A total of 16 after-school programs are available. There are 364 teachers for 1,895 middle and elementary school students.

(2) Training for teachers of local after-school programs:

- There are 156 English teachers and 157 math teachers.
- For the outcome of training, 88% of the teachers passed the test for Volume 1 of Basic Level for English and 76% of the teachers passed the test for Fifth Grade math.

(3) Graduate tracking service:

There are 967 graduates of after-school programs of Boyo Social Welfare Foundation from 2004 to 2016. We keep in touch with 908 of them. Out of these graduates, 662 of them are regular or vocational high school students or college students; 195 of them are employed. Through the graduate tracking service, we want to help them maintain mental-physical balance and live a stable life throughout different stages of development.

(4) Indirect after-school service-Outreach cooperation after-school service:

We have 50 co-organizers and together we helped 902 students, There are 145 English teachers and 156 math teachers receiving regular training.



### Taoyuan Glory Care Association welfare donations

We donated NT\$ 1.2 million to Glory Care Association from 2016 to 2017.

#### Origin of "after-school tutoring for elementary and middle school students" organized by Glory Care Association

To elaborate the function of social welfare, Professor Yang Xi Nian, the Chairman of Glory Care Association, provide care to elementary and middle schools students. The Association established after-school tutoring centers for middle school students in November 2015 and elementary school students in February 2016. With the donation from ADLINK Foundation, the Association provides a great study environment and abundant care for disadvantaged children to learn and grow like others.

#### After-school program for "Guo Ling Junior High School"

To adapt with remedial teaching of Math Department of Guo Ling Junior High School, the after-school program was established in November 2015, which adopts competence-based class grouping. We hire professional, experienced teachers for tutoring, help students gain confidence and interest in learning and close the learning gap.

Time: Every Tuesday and Thursday at 16:30-18:30

Location: The classroom on 2F of Glory Church

Participant: Disadvantaged middle school students

#### Student feedback

I learned a lot from the math class. I find out my learning style from what the teacher taught me. For example, I'm not good at asking for help and I'm very dependent. I will take time to change that. I've learned a lot from this class and I want to say thank you to teachers and everyone in the church.

I've started to take this class since the second semester of the 7th grade. It's been a year and half. I appreciate the help from these teachers and Glory Church. I've seen you guys putting lots of effort in preparing teaching materials and teaching us. I really appreciate your help and I feel very lucky.

#### After-school program for "Chung Ping Elementary School"

We've established the after-school program for elementary school since February 2016. We provide this program to fifth and sixth grade students of Chung Ping Elementary School. We hire experienced teachers to help students complete their homework and arrange group activities for them.

Time: Every Monday, Tuesday, Thursday and Friday at 16:00-18:00

Every Wednesday at 13:00-18:00

Location: The meeting room on 1F and the classroom on 2F of Glory Church

Participant: Students from disadvantaged families referred by the school and the ones from the children village of this district

Content: On Wednesday, the class starts from 13:00 to 18:00 because the after-school program on Wednesday is longer. Besides helping students out with homework, we arrange fun classes such as science experiment, English dialogue, street dance, ukulele, character education and board game.



### "Ocean Citizen Foundation" charity donations

Contributed funds of NT\$ 100,000 in 2016.

Project name: Beach cleaning marine education plan around Penghu.

Participant: Students of elementary school, teachers, principals, college clubs, NGOs, community residents and Penghu tourists.

Time: From April to October 2016.

Ocean Citizen Foundation has been paying attention to the ocean waste in Penghu for a long time. It occasionally cleans beaches, and hold ocean seminars and promote environmental education on ocean issues by cooperating with middle and elementary schools and local communities.

This plan adopts the International Coastal Cleanup (ICC) while cleaning the beach and creates complete beach cleaning records. The Foundation helps the public and students understand the problems and knowledge of ocean waste while participating in beach cleaning. Therefore, it blends the environmental education into the daily life.

#### Qualitative benefit

1. This plan effectively helps participants learn the cause, impact and solution of ocean waste.
2. This plan effectively helps participants learn the right way of garbage sorting and use the ICC monitoring table to record the type of trash.
3. The Foundation teaches participants to use the ICC monitoring table to upload data and cooperate with Taiwan Ocean Cleanup Alliance (TOCA) to take actions. Therefore, participants can understand ocean waste problems on international scale.

4. The Foundation helps participants understand the dilemmas of coastal environment of Penghu and think about how to achieve effective environmental protection.
5. The Foundation teaches participants and students to love the ocean environment, make them willing to volunteer for beach cleanup and use less plastics.
6. The Foundation posts issues of ocean waste via beach cleanup record and analysis report on the fan page and the Internet and include them in the journal to promote relevant knowledge to the public.
7. The Foundation advertises the practicality of propaganda (sports towel) to convey the idea of reducing waste by cutting down the use of disposable products.
8. The Foundation invites environmentalists to post articles and come to Penghu to hold seminars to achieve public participation.
9. Tools for beach cleanup such as gloves and gunnysacks can be washed and reused. Therefore, the Foundation can set an example and achieve environmental protection.
10. The Foundation promotes systematic management of beach cleanup tools in Penghu and establishes an SOP of beach cleanup.





 **"Curio Arts Association" welfare donations**

 Contributed funds of NT\$ 500,000 from 2016 to 2017.

Some children seem to be a bit different from typical kids. They connect to and feel the world in their own way. Most people think it's a kind of difficulty disorder and call it "autism". However, in a broader view, they have refined abilities and they are very intuitive. They can discover and interpret the world in a new way.

**The direction of the association**

1. Extends arts creation.

This association provides appropriate places and courses as a school. It helps autistic youths to extend their original arts creation, tailor the learning plan for each kids and provide progressive, diverse learning.

2. Build life skills and aesthetics

These courses start from teaching students from nature and daily life. They help them become more sensitive to the environment and enhance life aesthetics and quality. Teachers take them outdoors occasionally to feel the environment, learn to buy food at the market, cook yourself, learn to make coffee for guests, and clean and decorate the environment.

3. Build skills of arts jobs

- The jobs we teach students about always sticks to art. We help children learn working skills and make money by themselves. For example, we teach them basic wrapping skills to use them for daily life and work. We cooperate with arts industry and professional art workers to provide internships and part-time jobs for them.
- We established "Taiwan Curio", which holds small gatherings of outdoor sketching occasionally and long sketching trips twice a year (three to five days).

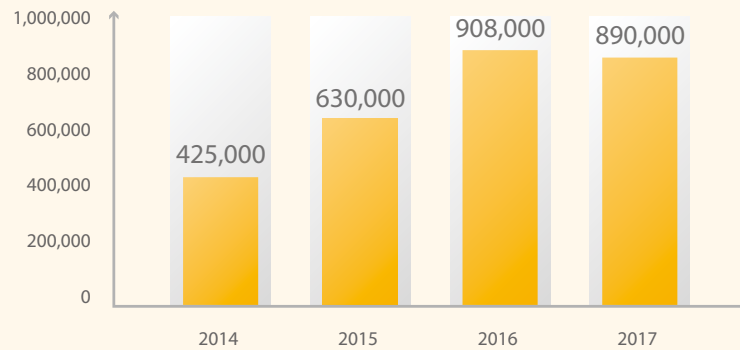
4. Build a connection with the society

We help the society understand, interact with, encourage and support the autistic youths.



## Scholarships

The budget for scholarship was NT\$ **1,798,000** from 2016 to 2017.



### ADLINK Foundation Scholarship

**Mission** We provide the scholarship to encourage students who study hard and earn good grades.

**Beneficiaries and amounts**

- Senior high and vocational school (including first three years of the five-year junior college program): NT\$ 10,000 per student
- University and college (including last two years of the five-year junior college program): NT\$ 20,000 per student
- The amount for special cases is decided based on the review of the board of directors.

**Eligibility for the application for primary selection**

ADLINK employees and their children (contract employees not included), employees, volunteers and their children of the Foundation may apply for this scholarship if meeting the following criteria:

- The applicant must be currently enrolled in senior and vocational high schools, five-year junior college, two-year junior college, regular junior college or university in Taiwan. State funded and deferred students are not eligible for the scholarship.
- The GPA of first and second semesters and the virtue score of the applicant must be above 80.
- The scholarship is trackable. For example, freshmen may submit the score of 12th grade. Graduates may submit the score of senior year.
- Besides the applicants who meet the basic score criteria, we put priority on them if they participated in our charity or worked as our volunteer, however such applicants must submit relevant certificates, such as the certificate of completion, event photos and experience sharing.
- Besides the applicants who meet the basic score criteria, we put priority on them if they have special expertise in volunteering, science, arts, music, physical education and language. We also put priority on them if they perform well in clubs related to these fields, or in school or outside school in these fields. However, such applicants must submit relevant information, such as the certificate of merit, certificate, photo or video.

**Total amount**

- The total amount of in 2016 was NT\$ 208,000. (1 student from the junior high section, 2 students from the senior high/vocational section, and 7 students from the university section)
- The total amount of in 2017 was NT\$ 180,000. (2 students from the senior high/vocational section, 7 students from the university section, and 1 student from the graduate section)

### 9th and 10th Mr. Zhong-Xian Ni Scholarship

**Mission** ○ We provide the scholarship to encourage students who study hard and earn good grades based on the last wish of Mr. Zhong-Xian Ni.

**Beneficiaries and amounts** ○

- Students of Taiwan Police College: NT\$ 20,000 per student

**Eligibility for the application for primary selection** ○ Students of Taiwan Police College meeting the following criteria may apply for this scholarship:

- The applicant must be a student currently enrolled in Taiwan Police College.
- The GPA of first and second semesters and the virtue score of the applicant must be above 85.
- Besides the applicants who meet the basic score criteria, we put priority on them if they participated in our charity or worked as our volunteer, however such applicants must submit relevant certificates, such as the certificate of completion, event photos and experience sharing.
- Besides the applicants who meet the basic score criteria, we put priority on them if they have special expertise in volunteering, science, arts, music, physical education and language. We also put priority on them if they perform well in clubs related to these fields, or in school or outside school in these fields. However, such applicants must submit relevant information, such as the certificate of merit, certificate, photo or video.

**Total amount** ○

- The total amount of "9th Mr. Zhong-Xian Ni Scholarship" in 2016 was NT\$ 400,000. ( 20 students of Taiwan Police College )
- The total amount of "10th Mr. Zhong-Xian Ni Scholarship" in 2017 was NT\$ 400,000. ( 20 students of Taiwan Police College )

### 3rd and 4th Ms. Yue-E Huang Art Scholarship

**Mission** ○ To perpetuate the compassionate and charitable spirit of our late consultant Ms. Yue-E Huang, we have created an art scholarship for students of the National Taiwan College of Performing Arts to reward dedicated and hard-working students with artistic talent. We use the budget for counseling to sponsor the scholarship.

**Beneficiaries and amounts** ○

- Current students of the Department of Peking Opera, Acrobatics and Dance, Traditional Music, and Taiwanese Opera (Junior high, senior high, university section) are eligible to receive scholarships.
- Scholarships amount to NT\$ 20,000, NT\$ 10,000, and NT\$ 5,000 per student enrolled in the university, senior high, and junior high section, respectively.

**Eligibility for the application for primary selection** ○

- The applicant must fill out and submit a formal application form and attach his/her photo; otherwise, the form will be rejected.
- Eligibility for the junior high section: The academic GPA of first and second semesters of the applicant must be above 80. The virtue score of the applicant must be excellent or equal or above 80. The applicant must not have any disciplinary record. Eligibility for the senior high and university sections: The academic GPA of first and second semesters of the applicant must be above 80. The virtue score of the applicant must be excellent or equal or above 80. The applicant must not have any disciplinary record.
- To be on the shortlist of scholarship for the school, the applicant must submit the transcript. The applicant must submit a disc about his/her professional skill (5-10 min.) and the disc must focus on his/her performance. He/she must explain his/her role and performance. The disc will be used for the second review and archive.
- The applicant must submit a report about his/her own breakthrough in learning.

**Total amount** ○

- The total amount of "3rd Ms. Yue-E Huang Art Scholarship" in 2016 was NT\$ 300,000. ( 10 students from the junior high section, 5 students from the vocational high section, and 10 students from the university section )
- The total amount of "4th Ms. Yue-E Huang Art Scholarship" in 2017 was NT\$ 310,000. ( 8 students from the junior high section, 7 students from the vocational high section, and 10 students from the university section. )



## 6.1 Management System

ADLINK promises to maintain the highest environmental, safety and hygiene standards as part of company's core values, while providing the necessary support to implement work procedures for environmental safety and hygiene. ADLINK's goal is fulfilling its responsibilities for environmental safety and hygiene as well as improving environmental protection and labor safety. ADLINK is committed to improving environmental, safety and hygiene performance in the work environment. The ISO14001:2015 certification was obtained and the new version of the certificate was acquired in 2016. The goal of sustainable business is gradually achieved.

### ADLINK EHS Policy



## 6.2 Pollution Management

### Introduction of electronic systems to reduce waste of paper.

Paper-based approval processes take time, paper and manpower. They also pose a threat to forest resources. To alleviate the depletion of forest resources and protect biodiversity, ADLINK began aggressively reducing its use of paper after 2011 by first adopting the e-Channel CollabTRADE (CT) system for purchasing. The electronic system made the printing of paper purchasing orders unnecessary. In 2011, this reduced paper consumption by around 70,000 sheets. In 2015, paper consumption was reduced by around 66,000 sheets. In 2017, paper consumption was reduced by around 42,000 sheets.

In Q4 of 2015, Purchasing Department will computerize all supplier information. The new management system will reduce the need for written approvals and archiving. In addition to environmental and energy-saving benefits this will also indirectly enhance purchasing efficiency.

#### ▼ Annual carbon reduction (34g/pcs)

Year	Total sheets	Carbon Reduced (g)
2012	71,072	2,416,448
2013	85,032	4,336,632
2014	91,336	4,658,136
2015	32,252	6,744,852
2016	128,056	4,353,904
2017	129,607	4,406,638

In addition to energy saving and carbon reduction, we need waste and resource recycling for continuous reuse of resource, maximum use value and mitigation of damage to the environment. The tin slag recycling machine introduced by ADLINK in 2012 conforms to the ISO 14001 guidelines on recycling. It effectively recycles tin slag for reuse.

Up to 75% of tin slag can now be recycled as part of ADLINK's efforts to protect the environment. The recycling of tin slag also reduces the amount of solder bar that needs to be purchased, resulting in maximum time and cost savings.

The solder dross recycling machine used by ADLINK fully complies with the requirements of lead-free production. 75% of solder dross can be recovered as pure tin reducing the amount of solder purchased by 10%. This means less manpower is needed to handle stored solder dross. This means savings in space and cost as well as an improved work environment in the factory. This machine changed how solder dross is handled.

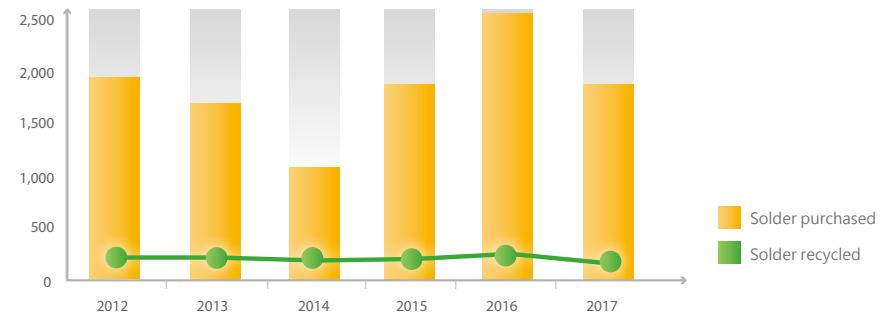
→ Previous solder dross recycling method:

Solder dross was accumulated in designated areas on the production line to be removed by the contractor at regular intervals. Solder dross that was not purified took up a lot of space and contained a high level of solder. Direct exchange with the supplier reduced the solder dross utilization rate and meant more wastage.

→ New solder dross recycling method:

The solder dross machine can be repeatedly run to extract usable pure solder. This reduced the amount of stored solder dross and improved its utilization rate. The production line is kept clean and tidy as a result.

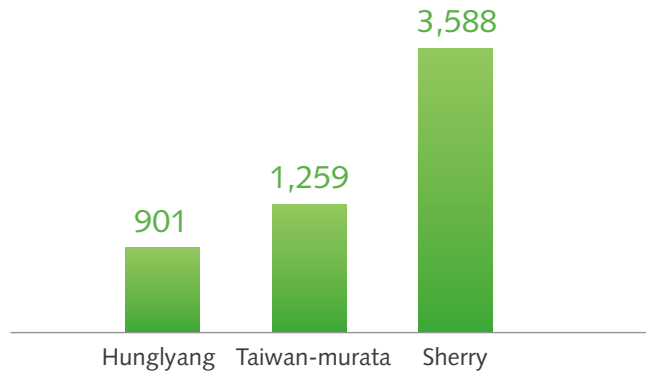
▼ Solder dross recycled statistics (unit: g)



We introduce supplier carton recycling and adapt to the implementation of environmental policy, REUSE is one of the 6R principles stipulated by the government about container and product reuse. Making a carton needs a 20-year-old tree. The Earth will soon face a sharp reduction of trees if that many old trees keep getting cut down. Carbon recycling is beneficial to energy saving, carbon reduction and cost cutting. We recycle cartons and provide them to suppliers. Recycled cartons can be reused for delivery to reduce trash and reach high recycling rate.

For now Hung Lyang industrial, Murata Machinery Taiwan and Shie Lee Machinery have been adapted to our recycling policy. In 2017, the amount of recycling for Hung Lyang industrial is 901pcs, for Murata Machinery Taiwan it is 1,259pcs and for Shie Lee Machinery it is 3,588pcs. We can help the Earth live longer by increasing carbon recycling rate. Loving Earth and increasing resource reuse rate are immediate and urgent necessities.

▼ Recycling quantity (unit: pcs)



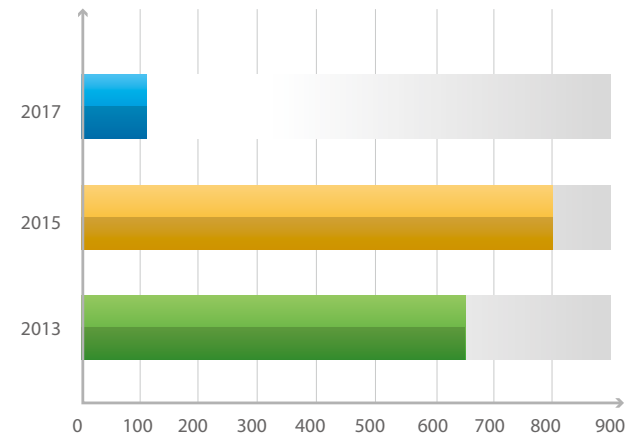
**6R indicates six principles of trash reduction, described as follows:**

- Reduce → Reduce garbage.
- Reuse → Reuse containers or products.
- Repair → Pay attention to maintenance and repair and extend the service life of goods.
- Refuse → Reject non-eco friendly products.
- Recycle → Recycle and reuse products.
- Recovery → (Recovery) means to alter the form of material or combine with other materials for material, fuel, fertilizer, feed, filler and soil amendment to make recycled resources functional. For example, we use biogas power generation and tire grinding for the fuel, waste oil recycling for biomass energy, and kitchen waste recycling for compost.

**1. Steel plate recycling policy**

Global warming is a very important issue to the people of Earth today. Environmental protection, recycling, energy conservation, carbon reduction and waste reduction are all linked to global warming. To support recycling, environmental protection and protect the planet, ADLINK introduced an official recycling policy in 2013 and required SMT to draw up appropriate recycling rules. SMT suggested that steel plates can be recycled. ADLINK now reviews all steel plates every two years in December. Steel plates older than 5 years are checked with Production Management to confirm which plates are no longer used. The obsolete steel plates are then passed to ADLINK's contractor for recycling. A total of 640 steel plates were recycled in 2013, 800 in 2015 and 114 in 2017. (the old steel plates we scrapped and recycled are older than 5-year old.) Therefore, it's a three-win situation for ADLINK, contractors and the Earth.

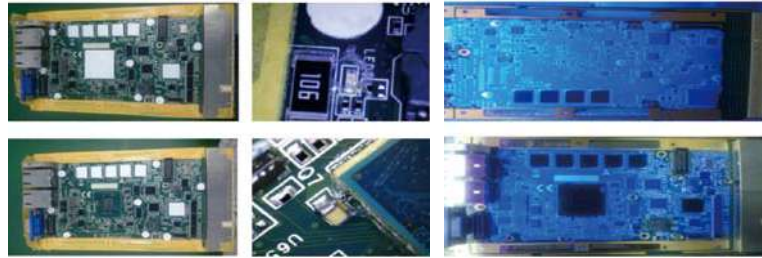
▼ Steel plate recycling is as shown in the following graph (units: pcs)



## 2. Reduction in coating patches

The coating process requires patches and jigs to prevent adhesive penetration and capillary action. After studying the adhesive properties and equipment function, ADLINK process engineers made adjustments to process parameters. The adhesive spraying equipment can now be calibrated to prevent penetration and capillary action. This greatly reduced the amount of manual patching and the fumes in the Coating Room. In addition, we use less patches and jigs to reduce waste.

### Patch improvement



### Jig improvement



We saved NT\$ **118,500** for the jig.

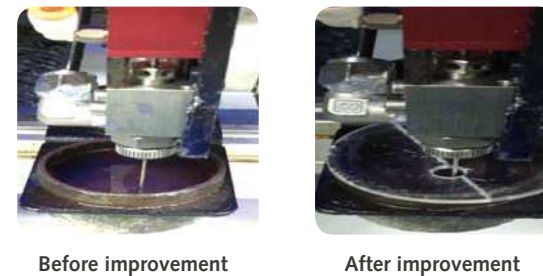
## 3. Improvement of solder paste stirring

Solder paste is sputtered when stirring the solder paste. It takes time to clean the solder paste stirring machine and abnormal noise occurs during stirring. We use the custom-made aluminum can with fixed ratio and no solder paste is sputtered. The rotation is stable and no abnormal noise occurs.



## 4. Improvement of the problem that the needle of coating machine is stuck

After using the coating machine, we need to leave the needle still for a long time to make sure that the needle won't be stuck for the next use. The TD25 in the container evaporates after the container is left uncovered for a long time; therefore, the needle would be stuck. Cover the container with the acrylic sheet and leave it still for a long time to reduce about 80% of evaporation and fix the problem with the stuck needle. The acrylic sheet avoids odor spreading, which might cause discomfort.





## 6.3 Energy Conservation and Carbon Reduction

### Energy resource and climate change

The development of the human civilization is closely intertwined with energy and the use of resources. The process of advancing from human power, animal power, water power, combustion to electricity brought about social progress and business development. The appropriate use of resources is therefore inherent to business operations.

Since the Industrial Revolution in the 18th Century however, mankind has been consuming resources on a planetary scale. We have not only almost exhausted fossil fuels and other resources accumulated over hundreds of millions of years but also created rapid changes in the global climate through the massive use of resources over a short period of time. Mankind is now changing the future of the global environment and ecology.

According to the 4th report of the UN Intergovernmental Panel on Climate Change (IPCC), "Earth is now warming at a rate of 0.74°C every century." The rate of warming is now higher than previous estimates.

There is now international consensus on the need for effective control over greenhouse gases - the byproducts of energy resource use and a key factor in climate change. The Kyoto Protocol that was drawn up in 1997 and took effect in 2005 is an example of each country's efforts on GHG reduction. Serious disasters seemed to have also become an annual occurrence in Taiwan in recent years. All of these disasters were linked to climate anomalies as well. Though international realities prevented Taiwan from actually signing the Kyoto Protocol, there has been continued popular support for initiatives that help reduce GHG.

As a citizen of Earth, ADLINK believes in "environmental friendliness"; actual measures taken by ADLINK include: the inventory, management and more efficient use of energy resources as well as the implementation of reduction initiatives.

### Water resources

As no water is needed during the production process, apart from cooling water used by the AC cooling towers, all other water consumption at ADLINK is for domestic use. As the company is located in an shared campus rather than a self-owned site, this makes recycling difficult. Practical constraints mean that ADLINK's current water resource policy focuses on conservation.

The water utility is the only source of water at ADLINK. All water is used for domestic purposes as previously mentioned. The campus (Far Eastern Century Park Management Committee) is responsible for the centrally processing and discharge of all wastewater.

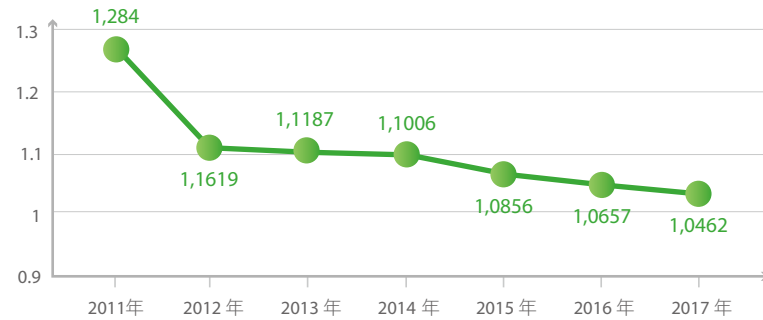
ADLINK has long promoted water conservation in order to reduce the use of water resources. Water-saving measures implemented in cooperation with the Management Committee:

- Taps fitted with water-saving device
- Water dispensers changed from pure water to filtration system. This reduces amount of water used during water production by 2/3.
- Daily inspection of taps on each floor

Water consumption in 2014, 2015, 2016 and 2017 were 10,940 KL, 12,277 KL, 12,970 KL and 13,018 KL respectively. ADLINK's share of the total floor space was used to derive its water consumption proportional to the total water consumption of the campus.

While water consumption has grown over the last three years, the increase was due to the growth in number of employees. If the number of employees is taken into account then average water consumption per person was 1.0856 L in 2015. This decreased to 1.0657 L in 2016 then 1.0462 L in 2017. Actual water consumption per person has been decreasing every year. ADLINK's efforts on raising water-saving awareness has therefore proven effective.

▼ Quantity of water used per unit per person



### Electricity and greenhouse gas emissions

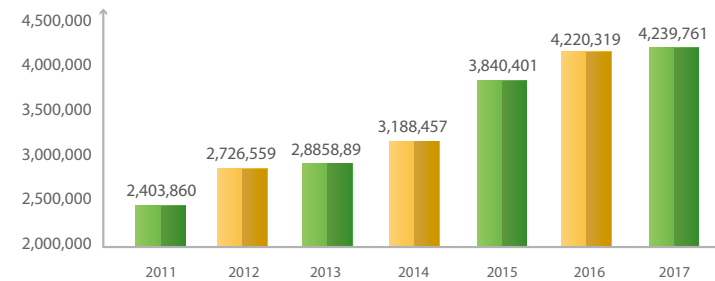
Corporate energy consumption can be discussed in terms of internal and external energy consumption. There is only internal energy consumption at ADLINK and no energy is used externally. For the sake of clarification, all mentions of energy consumption here are internal.

ADLINK uses solely electricity as its main source of power during production and corporate operations. The data showed that between 2014 and 2017 ADLINK's electricity consumption was 3,188,457 kWh, 3,840,401 kWh, 4,220,319 kWh and 4,239,761 kWh respectively.

While electricity consumption has grown over the last three years, the increase was due to two factors:

1. Since we updated the equipment of SMT production line in 2015, we replaced five 220V pick-and-place machines with four 380V ones and we changed from 220V to 380V.
2. Our production capacity grows, leading to increasing electricity consumption of production line.

▼ Electricity consumption (kWh)



ADLINK has long supported electricity-saving measures for energy conservation. The table below lists the major electricity-saving measures adopted by ADLINK since 2011.

▼ Key electricity-saving measures

**⚡ Determine actual electricity consumption**

- Track the electricity statistics for each area to use as a reference for improvements.

**⚡ Reduce actual electricity consumption**

- Replacement of fire hydrant indicator lights with energy-saving LED lights.
- Emergency exit signs were replaced with new LED lighting that complies with fire safety regulations to save up to 1,427 kW of energy each year.
- Inverter fitted to air compressors on the production line to reduce compressor power consumption by 3.8% and save 16,800 kW each year.
- Temperature of indoor thermostat set to no less than 25 degrees. Energy-saving fans also installed to increase convection flow and reduce AC power consumption.
- AC and lighting main switches installed for the office to prevent unnecessary power consumption outside of working hours.
- In 2016, we installed the main power switch on 13F in F Building for energy saving and carbon reduction. It saves 39,900KW per year.
- In 2016, we replaced T8 with T5 for the lighting of production line on 15F. There are 116 T5s in total and they save 10,428 KW per year.
- In 2017, we replaced T8 with T5 for the lighting on 4F in H Building. There are 160 T5s in total and they save 15,360 KW per year.
- In 2017, we carried out energy recycling and improved the power factor for 4F and 2F-2 of F Building to save energy and resource. We installed the distribution panel and capacitor to increase the power factor from 88% to 95%.
- Personnel assigned to switch off unused power supplies during the lunch break and at the end of the day.
- Sunshades used to reduce direct sunlight.

**⚡ Prevent unnecessary use of electricity**

- Regular inspection of distribution panel
- Control diagrams produced for power switches in public areas to prevent unnecessary waste of resources from trying different switches
- We authorized a professional electromechanical consulting company to conduct regular checks for all of our infrared thermal imagers of low voltage switchboard

**⚡ Avoid the use of energy-intensive equipment**

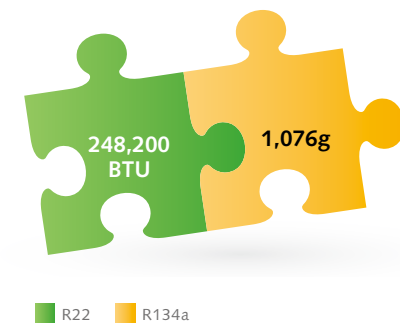
- Replacement of existing OA machines with energy-saving models
- Take energy-saving into account when new purchasing equipment

In terms of energy intensity, calculation of the ratio between electricity consumption and production revealed that from 2011 through to 2017, the energy intensity of ADLINK's production lines was (electricity consumption/production) of 2.1163 KW/pc, 2.0368 kW/pc, 2.0651 kW/pc, 2.0579 kW/pc, 2.0549 kW/pc, 2.839 kW/pc and 2.5027 kW/pc respectively.

Greenhouse gases (GHG) refer to six categories of gases: Carbon dioxide, Methane, Nitrous oxide, Sulfur oxide, Perfluorocarbons and Sulfur hexafluoride. GHG absorbs infra-red radiation so prevents infra-red radiation from being passing through the atmosphere and radiating into space. Heat is therefore retained in the atmosphere near the ground, causing the surface temperature to continue climbing and creating the greenhouse effect that everyone is familiar with. GHGs are the leading cause of the greenhouse effect and their effects are as described above. Carbon dioxide (CO<sub>2</sub>) accounts for the bulk of Taiwan's overall GHG emissions at 95.21%. Reducing GHG emissions is therefore an important global issue now.

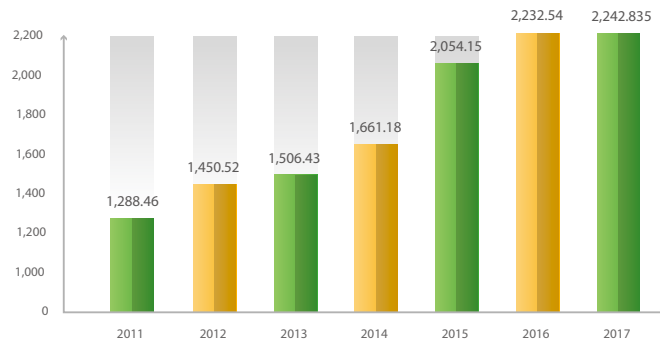
ADLINK actively supports controls on GHG emissions. The "Environmental Safety and Health Committee" also serves as the trans-department enforcement and integration platform. The current focus at ADLINK is on the collection of GHG emission data to serve as the basis of the overall project.

According to statistics up to December, 2017, the main source of direct GHG emissions at ADLINK was refrigerants used by the AC and refrigerators. The types and quantities are listed below:



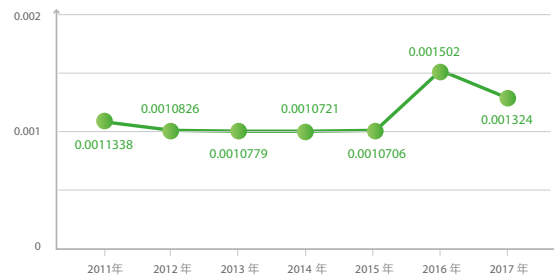
ADLINK's main source of power is electricity so the main source of GHG emissions at ADLINK is indirect GHG emissions produced during the generation of eternally purchased electricity used for operations and production. The indirect GHG emissions of ADLINK between 2011 and 2017 are listed in the following table (kWh \* electricity emission coefficient/1000):

▼ kWh x electricity emission coefficient / 1000 (units: tons of CO<sub>2</sub>/year)



The indirect GHG emission intensity of the production lines are provided in the following table:

▼ greenhouse gas emission / produced quantity (units: tons of CO<sub>2</sub>/pc)



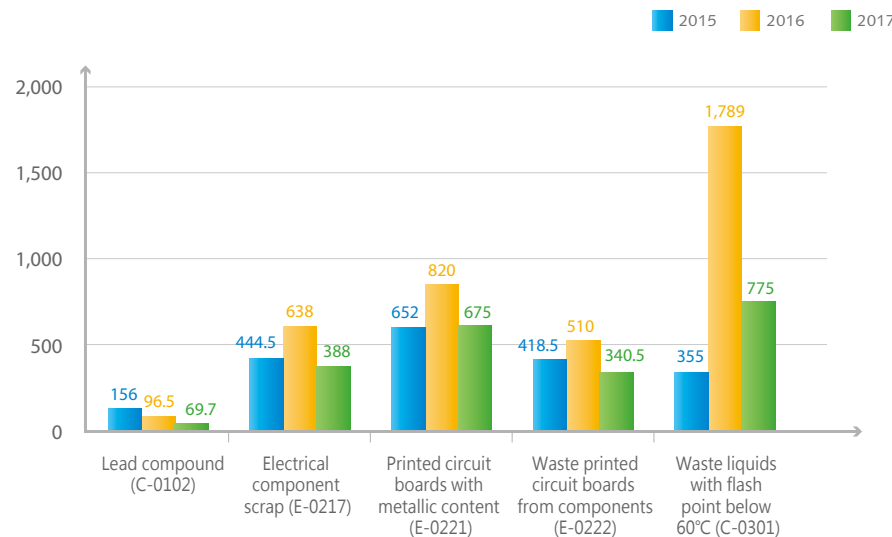
Based on the above, ADLINK not only strives to optimize the efficiency of energy utilization but will also impose further controls on GHGs. Apart from the collection of preliminary data, education and execution will be used to educate all employees on energy-conservation. ADLINK hopes this will make a difference and contribute to a greener planet.

## ♻️ Waste management policy

Waste management is based on the principle of "process reduction and resource recycling." Recycling is the preferred method of waste disposal. The recycling of usable parts from waste materials improves the returns from waste management while also reducing the environmental burden during waste treatment.

Industrial waste is contracted to licensed waste contractors. A triplicate form must also be filled out and submitted to the Environmental Protection Administration. The waste contains lead compounds (C-102), electrical component scrap (E-0217), printed circuit boards with metallic content (E-0221), waste printed circuit boards in components (E-0222) and waste liquids with flash point below 60°C (C-0301).

▼ Amount of reported industrial waste between 2015 and 2017 (kg)



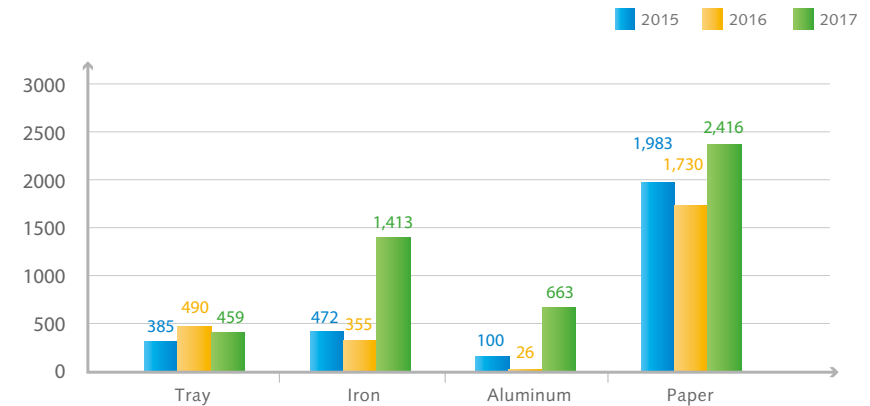
## 🌱 Green packaging

Green packaging must not only be safe, reliable and eco-friendly but must also be non-hazardous to human health, recyclable, reduce the burden on the environment and conserve resources. ADLINK's use of reusable static-proof boxes instead of cartons has gradually won customer acceptance and will be used more extensively.

Buffer materials used during transportation such as packaging, cartons and foam boards are also treated then reused by ADLINK during product shipments. They are also regularly recycled and provided to upstream suppliers. The reuse of packaging materials help recycle resources and reduce the cost of waste disposal.

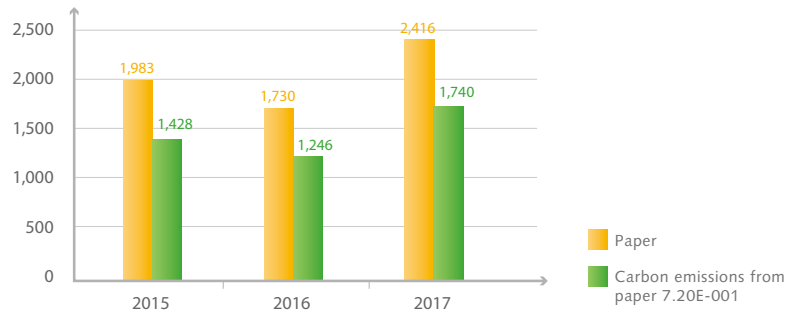
Carbon emissions from paper are also reduced as well.

▼ Amount of resources recycled between 2015 and 2017 (kg)



According to the Industrial Technology Research Institute, the carbon emissions of paper (cardboard) is 7.20E=-001/kg.

▼ Annual carbon emission between 2015 and 2017 (kg)



## 6.4 Green Products

### Supplier Seminars

ADLINK cares about the communication and cooperation with suppliers. Therefore, we also held Taipei supplier seminar at International Conference Hall in GIS NTU Convention Center on Thursday, March 10, 2016 from 13:00 to 17:00. We held Shanghai supplier seminar at Meeting rooms 202 and 203 in ZTE Hotel Shanghai on Thursday, March 24, 2016 from 12:30 to 17:00. In these two seminars, we introduced our "green policy" and procedure of how to upload technical document to Green Product Management System (GPMS). Besides, the "evaluation Hazardous Substance Free" is also included in the "Assessment of Manufacturing Supplier".

Our Procurement\_Dept./QA/Component\_Engineering \_Section propagandized the policy as well. In addition, we shared the plan of each department in the coming years and described the items that we need suppliers' cooperation shown in different time periods of agenda.

“ ADLINK has been founded for 21 years and working with major global enterprise groups. Our products are sold around the world and have won wide recognition from our customers. As a social citizen, we always take the lead in the industry while regulations become stricter. We actively find out regulatory requirements and use product quality and environmental protection as the resource of corporate competitiveness. ADLINK cooperates with SGS to hold this supplier seminar based on SGS's professional experience and technology in testing and certification. By providing the guideline, SGS can help our suppliers understand more about environmental regulations and find the solutions. Therefore, suppliers can improve the product quality and help us carry out environmental compliance.

Daniel Yang  
President

“ ADLINK has invested in lots of resources on environmental compliance. We hope that our suppliers can cooperate with us to fulfill the social responsibilities and contribute more to the green environment.

George Feng  
Global COO

“ Suppliers are our important partners. For the goal of both green environment and globalization, ADLINK wants to work together with suppliers to achieve win-win.

Catherine Wu  
Sr. Director of Strategic Supply Chain Planning Division

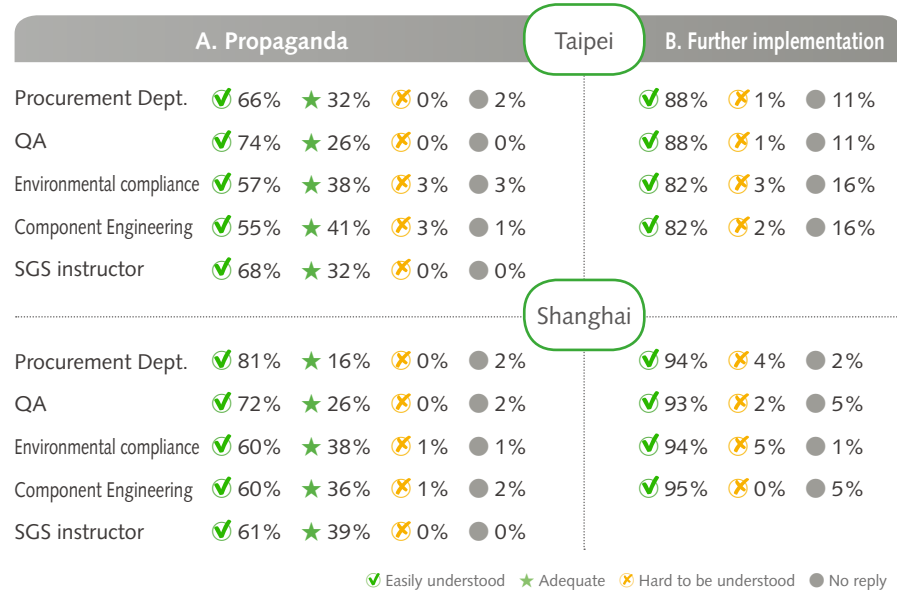


For the regulatory compliance of both EU RoHS 2.0 Directive (2011/65/EU & 2015/863/EU) and the sole harmonized standard EN 50581:2012, ADLINK demanded suppliers to provide and upload the following three technical documents to GPMS as the evidence of the products starting from September 15, 2016 after Supplier Seminars held in both Taipei and Shanghai, separately.

1. Supplier Declaration;
2. Material Declaration;
3. 3rd-party lab RoHS Test Report.

167 Taipei vendors and 85 Shanghai vendors joined these two seminars. The attendance rate of Taipei vendors was 90.3% (=167/185) and that of Shanghai vendors was 80.2% (=85/106). After these two seminars, the suppliers' questionnaire gave ADLINK positive feedback on both propaganda and further implementation. They also affirmed the effective interaction by face to face, being willing to cooperate with ADLINK's policy, and wished ADLINK to hold more seminars or forums to enhance partnership with ADLINK.

▼ Positive feedback (%) of questionnaire on two supplier seminars



The e-news of the supplier seminars were also published in the following web links.  
 PR Newswire <http://www.prnasia.com/story/148032-1.shtml>  
<http://app.bbtnews.com.cn/print.php?contentid=146574>  
 Beijing Business Today <http://www.bjbusiness.com.cn/2016/0427/146574.shtml>

### Small-class GPMS Lectures

ADLINK Environmental Compliance team continues to implement supplier chain management and propagandizes HSF (Hazardous Substance Free) in order to conduct HSF to all ADLINK products. We held 14 Small-class GPMS Lectures for Taipei suppliers at our headquarter in Taipei on September 10, 2016, September 13, 2016, January 4, 2017, February 15, 2017, March 29, 2017, May 15, 2017, May 19, 2017, May 22, 2017, May 25, 2017, June 1, 2017, June 2, 2017, June 5, 2017, June 9, 2017 and June 12, 2017. A total 253 representatives of 186 Taipei suppliers attended.

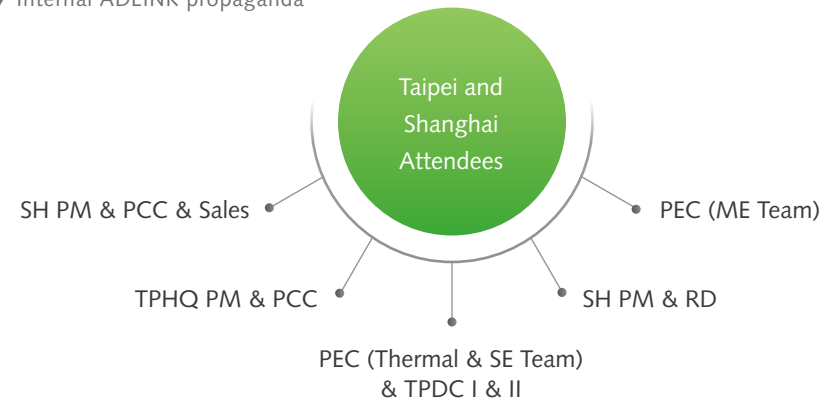
Moreover, we also held 8 small-class GPMS lectures for Shanghai suppliers at Shanghai Manufacturing Center from June 19 to June 23, 2017. A total 174 representatives of 150 Shanghai suppliers attended. During the lectures, ADLINK Environmental Compliance team propagandized ADLINK's "green policy" to suppliers, instructed how to fill out three technical documents [Supplier declaration, Material declaration (FMD: Full Materials Disclosure) and 3rd-party-lab RoHS test report] or equivalent alternatives (vendors' indemnification clause or customer agreement), and upload these three documents or equivalent alternatives to GPMS (Green Product Management System) later. ADLINK makes sure that suppliers are fully aware of that both "On Time Uploading Rate (%) of Three Tech. Documents" and "Quality Rejection Rate (%) of Three Tech. Documents" performed by the suppliers per year are evaluated in "ADLINK Vendor Scorecard" in first quarter of the next year in order to reflect the HSF performance of each supplier annually. ADLINK will continue to devise a strategy for risk management throughout the course of measurable risk mitigation efforts and gradually eliminate non-supportive or incapable suppliers.

▼ The attendance of Taipei & Shanghai vendors in Small-class GPMS lectures, separately.



In addition, ADLINK Environmental Compliance team internally continued to propagandize ADLINK's "green policy" to ADLINK Sales, Project Managers and R&D members at both the headquarter in Taipei and Shanghai Manufacturing Center, separately, on August 15, 2016, August 17, 2016, February 17, 2017, June 13, 2017 and June 20, 2017. Due to P/N Part Approval Workflow of ADLINK Agile PLM cannot be approved until three technical documents are approved in GPMS, we need fully cooperation among different ADLINK functional units and suppliers in a short time.

▼ Internal ADLINK propaganda



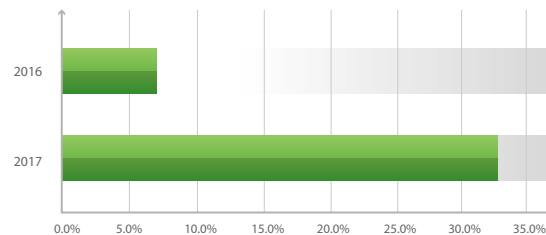


## Collection of Material declaration (FMD: Full Materials Disclosure) for parts

For the regulatory compliance of both EU RoHS 2.0 Directive (2011/65/EU & 2015/863/EU) and the sole harmonized standard EN 50581:2012, ADLINK demands suppliers to upload three technical documents [Supplier declaration, Material declaration (FMD: Full Materials Disclosure) and 3rd-party-lab RoHS test report] or equivalent alternatives (vendors' indemnification clause or customer agreement) to ADLINK GPMS as the evidence of the products for P/N Part Approval Workflow of ADLINK Agile PLM. For those old parts without up-to-date documents, ADLINK requests suppliers to batch revise documents and upload them to ADLINK GPMS.

Not all of the suppliers are capable of providing Material Declarations because it is very difficult for the suppliers to conduct Full Material Disclosure (FMD) of each part. About 37,000 active part numbers of both parts and accessories are statistically used in the products, the collection rate (%) of Material declaration (FMD: Full Materials Disclosure) rises gradually from 7.0% by the end of 2016 to 32.5% by the end of 2017. We expect that it will take another three to five years to go beyond 70.0%. When customers inquire about the regulatory compliance of a certain substance and the increasing list of controlled hazardous substances in the coming future, we will be able to use the GPMS to look up the CAS No. of the substance and its corresponding content (%) to respond the customer if the product is regulatory compliance quickly.

► The collection rate (%) of Materials Declaration (FMD: Full Materials Disclosure) in 2016 and 2017, separately



## ADLINK's delivered products comply with both China RoHS and Taiwan RoHS

China RoHS: China "Management Methods for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products" went into force on July 1, 2016 while Taiwan RoHS (CNS 15663) was effective on July 1, 2017. For automatic data processing machines as well as those monitors and monitors used in automatic data processing, ADLINK converged all products into five templates of "China and Taiwan RoHS Declarations" based on part units and created five part numbers, separately. Based on different distributions of part units in each product BOM, one of above five part numbers (for "China and Taiwan RoHS Declarations") were added in to the specific product BOM among 5,700 products in order to ensure ADLINK's delivered products comply with both China RoHS and Taiwan RoHS. End users can clearly see the name and concentration of hazardous substances or elements in the product in "China and Taiwan RoHS Declarations" right away when unwrapping the product box.

## ADLINK's delivered products comply with Minamata Convention

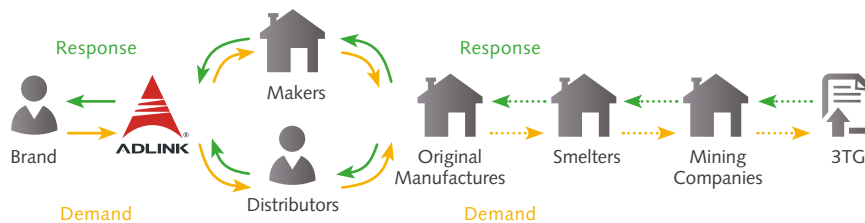
Regulation (EU) 2017/852 became effective on January 1, 2018. Before the end of 2017, ADLINK has evaluated the information shown in Material declaration (FMD: Full Materials Disclosure) of all parts and converged the impacted scope by mercury and its mercury compound. We converged that LCD, button cell battery, switch and relay are parts and accessories having high probability to contain mercury and its mercury compound. ADLINK clarified with all suppliers (e.g. LCD, button cell battery, switch and relay) and demanded those suppliers to provide technical documents as proof (e.g. the third-party RoHS test report). We ensure that all the parts and accessories used in ADLINK's delivered products comply with Minamata Convention and Regulation (EU) 2017/852.

## Due Diligence of Conflict Minerals

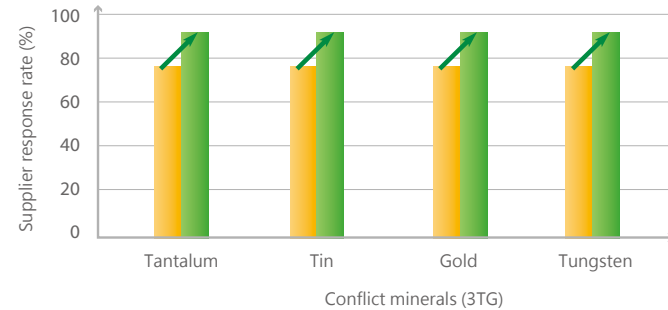
According to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act passed concerning "conflict minerals" originating from the Democratic Republic of the Congo (DRC) or adjoining countries in 2010, "Conflict minerals", as defined by the US legislation, currently include the metals tantalum, tin, tungsten and gold, which are the derivatives of the minerals cassiterite, columbite-tantalite and wolframite, respectively. Downstream companies often refer to the derivatives of these minerals as 3TG.

By the end of 2017, a total 314 Taipei suppliers and 515 Shanghai suppliers provided effective responses of CMRT (Conflict Minerals Reporting Template) back to ADLINK for due diligence of conflict minerals. ADLINK used the third-party management system having the functionality of reporting on Conflict Minerals with the Conflict Minerals Declaration Manager to verify smelter information declared in original manufacturers' CMRTs back and forth. ADLINK could not integrate all smelter information to latest version of ADLINK's CMRT until we confirmed all smelter information was conflict minerals-free. In addition, the percentage of relevant suppliers providing a response to ADLINK's supply chain survey achieved 75% and 90% at the end of 2016 and 2017, separately. In 2018, ADLINK continues to demand more suppliers to provide responses for due diligence of conflict minerals.

▼ Diagram of upstream and downstream relationships for due diligence of conflict minerals



▼ The accumulated response rate of 3TG by the end of 2016 and 2017 (%)



### © Scope Determination of CMRT survey

- Declaration of CMRT scope is based on ADLINK company-level products. Supplement includes:
  - A complete list of products manufactured during the audit period
  - Production records
  - Product sales/delivery records
  - Production schedule
  - Order records
- Any documentation supporting the determination of products. Supplement includes:
  - Bill of Material
  - Product drawing
  - Product specification
  - Product production procedure
- Any documentation supporting the determination that products do / do not contain conflict minerals. Supplement includes:
  - Test report of raw materials
  - Material Safety Data Sheet (MSDS or SDS)
  - Material Declaration

4. Any documentation demonstrating the linkage of a specific products with inputs from company's suppliers. Supplement includes:
  - Approved Vendor list
  - Purchase order history

### © Due diligence

The Electronic Industry Citizenship Coalition (EICC), which is now the Responsible Business Alliance (RBA), and Global e-Sustainability Initiative (GeSI) initiated an initiative for stopping the purchase of conflict minerals. Based on the standard and plan amended by this initiative, ADLINK formulated Conflict Free Minerals Policy and posted them on the website:

<https://emb.adlinktech.com/en/EnvironmentalProtectionResponsibility.aspx>

1. Regarding management procedure of conflict minerals, supplement includes:
  - Management organization;
  - Description of individual responsibilities;
  - The procedure for communication among the management team and the pathway of how to report to the Top Management Team;
  - Internal trainings;
  - Storage procedure of both documents and records;
  - Appeal and report any processing procedures;
  - Risk assessment for conflict minerals (including risk criteria);
  - Risk control/risk mitigation;
  - Mailing, letters or other forms of communication for due diligence requirements to suppliers;
  - CMRT management procedure (including suppliers' CMRT collection and CMRT validation procedure, ADLINK's CMRT task arrangement and reporting process)

2. ADLINK conducts due diligence of conflict minerals. Supplement includes:
  - Records of both internal communication and reports;
  - Records of internal trainings;
  - Records of appealing and reporting any processing procedures;
  - Suppliers' risk assessment or risk criteria;
  - Records of suppliers' risk control, risk mitigation plan, and performance tracking
3. Records regarding ADLINK propagandized Conflict Free Minerals Policy to the suppliers.
4. Records of suppliers' trainings.
5. Documents (e.g. contract, agreement), which ADLINK signed with the suppliers, demonstrate legally binding effects and procurement requirements of Conflict Free Minerals.
6. Communication records regarding suppliers fail to comply with requirements related to conflict free sourcing.

### © CMRT Validation and keeping all the records related to CMRT due diligence

1. ADLINK's latest CMRT
2. All suppliers' CMRTs
3. Records of engagement with suppliers on CMRT reporting errors
4. Records regarding customers' responses on ADLINK CMRT
5. Suppliers' records regarding tracking and identifying non-CFSP-Compliant Smelters & Refiners responded by the customers
6. Suppliers' records of corrective actions taken for removing any non-CFSP-Compliant Smelters & Refiners from suppliers' supply chain
7. Communication records regarding ADLINK submits CMRT and updates revision to the customers

## Participate in the Carbon Disclosure Project (CDP) Carbon Disclosure Project

By participating in CDP and based on CDP's diverse projects, including: Climate Change, Carbon Action, Water, Forests, Cities, Supply Chain, and participate in its survey and disclosure every year, CDP is currently. It has become the most extensive disclosure system for carbon, water, forest and other related natural capital management in the world.

ADLINK Technology Assessment Climate change brings the company's impact and opportunities, which in turn drives the development of the green economy to promote positive growth. Kinetic energy and determination.

## Join the EcoVadis Corporate Survey

EcoVadis is a collaboration that helps companies monitor the sustainability of other suppliers. The platform is evaluated using its own unique corporate responsibility (CSR) methodology. Includes 150 purchasing categories and 21 CSR metrics covering 110 countries. The system analyzes and evaluates corporate performance from four broad categories, such as: environment, labor regulations and human rights, equity. For business management and sustainable procurement, ADLINK is invited by the client to fill out the questionnaire and join the membership.

And in 2017, it won the silver certification level of EcoVadis, which confirms the commitment and commitment of ADLINK to contribute to society. We strive to continuously improve our sustainability performance in the future.



## Green product-Carton outsourcing policy

We mostly outsource the design of the carton for our product. We integrate the idea of our subcontractors on our green packaging policy. In Q1 2017, we integrated the process and demand schedule of outsourcing. We have strict restrictions on carton and printing material, which is good for effective communication between R&D staffs and vendors. We carried out the Pilot Project in Q3 and implemented the official project in Q4. The achievement rate in Q4 2017 was 70%. We expect to reach 80% in 2018 and 95% in 2019.

## Green product-Policy for sharing the carton of product

In Q1 2018, we initiated our carton sharing policy, calculated the number of cartons used in the last three years and confirmed most of the sizes of the carton that can be used for different products. We share the carton to lower the waste of material. In the meantime, we intend to increase the number of cartons that can be stacked on the pallet. We try to stack as many products on the pallet as possible to mitigate damage to the environment during shipment. We expect to carry out the Pilot Project in Q3 2018 and implement the policy in 2019 to do our bit to environmental protection.



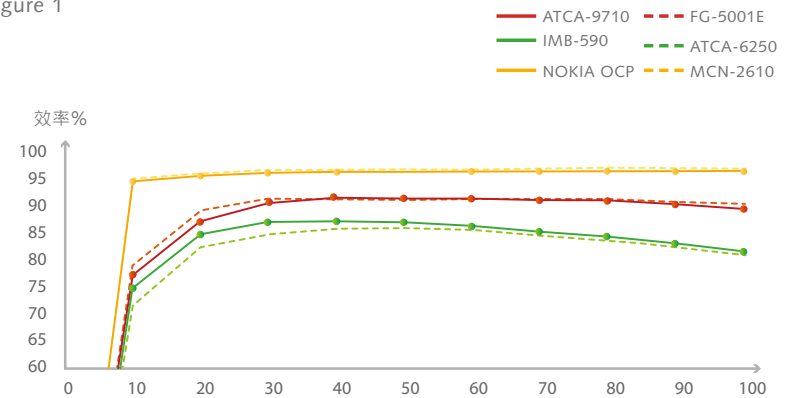
### Implementation of the highly efficient power solution

We design the server motherboard we produced. The power supply is essential to sustainable operation of motherboard. The time that the server operates is way longer than other products. Based on the idea of energy saving and carbon reduction, we implemented the highly efficient power solution during initial development of new product in Q1 2017 to achieve the win-win goal between us and customers. In Q3 and Q4 2017, we checked our product and met the requirements of products and customers at the design end and verification end. In 2018, we begin to implement all the server motherboards we produced.

Figure 1 shows that the efficiency of the power solution with old specifications is about 85%-90% and a highly efficient power solution can achieve 95%. Figure 2 shows that we compare power solutions with old and new specifications to see their difference in loss during regular load. For a highly efficient power solution, the loss is significantly reduced over 50%. Based on the electricity price in Taiwan, we can save up to NT\$ 261 per server motherboard. In 2017, we implemented this solution into three programs. We expect to implement it into eight programs in 2018 to do our bit in energy saving and carbon reduction directly and indirectly for our products!

We consider carefully for each output stage to meet the requirements of green environment in various fields, such as material selection, purchase, R&D, design, manufacturing, assembly, packaging and shipping. We hope that suppliers can work with us to contribute more to the environment, fulfill our social responsibility and create the green Earth.

▼ Figure 1



▼ Figure 2 Energy loss

Load	ATCA-9710	FG-5001E	IMB-590	ATCA-6250	Nokia OCP	MCN-2610
20%	4.149w	4.684w	4.261w	4.982w	2.216w	2.06w
50%	8.333w	8.568w	8.899w	9.615w	4.824w	4.416w
80%	15.115w	14.63w	16.751w	17.46w	7.534w	6.673w
100%	21.688w	19.945w	24.628w	25.451w	9.273w	8.575w

Electricity bill saved:  
 $17.46 - 6.673 = 10.787$  (w/h) =  $0.010787$  (kWh/h) =  $0.010787$  (kWh)  
 $0.010787 * \text{NT\$ } 2.7641 * 24 * 365 = \text{NT\$ } 261.19$



# Optimum Workplace



7.1 Diversity and Equality in Employment -  
Creating an Outstanding Globalized Workplace

7.4 Employee Participation - Learning Resources

7.2 Balance in Work and Life - Employee Welfare Committee

7.5 Employee Relationship - Listen to Each Other's Heart

7.3 New ADLINKer

7.6 Safe and Healthy Workplace

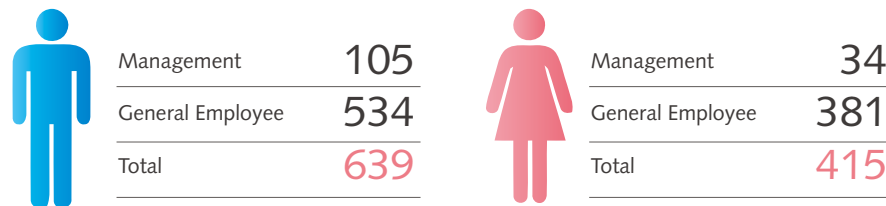


## 7.1 Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace

We adhere to the principle of diverse equality for employee hiring and recruitment. We arrange our staffs based on the annual operational goal and direction of development. We respect the ethnicity, gender, religion, race and political affiliation in each region. We do not hire child labor. We recruit and employ global talents while complying to labor regulations of different regions. ADLINK provides a diverse and equal work environment. We carry out the staff management and development system after new employees join us. For example, performance evaluations are used to assess job

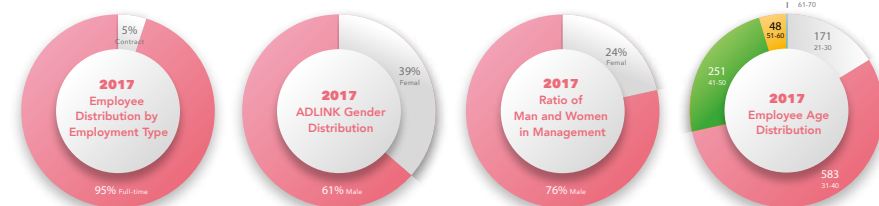
performance and integrated with an employee's individual development such as salary adjustments and promotions. The core principle of "Pay by Contribution" governing compensation at ADLINK is also combined with the profit-sharing scheme to share the fruits of the company with employees. Other mechanisms such as internal recruitment and job rotation are also used to provide employees with a wide range of career development options. The following indicates the annual HR:

### ▼ 2017 ADLINK Human Resources in Taiwan



2016~2017 New employee hires : 40.8%

Employee turnover: 36.5%



## 7.2 Balance in Work and Life - Employee Welfare Committee

### © ADLINK Employee Welfare Committee

ADLINK cares about employees and their welfare. We allocate the benefit to establish the Employee Welfare Committee and hire specialists to plan employee welfare activities and services, and provide all-round care for employees. We hold diverse activities to help employees balance work and life. We provide employees with a vivid,

diverse work life, increase their coherence to the company, and take care of their work and family life. We believe that, in this way, we can help employees add more creativity and passion in their work and realize ADLINK's spirit of "Enjoying Work".

### ◎ Local and International Travel

ADLINK takes employee leisure very seriously. One-day and two-day local holidays, international employee holidays and self-guided international group tours are organized every year. Employees and their families are invited to attend to promote bonding between family members and employees on weekends and rest days. This also helped to bring employees from different departments closer together. These activities ensured that employees can enjoy a happy family life despite their busy schedule.

### ◎ Expert Seminar

We hold expert seminars with different topics every year to satisfy the needs of employees with different ages and genders. We have parent, health, life and leisure, and finance seminars. Employees can take a break from work during lunch time to learn knowledge, relieve stress from work, balance body and mind, and learn the latest information to gain more knowledge from work and life.

### ◎ Physical Activities

The Employee Welfare Committee continues to organize group physical activities. We've held the "ADLINK Street Run" for two years since 2015. Employees can simply change their clothes after leaving work to get started. There is no threshold and the different themes made employees fall in love with running. This made running a trend at all departments of ADLINK. A total of 5 street runs were held in 2017. A total of 125 employees joined this event. Besides improving fitness, employees can interact with each other after work. Employees can build a common hobby and integrate their life and work.

### ◎ Colorful Club Activities

ADLINK encourages employees to form clubs for their hobbies. There are now 15 company sports, arts and culture clubs for swimming, softball, basketball, badminton, coffee & dessert, aerobics, robot, Zen studies, climbing, cycling, tea, billiards, jogging, bowling and shrimp fishing. Employees can not only fulfill their hobbies through the club but also socialize with each other through club activities.





### ◎ Festival

The hosting of festival-themed activities enriches the lives of ADLINK employees. At the Chinese New Year's Eve, we invite a nationally known calligraphy master to come to our company to write creative spring couplets for us. We hold gift DIY courses on Father's Day and Mother's Day to teach our employees to make gifts themselves for their parents. During this noon-time DIY course, employees can improve their aesthetics and patience. On Dragon Boat Festival and Moon Festival, we give gift boxes and cash gifts for employees to enjoy the festive atmosphere. On Christmas, we hold a "thousand-people gift exchange" event. Everyone gives great gifts to each other and looks forward to unwrap gifts. On this day, everyone feels warm and happy. We provide sticky rice balls and Christmas desserts for Winter Solstice Festival to make everyone feel warm.

### ◎ Welfare Fund

Full-time employees are granted full welfare payments, including the cash gift for birthday, maternity and wedding, condolence money for illness and grieving, emergency allowance, and education scholarship for children. The following table shows the number of applicants for the welfare.



Number of applicants	2016	2017
Birthday cash gift	970	966
Maternity cash gift	46	46
Wedding cash gift	33	24
Condolence money for illness	18	14
Condolence money for grieving	16	30
Education scholarship for children	414	424

## 7.3 New ADLINKer

ADLINK believes that effective internal communication enhance employee loyalty and identification with the company, and led employees communicate and bond with each other. This led to the creation of New ADLINKer, a publication dedicated to ADLINK employees. It ensures that employees understand the state of the company and acts as a networking platform to let employees exchange information and express themselves.

The "New ADLINKer" is published on a half-yearly basis. The content covers ADLINK developments and trends such as company vision, annual direction and strategy, corporate culture and core values, latest projects, international cooperation and acquisitions, and the latest developments around the world. Such information are all clearly described in the publication and communicated internally to employees. All employees therefore receive consistent information and can work towards a common goal.

Since 2017, "New ADLINKer" has been changed from hard copy to newsletter to advocate requirements of environmental protection and adapt to the needs of employees because nowadays people use mobile phone and tablet to read information anytime. Therefore, this publication can provide instant corporate information and expand the depth of its content. We continue to stimulate communication between corporate and employees and among employees in a way that conforms to the trend. This volume focuses on successful cases of product application and latest technology we attach importance to. We introduce our strategy of "Leading EDGE COMPUTING" to provide the embedded computer platform, software system and end-to-end solution. Therefore, we can support the evolution of product and business model to support the goal of customer for achieving industrial IoT. Furthermore, this

volume talks about how we enter the field of integrated operating room. It also introduces successful cases of production application, such as how our tablet device IMT-BT is used for Taipei Double-Decker Sightseeing Bus.

Other themes in the publication include annual company events, important policy announcements, department profiles, new product descriptions, holiday activities, ADLINK Foundation's charity events, or employees' personal stories. The rich and diverse content creates talking points for employees and creates bridges between international regions. This in turn makes employees feel more at home working at ADLINK. We expect to use the publication to create internal employee marketing for all members to become a better marketing and sales person.

## 7.4 Employee Participation - Learning Resources

For employment and development of employees, we categorize the "Grade Expectation" of a position in 2017 into "management", "professional" and "sales". We plan the functional item required for each position type and explain the behavior needed for each functional item on different levels to build the foundation of talent employment and development. We reinforce the connection and standardization of HR events through "Grade Expectation", the foundation of talent employment and development. We also help employees understand their direction and need of career development at ADLINK.

After an employee joins the company, we provide traditional lectures for education training and assign senior mentors of the department to guide the employee, form a working group for employees to learn with each other, and offer chances for the employee learn from doing to help him/her acquire the knowledge and skills required for their work. Based on different learning needs, we arrange courses such as new employee, general knowledge, management, technical skills, production line skills and

specialist training, special courses are also provided each year based on organizational and departmental requirements.

Group Type	Content
<b>New Employee</b>	Structured course to introduce new employees to the company and help them adapt to their work. Example: Introduction to the company, new employee lecture, and new employee guidance.
<b>General Knowledge</b>	Education, training and learning activities at each level implemented in accordance with regulatory requirements as well as the corresponding quality requirements in R&D and manufacturing. Example: Occupational safety and health training, failure mode and effect analysis, sexual harassment prevention.
<b>Management Personnel</b>	Equip managers with the management skills for their level. Examples include: Basic management course, Mid-level management course, and executive forums.
<b>Technical Skills</b>	The cultivation of technical skills is carried out by each unit based on their departmental goals. Continued training is provided each year in accordance with the annual training plan.
<b>Production Line Workers</b>	Production line workers receive skills training and certification based on their job requirements. Only those who pass may operate the corresponding processes and machines. Annual refresher training and skills certifications are also included.
<b>Specialist Personnel</b>	Education and training for specialists as determined through hazard identification. Example: Training on working with chemicals and forklift operator training to ensure and maintain the health and occupational safety of workers.

## 7.5 Employee Relationship - Listen to Each Other's Heart

We respect and encourage employees bring ideas and opinions. Through communication, labor and management understand each other's needs and difficulties and consider the outcome after communication. We will set up or implement a policy that meets the expectation of labor and management and completes our system to create a work environment mutually beneficial to the labor and management for sharing prosperity.

Our company has been expanding since we're founded. Our division of internal organization becomes more detailed to correspond to corporate development. Throughout the corporate growth, we understand that harmonic labor-management relations is indivisible from long-term corporate development. Good team work and open and diverse communication channels are corner stones of work quality and efficiency. We use various ways to maintain smooth internal communication, offer chances for employees to express their expectation to the company and ideas and opinions, enhance the closeness between the employee and company, and reduce the conflict between labor and management.

### More dialogues among employees for harmonious labor-management relations

#### Communication Meeting

- New employee forum: The time that new employees are on board is quite short. We hold a new employee forum after newcomers are on board for three months. In the forum, we mostly ask employees about their working condition and adaptation to the environment.
- Annual strategy meeting: Our management team explains to employees the company's current state, future direction as well as answering employees' questions. Employees are therefore kept informed on the latest developments and handling of issues.
- We hold the meeting occasionally every year. Through face-to-face conversation, we reduce the alienation of new employees, see how they are fitting in and provide immediate assistance or answers to any questions they may have. This increases new employees' loyalty and sense of belonging.

#### Labor-Management Conference

- We convene the meeting every quarter in accordance with the law.
- Participants include five employer and five employee representatives. The attendance is 70-80%.
- We enhance our complete system through an open, transparent procedure and protect the rights of labor and management.
- The topics are relevant to employees and employers, including labor-management relations, working conditions, workers' benefits and employee safety and health.
- We announce the decision records to all employees after meeting.

#### Suggestion Box Set Up

- ADLINK places employee suggestion boxes in convenient locations throughout the workplace and sets a suggestion section on the internal website.
- Employees have more ways to bring up questions or suggestions.
- We have a unit responsible for handling and assignment to ensure that the opinion or suggestion of the employee will be sent to relevant units and the employee can receive the response.

## 7.6 Safe and Healthy Workplace

The World Health Organization issued the following definition of health in 1946: "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." This shows that health is being sound in body, mind and social relations. It's not just not being sick or handicapped. ADLINK adheres to this principle by striving to work with all employees to create a safe, friendly and healthy workplace. This is also ADLINK's mission and commitment.

ADLINK believes that only healthy employees can generate quality, creativity, efficiency and profits for the company. Only a healthy workplace can bring employees joy, healthy and achievement. Employees are therefore not just the most important company asset but part of the ADLINK family. The ADLINK family hopes to become a source of support, peace and trust for every ADLINKer.

### © Established dedicated unit to enforce communication mechanism

We establish the Environmental Safety and Health Management Committee to promote the schema of environmental policies and occupational safety and health policies to ensure that the unit can operate effectively and comply with the EHS management system standard. We use the Committee to ensure that our events, products and services will continue to adhere to EHS management regulations and relevant requirements. The Committee encourages the public to pay attention to the environment, safety and health to enhance corporate image in the society and world as well as pursue the goal of sustainable operation. We promise to continue to base our core value on the highest EHS standard and provide necessary support to implement the EHS operational guidelines and obtain the certificate for environmental system and occupational safety and health system. We aim to prevent the occupational injury, prove the environmental safety performance, and

reduce operational risk of corporate. We are willing to continue to improve the EHS performance and maintain safety and health of the operational environment to achieve the goal of sustainable operations.

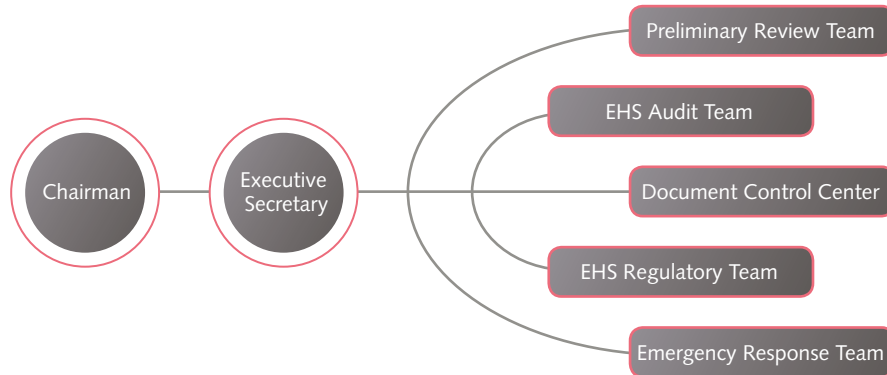
An Environmental Safety and Health Management Committee was established by ADLINK in accordance with the law. The Committee meets every quarter to make suggestions on proposed safety and health policies. The Committee also reviews, coordinates and makes recommendations on safety and health matters in order to make continuous improvements to the execution and management of safety and health at ADLINK. Labor representatives make up more than one-third of the Committee as required by law.

#### 1. Environmental Safety and Health Management Committee:

- It is responsible for the implementation of EHS management policies.
- It formulates and promotes the EHS management plan.
- It checks the educational training plan for EHS management.
- It checks the standard for operation, examination and control of EHS management devices.
- Its members meet to discuss and solve the problems with the implementation of EHS management.
- It checks the performance of EHS management system and reviews the problems occurred during implementation.
- It analyzes the improvement of the EHS management plan.
- It plans the EHS management goal and formulates the subject.

2. **Document Control Center:** It is responsible for the formulation and amendment of documents of EHS management system.

▼ ADLINK Environmental Safety and Health Management Committee



3. **EHS Audit Team:** It is responsible for regular or occasional audit of EHS management system and proposes requests for improvement.
4. **EHS Preliminary Review Team:** It is responsible for EHS preliminary review and evaluate the EHS impact to filter major EHS considerations.
5. **EHS Regulatory Team:** It is responsible for collecting relevant EHS regulations, reviewing the regulation applicability and updating regulations on a regular basis.
6. **Emergency Response Team:** It is responsible for formulating emergency response solutions and carrying out the aftermath work.

◎ Enforcing safety and health management practices

☑ Accident-free performance in labor safety and health

ADLINK formally joined the zero-accident network in August 2012. Zero-accident work hour records are submitted every month. As of May 2018, the joint efforts of the company and all employees has so far accumulated more than 10,470,000 zero-accident work hours. The achievement was recognized with a certificate of zero-accident work hours presented by the Industrial Safety and Health Association on behalf of the competent authority.



☑ Proper safety and health procedure management

For the safety and health management aspect of operations, apart from risk evaluations and controls, contractor access and work safety management, chemical management and quarterly ESH reviews and assessments, emergency response procedures and regular exercises are held as well. This ensures that the impact on company property, personnel, society and the environment is minimized in the event of an accident.



## ◎ Prepare for emergencies to keep the situation under control

### ☑ Fire prevention and emergency response results

Under the emergency response framework of ADLINK, in the event of a fire the person-in-charge serves as the response commander. Command, communication, safety, evacuation, first aid and firefighting teams have been established in accordance with regulations. The teams carry out their assigned missions and carry out actual drills with firefighting equipment in accordance with the fire defense plan.

### ☑ AED education and training results

The Automated External Defibrillator (AED) is a device that automatically detects the patient's cardiac rhythm and uses electric shocks to restore the heart to normal operation. It is relatively easy to use as there are audio instructions once the device is switched on. This is complemented by pictures as well. It's as simple as "point-and-shoot" cameras so people also refer to it as "Defibrillator for Dummies." In the Ministry of Health and Welfare statistics on the top ten causes of death in Taiwan in recent years, heart disease has always been in the top three. Death due to heart disease usually take the form of the heart suddenly stopping. Electric shocks can restore the heart to beating normally. Literature shows that in cases where cute arrhythmia causes the heart to stop beating, if defibrillation can be applied within 1 minute then the survival rate is as high as 90%. Every minute of delay reduced survival rate by 7-10%. The survival of the patient is therefore a race against time and the Grim Reaper. In the future, ADLINK will continue to roll-out the AED to all work sites to bring emergency assistance to the scene. This will hopefully help created a safe and healthy living environment for all employees.

### ☑ Chemical spill response results

Improper operation or negligence during the use of chemicals may cause an accident. Minor spills may affect personnel health while serious accidents can cause environmental pollution, injury or death, and property damage.



Accidents are an inevitable part of human activity. Even the most comprehensive protective measures will not completely prevent accidents. To ensure the safety of the workplace and proper accident prevention, an emergency response exercise for chemical spill is carried out every year. If an accident does occur, emergency response measures can be quickly and effectively taken to minimize the impact, prevent the problem from spreading, and protect life, property and the environment. This ensures the safety of the workplace and surrounding area.

ADLINK's priorities in an emergency is to ensure the safety of company personnel and nearby residents as well as prevent environmental pollution. This is followed by the reduction of property damage then finally the resumption of production. When a natural disaster or accident occurs, ADLINK believes that an immediate and effective response can minimize the risk of personnel harm and environmental pollution. It will also greatly reduce damage to equipment and simplify the resumption of production. Emergency response is therefore assigned a high level of importance. In 2017, earthquake, fire and chemical spill exercises were carried out to verify the effectiveness of the emergency response exercises and ensure that critical response procedures were carried out properly.

▼ ADLINK investments and expenditures on environmental protection and health from 2015 to 2017 (units: NTD)

Items	2015	2016	2017
Workplace testing	44,000	75,000	75,000
Waste disposal	89,589	150,000	80,000
Factory physician	39,000	126,000	126,000
Health exam	1,395,750	250,000	1,378,150
Water quality testing	15,200	12,600	126,000
ISO 14001 management system certification costs	97,713	99,000	143,096
OHSAS 18001 management system certification costs	127,350	68,574	68,769

## Diverse, Happy Workplace

ADLINK cares about employee welfare and training. We always want to enhance work quality and mind and body health. We aim to create a diverse, happy workplace with employees to enhance coherence and become the happiest enterprise in everyone's mind. A total of 33 seminars were held in 2017. More than 50 employee joined each event. The average satisfaction of event and seminar is over 90%.

## Complete health service needs

An occupational medicine specialist visits the company every month to provide on-site services. In addition to one-on-one health consultations, the specialist also assists the occupational health nurse and labor safety and health personnel with conducting an inspection of the factory environment as part of the occupational disease prevention and workplace improvement plan. We select employees with extremely high score of fatigue depression index on the overload physical and mental scale and care for them based on the annual health check up report. We arrange doctors and nurses to help these employees with health management and stress adjustment. The result shows that the fatigue depression index is decreased over 60% in 2017.

**Every two years we work with major medical institutions to carry out health check-up, cancer screening and vaccination.**

1. Employees can receive a health check-up every two years. We work with the hospital to analyze abnormal symptoms based on the health check-up, provide medical consultation and follow-up tracking.
2. Employees responsible for special, hazardous operation can receive a health check-up for special operation every year (e.g. radiation and the operation for special chemical substance).

**Female employee protection**

We care about the impact of the working environment on pregnant and breastfeeding female employees and actively formulate protection measures. We add provisions for protection of female employees via the communication platform for pregnant and postpartum employees and demand all units to adapt to the following measures:

1. The department must conduct the health risk assessment for the operating environment. It must transfer pregnant and breastfeeding employees if the environment is risky for them.

2. The department must not require pregnant and breastfeeding employees to work overtime or night shift.
3. The department must keep track of the health condition of pregnant and breastfeeding employees and provide guidance.
4. We designed a series of seminars for employees to relieve the stress of female employees.

According to the regular environment check provided by vendors each quarter, we didn't find any significant impact of the operating environment on the health of female employees. In addition, no pregnant and breastfeeding employee has to work overtime or night shift. We build a warm, comfortable nursery room that employees can use at ease. We announce the location of nursery room and the right of use through various channels, including NEO, maternal care consulting platform and nursery room guidelines. In this way, we thoroughly provide a friendly environment for breastfeeding employees.

### Health promotion activity

We keep track of and care employees with abnormal values in the annual health check-up report. We occasionally invite experts to share new health information by all kinds of interpretation to meet the health needs of employees. This is our way to convey correct self-care concepts. We help employees learn more about self-care management. Employees who often feel ill can regularly sign up for health consulting services provided by medical and healthcare professionals, who provide specialized health care and relevant information on medical treatment. In this way, we expect to carry out perfect health management.

#### ✔ Expert seminar

Experts teach employees all kinds of health tips to relieve soreness and release the body energy.

#### ✔ Micro fitness - Test the extreme of our body

Analysis on five elements of health (1.stamina 2.agility 3.power 4.speed 5. flexibility) → InBody medical electronic testing Analysis on the diagram for five elements of health → Micro fitness course

#### ✔ Hot man and woman class

Experts teach employees tips of weight loss to do more with less.

#### ✔ Be your own health manager

It's a measurement process that includes "weight → blood pressure → autonomic nerve testing → mood survey". Employees must make measurements for 35 days and observe the change of daily measurement on Health Cloud website. We will give expensive health prizes to employees with great self-improvement when the activity is over.

### Healthy workplace certification and sports enterprise certification

The slogan of sports enterprise certification is "Enterprise i sports Employee power non stop". This certification aims to create a great sports atmosphere at the workplace, strengthen the mind and body health of employee, increase working efficiency, enhance performance, and create a reciprocal cycle.

#### Purpose of certification

1. We actively encourage employees regularly to achieve the corporate social responsibility (CSR) of employee.
2. We support the development of sports industry.
3. We can show that we have healthy employees and a great brand value.
  - We've passed the "2016 Sport Enterprise Certification", granted by the Sports Administration, Ministry of Education.
  - We've awarded the Healthy Workplace Certificate by the Health Promotion Administration, Ministry of Health and Welfare.







## GRI Content Index

The following indicators are in reference of principles and structures of GRI Standards Glossary is issued by the Global Sustainability Standards Board (GSSB) to be used together with the GRI Sustainability Reporting Standards and which corresponds to this report content.

GRI Standards Index		Corresponding section of this report	Page numbr	Remarks	
<b>GRI 102 General Disclosures</b>					
General Disclosures	102-1	Name of organization	About ADLINK	05	
	102-2	Activities, brands, products, and services	About ADLINK	05	
	102-3	Location of headquarters	About ADLINK	05	
	102-4	Location of operations	About ADLINK	05	
	102-5	Ownership and legal form	About ADLINK	05	
	102-6	Markets served	About ADLINK	05	
	102-7	Scale of the Organization	Company Profile Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	05 77	
	102-8	Information on employees and other workers	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	102-9	Supply chain	Supply Chain Management	35	
	102-10	Significant changes to the organization and its supply chain	Foreword from the Chairperson / Message to our "interested parties"	02	
	102-11	Precautionary Principle or approach	Corporate Risk Management	20	
	102-12	External initiatives	Green Products	68	
	Strategy and Analysis	102-13	Membership of associations	Association and Guild Memberships	09
102-14		Statement from senior decision-maker	Foreword from the Chairperson / Message to our "interested parties"	02	
102-15		Key Impacts, Risks, and Opportunities	Foreword from the Chairperson / Message to our "interested parties"	02	

Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	Core Values and Code of Ethics Code of Ethics and Business Practices	29 30	
	102-18	Governance structure	Board of Directors ADLINK Corporate Social Responsibility Management Committee	14 21	
Governance	102-22	Composition of the highest governance body and its committees	Board of Directors	14	
	102-23	Chair of the highest governance body	Board of Directors	14	
	102-24	Nominating and selecting the highest governance body	Board of Directors	14	
	102-30	Effectiveness of risk management processes	Board of Directors	14	
	102-31	Review of economic, environmental, and social topics	Board of Directors	14	
	102-35	Remuneration policies	Employee Bonus Sharing and Compensation of Directors and Supervisors	18	
	102-36	Process for determining remuneration	Employee Bonus Sharing and Compensation of Directors and Supervisors	18	
	102-37	Stakeholders' involvement in remuneration	Employee Bonus Sharing and Compensation of Directors and Supervisors	18	
	102-40	List of stakeholder groups	The interested parties' concerned agendas and communicational channels	18	
	Interested parties' Engagement	102-41	Collective bargaining agreements	Participation in Labor-Management Conference and Welfare Committee Activities	62 65
102-42		Identifying and selecting stakeholders	Interested Parties' Areas of Concern and Communication Channels	23	
102-43		Approach to stakeholders engagement	Interested Parties' Areas of Concern and Communication Channels	23	
102-44		Key topics and concerns raised	Interested Parties' Areas of Concern and Communication Channels	23	
102-45		Entities included in the consolidated financial statements	About ADLINK	05	
Identified Material Aspects and boundaries	102-46	Defining report content and topic boundaries	Interested Parties' Areas of Concern and Communication Channels	23	
	102-47	List of material topics	Interested Parties' Areas of Concern and Communication Channels	23	
	102-48	Restatements of information	Foreword from the Chairperson / Message to our "interested parties"	02	No change

	102-49	Changes in reporting	Foreword from the Chairperson / Message to our "interested parties" Adlink Corporate Social Responsibility Management Committee	02 21	The theme of 2017 was "sustainable operation"
General Disclosures	102-50	Reporting period	Foreword from the Chairperson / Message to our "interested parties"	02	
	102-51	Date of most recent report	Foreword from the Chairperson / Message to our "interested parties"	02	2015/10
	102-52	Reporting cycle	Foreword from the Chairperson / Message to our "interested parties"	02	
	102-53	Contact point for questions regarding the report	Foreword from the Chairperson / Message to our "interested parties"	02	
	102-54	Claims of reporting in accordance with the GRI Standards	Foreword from the Chairperson / Message to our "interested parties"	02	
	102-55	GRI content index	GRI indicator index	70	
	102-56	External assurance			External assurance was not carried out or this report
<b>GRI 103 Management Approach</b>					
Management Approach	103-1	Explanation of the material topic and its Boundary	Interested Parties' Areas of Concern and Communication Channels	23	
	103-2	The management approach and its components	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	103-3	Evaluation of the management approach	Safe and healthy workplace	82	
<b>GRI 200 Economic</b>					
Economic Performance	201-1	Direct economic value generated and distributed	Business performance and prospects	07	
	201-2	Financial implications and other risks and opportunities due to climate change	Business performance and prospects	07	
	201-3	Defined benefit plan obligations and other retirement plans	Business performance and prospects	07	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage			ADLINK's lowest wage exceeds the statutory minimum wage

Procurement practices	202-2	Proportion of senior management hired from the local community	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	204-1	Proportion of spending on local suppliers	Supply Chain Management	35	
Anti-corruption	205-1	Operations assessed for risks related to corruption	Core Values and Code of Ethics Code of Ethics and Business Practices	29	
	205-2	Communication and training on anti-corruption policies and procedures	Core Values and Code of Ethics Code of Ethics and Business Practices	29	
	205-3	Confirmed incidents of corruption and actions taken	Core Values and Code of Ethics Code of Ethics and Business Practices	29	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Core Values and Code of Ethics Code of Ethics and Business Practices	29	None
<b>GRI 300 Environmental</b>					
Energy	302-1	Energy consumption within the organization	Energy conservation and carbon reduction	55	
	302-2	Energy consumption outside of the organization	Energy conservation and carbon reduction	55	
	302-3	Energy intensity	Energy conservation and carbon reduction	55	
	302-4	Reduction of energy consumption	Energy conservation and carbon reduction	55	
	302-5	Reductions in energy requirements of products and services	Energy conservation and carbon reduction	55	
Water	303-1	Water withdrawal by source	Energy conservation and carbon reduction	63	
	303-2	Water sources significantly affected by withdrawal of water			ADLINK uses tap water so water sources not affected by water withdrawal
	303-3	Water recycled and reused			ADLINK does not engage in the recycling and reuse of water
Emissions	305-1	Direct (Scope 1) GHG emissions	Energy conservation and carbon reduction	64	
	305-2	Energy indirect (Scope 2) GHG emissions	Energy conservation and carbon reduction	64	



Emissions	305-3	Other indirect (Scope 3) GHG emissions	Energy conservation and carbon reduction	64	
	305-4	GHG emissions intensity	Energy conservation and carbon reduction	64	
	305-6	Emissions of ozone-depleting substances (ODS)			ADLINK produces no emissions of ODS
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions			ADLINK has no significant air emissions
Effluents and waste	306-1	Water discharge by quality and destination			None
	306-2	Waste by type and disposal method	Pollution management	59	
	306-3	Significant spills			There were no significant spills between 2016 and 2017
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Core Values and Code of Ethics Code of Ethics and Business Practices	29	
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	35	
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management	35	
<b>GRI 400 Social</b>					
Employment	401-1	New employee hires and employee turnover	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	401-3	Parental leave	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	Safe and healthy workplace	82	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safe and healthy workplace	82	
Training and education	404-1	Average hours of training per year per employee	Employee Participation - Learning Resources	80	
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Participation - Learning Resources	80	

Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
	406-1	Incidents of discrimination and corrective actions taken	Core Values and Code of Ethics Code of Ethics and Business Practices	29	No violation
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Core Values and Code of Ethics Code of Ethics and Business Practices	29	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	77	None
Supplier social assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management	35	
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	35	
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	Green products	68	
Marketing and labeling	417-1	Requirements for product and service information and labeling	Green products	68	All of our products comply with relevant information and label requirements
	417-2	Incidents of non-compliance concerning product and service information and labeling	Core Values and Code of Ethics Code of Ethics and Business Practices	29	We have not violated any regulations of product and service information or labeling.
	417-3	Incidents of non-compliance concerning marketing communications	We have not violated any regulations of marketing communications.	29	None
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Core Values and Code of Ethics Code of Ethics and Business Practices	22	None
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	Core Values and Code of Ethics Code of Ethics and Business Practices	22	None

