ADLINK 2015
CORPORATE SOCIAL RESPONSIBILITY REPORT

凌華科技 企業社會責任報告書

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CSR Report
Foreword from the Chairperson

One year has passed in a blink of an eye and the time has come again to report our achievements in the implementation of CSR. It gives me great pleasure to report our latest achievements. The implementation of corporate social responsibility represents a long-term commitment. Through the release of this report, we strive to give our shareholders, employees, and the public a better understanding of the company's efforts in this field as well as a deeper insight into these activities. Our goal is to earn the support and assistance of our interested parties in order to fully dedicate ourselves to the implementation of CSR.

The field of industrial and embedded computing continued to display rapid growth in 2015 as an increasing number of new applications and concepts gradually emerged. The term "4th Industrial Revolution"* is very fitting in describing the ubiquity and massive impact of this phenomenon. In the foreseeable future, ADLINK will take advantage of this momentum to play an even more important role on the international stage. Due to our constant efforts over more than two decades, we are fully aware of the fact that industrial computer applications are very different from the electronic OEM and mass manufacturing industry. The key to success lies in a profound understanding of industry application trends and customer demands as well as the provision of high quality and user-friendly smart products. We therefore continue to invest in a large quantity of R&D resources, attract outstanding talent, and cooperate with international clients and manufacturers in order to constantly enhance our technical and innovative capabilities, transcend hardware product manufacturing concepts, and better enable us to deliver comprehensive and innovative solutions in the field of sustainability. Our products cover a wide range of automated applications and can be utilized for the reduction of carbon emissions, advanced medical technology, and transportation, bringing greater convenience and comfort to people's lives.

In the areas of corporate governance and social responsibility, we strive for information transparency and embrace a spirit of innovation. We aim to contribute to achieving breakthroughs for products and technologies developed by Taiwanese enterprises for Industrial Internet of Things (IIoT) applications, which is still a blue ocean market. We are also committed to providing a superior workplace to enhance the cohesion of our work force and create a work environment that is challenging and conducive to continued learning. The establishment of a reasonable compensation and incentive mechanism, the promotion of efforts to improve staff health, and team building and training activities are representative of our goal to ensure that every ADLINK employee not only gets fair financial compensation but also enjoys a balanced and fulfilling life. The ADLINK Foundation also celebrated its 10th Anniversary this year. Our long-term commitment to numerous welfare activities allows us to fully embrace a spirit of giving back to society and create a multifaceted corporate culture.

Rising social awareness in recent years has been reflected in the widespread media coverage of environmental and food safety issues as well as labor-management relations, and indicates an increased concern of the public for civic issues. This reminds us that sustainable operations must be rooted in balanced relations and approval of shareholders, employees, customers, the supply chain, and all interested parties, as well as being an important aspect of corporate competitiveness. Looking ahead to the future, ADLINK will continue to embrace its business philosophy and maintain its deep commitment to the field of computing and automation technology. We will also maximize our impact as a key player in the industrial and embedded computing industry to make our contribution to the improvement of society.

*Note: The term 4th Industrial Revolution refers to automation, IT, the Internet, and the IIoT.

Message to Our Interested Parties

In May 2014, the Corporate Social Responsibility management committee was made up of representatives of each department, including Research & Development, Quality Assurance, Manufacturing, Biotech, Procurement, Customer Care, Human Resources, Labor Safety, Finance, Information Technology and the ADLINK Foundation. There are five critical sub-committees including Company Governance, Employee Care, Energy Efficiency, External Communication and Social Involvement. It is expected that through both feedback from interested parties and the systematic, efficient, and continuous support from the management committee, we will achieve the goals for sustainable business and fulfill corporate social responsibility.

Looking back on 2015, ADLINK Technology achieved impressive results in numerous areas including:

(1) Staff numbers and operating revenue: As of the end of 2015, the company employed a total workforce of 1,735 worldwide. Numerous talented employees that share the same ideals joined ADLINK to promote the deployment and growth of the company in the global market. In the field of finance, the company achieved a consolidated total revenue of NTD 9,068,123,000, which represents an annual growth rate of 12.69% in 2015. The gross profit rate and net profit after tax amounted to 41.32% and 6.71%, respectively.

(2) As for products and future development, ADLINK continues to strengthen vertical market integration and is actively expanding into the IIoT. At the end of 2015, ADLINK acquired 100% of the equity of PrismTech Group Ltd. in the UK. This company is very experienced in the field of software development. The integration of hard- and software provided by ADLINK and PrismTech, optimized platforms, and innovative solutions will ensure that the company's products are better suited for diverse applications of vertical markets, giving ADLINK the ability to provide more comprehensive solutions.

(3) Regarding product quality enhancement, the ADLINK Technology Lab passed the following certification in December 2015 in accordance with the international ISO/IEC 17025 standard: In 2005, ADLINK passed the Taiwan Accreditation Foundation (TAF) certification and became an accredited third-party certification and experimentation institution. The accreditation items include temperature, vibration, impact, and drop tests for electronic, electrical, telecommunication, and information products to provide quality controls meeting international standards for ADLINK products.

(4) In the area of customer service, ADLINK is committed to providing customers with top quality and services to meet individual demands. ADLINK has formed exclusive service teams for clients that are in charge of order fulfillment, manufacturing, quality, delivery, and after-sales services. This enables the company to provide appropriate methods and complete solutions in a rapid and accurate manner. Moreover, third-party consulting firms are commissioned to conduct customer satisfaction surveys to gain a deeper understanding of customer perceptions as a foundation for continuing reviews and improvements. In 2015, customer satisfaction levels reached 85%, which is considerably higher than in the previous two years. This in turn reflects the company philosophy of putting quality and customers first.

(5) In the area of supply chain management, ADLINK initiated CSR supply chain management in 2013, embracing higher standards than those stipulated in relevant laws. Human rights management, conflict minerals, social responsibility, and sustainable operations were included as new supplier audit items. The goal is to ensure that suppliers implement constant improvements in a spontaneous manner and jointly fulfill their corporate social responsibility. ADLINK carefully selects local businesses near its production bases. Local procurement ratios have increased from 64% in 2011 to 86% in 2015.

Simultaneous with the promotion of business growth and profitability, ADLINK also actively implements CSR related issues. To facilitate stakeholder management and communication, ADLINK Technology provides information pertaining to issues of concern and communication channels on its corporate website. The goal is to provide more convenient liaison and communication methods for interested parties to facilitate mutual understanding and exchanges.

Regarding accident-free work time, ADLINK achieved a milestone of over 6.25 million working hours without accidents in 2015 and it was presented with a certificate of merit by the Industrial Safety and Health Association of the R.O.C. on behalf of the competent authority. In 2015, an Automated External Defibrillator (AED) was installed in the infirmary, which enhanced overall workplace safety and protection.

In shaping its corporate culture, ADLINK always places top priority on maximizing profits for employees, interested parties, customers and suppliers. The corporate culture of CARE (Commitment, Accountability, Reliability, Efficiency) is established using a customer oriented mindset. In addition, the true essence of CARE can be internalized by employees through operational procedures and events. Employees then display actions that parallel CARE and therefore establish a harmonious and competitive environment. In 2015, a sports meet was organized on the occasion of the 20th anniversary of the company. We utilized these activities and competitions to convey a spirit of the pursuit of ultimate victory with our co-workers. All employees exhibited great vitality and dedication in these competitions and activities. We also invited their families to participate to add to the excitement and fun of this event for all ADLINK members.

In the areas of resource conservation and social concern, ADLINK Technology promotes a paperless office environment through the adoption of electronic systems. For instance, every operation carried out by production line and process personnel from production testing to assembly and delivery conforms to relevant standard operating procedures (SOP). As the field of industrial computing is characterized by low-volume/high-mix production, the requirement for SOPs is many times higher than that of other electronics industries. We decreased the time required to look up relevant SOPs by 95% and greatly reduced the number of printed copies. Demand for paper copies of SOPs has been reduced by around 18,000 A4 sheets per month, which helps conserve 25.9 trees per year. We also actively promote the recycling and reuse of paper boxes and waste steel plates. The number of recycled paper boxes was increased from 5,715 in 2013 to 39,253 in 2015, while that of waste steel plates rose from 640 in 2013 to 800 in 2015. In addition to ADLINK's commitment to resource conservation, the ADLINK Foundation implements welfare donations and volunteer training activities centered on life education, cultural education, and concern for disadvantaged groups

Looking ahead to the future, ADLINK Technology is firmly committed to the continued pursuit of innovation and transformation to enhance its business performance and strengthen corporate governance as key links of its core corporate values. The goal is to generate value for society, share achievements with the public, and set an example for the whole industry in an effort to make continued progress toward sustainable operations.

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, 2015 to December 31, 2015. 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 G4 Sustainability Reporting Guidelines (GRI G4), 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.
Previous edition: October, 2013
Current edition: October, 2015
Next release: October, 2017

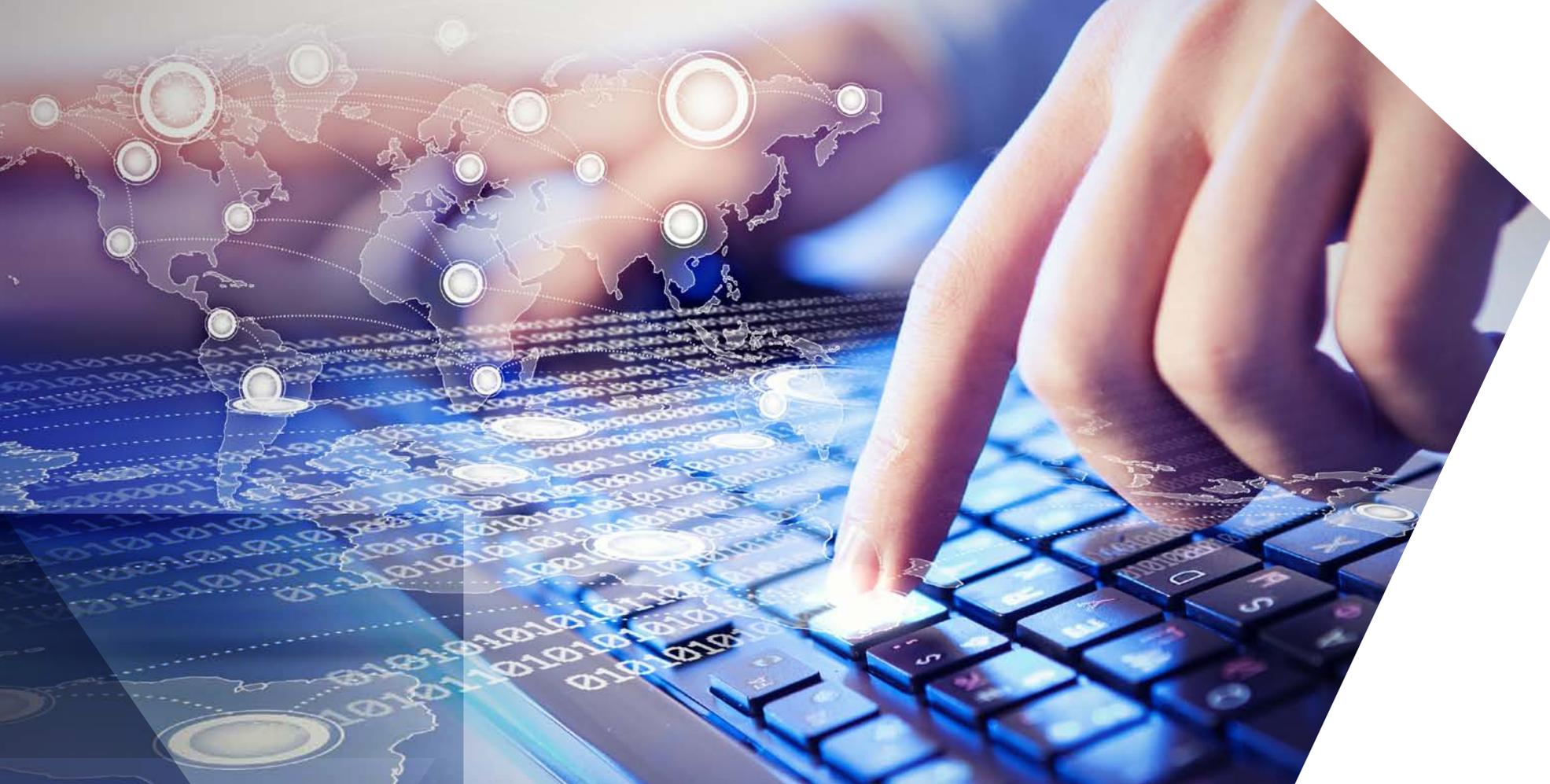**For any inquiries related to this report, please contact:**

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Corporate Overview 🌐

1.1 Corporate Overview

Established in August 1995, ADLINK is devoted to the improvement and innovation of measurement, automation and communications technology in order to provide computing solutions of the highest quality at reasonable prices to the world. ADLINK's operational mission is to become a world class leader in the measurement, automations and computer communication fields.

ADLINK's headquarters are in Taiwan, with research and development locations in Taiwan, China, the U.S.A, Germany and the UK. Products are manufactured in Taiwan and Shanghai, China. Sales and services are available worldwide. Up until the end of 2015, there were over 1,700 employees worldwide. ADLINK shares have been listed on Taiwan Stock Exchange since 2004 with the trading code 6166.

1995
Date of Incorporation, headquarters in Taipei, Taiwan.

NTD 9,068,123 Thousands
Total consolidated revenue in 2015.

NTD 3.03
Earnings per share in 2015.

1,735 employees (worldwide)
Total number of employees in 2015.

6166
TAIEX code since 2004.

Technology products and future development

ADLINK specializes in the design, manufacture and sales of industrial computers. Its products include machine vision, motion control, measuring, industrial motherboards and systems, servers, industrial touch screens, and modular computers. ADLINK is able to meet customers' requirements of applications systems in various vertical markets, including industrial automation, communications, medical, national defense, transportation and infotainment. In addition, ADLINK provides comprehensive IoT solutions using innovative embedded technology through cloud technology such as smart platforms, gateways, handheld terminals and network servers. ADLINK not only constantly strengthens its efforts in vertical market integration to satisfy the demands of its customers for products, services, and solutions; it is also actively involved in the IIoT. At the end of 2015, it acquired 100% of the equity of PrismTech Group Ltd. for a total of US$ 15.5 million. This company is highly experienced in the field of software development and specializes in IoT products and applications based on Data Distribution Service (DDS) software. The integration of PrismTech hard- and software, optimized platforms, and innovative complete solutions will ensure that ADLINK's products are better suited for diverse vertical market applications and accelerate product launch times.

Future market supply, demand conditions and future growth

Regarding supply and demand conditions and future growth of the global industrial computers market, the Compound Annual Growth Rate (CAGR) is forecast at 7.4% between 2013 and 2018 according to the estimates of IHS Research, a respected research institution. Annual sales increased by 12.69% in 2015.

Competitive advantages

(1) **Strong R&D team, research and development technology with a firm grasp of market opportunities**
ADLINK Technology is firmly committed to the development of innovative technologies. Through the adoption of various technologies such as aTCA, CompactPCI, PXIe, AXIe, and SMARC, ADLINK is able to develop leading edge products ahead of the rest of the industry. R&D investments amount to around 13% of total revenues on average. The company's measurement, automation, and industrial computing technologies have received wide acclaim in the market. ADLINK Technology also joined the Intel® Internet of Things Solutions Alliance in 2013 and was promoted to Premier Member status in 2014. This move will help enhance ADLINK's technology capabilities, management processes, and competitiveness under conditions of a rapidly changing global market.

(2) **Low-Volume/High-Mix (LVHM) and high performance global operations**
The production of industrial computers is characterized by Low-Volume/High-Mix (LVHM) production with an emphasis on production type flexibility and a simultaneous focus on production efficiency and costs. The ADLINK operations team focuses on the creation of a LVHM high performance production model. Optimal manufacturing modes are developed based on different product attributes. Product quality and overall production value are enhanced through appropriate production line allocation and visualized management methods.

(3) **Globalized logistical support system and comprehensive marketing channels**
ADLINK has deployed a Global Logistics Support System to ensure prompt deliveries, technical services, and better conformity with customer demands to give us the ability to provide customers with marketing and technical services in a rapid and effective manner. Marketing strategies are adopted in accordance with local market demands with the goal of creating complete marketing channels and improving customer satisfaction in accordance with market properties. Overseas operations include the U.S.A., Europe, Singapore, India, Korea, Japan and major cities in China. ADLINK attends professional trade shows and provides immediate support and expedited services to customers around the world.

(4) **Strategic alliances with major international brands**
The company relies on strategic alliances with international companies such as Intel, Microsoft, Wind River, Euresys, MathWorks, and Toshiba Teli as well as membership in the Intel® Internet of Things Solutions Alliance since early 2013 to expand its product portfolio and strengthen the company's product sales capabilities. The company and its partners jointly participate in shows and exhibitions and organize technical application workshops. These events increase brand awareness and market share for both ADLINK and its partners.

Business plan and strategy development

ADLINK's main focus for global strategy deployment lies in the strengthening of product competitiveness and services in highly industrialized areas to stimulate product innovation and market scope. In 2016, ADLINK will continue to implement past strategy deployment to ensure future growth momentum. The key points are as follows:

(1) **Integration of competitive advantages in the field of platform technology and transformation into a leading and pioneering manufacturer with a core competitive edge in data management**
Following the rise of the Internet of Things, ADLINK firmly believes that this new network will lead to revolutionary changes in the embedded computing industry. Real-time data management, analysis, and feedback will play a central role and generate large business opportunities in the context of the dual considerations of production efficiency and economic benefits. The current product mix of

ADLINK already contains various modular products that satisfy basic IIoT hardware demands. Furthermore, ADLINK will take full advantage of the competitive edge of the acquired company PrismTech in the field of Data Distribution Service (DDS) software (Vortex). Generic and domain IoT platform products are being developed through vertical integration and large business opportunities in the field of IIoT and smart factories and cities and various infrastructure installations in particular are being actively explored through strategic alliances and industry cooperation.

(2) Continued improvement and review of product development and manufacturing processes
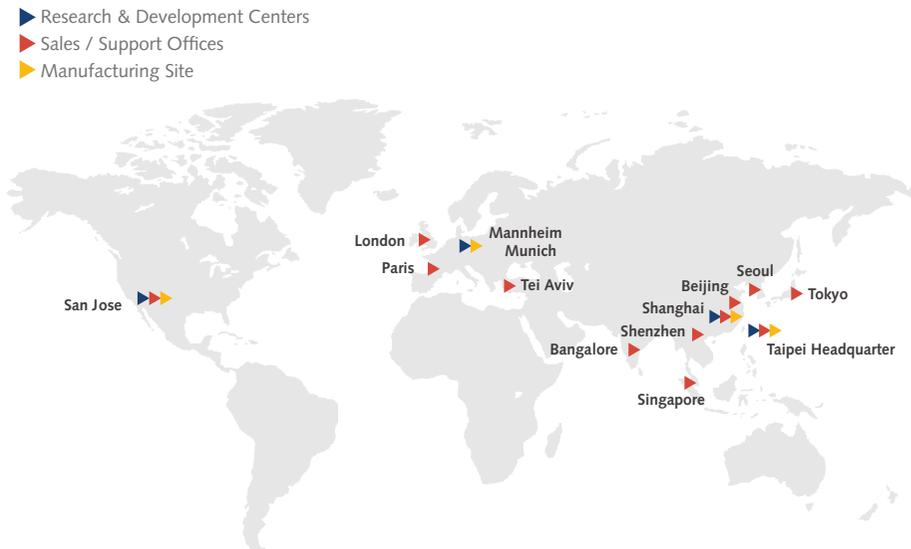
ADLINK has adopted the "ADLINK Innovation System" (AIS) and strengthened its Gate/Phase Review Process combined with investment return analysis to guarantee the economic benefits of R&D investments, maintain the momentum of R&D and innovation, and ensure prompt product launch capabilities in order to enhance the international competitiveness of its products. In addition, ADLINK also continues to promote and develop the ADLINK Production System and strengthen its Zero Defect management to reduce unnecessary waste and shortening of product life cycles. The company has established world class LVHM manufacturing capabilities in line with customer requirements. We are firmly convinced that highly efficient and high quality R&D and manufacturing management have always been the two main pillars of future growth of the company.

(3) Establishment of a highly efficient global organization

With the growing trend towards globalization, the management and operations of cross-culture and multinational corporate division pose a major challenge. The harmonization of cultures and humans is the hardest part. ADLINK is fully aware that communication is a great asset and core value. In the future, we will continue to form highly efficient and globalized organizations and teams based on attitudes and management modes that are more open-minded to maintain international competitiveness.

ADLINK locations around the world

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

▶ Research & Development Centers
▶ Sales / Support Offices
▶ Manufacturing Site

London   Mannheim
         Munich
Paris
                 Tei Aviv
San Jose
                                    Seoul
                          Beijing
                          Shanghai   Tokyo
                          Shenzhen
         Bangalore   Taipei Headquarter

         Singapore

4 Design Centers
• Taipei, Taiwan   • San Jose, US
• Shanghai, China   • Mannheim, Germany

2 Manufactuing Centers
• Shanghai, China   • Taipei, Taiwan

17 Sales/Support offices
• USA-1   • EMEA-5
• APAC-6   • China-5

180 Business Partners
• Distributors   • Sales Rep.

1.2 Business Performance and Expectations

Since its beginning of ADLINK, it has had a vision of making long-term plans with a globalized footprint and a localized workforce. To realize this vision, ADLINK has bravely adopted technological innovations and made corporate transformations while facing swift changes in global conditions. In 2008, ADLINK acquired Ampro, an American brand, through a cross-border merger. The Shanghai Operations Center was officially established in Zhangjiang Hi-Tech Park, Pudong, Shanghai in 2010. In 2012, 100% equity was obtained of Lippert Embedded Computers GmbH, a German company. Funds and technologies from Agilent Technology, a worldwide recognized company, were introduced in the same year to form a strategic alliance. In 2015 and 2016, ADLINK acquired 100% equity of both the German embedded computing company PENTA and the British software company PrismTech. ADLINK has successfully established its brand awareness and has become the second largest industrial computing company in the Asia Pacific region.

ADLINK continues to deliver strong performance. The consolidated revenue of ADLINK in 2015 was NTD 90.68 Billion, with an annual growth of 12.69%. Gross Margin and after-tax net profit margins were 41.32% and 6.71% respectively. In terms of global strategy, the advantages and services provided by our highly industrialized products are our strengths and focus. ADLINK strives to increase manufacturing scale and R&D capacity. The consolidated research and development expenses in 2015 accounted for 14.3% of consolidated sales revenue. ADLINK's goal is to become a sustainable business and manufacture a wide range of products for diverse sectors such as defense, industrial regulations, measurement and automation to create a unique market position and brand value, making ADLINK a world-class company.
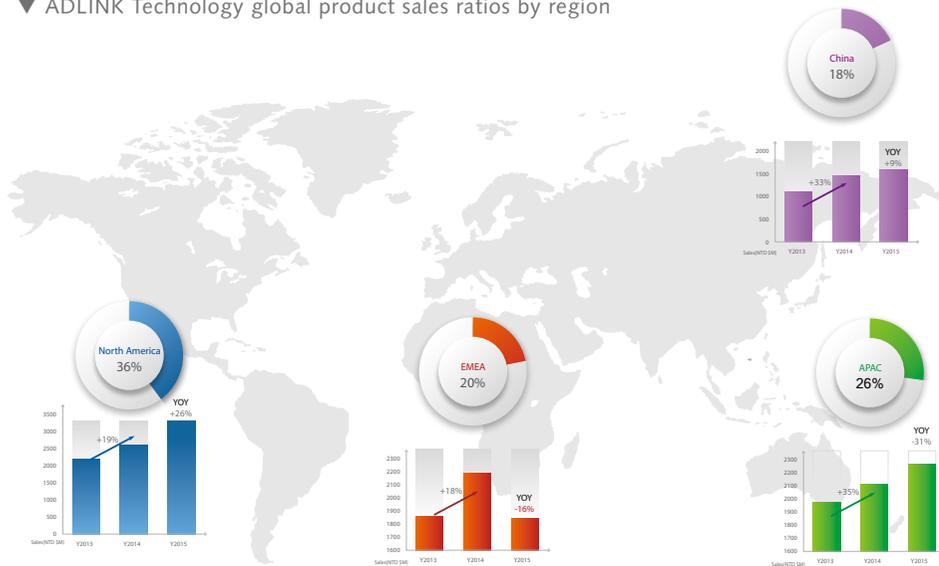
▼ Financial receipts, expenditures, and profit position of ADLINK in 2014-15 (Units: Million NTD)

Item	Consolidated Financial Statement	2015	2014
Financial revenues	Operating revenue	9,068	8,047
	Gross profit	3,747	3,346
	Gross profit rate	41%	42%
	Pre-tax net profits	769	755
	After-tax earnings	609	590
	Net after-tax profit margin	7%	7%
Profitability	After-tax EPS (NTD)	3.03	2.95
Employee salaries and benefits	Total payroll	1,426	1,357
	Total benefits	21	19
Payments to the government	Cash and stock dividends	522	515
Profitability	Business income tax	160	165

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

Consolidated Financial Statement	2015	2014
Net sales	9,068	8,047
R&D expenditures	1,301	1,075
R&D budget/Net sales	14.3%	13.4%
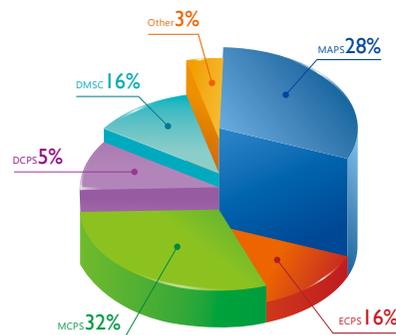
▼ ADLINK Technology global product sales ratios by region

China
18%

YOY
+9%

+33%

Sales(NTD $M) Y2013 Y2014 Y2015

North America
36%

YOY
+26%

+19%

Sales(NTD $M) Y2013 Y2014 Y2015

EMEA
20%

YOY
-16%

+18%

Sales(NTD $M) Y2013 Y2014 Y2015

APAC
26%

YOY
-31%

+35%

Sales(NTD $M) Y2013 Y2014 Y2015

▼ ADLINK Technology global product sale ratios by product lines

■ MAPS ■ ECPS ■ MCPS ■ DCPS ■ DMSC ■ Other

Annual consolidated revenue ratios for all regions are as follows: Americas 36%, Europe 20%, Asia (including Taiwan) 26%, and China 18%. Measurement and automation products (MAPS) account for around 28%, embedded computer platform products (ECPS) make up roughly 16%, module computer products (MCPS) constitute 32%, the display and computing product segment (DCPS) makes up around 5%, and design and manufacturing service center products (DMSC) constitute about 16%.

Other 3%
DMSC 16%
DCPS 5%
MCPS 32%
ECPS 16%
MAPS 28%

1.3 Association and Guild Memberships

ADLINK has applied for and obtained various international certifications, including ISO 9001, ISO 17025, ISO 80079-34, ISO 13485, ISO 14001, OHSAS 18001, Taiwan Excellence and TL 9000. Factories are located in China and Taiwan, and a globalized marketing network has been implemented, and new products are continuously being developing for opening 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 proud to be a part of the Intel® Internet of Things Solutions Alliance, in which we were promoted to Premier member at the beginning of 2014. We are executive members of the PCI Industrial Computer Manufacturers Group (executive members are able to participate in setting standards), board of directors member and member of the highest level of the PXI Systems Alliance, a founding member of the PC/104 Consortium, a voting member of the SFF-SIG, a founding member of the AXIe Consortium and SGET, as well as being member of Microsoft Embedded Silver Partner, Montavista Partner, Wind River Hardware Partner, and Automated Imaging Association member. Through active participation in international industry organizations, ADLINK is recognized as a technology leader that is familiar with market and technology trends and having a deep understanding of customer's needs across the globe.

Corporate Governance and Interested Parties
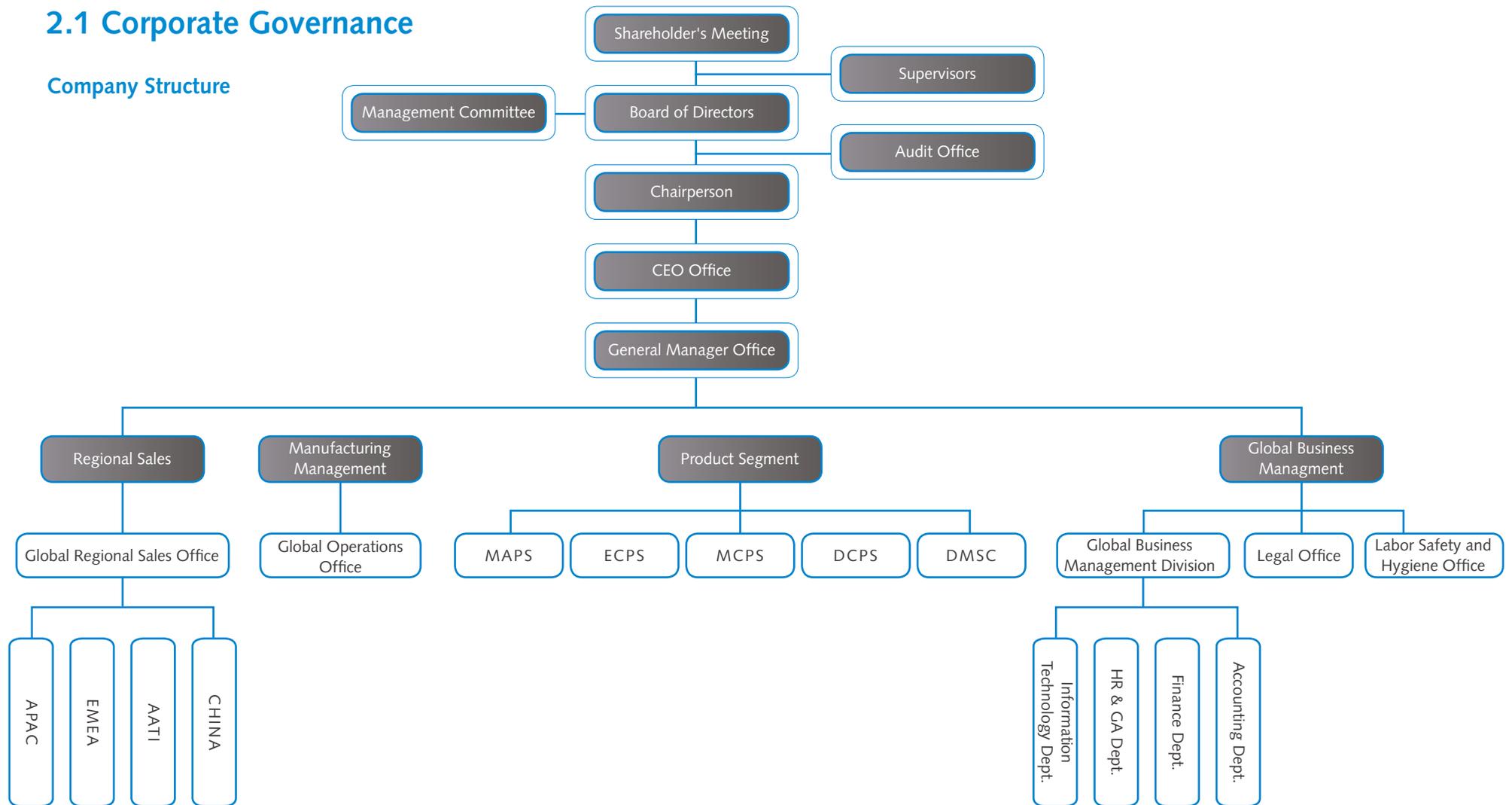
2.1 Corporate Governance

Company Structure

Shareholder's Meeting

Supervisors

Management Committee

Board of Directors

Audit Office

Chairperson

CEO Office

General Manager Office

Regional Sales

Manufacturing Management

Product Segment

Global Business Managment

Global Regional Sales Office

Global Operations Office

MAPS

ECPS

MCPS

DCPS

DMSC

Global Business Management Division

Legal Office

Labor Safety and Hygiene Office

APAC

EMEA

AATI

CHINA

Information Technology Dept.

HR & GA Dept.

Finance Dept.

Accounting Dept.

Business portfolio of major departments

Department	Business Portfolio
CEO's Office	Responsible for planning, research and promotion of company-wide goals, establishment of strategies and guidelines.
Auditing Office	The establishment, engagement, auditing and review of internal control systems.
General Manager's Office	The coordination, communication, engagement, promotion and drafting of company-wide operational goals.
Labor Safety and Health Office	Leads and manages ISO 14001 and OHSAS 18001, establishes environmental safety and health policies and systems for the company, guarantees the safety and health of employees, maintains and audits the environmental and health system of each department. Determines the occupational hazards prevention plan while guiding responsible departments in its implementation, planning. Supervises labor safety and health management, checks and examines safety and health equipment for each unit. Supervises, guides and monitors relevant personnel to carry out visits and regular monitoring, including extensive search and testing of work environment, planning employee health checks and implementing health management systems.
Legal Affairs Office	Legal risk control and recommendations for company operations, contract reviews, development and management, legal work planning, litigation control and intellectual property management.
ADLINK Product and Technology Committee	Responsible for product and technology planning, investment in new technologies, application of up-and-coming technologies and improvement of research technology for the ADLINK group.
ADLINK Project Management Office (APMO)	Promotion of core strategic vision (CSV), strategic project portfolio management, efficiency tracking of Long Range Plan (LRP) execution, and corporate preparedness diagnosis.

Department	Business Portfolio
Global Sales Office	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 LATG: In charge of sales services for the European marketPrismTech: In charge of sales services for the European market
Taipei Design Center	Research and development of software, software testing and verification, establishment of hardware standards, manufacturing hardware layout, engineering drawing management, technology information management, component testing and selection, test instrument development, product design verification, PCB design development, component approval management, environmental assessment, certifications and reports.
Embedded Computing Product Segment	Market strategy planning for the products and comprehensive operational performance, sales pricing, managing and disseminating product information, suggesting new product development, market development and expansion of marketing channels, analysis and investigation of market needs, establishing product standards, product and project development schedule management, design modifications, engineering drawing management, technology information management, customer technology support and service.
Module Computing Product Segment	
Design & Manufacturing Service Center	Establishing standards, hardware layout manufacturing, mechanical structures design, software development, test and verification, design information and engineering drawings management, test instrument development, testing and verification of customized products.

Measurement & Automation Product Segment	Market strategy planning, market development and expansion of marketing channels, market needs analysis and investigation, setting and disseminating sales pricing, road map planning of new products (including software, hardware and firmware standards), software research and development, software testing and verification, establishing hardware standards, hardware layout manufacturing, engineering drawing management, technology information management, component testing and selection, test instrument development, product design verification, customer application services, product development, production management, and product marketing.	Customer Care Center	Customer support services, customer quality management, post-sales maintenance and order management.
Display & Computing Product Segment		Global Business Management Division	**Information Technology:** Planning of corporate information systems, computer equipment management, software maintenance, data management, computer and network management. **Human Resources & General Affairs Management:** Human resources strategies such as selection, retention and training of talent, including job planning, establishment and promotion of administrative and human resource management systems, remuneration system, manpower management oversight, global human resource corporate culture projects, general affairs procurement and fixed asset management. **Finance:** Operational analysis of financial statements, fund planning and bank transactions, long and short-term investment analysis, foreign exchange hedge and shares operations. **Accounting:** Accounting, bookkeeping and tax processes, budget organization, and editing of financial reports.
Global Operations Office	**Taipei Manufacturing Center** • **Quality Assurance Dept.:** Quality management operations including inspections and testing of items and finished products. • **Manufacturing:** The entire production system. • **Technology Transfer Dept.:** Research technology transfer to factory production technology, maintenance of defective products during production and post-sale maintenance. • **Production Planning:** Production schedule, materials planning, planning and management for storage of raw materials and products. • **Continuing Improvement Center:** Improving efficiency of manufacturing and production workflows, eliminating waste and creating value. **Global Operations Quality Assurance Department:** Responsible for quality systems, after-sale maintenance, quality projects, and analysis of product failures. **Global Procurement Department:** Responsible for managing suppliers and prices, procurement of production components and sourcing of vendors. **Product Engineering Technology Center:** Integrating supply chains and collaboration strategies with product segments with the goal of meeting the company's operational guidelines. **Environmental Protection Management:** Promotion of green product policies and planning of relevant processes.		

2.2 Board of Directors

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

The highest governing body at ADLINK is the Board of Directors, with current board members including five directors and three supervisors who are elected by shareholder vote. ADLINK relies on the supervisors' and directors' expertise in different fields, to keep the company aware of potential prospects for cutting edge technologies and familiarity of international market trends and dynamics. Besides being an institutional director, other board members require more than five years of business, legal, financial, accounting or other form of corporate expertise. The composition of the board is diverse so as to establish an excellent corporate governance system, as well as monitor, appoint and guide the corporate managers while strengthening research skills, increasing management functions and leading effective operations in economic, social and environmental aspects of the company. The board is devoted to maximizing the rights of its interested parties.

The five directors are the Chairperson, Mr. Jim Liu, Vice pPresident of the manufacturing unit, Mr. Edward Richard Lin, and COO of Operational mManufacturing mManagement, Mr. George Feng Chih-hua. The directors at ADLINK are do not concurrently holding positions of as corporate managers. The bBoard of dDirectors has appointed Mr. Daniel Yang to be theas gGeneral mManager of ADLINK. The other two directors are Mr. Gary Chou Yeou-Yih of the Zenitron Corporation and Kai Sheng Investment Co.. The three impartial supervisors are impartial peopleprovide oversight from outside the company. They are Ms. Amy Huang Xiu-Miao, who represents (representing Chroma ATE Inc.), Ms. Janice Chen Rui-Yun, and Ms. Theresa Wu Su-Huan. The 8eight supervisors and directors have various a variety of expertise and are equipped with the professional knowledge required for work executionto execute their duties. In addition, ADLINK greatly values the reputation of these individuals', their ethical actions standard, and leadership abilities.

The total number of shares held by the entirety of the directors and supervisors at ADLINK is 22%, which compliesin compliance 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.

Board meetings are held at least once per quarter. The director of the board convenedwith ten board meetings convened in 2015.

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	• Company founder • Graduate School of Computer Science, National Tsing Hua University • Institute for Information Industry
Director	Taiwan	Richard Lin	male	three years	• Department of Information & Computer Engineering, Chung Yuan Christian University • Technology engineer at De Xin
Director	Taiwan	Gary Chou	male	three years	• Chairperson, Zenitron Corporation • Asian Institute of Management, graduate of MDP class • Department of Electronic Engineering, Tatung University • Electronic design director, Tatung Company
Director	Taiwan	George Feng	male	three years	• COO of Operational Manufacturing Management for ADLINK • University of Houston, Texas Industrial Engineering • Principal, PRTM Shanghai Office • VP & General Manager, TGC Shanghai Office
Director	Taiwan	Kai Sheng Investments Limited	-	three years	• Institutional director
Supervisor	Taiwan	Amy Huang, Representative of Chroma ATE Inc.	female	three years	• Director of Finance, Chroma ATE Inc. • Department of Accounting, Tunghai University
Supervisor	Taiwan	Janice Chen	female	three years	• Ling Shuo Technology Co., Ltd. • Supervisor, Embestor Technology Inc. • Master of Business Management, University of Washington • Global Credit Risk Control Head, Verigy US Inc. • Director of Finance, United National Bank (Cathay United Bank) • Agilent Technologies • Credit Manager of Greater China region • Certified Public Accountant, Washington State
Supervisor	Taiwan	Theresa Wu	female	three years	• EMBA, NTU College of Management • Chairperson of Fate-Design Original Co., Ltd. • Stack Devices Corp., independent director and remuneration committee member • Independent Director, Iron Force Industrial Co., Ltd. • Independent Director, Aspeed Technology Inc. • Zenitron Corporation, remuneration committee member • China Chemical & Pharmaceutical Co., Ltd., remuneration committee member • Accountant, ROC • Certified International Information Systems Auditor • Certified International Internal Auditor • PwC Taiwan Accounting Partner • Executive Director, PwC Taiwan Business Management • Special Assistant to the Chairperson of Madenform Group

◎ The Board of Directors was re-elected in June 2016. For more information, please visit the official ADLINK website or the Market Observation Post System (MOPS) for the latest membership of the Board of Directors.

2.3 Remuneration Committee

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

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.

In the execution of its duties, the Committee shall comply with the following guidelines:

(1) Performance evaluations and remuneration of directors, supervisors and managers shall refer to the payment standards within industry, and shall take into consideration personal performance, company performance and future risks.
(2) The Committee should not encourage the directors and managers to conduct any activities exceeding an acceptable level of risk to 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: Mr. Tony Wang
Members: Ms. Jessica Lei, Ms. Wendy Lee

The Remuneration Committee was appointed by the Board of Directors with the current three members as an external committee. The members of Remuneration Committee shall perform with the independence and professionalism as required 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", Committee meetings shall be convened at least twice a year. ADLINK conducted a total of four Remuneration Committee meetings in 2015.

The background information, educational background, concurrent positions held in other companies 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 the annual report which can be accessed on the company website and Market Observation Post System.

2.4 List of majority shareholders

April 22, 2016

Name	Held shares	
	Number of shares	Ratio
Chroma ATE Inc.	24,502,253	11.28%
The investment account of Agilent Technologies UK Limited. in custody of Citibank (Taiwan).	14,707,559	6.77%
Zenitron Corporation	13,847,324	6.38%
Jim Liu	11,030,924	5.08%
China Champion Investment Limited	10,496,628	4.83%
Kai Sheng Investments Limited	7,933,808	3.65%
Han-Fen Ni	5,249,186	2.42%
The Taipei Branch of J.P. Morgan Chase Bank has been commissioned to act as custodian of the investment account of Double Max Limited Global Investment Trust – Emerging Market Fund	4,328,797	1.99%
HSBC Bank has been commissioned to act as custodian of the investment account of Maxiu Asia Enterprise Fund	4,005,051	1.84%
Ling Shuo Technology Co., Ltd.	3,987,821	1.84%

2.5 Dividend Policy and Distribution

(1) Dividend policy

There are many environmental variables in the industry that ADLINK is a part of, and its corporate life cycle is in a stable stage of growth. Considering this continuous expansion, funds required by operational turnover and long term financial planning, and satisfying the cash inflow needs of shareholders, ADLINK' developed the Residual Dividend Policy in accordance with the Company Act and relevant regulations.

As a result of the amendment of the Company Act in May 2015, the articles stipulating that employee bonuses must be allotted from original earnings have been deleted and other articles have been added requiring companies to stipulate a quota or ratio of the profits for the respective year to be allocated as employee compensations in their articles of incorporation. The company plans to amend its articles of incorporation pursuant to the aforementioned amendments at the 2016 Annual Shareholders' Meeting.

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 compensations 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. The Board of Directors shall determine relevant criteria.

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.

(2) Dividend payment procedures

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 an earnings distribution proposal 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. This proposal is implemented upon approval by the shareholders' meeting.

(3) 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.
1. Demands generated by future business scope expansions
2. Maintenance of a balanced level of EPS and profitability
3. Current status of cash flows and operating surpluses
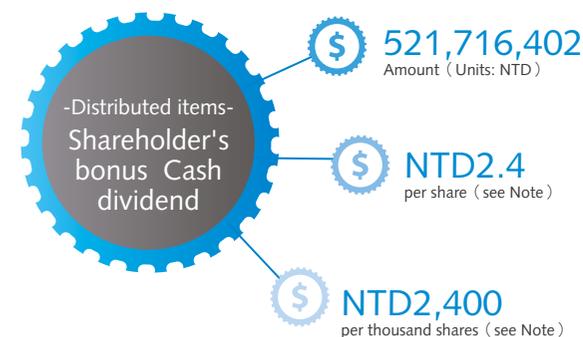
(4) Dividend payment amounts and categories

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.

The distribution of dividends as resolved by the shareholders' meeting:

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 or employee stock options were granted this time. The impact on business performance and EPS is therefore negligible.

-Distributed items-
Shareholder's bonus Cash dividend

$ 521,716,402
Amount（Units: NTD）

$ NTD2.4
per share（see Note）

$ NTD2,400
per thousand shares（see Note）

/Note/ The EPS ratio was calculated by adding the 202,299,275 shares in circulation to the 14,707,559 privately placed common shares as of March 10, 2016. The total number of issued common shares was therefore determined to be 217,006,834. The Board of Directors was therefore authorized to adjust the shareholder stock and dividend allocation rates based on the shares actually in circulation on the base date for dividend and bonus payment in accordance with the stock and cash dividend amounts specified in the earnings distribution proposal unless the number of shares in circulation is affected by the repurchase of company shares, transferred or retired treasury stock, or execution of employee stock option certificates prior to the ex-dividend date which in turn leads to changes in stock and dividend allocation rates.

2.6 Employee Bonus Sharing and Compensation of Directors and Supervisors

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

   The basis for estimating the amount of employee bonuses and director/supervisor compensation, for calculating the number of shares to be distributed as stock bonuses, and the bookkeeping procedures for the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The 2014 employee bonus is estimated at NTD 95,385,188 and NTD 6,359,013 for the remuneration of directors and supervisors, which are based on past distribution records. After the end of the 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 by the date of shareholders' resolution meeting, then changes should be estimated by accounting and taken into account at the shareholders' meeting by resolution. If the shareholders' resolution meeting adopts stock dividends as an employee bonus, the number of stock bonuses 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 shareholders' resolution meeting 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.

2. **The imputed earnings per share, proposed distribution of employee bonuses and amount of director/supervisor's compensation as approved by the Board of Directors:**

   The 2014 Earnings Distribution Proposal was approved by the board on March 5, 2015, and ratified by the shareholders' meeting on June 11. Earnings are distributed as follows:

   Cash dividends for employee bonuses are NTD 95,385,188 and NTD 6,359,013 for compensation for directors and supervisors for a total of NTD 101,744,201. These amounts are identical to the estimated amounts.

3. **The actual distribution of employee bonuses and director/supervisor compensation for 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 bonuses and director/supervisor compensation, the discrepancy, cause, and handling methods shall be clearly specified:**

   The 2014 employee cash bonuses and compensation for directors and supervisors as passed by the shareholder's meeting on June 9, 2013, are NTD 63,456,563 and NTD 4,230,437. The employee cash bonus and compensation for directors and supervisors approved by the shareholder's meeting mentioned above are the same as employee bonus and compensation for directors and supervisors recognized in the 2012 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 related to 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.

Key points 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, covering internal and external financial and non-financial reporting in conformity with relevant laws and regulations.

2. Units in charge of internal audits constantly review the internal control system and provide timely suggestions to ensure their effective operation. 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. Auditing elements include, but are not limited to, operational audits and legal compliance audits.

2. Special audit operations are based on the operational and management needs 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 Audit Office reports the results of such assessments back to the board upon review.

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 achievements, 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.

6. 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 operations, fulfill its social responsibilities, 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 interested parties with the goal of facilitating the promotion of relevant tasks by relevant units within the company.

Sustainable development is a key issue that humanity must deal with and reflect upon. As a global corporate citizen and an enterprise that is committed to driving technology development, ADLINK must take on the responsibility of devoting its resources to this cause and setting an example for others. The company embraces the spirit of giving back to the planet and is committed to fulfilling its role as a corporate citizen and acting with corporate social responsibility. The company also aims to serve as a role model for society in of its commitment to sustainable development.

The company's CSR policy serves as the guiding principle for the implementation of corporate social responsibility. The spirit of the policy lies in the gradual internalization of sustainable management concepts and merging 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 with the goal of gradual implementation of CSR policy contents.

The 2015 ADLINK CSR Report is centered on the core issue of energy conservation and carbon reduction and was compiled based on the principles and structures of the Global Reporting Initiative (GRI) G4 guidelines. Disclosures regarding economic, environmental, and social aspects focus on sustainability issues, strategies, goals, and measures.

Corporate Governance Committee

The committee discusses and reviews issues crucial to the strengthening of the corporate structure and sustainable development as a reference for CSR Committee decision making. This facilitates the maintenance of mutual trust between the company and the aforementioned interested parties and ensures that expectations of shareholders and government authorities with regard to continued profitability and sound growth of the company are met. Shareholder rights are safeguarded and relevant departments are integrated in the formulation of various corporate governance related rules and systems to ensure information transparency and legal compliance. The goal is the realization of the company's business philosophy characterized by core values, information transparency, emphasis on shareholder rights and interests, and excellent internal control.

Employee Care Committee

The company is dedicated to providing a safe and harmonious work environment, safeguarding employee rights and interests, cultivating professional skills, and promoting career development to maintain positive labor-management relations and enable employees to make contributions to sustainable operations.

Energy Efficiency Committee

Integrated execution of tasks in the areas of environmental protection, health & safety, energy and water conservation, and management of harmful substances. Establishment of a sustainable supply chain and long-term partnerships with suppliers to jointly enhance sustainable competitiveness.

External Communication Committee

Promotion of external communication with neighboring communities and society as a whole with regard to major issues of concern or impact on governments, shareholders, customers, contractors, suppliers, and the general public. Assessment and review of relevant measures and formulation of target projects based on Plan, Do, Check, Act (PDCA) concepts.

Social Involvement Committee

The ADLINK vision of "Elegies of love move the world" is centered on the core concepts of education, art, and welfare. Social welfare activities are carried out regularly in cooperation with the ADLINK Foundation.

2.9 Interested Parties' Areas of Concern and Communication Channels

Communicating and interacting with interested parties is an important part of company operations. ADLINK hopes to fully understand stakeholder thoughts and needs through their participation in multi-faceted communications channels, so that ADLINK can better respond in corporate social responsibility operations. Strategies, plans, and innovative methods are provided to strengthen ADLINK's operational ability to fulfill interested parties' expectations and achieve sustainable corporate development.

The ADLINK CSR Committee uses diverse communication channels to discuss and identify interested parties such as shareholders, employees, customers, suppliers, communities at large, non-profit organizations, and government agencies in a systematic manner. The committee also conducts a material analysis of issues of concern to interested parties. Upon confirmation of the list of interested parties, a stakeholder 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 to interested parties in the areas of corporate governance, economy, environment, and society are compiled and organized and the main issues of concern to stakeholders are identified in consideration of ADLINK's sustainable development concepts and the GRI-G4 guidelines. A total of 21 issues of concern to 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:

▼ Issues of concern to interested parties and their communication channels

	Issues of concern	Communication channels
Shareholders	• Business performance • Company governance • Risk management • Financial performance transparency • Environmental protection	• Market Observation Post System • Investor relations on company website • Annual shareholder's meeting • Regular investor conferences • Investor visits • Investor relations / Spokesperson system
Employees	• Remuneration and benefits • Educational training and career development • Work environment • Labor and management relations	• Labor-Management meetings / Welfare committee • Job promotion planning • Labor Safety and Health Office • The New ADLINKers Magazine • Employee Handbook • Internal website and grievance mailbox for employees
Customers	• Product quality and service • Green energy-efficient products • Timely product delivery • Marketing communications	• Customer Care Center • International exhibitions and distributors conferences • Official company website • Media advertisements
Suppliers	• Business performance • Order management • Supplier environmental assessment	• Supplier evaluations • Procurement contacts • Supplier CSR audits
Society	• Dedicated units in charge of communication with communities • ADLINK Foundation	• Company website mailbox • Corporate Social Responsibility (CSR) Report (online disclosure)
Government units	• Environmental protection • Social involvement	• Participation in research meetings and response to audits by competent authorities • Disclosure of non-financial information
Non-profit organizations	• Industry-Academic collaborations • Industry alliances	• Cooperative activities • Corporate Social Responsibility (CSR) Report (online disclosure)

The degree of concerns from interested parties

Level of immediate or potential impacts on company

1. Business performance
2. Company governance
3. Risk management
4. Financial performance transparency
5. Environmental protection
6. Remuneration and benefits
7. Educational training and career development
8. Work environment
9. Labor and management relations
10. Product quality and service
11. Green energy-efficient products
12. Timely product delivery
13. Marketing communications
14. Order management
15. Supplier environmental assessment
16. Dedicated units in charge of communication with communities
17. ADLINK Foundation
18. Environmental protection
19. Social involvement
20. Industry-Academic collaborations
21. Industry alliances

2.10 Core Values and Code of Ethics

No matter how rapidly or dramatically the overall environment or the market changes, ADLINK's market and internal operations are always based on the following four principles: sincere dedication, outstanding professionalism, respect for competitors, and pleasure at work. These four core values are based on the moral foundations of integrity, ethics, and benevolence and we believe that they 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.

Sincere dedication

The spirit of sincere dedication which encompasses a commitment to honest, diligent, meticulous business practices and dedication to conscientious business management is a basic requirement for both internal and external commercial activities.

Outstanding professionalism

As one of the leading companies in the field of industrial computing, we expect ourselves to possess professional technological capabilities, actively compete on the international stage, and make a dedicated contribution to improving the safety, health, and convenience in our world. We are also committed to innovating technologies and our corporate mission of "moving the world."

Respect for competitors

In this age of rapid changes, the IoT, Industry 4.0, and the worldwide economy not only pose arduous challenges but also offer great opportunities for the company. We will focus on our goals and face the challenges presented to us. We battle our competitors in a spirit of healthy competition, complying with all relevant laws and regulations and honoring the intellectual property rights of our industry.

Pleasure at work

We manage our business with great conviction and zeal in fulfillment of our mission to improve humanity and the world through our products and their eventual end-user applications in fields including communication networks, measurement, automation, transportation, and medical care.

The implementation of core corporate values relies on the shared convictions of employees and their realization at the workplace. Employees must therefore be provided with a full understanding of the Employee Code of Ethics. In addition, an all-out effort is made in cooperation with all staff to maintain a work environment characterized by pragmatism and respect for the law. The Employee Code of Ethics 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.
- **Accurate recording and reporting of company status:** ADLINK is eager to provide accurate and complete financial and business records. As members of a listed company, all ADLINKers and top executives are willing to fully satisfy all requirements pertaining to financial statement contents stipulated by publicly traded security exchange commissions around the world.
- **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 fair hiring and employment principles:** At ADLINK, we 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. A fair and safe work environment will be maintained.
- **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 improvement of the company and its staff.

We utilize numerous methods to realize core corporate values and implement the employee Code of Ethics: Candidates with the same values and beliefs are given preference in the hiring and selection process and employees are required to sign the code of ethics on their first day of work. Employees are given a better understanding of the contents and importance of the core corporate values and the employee Code of Ethics through follow-up educational training. The Rewards and Disciplinary Committee reviews disciplinary offenses in accordance with relevant provisions in the employee handbook.

2.11 Code of Ethics and Business Engagement

(1) Legal compliance is a basic requirement; morals and ethics are the long-term benchmarks

Derived from external sources and each individual, the core values of every enterprise form its unique corporate image. The corporate motto of Google "Don't be evil" is a perfect example. In the foundation of its core corporate values, ADLINK has embraced respect for the law and pragmatism as its main self-imposed goals from the time the company was founded.

To achieve these goals, ADLINK aims to enhance its understanding of the relevant laws and regulations and implement these laws as its own rules of conduct. With regard to employee training, ADLINK requires newly inducted employees to sign the code of ethics as stated above. Actual implementation starts from an in-depth understanding of the latest laws and regulations. We 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 exchanges with businesses in our industry, we gain an understanding of concrete response measures to legal requirements and adoptable benchmarks. In addition, it is our employees' duty to ensure the legality of activities prior to their work engagement. In case of uncertainty, we seek assistance and confirmation from other departments. 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 office serves as a source of confirmation for legal compliance. ADLINK has also established relevant departments and systems to deal with other norms and standards or professional fields. For instance, committee execution systems have been created for the ISO 9001, ISO 14001, and OHSAS 18001 standards to confirm the applicability of relevant laws and regulations.

In addition to simple compliance of regulations, ADLINK also engages in specific actions in areas that concerns today's public. Ranging from personal information protection, intellectual property management, environment and ecological protection, gender equality in the workforce, occupational health and safety guarantees, as well as anti-corruption, ADLINK strives to promote these topics in order to internalize these external requirements into core work values for each and every employee. As stated above, 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. Newly inducted employees are familiarized with the core corporate values, the company environment, sexual harassment prevention, and occupational health and safety requirements during their orientation training to ensure that all employees have an accurate understanding of the aforementioned items starting from their first day of work. In addition, non-scheduled classes are offered that focus on specific topics such as sexual harassment prevention. Furthermore, all employees are encouraged to implement a gender-friendly work environment with equal rights.

Regarding health and safety requirements for workers, ADLINK has established a unified management system in form of a Labor Health and Safety Office to prevent the risk of oversights caused by decentralized management with the goal of ensuring the health and safety of our work personnel. Relevant tasks range from the qualification management of the emergency preparedness team, fire prevention training, emergency personnel delegation, organic solvent operations supervision, lead operations supervision, forklift personnel supervision, radiation exposure supervision, as well scheduling relevant drills and day-to-day training. The goal is to implement the regulatory requirements and avoid armchair strategies and perfunctory administration.

Various activities are organized to raise the awareness of employees regarding their personal safety and health.

As for anti-corruption requirements, 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 formulated in 2006, ensuring that they adopt the proper attitude in the handling of company affairs. ADLINK also actively participates and responds to requirements of external customers regarding anti-corruption, anti-bribery, and corporate social responsibility and 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 public with regard to integrity.

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

Competitive relationships are a normal occurrence in the natural world and natural selection is the driving force of evolution. In the world of commerce, profit seeking is the basic goal of corporate existence. Similarly, competitive relationships with other individuals or organizations are inevitable when enterprises engage in commercial conduct. The only difference lies in the level of competition. ADLINK always views reasonable competition as the expression of corporate vitality. Therefore, a normal and healthy competitive environment is a basic requirement for the development of ADLINK, and is the basis for the maximization of social values. Because legitimate competition is the most critical factor in the progression of social culture, the lack of competition would undoubtedly result in negative impacts on societal and cultural progression. In the absence of legitimate competition, bad money drives out good. In view of this, modern nations view norms pertaining to unfair competition and restrictive competition as a key issue.

The main goal of anti-competitive practices is not to repress all forms of competitive behavior. On the contrary, the main purpose is to create an environment of fair competition. Anti-competitive practices are in accordance with the Fair Trade Act in our country. The Fair Trade Act distinguishes between two types of anti-competitive behavior: unfair competition and restrictive competition. The former refers to commercial conduct that relies on inappropriate methods such as counterfeiting, false advertising, or libel. The second term refers to restricting other suppliers from fair participation in competition through business engagement, such as monopolies, mergers, concerted actions, as well as vertical restraints.

As is evident from the text above, ADLINK sees legal compliance as its core value, and adopts necessary actions to implement it into its employee's work behavior. Because the industry that ADLINK is engaged in is characterized by its irreplaceability, we place strong emphasis on relevant relations set forth in the Fair Trade Act. 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 to obtain the necessary information. The goal is to gain a better understanding of the latest regulations and actual practices in the field of anti-competitive conduct in Taiwan and abroad as a main reference for the company's business operations and internal guidance.

To summarize, since its beginnings, ADLINK has never engaged in anti-competitive practices including unfair competition or restrictive competition. ADLINK never received penalties, warnings or committed other violations of voluntary guidelines due to the selling of products in an inappropriate manner. In addition, ADLINK adopts high standards of self-discipline for its products from research to production. ADLINK also conducts its own independent research and develops its own production methods. As such, ADLINK has never been involved in any infringement or violation of regulations. The company has also never been prohibited from selling in a specific market, and has never received any punishments as a result of the sale of its products.

Customer Service and Supplier Management

3.1 Customer Service

ADLINK is devoted to research towards innovations in measurement, automation, customization and IoT technology, and is focused on providing automation solutions of reasonable cost and excellent quality to customers and partners around the world. Our customers are globally recognized companies in communication, manufacturing, medical and transportation industries.. Comprehensive customer service is an important core value for ADLINK, and we are devoted to delivering the highest standard of product quality and service to fulfill our customers' needs. The ADLINK sales group has established the Customer Project Management and Customer Care Center, which are service team exclusively created for our customers. They are responsible for executing customer orders and oversight on product manufacturing, quality, delivery and post-sale services.

ADLINK's Customer Care Center committed to providing:
1. Confirmation of standard order delivery dates within four working days.
2. Replies from the online "Ask an Expert" customer consultation platform within two working days.
3. Return of products sent by customers to ADLINK for repair and maintenance within 14 work days from the date of receipt.
ADLINK service strategy is to complete tasks earlier than requested by customers.
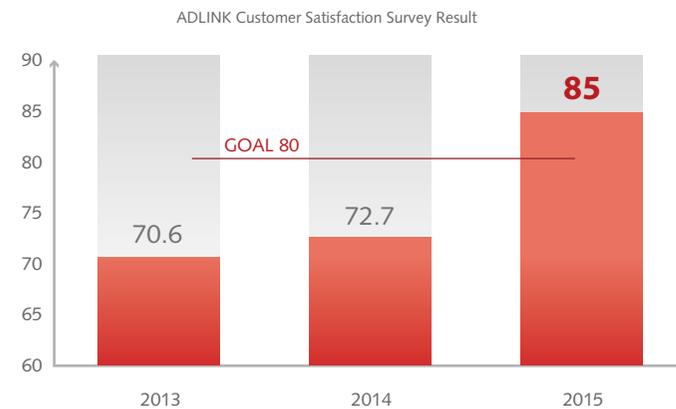
To fulfill of its commitments to providing the highest product quality and customer service, ADLINK commissioned a third-party consulting firm to conduct customer satisfaction surveys on an annual basis to gain an in-depth understanding of actual customer perceptions. We continually conduct reviews and make improvements to meet customer expectations. As of 2015, the frequency of customer satisfaction surveys has been increased to once every six months under direction of the Customer Care Center to provide customers with higher quality professional services. Surveys cover the following areas: overall product quality, customer service, delivery, and after-sales and technical services.

Upon compilation and organization of the survey results by the Customer Care Center, they are released within a specified time period to relevant departments as a reference for the formulation of corresponding improvement plans. Feedback is provided to every key client upon conclusion of review meetings and organization of the data provided by relevant departments. The Customer Care Center goes a step further by providing suggestions with regard to the satisfaction level of each key client and formulating new questionnaire contents in accordance with actual needs. It also provides updates on the implementation status of improvement plans. The goal is to provide customers with more detailed and thorough feedback during satisfaction surveys to show them that ADLINK Technology actively seeks and values their opinions. Constant progress and pursuit of more comprehensive and complete customer services represents the ultimate goal of ADLINK's constant self-challenges.

▼ ADLINK Technology Customer Satisfaction Survey results

ADLINK Customer Satisfaction Survey Result

3.2 Product Service

ADLINK places great importance on product technical support services and pre-sales solutions. To this end, we created the ADLINK FAE Training & Certification (AFTC) program. It is a systemic training and certification mechanism for technical support service personnel, and is designed as an extension of the "customer first" culture in the company. It is expected that strengthened sales, product optimization, and technical support service improvements will become the "iron triangle" to realize customer expectations.

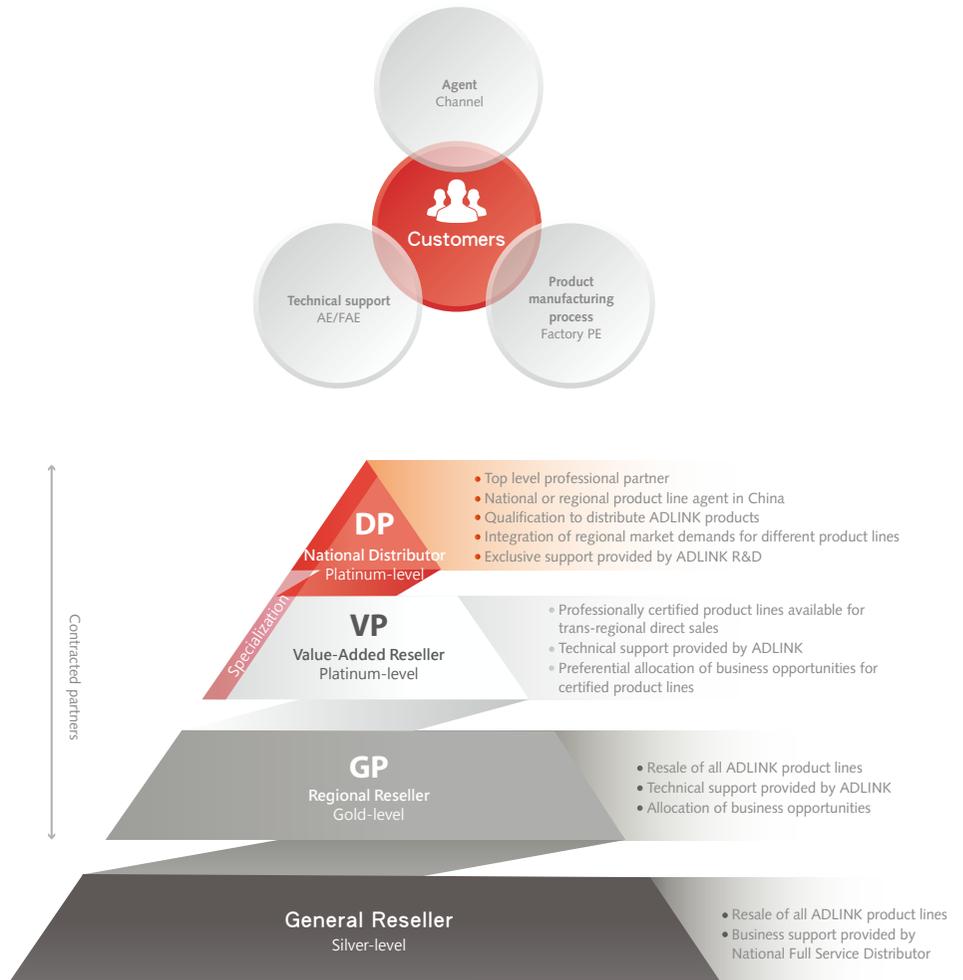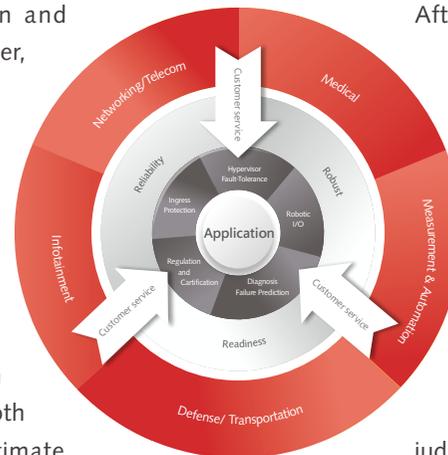In order to ensure the provision of the highest quality in technical services to its customers, every member of the technical support team must pass the basic level of the AFTC program and a minimum of 60% of the members must meet the passing criteria of the intermediate level. As of 2014, the AFTC program has been extended to ADLINK's distributors. We have also developed a distributor ranking system. The technical services capabilities of distributors made available to our customers are a key aspect of this system. ADLINK utilizes this system to motivate distributors to actively enhance their capabilities to solve technical problems and create a win-win scenario for both sides. At the same time, factory product engineers also participate in AFTC activities to ensure that personnel engaged in production and manufacturing operations have a more solid foundation in product technologies with the goal of ensuring more accuracy and professionalism in product related operations. With these systems in place, the company has formed a customer support system characterized by comprehensive sales, distributor, and factory services.

Agent
Channel

Customers

Technical support
AE/FAE

Product
manufacturing
process
Factory PE

DP
National Distributor
Platinum-level
• Top level professional partner
• National or regional product line agent in China
• Qualification to distribute ADLINK products
• Integration of regional market demands for different product lines
• Exclusive support provided by ADLINK R&D

VP
Value-Added Reseller
Platinum-level
• Professionally certified product lines available for trans-regional direct sales
• Technical support provided by ADLINK
• Preferential allocation of business opportunities for certified product lines

GP
Regional Reseller
Gold-level
• Resale of all ADLINK product lines
• Technical support provided by ADLINK
• Allocation of business opportunities

General Reseller
Silver-level
• Resale of all ADLINK product lines
• Business support provided by National Full Service Distributor

Specialization

Contracted partners

Customer oriented product services

There are a large variety of industrial computer application environments. Smart platforms characterized by reliability, robustness, and readiness are required for scenarios such as stable telecommunications platforms with redundant operations, monitoring of offshore oil drilling platforms in harsh environmental conditions, and high-precision wafer fabrication facilities. ADLINK has accumulated comprehensive experience over many years in the design and manufacture of reliable and robust industrial computers. However, because this field is characterized by myriad changes and a wide range of demands, the main focus of ADLINK's customer services lies in a constant acquisition of information provided by customers and the integration of new requirements into its products.

ADLINK's customer service team not only provides after-sales technical support services but is also in charge of product technology marketing. Technical marketing requires the provision of assistance at the actual application sites to facilitate the smooth adoption of our products by customers. The goal of this intimate interaction process is to determine whether the customer is able to smoothly adopt our products, whether tasks are completed rapidly and efficiently and whether there are other difficulties. The ADLINK customer service team transforms these on-site observations and experiences into standards for specification and test verification by project teams as well as production and manufacturing principles. This user experience oriented product development process ensures that ADLINK's industrial computer technology is in sync with the latest trends and that customers are provided with higher product value.

Product Engineering Technology Center (PETC)

After mass production is initiated, Global Operation departments are the direct liaison with customers. Procurement departments have to prepare high-quality materials; production line departments have to conduct production operations according to plan, and production management departments have to report delivery times. In addition, all departments must satisfy a wide variety of customer demands. After products are sold, our quality assurance and customer service departments are responsible for the handling of all quality related DOA/RMA incidents. Analyses, solutions, and corresponding improvement measures for problems reported by customers are provided in a prompt manner. If tricky technical difficulties are encountered in the process of dealing with these issues, the Product Engineering Technology Center assigns personnel to analyze the problems, identify causes, and provide improvement plans executed by relevant departments based on technology engineering methods.

As ADLINK customers possess professional technical knowledge and judgment capabilities in their respective application fields, the product technology center must be able to competently communicate with customers when dealing with reported problems. Solutions must be identified by utilizing professional methods in combination with correct technology theories and complete analysis reports must be provided to customers to solve their difficulties and increase their satisfaction levels.

3.3 Supply Chain Management

⊙ Characteristics of local and offshore procurement and supply chain

Disasters caused by global climate change are an environmental issue of major concern to all citizens and enterprises of our 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 humanity. ADLINK therefore makes a determined effort to cherish and protect our planet in collaboration with its supply chain.
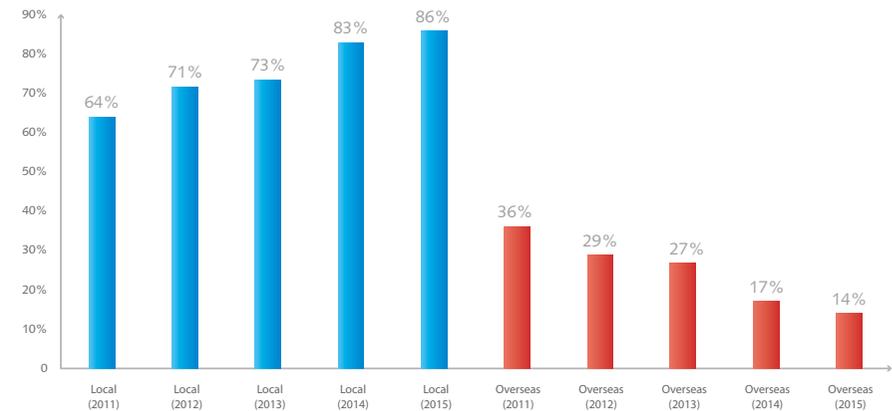
Impact of transportation on the environment:
1. Air and noise pollution.
2. Consumption of large amounts of natural resources.
3. Destruction of the natural environment or cultural heritage, which in turn affects urban development.

ADLINK adopts the following strategies regarding material and equipment procurement in order 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.
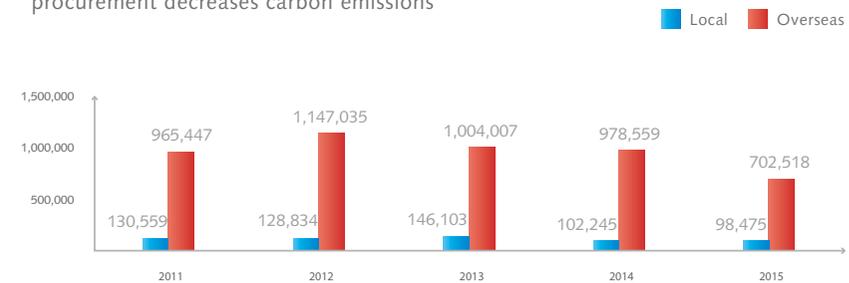
Suppliers are important partners for ADLINK's operations. Together, we are striving towards corporate sustainable operation and growth through tight cooperation with a total of 644 suppliers. Since 2011, the company has been actively selecting local suppliers and the local procurement ratio has been increased from 64% in 2011 to 86% in 2015.

▼ Percentages of local and overseas suppliers used by ADLINK

▼ Analysis of carbon emissions from 2011 to 2015 demonstrates that localized procurement decreases carbon emissions

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

⊙ Procurement category ratios

ADLINK focuses on the production of motherboards. Therefore, electronic components account for over 95% of our annual procurements. 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
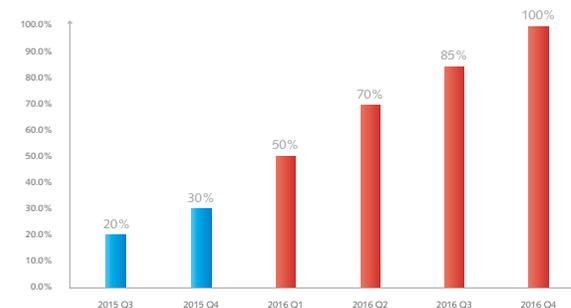
⊙ Supplier Management

In addition to the Restriction of Hazardous Substances (RoHS) Directive, ADLINK also performs capability evaluations on new suppliers. The evaluation focuses on organization leadership, production and manufacturing, design and research, cost control, product quality, delivery service, and environmental and labor safety. The audit team is composed of quality assurance, procurement and design units. New suppliers who passed the review then become ADLINK supply partners. Materials must comply with RoHS requirements before being accepted for internal use.

In addition to fulfilling its own corporate social responsibilities, ADLINK also encourages and promotes sustainable operation and requires that it be extended to it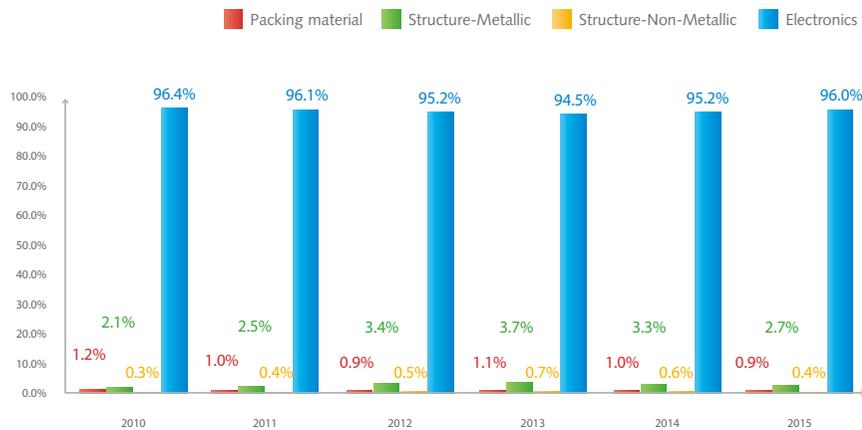s supply chain. In order to improve on traditional auditing practices and develop sustainable operation capabilities and expand the green performance of the value chain, ADLINK initiated supply chain planning in 2013 with the goal of exceeding legal requirements. Human rights management, conflict minerals, social responsibility, and sustainable operations have been included as key items of supplier audits ensuring that suppliers implement constant improvements and fulfill their corporate social responsibility on a voluntary basis.

As part of its commitment to qualified suppliers, ADLINK IT department developed a Green Product Management System in 2013 . To provide more convenient and integrated user interface for suppliers, a Megatech system was adopted in July 2015. This system facilitates systematic management and reduces the use of paper. It was originally planned to adopt the system for all domestic suppliers in 2015. Due to system adjustments, it has been decided to adopt the system in stages. Adoption is scheduled to be completed at the end of this year for domestic suppliers and at the end of 2017 for international suppliers.

⊙ Conflict mineral response

1. Order management

Based on the regulations pertaining to conflict minerals made public by the US Securities and Exchange Commission (SEC) on August 22, 2012, ADLINK has declared that it will not accept illegally mined minerals from conflict zones. The company has also educated its suppliers on this issue, requesting them to sign conflict mineral declarations. The following clause has been added to the procurement provisions:

(1) After countersigning or delivery by suppliers, it shall represent that the metals included in any products sold to ADLINK are all guaranteed to comply with DRC Conflict-Free policy.

(2) After countersigning or delivery by suppliers, it shall represent that the metals included in any products sold to ADLINK are all guaranteed to comply with RoHS, PFOS and REACH.

(3) Suppliers promise to implement environmental friendly actions and promote employee health, while complying with contents of the code of ethics which can be found on the ADLINK website at http://www.adlinktech.com/about_adlink/Environmental.php?utm_source=

2. Supplier Management

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:

> *We hereby declare that the products supplied to ADLINK are free of conflict minerals.*
>
> *We will take due diligence to ensure that precious metals within our supply chain such as gold (Au), tantalum (Ta), wolfram (W), and tin (Sn) are not derived from or sourced from mines in conflict areas of the Democratic Republic of Congo (DRC), or illegally taxed on trade routes, either of which are controlled by non-governmental military group, or unlawful military factions. Trade routes not confirmed to be "Conflict-Free" include direct exports from the DRC, as well as exports through Rwanda, Uganda, Burundi, Tanzania and Kenya (countries of whom the U.N. Security Council note are global export routes for DRC-mined minerals).*

3. Collection of conflict mineral related data

Data collection is based on the Conflict Minerals Reporting Template (CMRT). It is then verified that metals provided by suppliers have not been derived from conflict zones. Suppliers that have yet to complete the required procedures will be evaluated in June of each year.

▼ 2015 statistics for 434 suppliers are as follows (projected completion in 2018)

Categories	0%	25%	50%	75%	100%	Element not present	Number of instances	Completion rate
Element not present	17	9	7	19	58	324	434	47%
Tin completion rate	35	14	15	36	236	98	434	30%
Gold completion rate	32	12	15	34	180	161	434	34%
Tungsten completion rate	20	9	6	21	69	309	434	45%

Industry-Academic Collaborations

> >

> >

4.1 Research and Development Projects and Alternative Civilian Services

In terms of ADLINK's global strategic planning, the superiority of our highly industrialized products and services continue to be strengthened, and are our main areas of focus. ADLINK strives to increase manufacturing scale and capacity in research and development, and will continue the execution of its past strategic planning to ensure future growth. The following three key plans explain how ADLINK plans to achieve this aim.

(1) **Deeply cultivate the five main application fields, establish tight customer relationships and strengthen smart application platform development.**

ADLINK has comprehensive middle-to-long-term planning for industrial applications that can cultivate the vertical market in depth. There are five main application fields that will be focused on gradually in the future: Infotainment, Medical Applications, Telecommunications, Military/Transportation, and Measurement/Automation. In these five areas, ADLINK already has long-term and stable world class customers who will help with future product development strategies to extend into system development of Application Ready Intelligent Platforms (ARIP). This not only increases the additional value of products, but can establish in-depth partnership relationships with customers while expanding scope of services and sales.
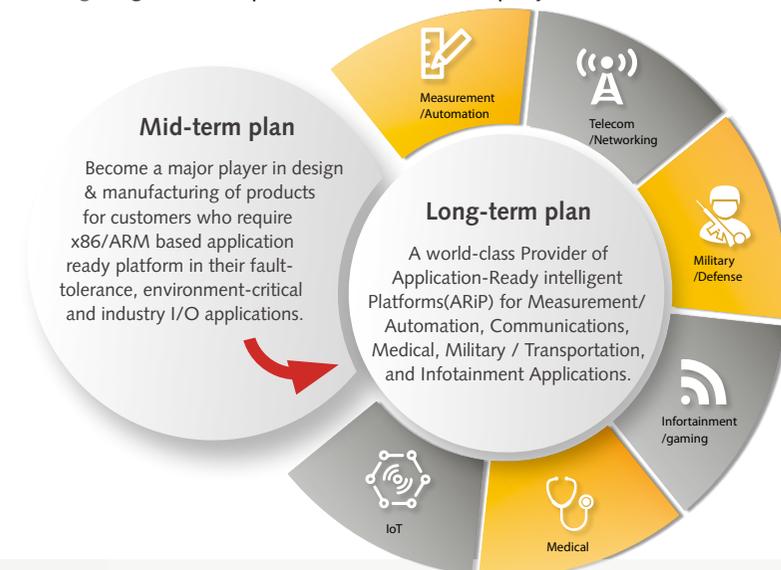
(2) **Increases efficiency and effectiveness of company's resource usage.**

Faced with market competition, opportunities come with risks and challenges, among which, evaluating the efficiency and effectiveness of resource usage will continue to be an important management focus for ADLINK. Since 2013, ADLINK adopted the

business group organization structure and coordinated it with a balanced analysis to implement a performance review on resource management. Each business group submitted their resource needs, monthly reviews specific to annual planning, provided forecasts, effectiveness analyses, and risk evaluation. In addition, to ensure the effectiveness of investments and maintain innovation in research, ADLINK will integrate market needs through the High Performance Product Development (HPPD) plan to continuously strengthen our international competitiveness on product research and development.

(3) **Training and management of globalized talent.**

As an integral part to our global strategic planning, ADLINK will strengthen its focus on the management of talents from different countries and cultural backgrounds. Besides establishing various localized management structures, ADLINK emphasizes the establishment of mutual respect and trust within internal teams through open attitudes and an international perspective on cross-cultural values. ADLINK believes that the globalized training and management of talents shall be the critical factor in maintaining long-term competitiveness for the company.

Mid-term plan

Become a major player in design & manufacturing of products for customers who require x86/ARM based application ready platform in their fault-tolerance, environment-critical and industry I/O applications.

Long-term plan

A world-class Provider of Application-Ready intelligent Platforms(ARiP) for Measurement/ Automation, Communications, Medical, Military / Transportation, and Infotainment Applications.

Measurement /Automation

Telecom /Networking

Military /Defense

Infortainment /gaming

Medical

IoT

4.2 Research and Development Projects and Alternative Civilian Services

ADLINK believes that talents are the most critical factor in achieving our success, so we actively cooperate with the government, letting excellent talent join us earlier through alternative civilian service. We have planned a series of systems for draftees, as outlined here.

(1) Career and training planning

For training, draftees of the alternative civilian service are mostly people who have just started working. Therefore, when the new draftees start work, they will join the ADLINK mentoring system, and will be guided by senior employees of the same unit. Through the leading and guidance of a mentor, draftees can more easily adapt to the new environment and put their best effort forward.

Newly hired draftees must participate in the new hire training organized by the company. 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. This training helps with adapting to the corporate environment as quickly as possible. After work commences, each department submits and executes individual training according to the annual training plan, using mostly internal training with the two main types being 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 assigns specific personnel for the training in mostly a one-on-one teaching style.

To strengthen talent development and training, the following year of training courses are planned at the end of the current year while executing the company's talent development plan. 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) Management planning during service period

1. Before work starts, draftees should understand the future work planning and execution items, so as to understand the main duties and basic requirements of their positions. The scope of duties covers their main working responsibilities, and also includes work from their department, or the company's project/annual strategic key items which encourages employees to actively seek tasks for growth in their capabilities.

2. If a draftee appears to be the wrong fit for a position, the human resources department and the department head will collaborate and analyze any issues as well as understanding the capabilities of the draftee. Training will be conducted to make up for any deficiency, or an alternative position will be proposed.

3. If a draftee has excellent performance, an appropriate duty rotation will be proposed, as a mechanism for talent reserve.

4. After being hired, ADLINK enrolls the draftees into the mentoring system, and will be guided by senior employees of the same unit. Through the leading and guidance of a mentor, draftees can more easily adapt to the new environment and put their best effort forward. If a draftee appears to be unable to adapt to the working environment, the direct mentor will give the appropriate guidance, with human resources attempting to understand the causes of any issues, and arrange appropriate training or other career counseling programs.

5. Talent training and development is based on position and job level, which focuses on the career development needs on both the professional and managerial levels. Promotions for positions and job levels shall take into consideration the evaluation, capability, and performance of draftees. Promotions are based on the availability of positions and also consider if the personal capabilities of the candidate will match with the requirements of the position.

6. Benefits system
   - An amount of money shall be allocated to the Employee Welfare Committee every month, enabling the committee to execute relevant benefit measures, including birthday gifts, wedding gifts, birth gifts, child education funds, emergency assistance, community grants, local and overseas travel grants, wedding and funeral funds, disease and injury subsidies and birthday parties.
   - Establishment of a grievance committee and supervisory committee for retirement to comply with all regulations.
   - Organize employee events, letting employees interact and mingle after work, which increases teamwork.
   - Establishment of resignation or job transfer interview system, so employees can receive required help and effective placement before they decide to leave the job or are transferred.

(3) Performance evaluation and incentive measures planning

1. Performance review: Sixteen different types classified by job duty, job level and job categories.
2. Self-evaluation: In addition to the description of current performance review, this also includes work expectations and ideal career development for the new fiscal year.
3. Supervisor evaluation: Supervisors shall describe the future work content and planning for the employee.
4. Relevant colleague evaluation: Replaces the evaluation marks with an evaluation message. Employees who have interaction with the evaluated employee via work shall give feedback to serve as reference for supervisors on comprehensive evaluations.
5. Human resources: Provides job change supervision for employees, records promotions, incentives and punishment, and serves as reference for career planning.

After the annual performance review, supervisors will arrange one-on-one interviews with employees. The interviews shall be used intelligently to gain an in-depth understanding of an employee's development.

In regards to review results and planning for the next year, employees are encouraged to speak openly and express opinions while actively giving feedback. Interviews focus on expectations and goals for the coming year.

(4) Retention plan after service term is fulfilled

1. When the draftee's work term is complete and desires to stay with the company, the draftee will continue in the same position and same department, while discussing future career development.
2. The draftee's job functions and his career development plan shall be analyzed to provide systemic talent development training.
3. Draftees are encouraged to increase their duties and challenges in order to increase capabilities and receive greater competitive remuneration.
4. ADLINK's objective is to create an excellent learning and growing environment, and to retain talents through other incentives.

4.3 Cooperative Education

Use what you learn-let cooperative education shorten the distance between theory and practice.

To facilitate integration of learning, ADLINK assists students in gaining more practical experience thereby easing the barrier of entering workforce. ADLINK has over 10 years of experience in cooperative education to help future prospective employees understand the professional skill requirements in the industry as early as possible. For ADLINK, cooperative education also helps develop human resources and talent training.

ADLINK sees interns officially as part of the corporation. When each intern reports to the company, ADLINK will provide specific new-hire training to let every intern understand the workplace environment, in addition to delivering ADLINK's corporate culture as the code of conduct during their internships. The long-term cooperative educational relationship establishes strong trust and partnerships between the company and schools. To help align the theory learned in school to the working environment, the company also develops specific internship content enabling interns to put their best effort into their work. ADLINK knows that training talents in social development is also a meaningful goal of our corporate social responsibility.

ADLINK Technology places great emphasis on corporate social responsibility with the goal of creating greater value for society. The company therefore initiated an industry-academia collaboration program with Ming Chi University of Technology in 2005. The number of students participating in the program has increased from 5 in 2005 to 14 this year, exhibiting a gradual growth trend. Practical training and operational learning familiarize the students with the industry, 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 cultivate future talent for the company.

One of the program participants has returned to ADLINK as an employee. We aim to gain a better understanding of the future career paths of program participants.

▼ Statistics on participants in the industry-academia collaboration program

- Department of Mechanical Engineering
- Department of Electrical Engineering
- Department of Electronic Engineering
- Department of Business Administration
- Department of Industrial Engineering & Management

Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Mechanical Engineering				1							1
Electrical Engineering	5	5	3		1	5	4	4	5	7	3
Electronic Engineering			1	4	3	2	5	5	1	3	8
Business Administration					1	1					2
Industrial Engineering & Management						1	1	1		2	

Bringing forward industry innovations creates industry value

ADLINK has put long-term effort into projects relevant to the promotion of industry innovations by the Ministry of Economic Affairs. ADLINK strives to innovate application capabilities and invest in the technological development of prospective industries that have potential and can strengthen system integration. In recognition of our efforts, ADLINK has been given the "Information Application Model Award" from the Ministry of Economic Affairs. Through its technology program, ADLINK works with the government to create new research and work towards future innovations to support local industry. ADLINK's strategic vision of "bringing forward industry innovations creates industry value" establishes long-term competitive advantages in international markets.

With its ten year long partnership with the Ministry of Economic Affairs, ADLINK continues to increase the value of its products, while striving towards gaining international competitiveness, niche markets and developing emerging markets using innovations.

4.4 Academic Collaboration – An In-Depth Program

Introduction of intelligent automated production represents a revolutionary breakthrough in manufacturing DNA

Smart scheduling

The ADLINK Production System (APS) is the highest standard in ADLINK's manufacturing facilities. It involves the establishment of a Lean Logistics system with manufacturing methods characterized by visual management and streamlined processes as its main pillars. In the manufacturing industry, production management has always been the bellwether of the success of factories. This statement is based on the fact that set schedules must be excellent to ensure good output. The importance and complexity of scheduling is even more pronounced in Low-Volume/High-Mix (LVHM) industries. In addition to the human factor, excellent scheduling relies on smart scheduling systems in order to provide optimized solutions. The role of

humans lies in the developing the formulas and parameters utilized for scheduling and making decisions if the algorithms are incapable of identifying the order of priority of conflicting schedules. We strongly believe that this improvement will be the cornerstone of continued outstanding performance of factories under LVHM conditions.

Industry-academia research collaboration initiates Productivity 4.0 "Smart Factories and Services"

In response to the smart manufacturing trend generated by Productivity 4.0, ADLINK Technology has devised a smart factory in cooperation with the Industrial Technology Research Institute and National Central University to accelerate the virtual and physical integration of soft and hard skills by tapping into existing capabilities and leveraging combined efforts. Systems, products, and key components that are capable of transcending currently available industrial technologies are developed to drive the development of up- mid- and downstream enterprises and initiate smart manufacturing and services characterized by high value, agility, and user-friendliness with the goal of strengthening the competitive edge of the industry on international markets.

Data released by the Ministry of Economic Affairs and the Ministry of Education indicate that companies face the following three major challenges in the field of Productivity 4.0 practices and talent development: integration of cross-industry systems, industry linkage consistent with supply and demand conditions, and lack of practical applications for big data processing. Operating personnel are no longer simply operators but also assume the role of controllers and administrators. Management methods based on smart display panels allow control "at a glance". The realization of the smart factory concept also requires the strengthening of capabilities in intelligent design, smart learning, data analysis, and virtual and physical integration

to create an IoT and big data for production. A professional division of duties in industry-academia research projects brings the company in sync with the revolutionary trend of Productivity 4.0 and facilitates the promotion of cross-industry talent development programs. Industry-academia collaboration also enhances technology capabilities and accelerates industrial upgrade and transformation.

4.5 ADLINK Technology Lab

Description of the lab and testing items

The Taiwan Accreditation Foundation (TAF) is the forerunner of the "Chinese National Laboratory Accreditation", which is responsible for the promotion of various international accreditations for domestic certification and testing organizations and laboratories in a wide variety of fields. Through the International Laboratory Accreditation Cooperation Mutual Recognition Agreement (ILAC-MRA), TAF accreditations are mutually recognized by 89 accreditation organizations in 86 economies worldwide including Japan, the US, the UK, China, Hong Kong, Singapore, and Korea.

The ADLINK Technology Lab acquired the following certifications in December 2015 in accordance with the International ISO/IEC 17025 standard: In 2005, ADLINK passed the "Taiwan Accreditation Foundation (TAF)" certification and became an accredited third-party certification and experimentation institution. The accreditation items include temperature, impact, and drop testing for electronic, electrical, communication, and IT products. The ADLINK Technology Lab conducts independent lab accreditation in cooperation with professionals and provides testing services for industrial, military, network, mobile, control, and single board products. We also organize various on-the-job training programs on a regular basis to ensure that testing quality and technical skills of relevant personnel exceed international standards in the field of accreditation services.

◎ Temperature/humidity testing

⊙ **What is temperature/humidity testing?**

The purpose of this test is to determine the adaptability of components, equipment, or other electrical products stored or operated under high relative humidity or changing cyclic temperature conditions and to test the heat resistance limits of products as well as the level of structural damage caused by heat and humidity.
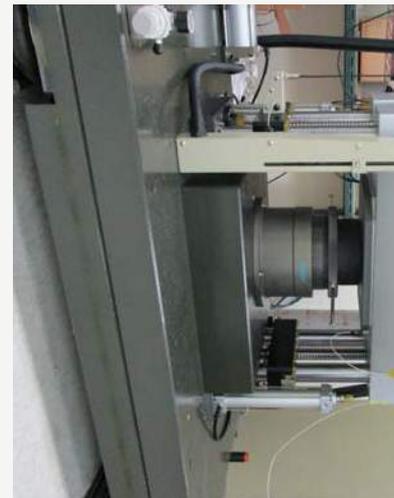
⊙ **What are the benefits of temperature/humidity testing?**

This test helps to determine product temperature specifications and inform consumers of usage limitations and life cycles. Product failures are unlikely within the prescribed normal temperature range.

/Temperature testing/
-60°C to +150°C

/Humidity testing/
20%RH to 95%RH

Test Standards: IEC 60068-2-1, IEC 60068-2-2, IEC 60068-2-30, IEC 60068-2-78

◎ Impact testing

⊙ **What is impact testing?**

The main purpose of impact testing is to determine structural damage caused by sudden external impact forces such as free fall. A better understanding of structural strength when impact forces act on the product is acquired through experimental data and analysis.

⊙ **What are the benefits of impact testing?**

The purpose of impact testing is to simulate the effects of impact on equipment and component usage and transportation. The main purpose of the test lies in a better understanding of structural weaknesses and the loss of specific functions of the tested item due to mechanical impact. The supporting structure is adjusted and material properties are analyzed based on these mechanical weaknesses and weakened properties. What is the difference between vibration and impact? Vibrations represent a continuous process, while impacts are a sudden force applied instantly. Although these two tests are different, they are related to a certain extent.

/Max. acceleration/
30 to 400g peak

/Impact Testing/
2~30ms

Test Standards: IEC 60068-2-27, IEC 61373

◎ Packaging drop testing

/Packaging drop/
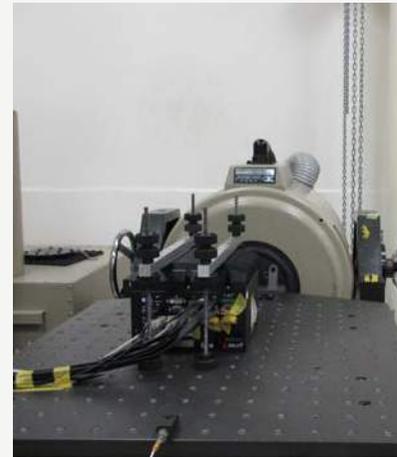Height: 30 to 120cm

Test Standard: IEC 60068-2-31

⊙ **What is packaging testing?**
Packaging drop testing determines whether the vibration resistance, protective capability, and drop resistance of fully packed products is sufficient and thereby helps to identify possible improvements of packaging design.

⊙ **What are the benefits of packaging testing?**
Packaging drop testing helps the consumer to determine whether the purchased product meets his/her needs based on the testing items and judge the quality of the product compared to competing products on the market.

◎ Vibration testing

/Vibration Machine/
Maximum force: 600Kgf
Frequency: 5 to 2000Hz
Acceleration: 10G

Test Standards: IEC 60068-2-6, IEC 60068-2-64, IEC 61373

⊙ **What is vibration testing?**
Vibration testing simulates the impact of various types of vibration on product manufacturing, assembly, transportation, and use, facilitating the determination of the product's capability to resist vibrations in the environment. Vibrations can be divided into free and forced vibrations. The term free vibrations refers to the absence of any external forces acting on the system. The system vibrates under the impact of one or multiple natural frequencies. Natural frequencies represent the dynamic properties of the system determined by the distribution of mass and strength. External forces, on the other hand, cause forced vibrations. Most structures are affected by a certain level of vibrations caused by certain forces. It is therefore mandatory to carefully consider vibration behavior during project design.

⊙ **What are the benefits of vibration testing?**
The main purpose of vibration testing is to reveal potential product flaws in advance and facilitate the selection of qualified products. Potentially defective products can be identified earlier and repaired or discarded to enhance product reliability. This testing procedure can also determine the structural integrity and dynamic properties of tested parts.
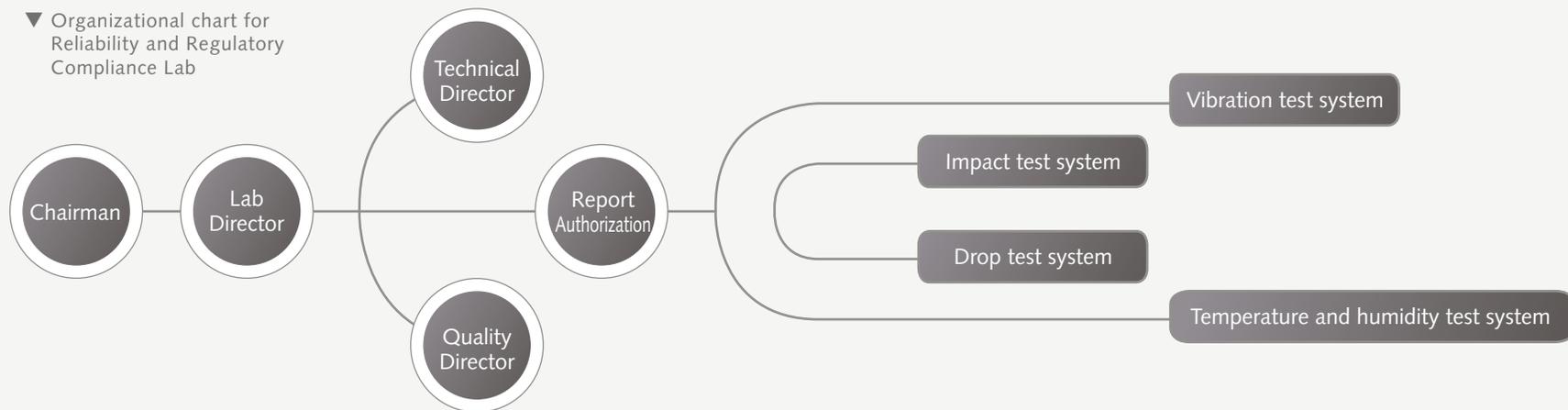
◎ Lab testing services

- ☑ High and low-frequency vibration testing
- ☑ Drop testing on packed and unpacked items
- ☑ Temperature/humidity cycle, thermal impact, extreme temperature testing
- ☑ Product stress impact and damage boundary curve testing
- ☑ Product reliability analysis and improvement projects

▼ Organizational chart for Reliability and Regulatory Compliance Lab

Chairman — Lab Director — Technical Director / Quality Director — Report Authorization — Vibration test system / Impact test system / Drop test system / Temperature and humidity test system

Community Involvement

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 promote technology education, the humanities and art. In addition, the ADLINK Foundation contributes toward disadvantaged groups and establishes its vision, "ADLINK celebrates love and moves the world". Only through education can people understand the truth of love, and that the world turns only through the power of love.

Life education

🤝 "ADLINK sends love and warmth to the multiply disabled" –
Campus life education activities

The ADLINK Foundation has supported a Multiply Disabled Entertainment Troupe which is composed of performance artists with mental and physical disabilities. Performances have been organized in prisons, on campuses, and in hospitals. The troupe embraces the spirit of "never give up and cherish life", whether the audiences are inmates, young students, or patients. The goal is to overcome handicaps and present life stories with a spirit characterized by perseverance and courage through artistic performances. Audiences not only enjoy the performances; they are also motivated and inspired and experience the true meaning of "life with unlimited possibilities". This form of performance is unprecedented and unique.

Annual life education cooperative programs are aimed at elementary, high, and vocational school students from remote areas in northern Taiwan, new immigrant families, or skipped-generation households. A total of 10 life education concerts were organized (5 in elementary schools and 5 in high schools and vocational schools) in the following schools in 2014: New Taipei City Sanzhi Elementary School (March 24), Keelung Municipal Maling Elementary School (April 7), Taoyuan Liuhe High School (April 14), New Taipei City Leli Elementary School (April 24), New Taipei City Yingge Vocational High School (May 2), New Taipei City Qingshan Elementary School (June 24), Miaoli Dacheng High School (September 24), Banqiao Daguan Elementary School (October 24), Stella Matutina Girls' High School (November 19), Tamsui Vocational High School (November 26).

In 2015, a total of 11 life education concerts were organized (7 in elementary schools and junior high schools and 4 in high schools and vocational schools) in the following schools in 2015: Shiding High School (May 6), Sanxia Minyi Elementary School (May 12), Hukou High School (May 28), Jinshan High School (September 30), Shuangxi Elementary School (October 6), Linkou Rueiping Elementary School (October 22), Zhonghe Xingnan Elementary School (October 30), Songshan High School of Commerce and Home Economics (November 6), Zhongli Zhongping Elementary School (November 24), Wanli Junior High School (December 11), Bali Micang Elementary School (December 24).

Cultural education

ADLINK Peking Opera Experience Camp

Peking Opera represents an important performance art form of traditional Chinese culture and was designated an Intangible Cultural Heritage of Humanity by in 2010.

The ADLINK Foundation has sponsored a Peking Opera Experience Camp arranged by the National Taiwan College of Performing Arts for two consecutive years. The topics taught in this five-day course include oral instruction, explanations, and practical exercises. Participants are transported into the wondrous world of Peking opera in a fun and relaxed manner and gain a personal experience of immersive song and dance. The unique form, contents, and aesthetic qualities of Peking opera fascinate foreign visitors of all generations and is often their first encounter with the mysterious beauty of Chinese culture. The performance techniques and male and female roles of Peking opera give us a glimpse into the high level of sophistication of traditional Chinese performance arts and the nuances of traditional Chinese culture.

Participants:
1. ADLINK Foundation volunteers, ADLINK Technology employees and their children
2. Participants in past ADLINK cross-strait kid summer camps
3. Drama school recruitment targets (disadvantaged families)
4. People who have a strong interest in traditional drama

💛 "Living and Growing with the ADLINK spirit" cross-strait summer camp for children

💛 "Youthful years, build your dream with ADLINK" youth volunteer training camp

Every summer since 2011, the ADLINK Foundation has organized the "Living and Growing with the ADLINK spirit" cross-strait summer camp for children and volunteer training camps in cooperation with ADLINK Technology China. Twenty schoolchildren from disadvantaged families in Shanghai and Taiwan are selected every year to attend the summer camp in Shanghai and the company pays all their expenses including plane tickets, meals, accommodation, field trips, and courses.

In 2014, twenty disadvantaged children were selected, six selected by the National Taiwan College of Performing Arts and four students selected by Rueifang Liandong Elementary School in Taiwan, and ten selected from the private Xumiao and Hangtou Elementary schools In Shanghai. The company invited Ms. Wei-Qian Ma and Pei-Yu Hong from the National Taiwan College of Performing Arts, Ms. Jing-Fang Hong, Manager of the ADLINK Technology HR Department, Section Chief Mr. Guo-Xiang Huang, and Exchange Professor Zheng-Xu Huang from National Tsing Hua University as instructors for the cross-strait volunteer camp and kid summer camp held from July 25 to August 1.
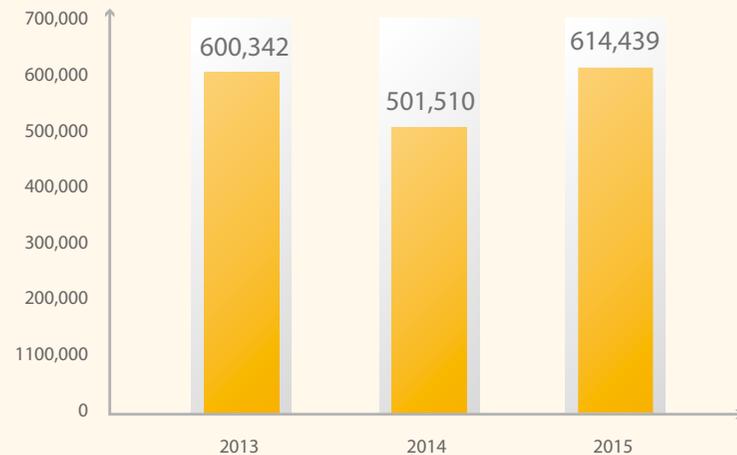
In 2015, twenty disadvantaged children were selected, six selected by the National Taiwan College of Performing Arts Arts and four students selected by Zhongli Zhongping Elementary School in Taiwan, and ten selected from the private Shanghai Minghui Elementary School. A three-day volunteer training camp and a five-day cross-strait kid summer camp were organized from July 31 to August 2 and August 3 to August 7, respectively. The company invited Ms. Wei-Qian Ma and Pei-Yu Hong from the National Taiwan College of Performing Arts, Mr. Guo-Xiang Huang, instructor of the Harmonious Negotiation Workshop, Mr. Hai-Xiang Xu from the ADLINK Technology HR Department, and Xiang-Xiang Liu, enrolled student at the Department of Electrical Engineering, Imperial College London, as instructors for these camp activities.

ADLINK Technology Chairman Jim Liu has organized the Shanghai kid summer camps for five consecutive years in order to provide schoolchildren 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 to 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 Strait through the organization of these camp activities. Volunteers experienced the joy of giving and had a chance to improve interpersonal interactions, observe relevant skills in a detailed 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 child from both sides of the Strait is deeply infused with vitality and warmth through the passionate leadership of the youth team. The goal is to provide role models for the children who grow up in a difficult environment and enable them to maintain an optimistic and positive attitude.

▼ Investments in cross-strait kid summer camps and volunteer training camps (units: NTD)
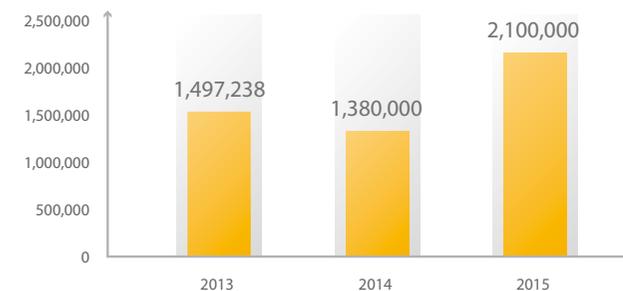
5.2 Concerns for vulnerable groups

Welfare donations amounted to a total of NTD 348 million

▼ Subsidies for various activities (units: NTD)

Sponsorships	2013	2014	2015
Cross-strait kid summer camps and volunteer training camps	600,342	501,510	614,439
Mr. Zhong-Xian Ni Scholarship	250,000	200,000	360,000
Concern for the disadvantaged - Welfare contributions	1,497,238	1,380,000	2,100,000
ADLINK sends love and warmth to the multiply disabled – Campus life education activities	1,500,000	750,000	750,000
Total annual budget	**3,847,580**	**2,831,510**	**3,824,439**

▼ Welfare donations for disadvantaged groups (units: NTD)

🤝 Boyo Social Welfare Foundation Charity donations

In 2014 and 2015, the company donated a total of NTD 2 million for the Holistic Education Program organized by the Boyo Social Welfare Foundation. The program aims to provide English, math, and reading courses for disadvantaged children in remote areas to contribute to bridging the urban-rural gap in education. The Boyo Social Welfare Foundation has established 11 learning centers all over Taiwan for 2,082 junior high and elementary students. 388 tutors and 52 full-time instructors were hired from communities or universities. Student attendance rates exceeded 95%. The courses and textbooks are offered free of charge. Continued tracking and follow-up are provided for participating students upon graduation.

🤝 Taoyuan Glory Care Association welfare donations
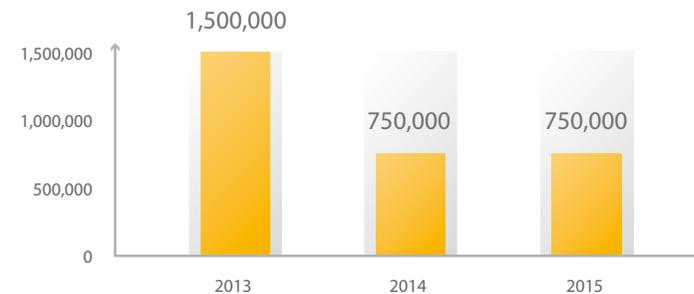
Donations amounted to NTD 300,000 in 2014.
In 2015, ADLINK contributed a total of NTD 800,000 to the installation of church hardware facilities and tutoring programs for junior high school students organized by The Taoyuan Glory Association.

◎ Glory Care Association:

The members of this association, which is situated in a remote area at the junction of Zhongli, Pingzhen, Yangmei districts, are all devout Christians. Community residents are mostly blue-collar workers and new immigrants from disadvantaged backgrounds. Mr. Xi-Nian Yang, honorary professor of the NTHU Department of Computer Science and longtime chairman of the association, and Ms. Yu-Hui Chen, the wife of a distinguished professor of the Department of Chemistry at Chung Yuan Christian University, are committed to making an all-out effort to provide multidimensional learning and educational resources for the benefit of local community residents. ADLINK donates computer equipment to the association and offers computer classes for the community, benefiting a large number of disadvantaged residents

and children. A building was constructed and completed in October 2015 to provide greatly improved classroom facilities including an auditorium for performances, audio equipment, a study center, and a music classroom for the academy. These facilities enable the association to provide services for a greater number of disadvantaged residents and children in local communities including the catchment areas of Zhongping Elementary School, Guoling Junior High School, and isolated seniors in neighboring communities.

▼ ADLINK sends love and warmth to the multiply disabled – Campus life education activities funds (units: NTD)

Little Stars in the Great Universe art exhibition for autistic children

Contributed funds ions of NTD 80,000 in 2014
Event Dates: May 18 to June 21, 2014

Autistic children use a wide range of methods to communicate with the outside world. They utilize forms of expression such as writing, drawing, photography, sound, body language, 3D creations and any form of unrestrained imagination to present their inner thoughts in a clear, pure, and honest manner. These children are just like little stars that are full of energy and emit light and heat, while orbiting in a leisurely manner.

The exhibition consists of five 15-meter long painting scrolls, 70 small 3D dinosaurs, and hundreds of poems. Artist Cheng-Liang Li has created a one-man space capsule with waste iron pieces to present the passion for life of 14 little stars in a monthly sequence. The craft can accommodate one visitor each time who can explore the environment from a 360-degree revolving chair..

Every donation is an expression of approval and helps accumulate energy in an effort to make even more stars visible and embark on longer journeys. Just like everyone else, they crave recognition, respect, and understanding. If one of these little stars appears next to you, please show sympathy and greet them with a smile and hug.

Global Views Educational Foundation magazine donations

Project name: Sow the Seeds of Reading and Create a Bright Future for our Children
Contributions of NTD 300,000 in 2015

Donated magazines
"Global Kids Junior Monthly": Suitable for 1st - 3rd grades (ages 5-9)
The foundation of reading is laid in first grade. By cultivating the joy of reading, students can hone their critical thinking skills and problem solving abilities.

"Global Kids Monthly": Suitable for 4th - 6th grades (ages 9-14)
Starting in fourth grade, students who already have a solid foundation in reading are brought in sync with the world through exposure to knowledge and ideas from the fields of literature, art, ecology, math, and science.

Implementation
12-month subscription to "Global Kids Junior Monthly" and "Global Kids Monthly" and donation of the magazines to 8 elementary schools in the Greater Taipei area and 9 elementary schools in remote areas in Taoyuan, Taichung, Changhua, Yunlin, and Chiayi. Every 1st - 3rd grade class and 4th - 6th grade class received one issue of each magazine for a total of 67 issues and 77 issues, respectively. In addition, 7 cooperating elementary schools in New Taipei City and Taoyuan County received one issue of "Global Kids Monthly" for their school libraries. The company donated a total of 67 issues of Global Kids Junior Monthly and 84 issues of "Global Kids Monthly".

Through reading guidance provided by their teachers, disadvantaged children in remote areas are assisted in developing reading habits with the goal of setting a solid foundation for learning, stimulating logical thinking, enhancing self-discipline, and building self-confidence and future competitiveness. Knowledge represents the best investment and reading endows our children with the power to turn their lives around.

7th and 8th Mr. Zhong-Xian Ni Scholarship

Description

This scholarship is granted to encourage ADLINK Technology and ADLINK Foundation employees and their children as well as outstanding students of Taiwan Police College in accordance with the will of donor Mr. Zhong-Xian Ni.

Beneficiaries and amounts

Senior high and vocational school (including first three years of the five-year junior college program): NTD 10,000 per student.
University and college (including last two years of the five-year junior college program): NTD 20,000 per student.
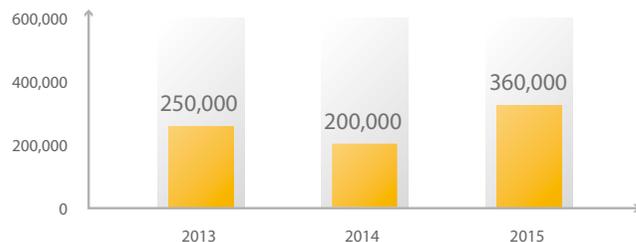
Scholarships granted in 2014 amounted to a total of NTD 200,000.
Beneficiaries included 11 ADLINK employees and their children.
Scholarships granted in 2015 amounted to a total of NTD 360,000.
Beneficiaries included 9 ADLINK employees, their children, and 10 students of Taiwan Police College.

▶ Mr. Zhong-Xian Ni Scholarship (units: NTD)

	2013	2014	2015
	250,000	200,000	360,000

1st and 2nd Ms. Yue-E Huang Art Scholarship

Description

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.

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 (NTD 20,000, NTD 10,000, and NTD 5,000 per student enrolled in university, senior high, and junior high sections, respectively)

Scholarships granted in 2014 amounted to a total of NTD 225,000
Beneficiaries included 1 student from the junior high section, 6 students from the senior high/vocational section, and 8 students from the university section (total of 15).
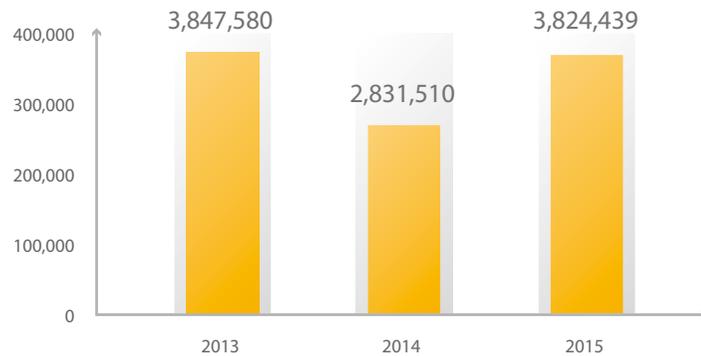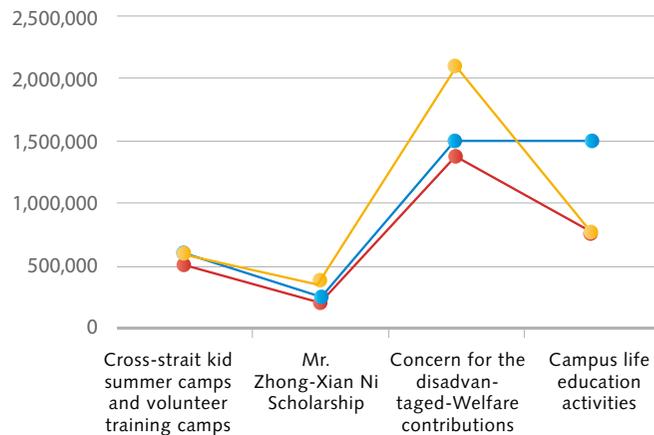Scholarships granted in 2015 amounted to a total of NTD 270,000.
Beneficiaries included 4 students from the junior high section, 5 students from the senior high/vocational section, and 10 students from the university section (total of 19).

▼ Annual expenditures of ADLINK Foundation (units: NTD)

▼ Subsidies for various activities (units: NTD)   2013 2014 2015

Scholarships amount to a total of NTD **1,055,000**

5.3 Campus Recruitment

ADLINK Technology not only recruits job seekers with practical experience in the industry but also participates in campus recruitment activities. Compared to other electronic or semiconductor industries, students tend to be less familiar with the industrial computing industry. What exactly is an "industrial computer"? What are the application fields and technical thresholds of industrial computers? What are the latest trends and competitive advantages of industrial computers made in Taiwan in the context of the global industrial computing industry? Most students who participate in campus recruitment activities are unable to answer these questions.

Campus recruitment allows our managers to communicate directly with students. Continuing students or job seekers participating in the recruiting event can learn about industrial computing and gain a clearer understanding of how industrial computers are not only used in factory automation or production but also for applications in medicine, defense, networks, telecommunications and even infotainment. Industrial computers also form the foundations of the Internet of Things which is now an area of intense interest.
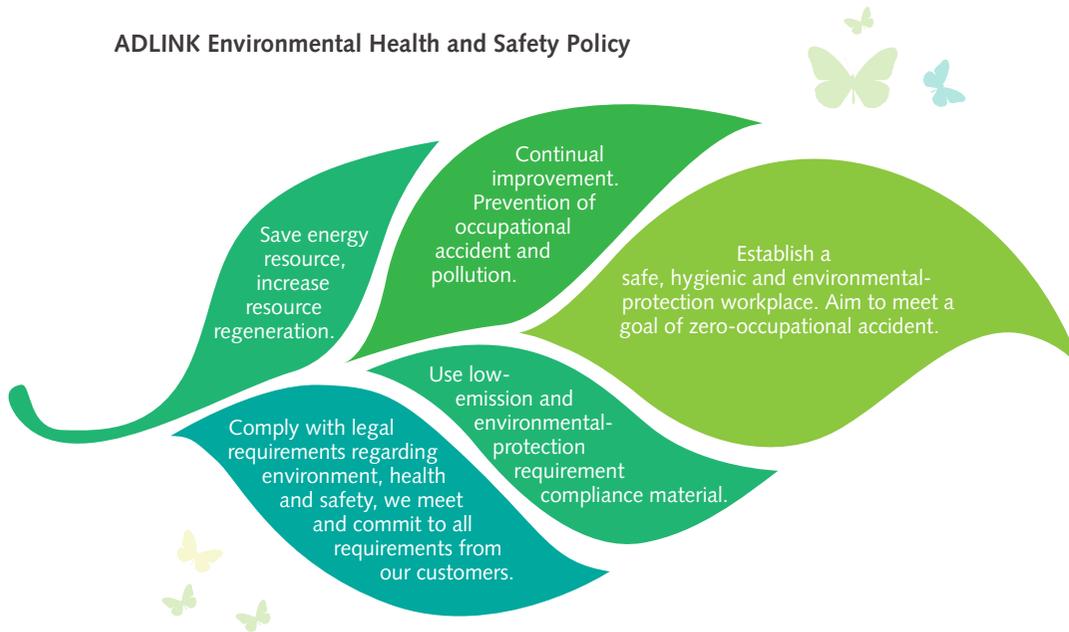
During the campus recruitment event, ADLINK is more than just an employer looking for suitable partners a the promoter of the industrial computing industry. Apart from introducing participating students to the industry, managers at the event also play the role of employment counselors. Interviews help students to understand what each position actually entails, whether it differs from their expectations, how it matches the student's personal interests and their willingness to apply their knowledge to their future work.

During the pursuit of corporate growth, ADLINK also hopes to use a variety of activities to expand our influence. Be it the promotion of the industrial computing industry or narrowing the gap between industry and university so students can embrace a new career, we not only hope students can apply what they learn but also find out how they can make their own contribution to the development of Taiwan's industries.

Environmental Concerns ⚙

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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 ISO 14001 certification was obtained in October 1999 and OHSAS 18001 certification was approved in December 2012. The goal of operating a sustainable business is gradually being achieved.
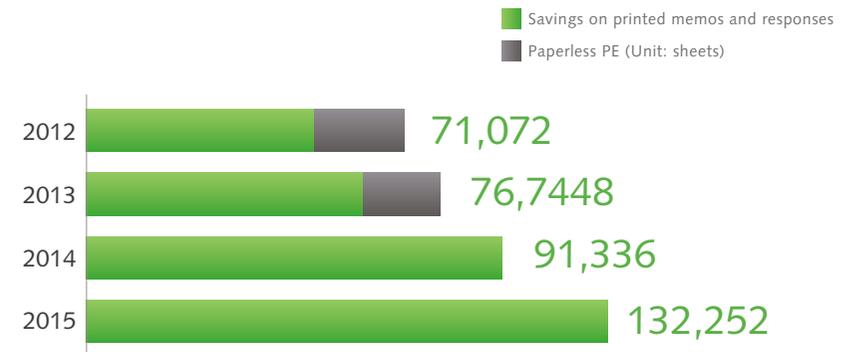
ADLINK Environmental Health and Safety Policy

Save energy resource, increase resource regeneration.

Continual improvement. Prevention of occupational accident and pollution.

Establish a safe, hygienic and environmental-protection workplace. Aim to meet a goal of zero-occupational accident.

Comply with legal requirements regarding environment, health and safety, we meet and commit to all requirements from our customers.

Use low-emission and environmental-protection requirement compliance material.

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. This electronic system made the printing of paper purchasing orders unnecessary. In 2011, this system reduced paper consumption by around 70,000 sheets. In 2015, paper consumption was reduced by around 130,000 sheets. In Q4 of 2015, the 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-savings benefits, purchasing efficiency will also be enhanced.

- Savings on printed memos and responses
- Paperless PE (Unit: sheets)

Year	Value
2012	71,072
2013	76,7448
2014	91,336
2015	132,252

A4 70lb = 4.375g / 1pcs = 0.004375kg
1000kg = 242kg of carbon emissions (Source http://web.pts.org.tw/~web02/coolfollowme/page4-9.htm)
1kg = 0.242kg of carbon emissions
1kg / 0.004375kg = 228.6 sheets of paper
0.242 / 228.6 = 0.001058kg / sheet

Since the introduction of the e-SOP the amount of paper printing has been greatly reduced; saving 18,000 sheets of A4 paper on the printing of SOPs each month translates to 25.9 trees saved each year. [Source of formula: Construction and Planning Agency, Ministry of the Interior] The SOP look-up system introduced in 2014 reduced the amount of time operators have to spend on looking for SOPs online by 95%. The accuracy of the system ensures that the right SOP is used, preventing wasted time and effort.

Electronic displays were integrated in 2015 to provide real-time information such as production scheduling, SOP progress, and RMA late shipment statistics. The need to print reports was greatly reduced by having all the information available at the production line, in the engineering office, and in e-mails.

From the paper printing requirements of the production line to the automated look-up system integrated with real-time electronic displays, ADLINK has pushed the limits of paperless operations. Faced with challenges such as climate change, societal expectations, and market competition, we believe as members of the global high-tech industry that we can help save the vanishing forests by promoting energy conservation and paper reduction.

As natural resources become more scarce, energy conservation and carbon reduction are not enough. Recycling and the generation of green energy is essential to protect the Earth's environment.

Wood is the main source of paper fiber. Producing one ton of paper (equivalent to 5,000 newspapers copies) requires timber from 20 trees with a height of 8m and a diameter of 16cm. It takes between 20 to 40 years for a tree to grow to this size. The logging of native forests may cause irreparable damage to the ecology. To ensure the sustainable use of forest resources and maintain ecological balance, the best source of timber for papermaking is a properly managed plantation. Producing 1kg of paper requires 2.7kg of wood, 130g of limestone, 85g of sulfur, 40g of chlorine and 300L of water. Bleaching with chlorine is the main source of water pollution during the papermaking process. Reducing the amount of paper used makes a great difference to the environment.

Using recycled cartons offers the following advantages:

Economic savings

Energy conservation

Sustainable use of resources

Extended service life of incinerators and conservation of land resources

Reduced pollution and protection of the natural environment

▼ No. of cartons recycled (units: pcs)

5,715	18,662	39,253
2013	2014	2015

The tin slag recycling machine introduced by ADLINK in 2013 conforms to the ISO 14001 guidelines on recycling. It effectively recovers tin slag for reuse. Up to 75% of tin slag can now be reused 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 time and cost savings.

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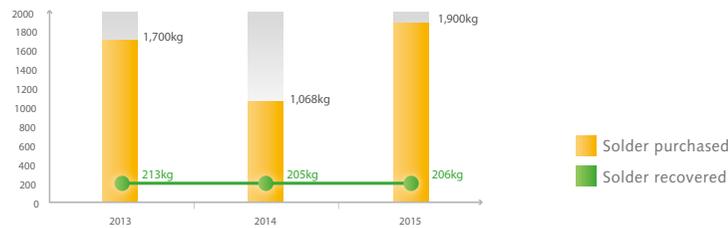
The introduction of the tin slag recycling machine changed how tin slag is handled:

→ Previous tin slag recovery method

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

→ New tin slag recovery method
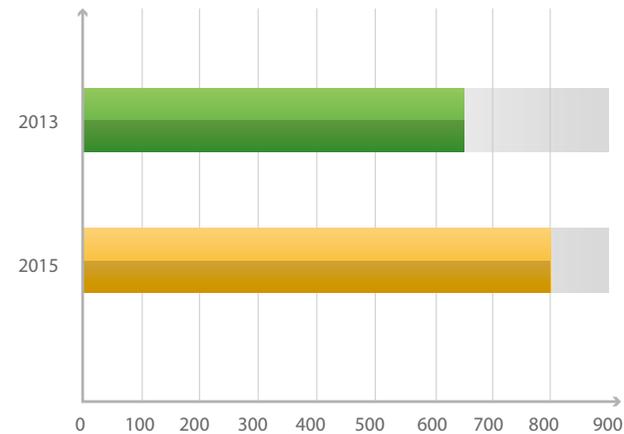
The tin slag machine can be run repeatedly to extract usable pure tin. This reduces the amount of stored tin slag and improves its utilization rate. The production line is kept clean and tidy as a result.

1. Steel plate recycling policy

Global warming is a very important issue in our society. 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 could be recycled, so 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. 640 steel plates were recycled in 2013 and 800 steel plates were recycled in 2015 (scrapping of steel plates older than 5 years). This represented a win for ADLINK, contractors and planet Earth.

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

2. Reducing hazardous substances in the production process

Since the EU began pushing for the reduction and elimination of the hazardous substance lead from products, ADLINK has worked relentlessly to reduce the production of all hazardous emissions in the workplace and to reduce the use of hazardous substances in our products. Ventilation equipment was therefore installed at soldering-related workstations when ADLINK began building its own factory. In 2010, we stopped the use of all lead-based solder pots on our DIP production line and switched to lead-free solder. The overhaul of the production line reduced the generation of harmful emissions in the workplace and employee lead exposure.

3. Reduction of 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 fumes in the coating room.

The coating room has a sealed atmosphere. ADLINK equipment engineers used an arrangement of positive and negative pressure difference to draw large amounts of cold air from SMT through the gaps in the partition door and into the coating room. The fumes in the coating room are then drawn out via the ventilation fans. In this way, the coating room is kept clear of fumes for the safety of the workers inside.

4. Automated nozzle cleaner

The automated nozzle cleaning device uses an all-new high-pressure pulsing method to quickly clear away build-ups of grime on the inside of the nozzle that previously could not be removed. Safe, non-toxic pure industrial water is used (soft water, pH value between 5 ~ 7). This cleaning method does not damage the nozzle and is better for the environment as it uses less organic solvent and alcohol.

▼ Amount of organic solvent used (units: liters)　■ Alcohol　■ Pure water

There has always been a heavy environmental cost to paper production. Data shows that producing one ton of paper in Taiwan consumes 20 large trees and 100 cubic meters of water. If each person wastes one sheet of paper a day that means the nation wastes 2,700 tons of paper and 270,000 tons of water each day.

At ADLINK, every action performed by line workers from production and testing to assembly and shipping must follow an SOP. The low-volume/high-mix (LVHM) nature of industrial computing production means that its SOPs far outnumber those of other electronics industries.

6.3 Energy Conservation and Carbon Reduction

🍃 Energy resource and climate change

The development of human civilization is closely related to the use of energy and resources. The evolution from human labor, animal labor, water energy, fire energy and to electricity, resulted in the development of corporations and improvements in society. Therefore, the appropriate usage of energy resources is of importance to corporate operations.

However, humans have consumed energy resources on an epic scale since the industrial revolution in eighteenth century. Not only are petroleum and other resources accumulated over tens of millions of years nearly depleted, but the large volume of energy usage within a short time has also caused extreme changes in the global climate.

According to the Fourth Assessment Report of the UN Intergovernmental Panel on Climate Change (IPCC), warming in the last 100 years has caused about a 0.74℃ increase in global average temperature. The rate of warming is now higher than previous estimates.

In view of this, effective control of the byproducts from energy production (also an important factor in causing global climate change, i.e. Greenhouse Gases) has become a point of consensus for action among countries around the world. The Kyoto Protocol, established in 1997 and effective since 2005, is an expression from the world community on greenhouse gas reduction. Taiwan itself suffers serious environmental disasters almost every year related to climate change. Since Taiwan was unable to sign the Kyoto Protocol due to its unique standing in the international community, its citizens instead stood up support greenhouse gas reductions with their actions.

Based on the concept of being a leading global corporate citizen, ADLINK strongly supports the concept of being environmental friendly. **ADLINK has put in place specific measures towards the examination of its energy use in order to manage more efficient energy usage while developing various reduction actions.**

💧 Water resources

Since there is no need for water in production, all water used by ADLINK is for personal use. Since the company is located in a business park instead of on privately owned land, the recycling and reuse of water is difficult to gauge. Based on environmental limitations, ADLINK has thus far focused on saving water as its current water resource policy.

Water used by ADLINK is solely controlled by the Taiwan Water Corporation. Water discharge is completely authorized to the business park where the company is located and is centrally collected and processed.

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

• Taps fitted with water-saving devices
• Water dispensers changed to filtration systems, reducing amount of water used during purification by 2/3.
• Daily inspection of taps on each floor

ADLINK's total water consumption in 2011 was 9,896 kL. Water consumption in 2012, 2013, 2014 and 2015 were 10,178 kL, 10,182 kL, 10,940 kL ad 12,277 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 business park.

While water consumption has grown over the last three years, the increase was due to the growth in the number of employees. If the number of employees is taken into account, then average water consumption per person was 1.1187 L in 2013. This decreased to 1.1096 L in 2014 and then 1.0856 L in 2015. Actual water consumption per person has been decreasing every year. ADLINK's efforts on raising water-saving awareness have therefore proven effective.

▶ Per capita water consumption

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 purposes of this report,, all mentions of energy consumption are internal.

ADLINK solely uses electricity as its main source of power for production and corporate operations. The data shows that for the years 2011 to 2015, ADLINK's electricity consumption was 2,403,860 kWh, 2,726,559 kWh, 2,885,889 kWh, 3,188,457 kWh and 3,840,401 kWh respectively.

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

⚡ Determine actual electricity consumption

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

⚡ Reduce 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 thermostats set to no less than 25℃ . Energy-saving fans also installed to increase convection flow and reduce AC power consumption.
- In 2014 and 2015, 750 T8 lamps used for office lighting were replaced with energy-saving T5 lamps to save 149,160 kW of electricity each year.
- AC and lighting master switches installed for the office to prevent unnecessary power consumption outside of working hours.
- Personnel assigned to switch off unused power supplies during the lunch break and at the end of the work 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.

⚡ Avoid the use of energy-intensive equipment

- Replacement of existing office automation 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 to 2015, 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 and 2.0549 kW/pc, respectively.

Greenhouse gases mainly refer to the following: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N_2O), HFCs, PFCs, and SF6. The characteristics of greenhouse gases are that they can absorb infrared radiation, thus infrared radiation cannot pass to the space through the atmosphere, and as a result, heat is trapped in the atmosphere closer to ground, resulting in the constant increase of temperature at the earth's surface. Greenhouse gases are the main reason behind the greenhouse effect. Therefore, a reduction of greenhouse gas emissions is the most important issue for the world today.
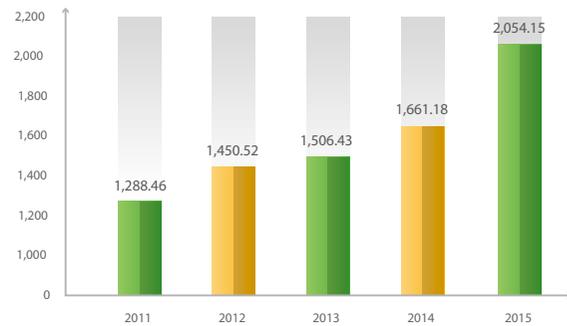
ADLINK actively supports greenhouse gas emission control with a cross-departmental execution and integration platform implemented through the Labor and Environmental Health and Safety Committee. ADLINK is currently examining its emissions of greenhouse gases and use this data as a standard to promote energy efficiency and carbon reduction plans in the future.

According to statistics up to December, 2015, the main source of direct greenhouse gas emissions at ADLINK was refrigerants used by AC and refrigerators. The types and quantities are listed below:

■ R22 ■ R134a

248,200 BTU 1,076g

ADLINK's main source of power is electricity so the main source of greenhouse gas emissions at ADLINK is indirectly produced during the generation of eternally purchased electricity used for operations and production. The indirect greenhouse gas emissions of ADLINK between 2011 and 2015 are listed in the following table:

▼ kWh x electricity emission coefficient / 1000 (units: tons of CO_2/year)

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

▼ greenhouse gas emission / produced quantity (units: tons of CO_2/pc)

In view of the above, ADLINK is devoted to optimizing energy usage efficiency and engaging in further regulating greenhouse gases. Collected data will be used as a standard for analysis. Through promotion and practice, the concepts of energy saving can be deeply rooted in all employees and it is hoped that solid results for contributing to the greening of the earth will be shown.
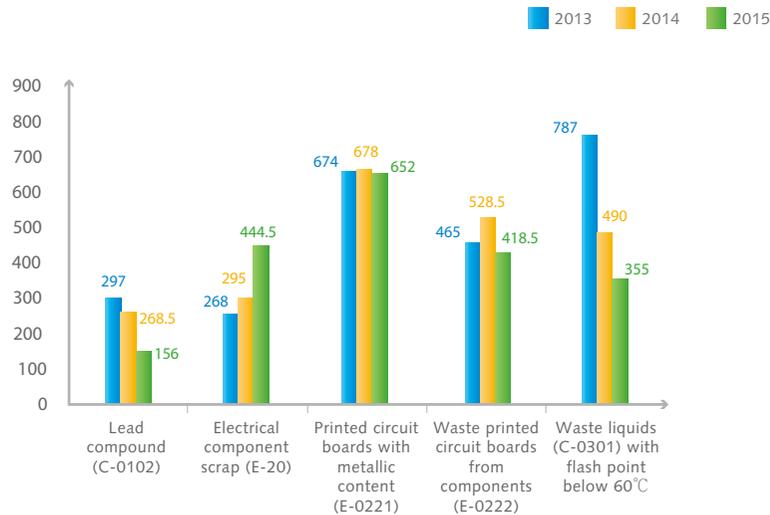
♻ Waste management policy

Waste management is based on the principle of "process reduction and resource recovery." Recycling is the preferred method of waste disposal. The recovery 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-2017), printed circuit boards with metallic content (E-0221), waste printed circuit boards in components (E-0222) and waste liquids (C-0301) with flash point below 60ºC. Recycling is important to ADLINK. Recyclable waste is collected and transported to a recycling contractor.
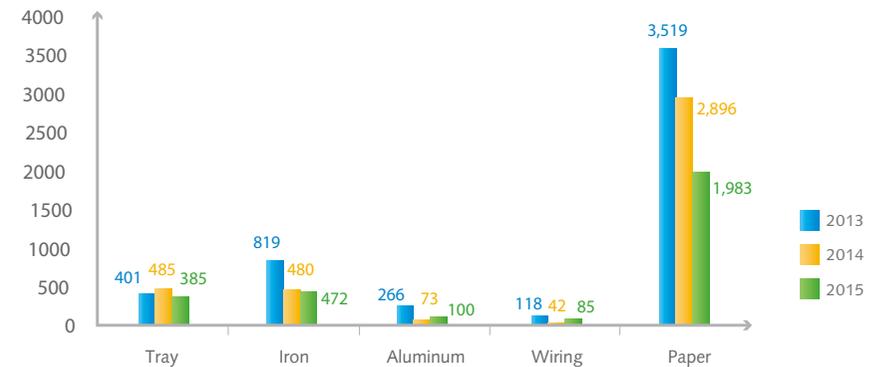
▼ Amount of reported industrial waste between 2013 to 2015 (units: kg)

🌲 Green packaging
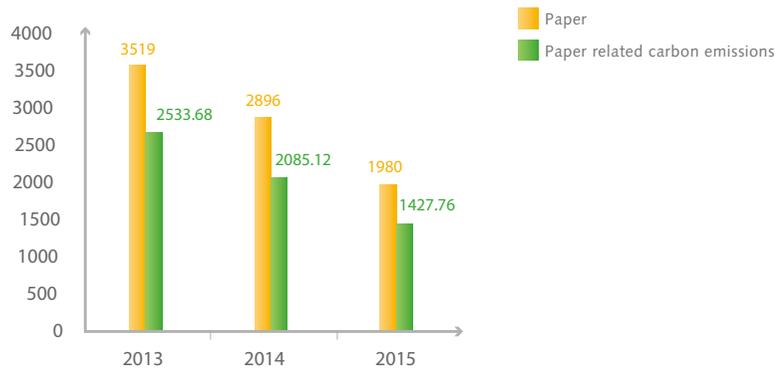
Green packaging must not only be safe, reliable and eco-friendly but must also be non-hazardous to human health, recyclable, reduce the burden on the environment and conserve resources. ADLINK's use of reusable static-proof boxes instead of cartons has gradually won customer acceptance and will be used more extensively. Packing materials used during transportation such as packaging, cartons and foam boards are also treated and then reused by ADLINK for product shipments. They are also regularly recycled and provided to upstream suppliers. The reuse of packaging materials helps recycle resources and reduce the cost of waste disposal. Carbon emissions from paper are also reduced.

▼ Amount of resources recycled between 2013 to 2015 (units: kg)

According to the Industrial Technology Research Institute, the carbon emissions of paper (cardboard) is 0.72kg of CO_2/kg.

▼ Carbon emissions from paper (7.20E-001/kg) between 2013 to 2015 (units: kg)

Legend: Paper / Paper related carbon emissions

Year	Paper	Paper related carbon emissions
2013	3519	2533.68
2014	2896	2085.12
2015	1980	1427.76

6.4 Green Products

ADLINK knows that the products and services provided by businesses can have a massive impact on the environment. We carefully consider the environmental aspects of each phase of the product life cycle including material selection, purchasing, R&D, design, manufacture, assembly, packing, transportation, use and recovery. We have nearly one thousand suppliers around the world and ADLINK hopes that they can all join us in contributing to the environment. Compliance alone is not enough. We must fulfill our social responsibility and work together to clean up the planet.

Green environmental policy

Hazardous substance management
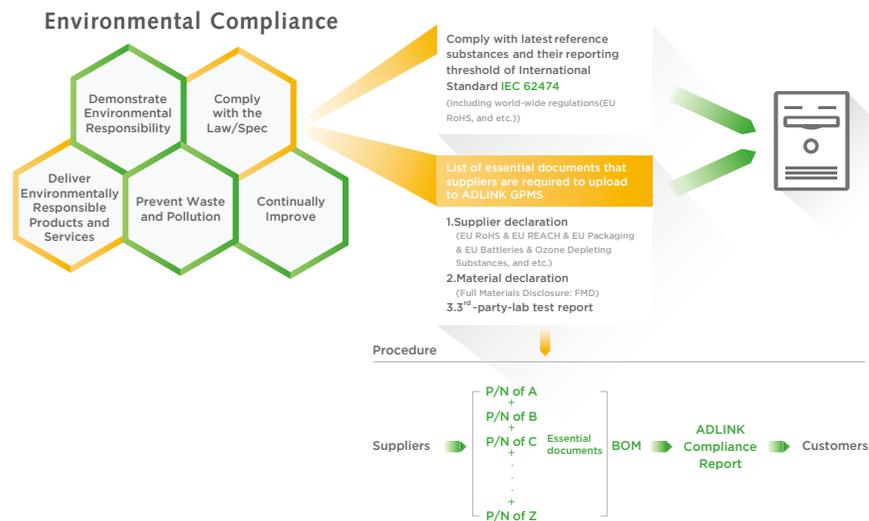
ADLINK complies fuly with the EU's RoHS Recast Directive (RoHS2 Directive 2011/65/EU), the latest EU REACH directive for substances of very high concern (SVHC), restrictions on hazardous substances and national regulations. Our environmental responsibility policy can be found on the ADLINK corporate website (http://www.ADLINKtech.com/about_ADLINK/Environmental.php?utm_source).

1. **EU Restrictions on the use of hazardous substances in electrical and electronic equipment (RoHS Directive)**
   All products shipped by ADLINK are 100%-compliant with the hazardous substance thresholds set by the EU RoHS Directive (2002/95/EC, 2011/65EU) and

there have been no returns for RoHS violations. ADLINK also reminds suppliers to be ready for the EU RoHS Directive (2015/863/EU) that will take effect in 2019. Suppliers have been advised to reduce the level of emulsifiers such as DEHP, BBP, DBP and DIBP covered by the RoHS directive in their production or processes. Alternative substances should also be found.

▼ Using the Green Product Management System (GPMS) for hazardous substance management ensures that products shipped by ADLINK conform to international regulations and customer requirements.

Environmental Compliance

Demonstrate Environmental Responsibility

Comply with the Law/Spec

Deliver Environmentally Responsible Products and Services

Prevent Waste and Pollution

Continually Improve

Comply with latest reference substances and their reporting threshold of International Standard IEC 62474 (including world-wide regulations(EU RoHS, and etc.))

List of essential documents that suppliers are required to upload to ADLINK GPMS
1.Supplier declaration (EU RoHS & EU REACH & EU Packaging & EU Battleries & Ozone Depleting Substances, and etc.)
2.Material declaration (Full Materials Disclosure: FMD)
3.3rd-party-lab test report

Procedure

Suppliers → P/N of A + P/N of B + P/N of C + . . . + P/N of Z → Essential documents → BOM → ADLINK Compliance Report → Customers

2. EU policy on chemicals (REACH)

REACH (Registration, Evaluation, and Authorization of Chemicals; No 1907/2006/EC) is an EU directive for integrated management of chemical substances entering EU territory. REACH uses registration, assessment, authorization and disclosure to control the use and importation of chemical substances. To comply with requirements set by Article 33 of REACH, when a product's content of Substances of Very High Concern (SVHC) exceeds 0.1% (w/w) then consumers must be provided with information on the product's SVHC content. ADLINK has therefore required suppliers to provide parts and components that comply with the latest SVHC candidate list published on the EU ECHA website (http://echa.europa.eu/candidate-list-table, 168 substances listed at the end of 2015), Annex XVII of REACH List of Restrictions (http://echa.europa.eu/addressing-chemicals-of-concern/restrictions/substances-restricted-under-reach), or Annex XIV of REACH Authorization List (http://echa.europa.eu/web/guest/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list). Different rules apply on the concentration limits for SVHC (maximum concentration of 0.1%, 1000ppm), Annex XVII of REACH List of Restrictions (various concentration limits) and Annex XIV of REACH Authorization List (may not be used without EU authorization). If any of the above limits are exceeded, the supplier is required by ADLINK to provide the SVHC, Restrictions, Authorization and concentration (ppm) used for that part number (P/N). The supplier is also asked to provide ADLINK with a test report for that hazardous substances produced by an independent third-party laboratory as proof. Suppliers are encouraged to reduce and eliminate the use of these chemicals as soon as possible.

Green management system

This management system is used to integrate related internal/external units and suppliers for the effective communication, tracking and management of environmental requirements.

1. **Environmental Compliance Network**

    The Environmental Compliance Network is ADLINK's information platform for communicating internal green policy, the latest environmental regulations, work instructions for key environmental regulations, templates for declarations on key environmental regulations, links to the Green Product Management System (GPMS), and frequently asked questions (FAQ). It can be queried at any time by the relevant internal ADLINK departments.

2. **Green Product Management System (GPMS)**

    Between Q4 of 2015 and the first half of 2016, ADLINK worked to optimize the Green Product Management System (GPMS) software. The upgrade is expected to go live in Q3 of 2016. GPMS is a critical information system used for reviewing the environmental specifications of products and parts. The management system is designed to prevent parts that don't comply with environmental requirements from being used in products. The optimization of GPMS allows the latest reference substances and concentration thresholds of IEC 62474 (including EU RoHS, REACH and other national regulations) as well as other standards such as POPs, Packaging, Battery, Norway POHS, Denmark Phthalate, and Canada Hg to be loaded into the GPMS regulatory database. At the same time, ADLINK requires suppliers to provide three types of technical documentation (Supplier Declaration, Material Declaration and 3rd-Party Lab Test Report) in accordance with the RoHS 2.0 harmonization standard EN 50581:2012. The Material Declaration provided by the supplier is then compared to the concentration thresholds set by the

regulations and directives loaded into the GPMS to check for compliance. This ensures that products with the EU CE Mark satisfy the control requirements.

3. **Environmental compliance audit and annual supplier evaluation**

    To ensure that parts from suppliers are Hazardous Substance Free (HSF), ADLINK added environmental audit requirements to ISO documentation in accordance with the IECQ QC 080000 green process management guidelines at the end of 2015. New suppliers and existing approved suppliers now undergo annual supplier evaluations as well. ISO document updates included:

    - RPO-06-03-2.0 Supplier Information Form.
    - RPO-06-01-2.1 Assessment of Manufacturing Supplier.
    - RPO-001-02-2.1 Assessment of Non-Manufacturing Supplier.
    - RPO-001-06-2.0 Scoring Guidelines for Retaining Suppliers.
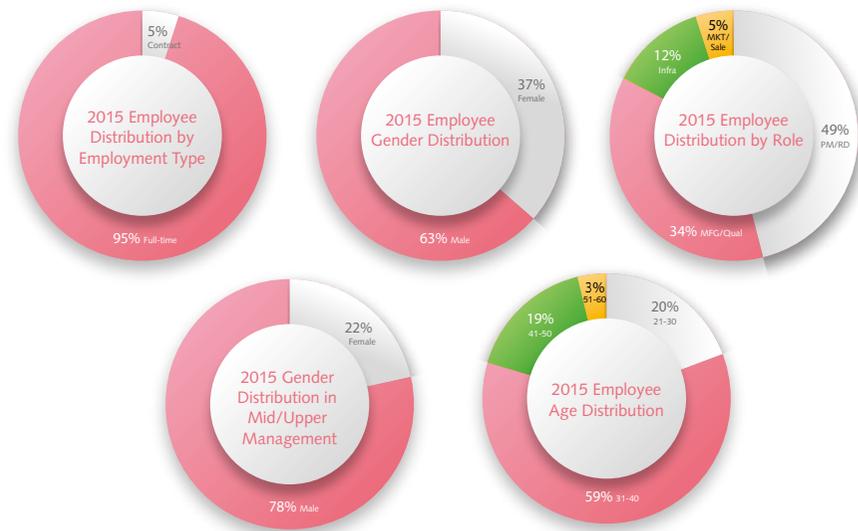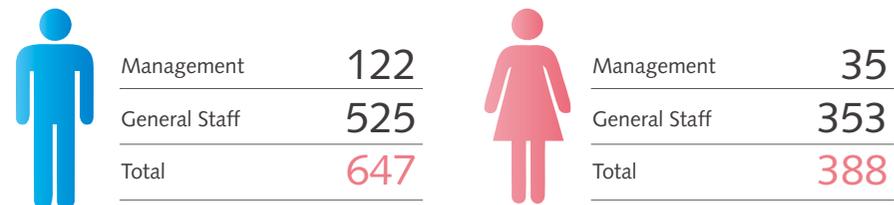
Optimum Workplace

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

ADLINK follows the principles of employment diversity and equality. Human resource requirements are set based on the business targets for each year. Recruitment is carried out in accordance with local labor regulations as part of our globalization strategy. Outstanding employees around the world are recruited based on "putting the right people and skills in the right position" regardless of ethnicity, gender, religion, race or political affiliation. No child labor is employed for any form of economic activity. ADLINK provides a diverse and equal work environment. 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.

Once a company reaches the phase of mature competition, the key to success then includes not only continued improvements in its core specialty, but also its own corporate culture. ADLINK therefore works aggressively towards building a learning organization where employees can grow together with the company and engage in the pursuit of excellence. The readiness to meet any challenge and difficulty as well as a focus on problem solving against a backdrop of globalized competition means that when a new opportunity arises, ADLINK is always ready to catch the latest wave and surge ahead. To succeed against global competition and become a benchmark enterprise, we need outstanding employees who embrace the cultural values of

Learning/Passion/Communication (LPC) espoused by ADLINK. These cultural values also ensure that everyone in the company is working in harmony, and are included in the declarations by executives at the annual strategy meeting (AOM) as well as being discussed in the "New ADLINKER" company publication.

▼ 2015 ADLINK Human Resources in Taiwan

	Male		Female
Management	122	Management	35
General Staff	525	General Staff	353
Total	647	Total	388

2015 Employee Distribution by Employment Type
- 5% Contract
- 95% Full-time

2015 Employee Gender Distribution
- 37% Female
- 63% Male

2015 Employee Distribution by Role
- 5% MKT/Sale
- 12% Infra
- 49% PM/RD
- 34% MFG/Qual

2015 Gender Distribution in Mid/Upper Management
- 22% Female
- 78% Male

2015 Employee Age Distribution
- 3% 51-60
- 19% 41-50
- 20% 21-30
- 59% 31-40

7.2 Balance in Work and Life - Diverse Activities

The core values of ADLINK are "Integrity & Commitment, Excellence & Expertise, Friendly Competition, and Enjoying Work." Employees cannot only find personal development and fulfillment through completing assignments and carrying out projects. A wide variety of activities are also organized to help employees find a balance between work and life by providing a more active, diverse and multi-faceted workplace. We believe this helps employees unleash their creativity and passion at work. It also builds rapport by creating more channels for communication and interaction between employees and the company.

Teambuilding

The growing organization means that in addition to using regular processes to maintain working relationships and communication channels between departments, ADLINK is also using experience-based team building activities to build consensus within departments as well as boost familiarity between departments. Team building activities help employees discover another side of each other away from work. The demonstration of energy and morale at ADLINK during the events also builds up loyalty to the company. A total of four team building classes were held in 2015.

These involved five product business units, two R&D centers, one manufacturing management office and more than 500 employees.

Sports carnival

The sports carnival allows ADLINK to communicate the concepts of extreme excellence and victory to employees. Eight teams were formed to let employees demonstrate their sporting abilities and encourage positive competition. Employees' families were also invited to take part in fun family challenges and crafts workshops. This not only promoted the importance of healthy exercise but also allowed employees' families to take part in ADLINK activities. The sports carnival included the following employee competitions: creative entry, unison skipping rope, street basketball, team relay, mission jigsaw, and balloon popping. Every event highlighted the energy and determination of ADLINK employees.

Local and international travel

ADLINK places great importance on employee leisure activities. One- and two-day local holidays and international employee holidays 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 schedules.

Festivals and physical activities

The hosting of festival-themed activities enriches the lives of ADLINK employees. The "Winter Solstice Gathering and ADLINK Talent Show" held in 2015 uncovered hidden talents within the company. Employees also gathered for a festive sharing of hot treats on the evening of the Winter Solstice, which warmed their hearts as well. ADLINK also hosts physical activities throughout the year with cash prizes to encourage employee participation. Apart from improving employee fitness and stress relief, participating in physical activities boosted team spirit within the departments and promoted a spirit of camaraderie where everyone works toward a common goal.

Club activities

ADLINK encourages employees to form clubs for their hobbies. There are now 13 company sports, arts and culture clubs for swimming, softball, basketball, badminton, coffee & dessert, yoga, robotics, Zen studies, table tennis, cycling, tea, billiards and jogging. Employees not only fulfill their hobbies through the club but also socialize with each other through club activities.

7.3 New ADLINKer

ADLINK believes that effective channels of communication enhance employee loyalty and identification with the company. Apart from ensuring that employees understand the state of the company, a networking platform is also needed to let employees express themselves as well as communicate and bond with each other. This led to the creation of New ADLINKer, a publication dedicated to ADLINK employees.

The New ADLINKer is currently published every six months and includes content covering 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. This information is clearly described in the New ADLINKer publication and communicated internally to employees, allowing them to receive consistent information and work towards a common goal.

In 2014, ADLINK determined that its goal of becoming an A-Class Company requires not only solid skills but also soft power. Therefore, the reporting focus of New ADLINKer became soft skills based around Learning, Passion and Communication. In the publication, ADLINK Chairman Jim Liu said, "Everyone can see in the ADLINK logo ... three gaps in the letter A over planet Earth. They represent the soft powers we need build on. ... These three soft powers will determine whether ADLINK can become an A-class company." In 2015, ADLINK began emphasizing the building of a team and corporate culture based around "Extreme Excellence" as part of the continued push to become an A-class company. The 3R principle (Robustness, Reliability & Readiness) became the yardstick for measuring product competitiveness. Jim Liu explained in the publication, "3R is a standard created in response to actual requirements. It is used to determine the competitiveness of a product. It is also a tangible expression of ADLINK's value proposition to customers."

Other themes in the publication include annual company events, important policy announcements, department profiles, new product descriptions, holiday activities, ADLINK Foundation charity events, and employees' personal stories such as insights from business trips, life experiences, holidays, and hobbies. 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.

ADLINK also hopes to provide employees' families with a more direct and complete understanding of the company through New ADLINKer. Every issue is mailed directly to employees' homes so their families can receive first-hand information from the company and gain a true appreciation of their family member's workplace. The increased support and encouragement from their families allow employees to concentrate fully on the job they love.

7.4 Employee Participation - Learning Resources

ADLINK provides a variety of learning resources to help employees acquire the knowledge and skills they need for their work. Apart from company learning programs, senior mentors in each department are also assigned to help familiarize employees with skills, processes and systems.

Type	Content
New Employee	Structured course to introduce new employees to the company and help them adapt to their work. Sample Content: introduction to the company, new employee lecture, and new employee guidance.
General Knowledge	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. Sample Content: occupational safety and health training, failure mode and effect analysis, sexual harassment prevention.
Management Personnel	Equip managers with the management skills for their level. Examples include basic management course, mid-level management course, and executive forums.
Technical Skills	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.
Production Line Workers	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.
Specialist Personnel	Education and training for specialists as determined through hazard identification. Sample Content: training on working with chemicals and forklift operator training to ensure and maintain the health and occupational safety of workers.

In addition to existing structured 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. Examples included the middle management course and English course offered from 2014 to 2015.

Mid-level management course

The 2014-2015 mid-level management training framework used a series of courses covering team motivation, target communication and performance management, interview skills for recruiters, problem analysis and decision making, effective and precise communication skills to cultivate the management know-how and skills of managers. Each course included coursework and role play to validate the learning results. The goal was to enhance the leadership and management skills of mid-level managers.

Attitude – Behaviour - Capabilities

Top-level executives — Strategic planning, corporate vision and culture, crisis management, leading change, innovation capability

Mid-level managers — Goal management, talent utilization capability, communication and coordination, team motivation, performance guidance

Low-level supervisors — Role responsibilities, basic management ability, work efficiency enhancement, problem analysis and resolution

English course

The cultivation of English proficiency has become increasingly important due to the globalization of ADLINK. Students are split into different streams based on proficiency and interest. Structured English classes and work-related assessments are used to boost English skills.

e-Learning

In addition to physical classes, e-learning courses are also used to provide students with flexibility in learning. As of 2015, 110 e-learning courses have been uploaded including new employee and technical skills courses with more courses continually being added.

7.5 Labor Relations Meetings and Welfare Committee Activities

Harmonious labor relations for business sustainability

DLINK believes that teamwork is the cornerstone of quality and efficiency. Though ADLINK has continued to grow and expand since its beginnings, we use various methods to try to maintain open channels of internal communication so that employees can express and receive feedback on their expectations of the company.

① **Labor relations meetings:** The law requires companies without a union to host labor relations meetings. Employer and employee representatives attend the meeting to learn about the company's current operations and engage in mutual communication. Topics discussed at the labor relations meeting include labor relations, promoting employer-employee cooperation, working conditions, workers' benefits, and productivity improvements. Company finances, business activities and benefits, health and safety are also covered. Labor relations meetings are convened by ADLINK on a regular basis in accordance with the law. The meeting minutes are also provided to all employees for their reference.

② **Communication meetings:** To keep all employees up to date on ADLINK's recent accomplishments, the short/medium/long-term prospects and development strategy, an annual strategy meeting is convened every year. Though the name may vary each year due to circumstances, the meeting generally involves executives explaining 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. For new employees, a new employee forum is also held after they have been with the company for three months. Direct face-to-face communication with new employees is used to 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.

③ **Suggestion box:** In addition to the above two channels, ADLINK places employee suggestion boxes in convenient locations throughout the workplace. All employees can there use this method to submit questions or suggestions. Submissions are processed and sorted by a dedicated unit to ensure employees' voices and suggestions can reach the appropriate units and be answered.

As shown above, we encourage employees to face and deal with issues in a positive manner in order to promote employer-employee communications. ADLINK is committed to cultivating harmonious labor relations in order to create a better working environment.

Employee Welfare Committee Activities

Maintaining the health of employees protects the company's most important asset. An Employee Welfare Committee was therefore established ADLINK to this end. The hosting of various activities boosts employee loyalty while also balancing their work and family life.

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 the absence of sickness or handicap. ADLINK adheres to this principle by striving to work with all employees to create a safe, friendly and healthy workplace and makes it its mission and commitment.
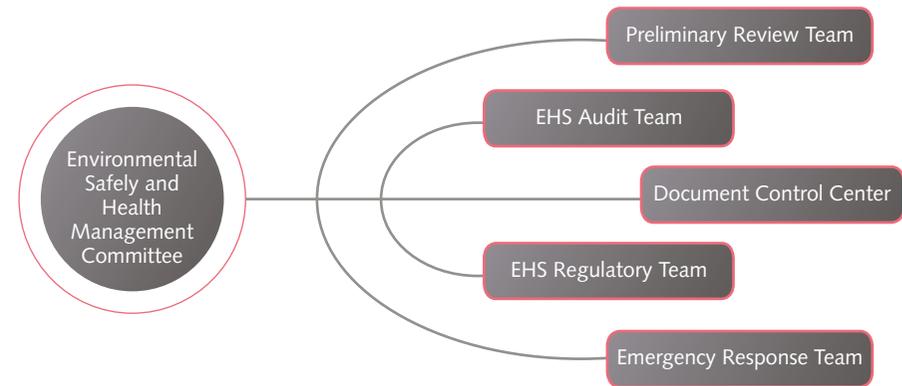
ADLINK believes that only healthy employees can generate quality, creativity, efficiency and profits for the company. Only a healthy workplace can bring employees joy, health and achievement. Employees are therefore not just the most important company asset but part of the ADLINK family. The ADLINK family hopes to become a source of support, peace and trust for every ADLINKer.

◎ Establishment of dedicated unit to implement communication mechanism

ADLINK promises to maintain the highest environmental, safety and hygiene standards as part of company's core values, while providing the required support to implement work procedures for environmental safety and hygiene (ESH). The fulfillment of ESH responsibilities stems from ADLINK's recognition that environmental protection as well as maintaining the safety and health of workers requires joint effort. ADLINK is dedicated to continue making improvements to ESH performance in order to ensure the safety and hygiene of the workplace and achieve the goal of sustainable development.

An Occupational Safety and Health Committee was established by ADLINK in accordance with the law and 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. Employee representatives make up more than one-third of the Committee as required by law.

◎ Enforcing safety and health management practices

☑ Accident-free performance in labor safety and health

ADLINK formally joined the zero-accident network in August 2016. Zero-accident work hour records are submitted every month. As of April 2016, the joint efforts of the company and all employees have so far accumulated more than 6,250,000 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

Under ADLINK's emergency response framework,, 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.

☑ Chemical spill response

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 spills 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 are 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 and 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 2014, 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.
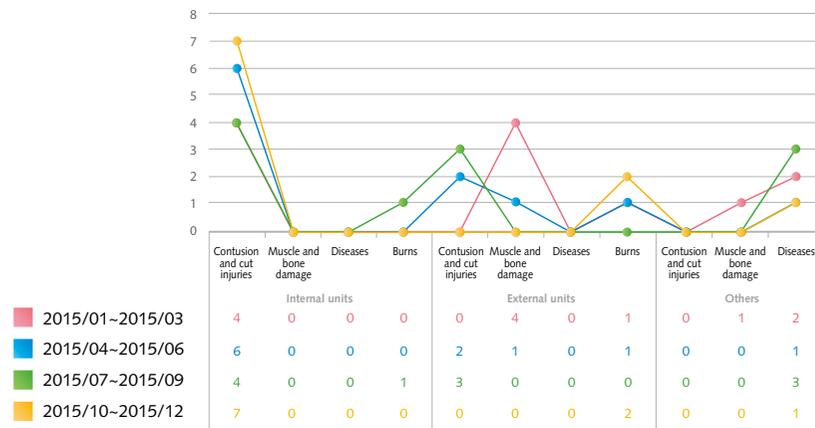
Health examinations

(1) Health promotion and caring

• Infirmary

ADLINK has established a medical Infirmary with pleasant and private surroundings that provides employees with place to rest should they become ill at work. The clinic is also equipped with a refrigerator, scale, medical kit and Automated External Defibrillator (AED).

▼ Frequency of employee injuries and illness in 2015

	Internal units				External units				Others		
	Contusion and cut injuries	Muscle and bone damage	Diseases	Burns	Contusion and cut injuries	Muscle and bone damage	Diseases	Burns	Contusion and cut injuries	Muscle and bone damage	Diseases
2015/01~2015/03	4	0	0	0	0	4	0	1	0	1	2
2015/04~2015/06	6	0	0	0	2	1	0	1	0	0	1
2015/07~2015/09	4	0	0	1	3	0	0	0	0	0	3
2015/10~2015/12	7	0	0	0	0	0	0	2	0	0	1

• AED education and training

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, complemented by visual aids. It's as simple as a "point-and-shoot" camera so people also refer to it as a "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 takes the form of the heart suddenly stopping. Electric shocks can restore the heart to beating normally. Literature shows that in cases where acute arrhythmia causes the heart to stop beating, application of defibrillation within 1 minute can result in a survival rate as high as 90%. Every minute of delay reduced survival rate by 7 to 10%. The survival of the patient is therefore a race against time. In future, ADLINK will continue to implement AEDs at all work sites to bring emergency assistance to the scene. This will hopefully help created a safe and healthy living environment for all employees.

• On-site service by occupational medicine specialist

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 in conducting an inspection of the factory environment as part of the occupational disease prevention and workplace improvement plan.

• Health services provided by occupational health nurse

ADLINK's occupational health nurse uses one-on-one interviews, telephone consultations and the health consultation mailbox to provide employees with relevant health information. Apart from providing employees with health education and referrals from a professional perspective, they can also help sick and injured employees with first aid and preliminary treatment. If emergency care is necessary, they also accompany the employee to the hospital as well as provide follow-up support in order to satisfy employee health needs.

• Health notice board

Occupational health nursing personnel update the health notice board as necessary. The contents of the notice board cover health promotion, prevention and treatment of infectious diseases, and health updates. It provides employees with a wide range of health information.

• Health examination

ADLINK organizes an executive health examination and special operations health exam (e.g. for those working with radiation, noise and designated chemicals) every year. All employees also undergo a health exam once every two years.

▼ ADLINK investments and expenditures on environmental protection and health from 2013 to 2015 (units: NTD)

Items	2013	2014	2015
Workplace testing	39,492	42,000	44,000
Waste disposal	69,686	83,996	89,589
Factory physician	39,000	39,000	39,000
Health examinations	561,850	682,500	1,395,750
Water quality testing	10,080	10,080	15,200
ISO 14001 management system certification costs	76,021	147,329	97,713
OHSAS 18001 management system certification costs	75,372	75,602	127,350

E-mail is used to provide personalized health support and education information based on the results of employees' health reports.

• Health seminars

ADLINK often hosts expert seminars with professional physicians invited to talk about the latest health developments and general knowledge. In response to needs from employees, those whose health exams found serious anomalies receive follow-up care and support. A variety of health seminars are used to convey proper self-healthcare concepts. Employees are also encouraged to take everyday health seriously and practice health management. Regular follow-ups are also set up for employees. Interesting and practical seminars are often held again at employees' request. Employees also learned that taking everyday health seriously is the best way to avoid ill health.

▼ Attendance at health seminars in 2015

Relieve your stress	11
How to deal with shoulder and neck soreness	11
Health is not only about numbers (1)	54
Health is not only about numbers (2)	51

• Cultivation of corporate sporting culture

ADLINK organizes group physical activities at various times. For the "Street Run", employees can simply change their clothes after leaving work to get started. There is no special requirement and the different themes made employees fall in love with running. This helped cultivate the habit of running regularly and made running a trend at ADLINK. A total of 5 street runs were held in 2015. A total of 180 employees took part and the Street Run event helped them discover their sporting potential. Positive peer encouragement continued to build up during the run itself. You might be able to run very fast by yourself but at ADLINK, our emphasis is running as a group because you can run for a long time and not feel lonely. This is the team power that ADLINK swears by.

(2) Prevention of infectious diseases

Face masks are available at the main reception desk. They are available to any ADLINK employee that needs them. The occupational health nurse also monitors domestic and international health alerts, provides employees with quarantine information, and puts up various health education posters throughout the work area. A flu vaccination event was held on December 8, 2015, in conjunction with the health clinic. 36 employees were vaccinated on the day. Employees going on business trips are provided with a sheet on the local quarantine situation and an appropriate number of masks that they can use during the trip.

GRI Content Index

The following indicators are in reference of principles and structures of G4 Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI) and which corresponds to this report content.

	GRI G4 Index	Corresponding section of this report	Page number	Remarks
		General standard disclosure		
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization	Foreward from the Chairman	3	
	G4-2	Key Impacts, Risks and Opportunities	Foreward from the Chairman	3	
Organizational Profile	G4-3	Name of organization	Corporate Overview	9	
	G4-4	Main brands, products and service	Corporate Overview	9	
	G4-5	Location of the organization's headquarters	Corporate Overview	11	
	G4-6	The countries where the organization operates	Corporate Overview	11	
	G4-7	Nature of ownership and legal form	Corporate Overview	11	
	G4-8	Markets served	Corporate Overview	12	
	G4-9	Scale of the organization	Corporate Overview Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	11 72	
	G4-10	Total number of employees by employment contract, region and gender	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	
	G4-11	Percentage of total employees covered by collective bargaining agreements	Participation in Labor Relations Meetings and Welfare Committee Activities	74	
	G4-12	Organization's supply chain	Supply Chain Management	36	
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain	Message to Our Interested Parties	4	PrismTech acquired by ADLINK in 2015
	G4-14	Organization's precautionary approach or principle	Corporate Risk Management	24	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes to	Association and Guild Memberships	13	
	G4-16	List members of associations and advocacy organizations	Association and Guild Memberships	13	

	GRI G4 Index	Corresponding section of this report	Page number	Remarks
Identified Material Aspects and boundaries	G4-17	List all entities included in the organization's consolidated and financial statements	Corporate Overview	12	
	G4-18	Process of defining the report content and Aspect Boundaries	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-19	List of material aspects	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-20	The boundary of material aspects within the organization	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-21	The boundary of material aspects outside of the organization	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-22	The effect of any restatements of information provided in previous reports, and the reason for such restatements	Message to Our Interested Parties	7	No change
	G4-23	Significant changes from previous reports	Message to our Interested Parties ADLINK Corporate Social Responsibility Management Committee	7 25	The theme for 2015 is "Energy conservation and carbon reduction"
Interested Parties' Engagement	G4-24	Interested parties engaged by the organization	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-25	Stakeholder Identification and Selection	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-26	Approach to stakeholder engagement	Interested Parties' Areas of Concern and Communication Channels	27	
	G4-27	Key topics and concerns raised by interested parties, and how the organization has responded	Interested Parties' Areas of Concern and Communication Channels	27	
Report Profile	G4-28	Reporting period	Message to Our Interested Parties	7	
	G4-29	Date of most recent previous report	Message to Our Interested Parties	7	First published in 2013
	G4-30	Reporting cycle	Message to Our Interested Parties	7	
	G4-31	Provide the contact point for questions regarding the report or its contents	Message to Our Interested Parties	7	
	G4-32	"In accordance" option chosen by the organization and external assurance report	Message to Our Interested Parties	7	
	G4-33	External assurance policy and current practice			External assurance was not carried out for this report
	G4-34	The governance structure of the organization, including committees of the highest governance body	Board of Directors ADLINK Corporate Social Responsibility Management Committee	18 25	

Governance	G4-38	The composition of the highest governance body and its committees	Board of Directors	15	
	G4-39	Whether the Chair of the highest governance body is also an executive officer	Board of Directors	15	
	G4-40	The nomination and selection processes for the highest governance body and its committees, and whether the nomination criteria considers diversity, independence, expertise and experience	Board of Directors	15	
	G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental	Board of Directors	15	
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Board of Directors	15	
	G4-51	The remuneration policies and distribution principle for the highest governance body and senior executives	Dividend Policy and Distribution	23	
	G4-52	The process for determining remuneration. If remuneration consultants are involved are they independent of management	Remuneration Committee	23	
	G4-53	How stakeholders' views are sought and taken into account regarding remuneration	Remuneration Committee	23	
Ethics and Integrity	G4-56	The organization's values, principles, standards and norms of behavior	Core Values and Code of Ethics Code of Ethics and Business Engagement	28	

Specific Standard Disclosures (Economic Aspects)

Economic Performance	G4-EC1	The direct economic value generated and distributed by the organization	Business Performance and Expectations	12	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	Business Performance and Expectations	12	
Market Presence	G4-EC5	Ratios of standard entry level wage compared to local minimum wage at significant locations of operation			ADLINK's lowest wage exceeds the statutory minimum wage
Procurement Practices	G4-EC9	Proportion of spending on local suppliers	Supply Chain Management	36	

Specific Standard Disclosures (Environmental Aspects)

Energy	G4-EN3	Energy consumption within the organization	Energy Conservation and Carbon Reduction	63	
	G4-EN4	Energy consumption outside of the organization	Energy Conservation and Carbon Reduction	63	
	G4-EN5	Energy intensity	Energy Conservation and Carbon Reduction	63	
	G4-EN6	Reduction of energy consumption	Energy Conservation and Carbon Reduction	63	
	G4-EN7	Reductions in energy requirements of products and services	Energy Conservation and Carbon Reduction	63	
Water	G4-EN8	Total water withdrawal by source	Energy Conservation and Carbon Reduction	63	
	G4-EN9	Water sources significantly affected by withdrawal of water			ADLINK uses tap water so water sources not affected by water withdrawal
	G4-EN10	Percentage and total volume of water recycled and reused			ADLINK does not engage in the recycling and reuse of water
Emissions	G4-EN15	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Energy Conservation and Carbon Reduction	63	
	G4-EN16	Energy Indirect Greenhouse Gas (GHG) Eemissions (Scope 2)	Energy Conservation and Carbon Reduction	63	
	G4-EN17	Other Indirect Greenhouse Gas (GHG) emissions (Scope 3)	Energy Conservation and Carbon Reduction	63	
	G4-EN18	Greenhouse Gas (GHG) emissions intensity	Energy Conservation and Carbon Reduction	63	
	G4-EN20	Emissions of ozone-depleting substances (ODS)			ADLINK produces no emissions of ODS
	G4-EN21	NOx, SOx and other significant air emissions			ADLINK has no significant air emissions
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	Energy Conservation and Carbon Reduction	63	
	G4-EN23	Total weight of waste by type and disposal method	Pollution Management	49	
	G4-EN24	Total number and volume of significant spills		59	There were no significant spills between 2014 ~ 2015
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Pollution Management	49	
Compliance	G4-EN29	Total fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations	Code of Ethics and Business Engagement	28	
Overall	G4-EN31	Total environmental protection expenditures and investments by type	Energy Conservation and Carbon Reduction	63	
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain Management	36	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supply Chain Management	36	

Specific Standard Disclosure (Social Aspect - Labor Practices and Decent Work)

Category	Code	Description	Reference	Page	
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	
Employment	G4-LA2	Benefits that are provided to full-time employees only by significant locations of operation	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	
Employment	G4-LA3	Return to work and retention rates after parental leave, by gender	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in occupational health and safety committee	Providing a safe and healthy workplace	65	
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Providing a safe and healthy workplace	65	
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employment category	Employee Participation - Learning Resources	75	
Training and Education	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employee Participation - Learning Resources	75	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees by indicators of diversity	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Supply Chain Management	36	
Supplier Assessment for Labor Practices	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supply Chain Management	36	

Specific Standard Disclosures (Social Aspect - Human Rights)

Category	Code	Description	Reference	Page	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	Code of Ethics and Business Practices	28	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	48	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Code of Ethics and Business Practices	28	
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken by the organization	Diversity and Equality in Employment - Creating an Outstanding Globalized Workplace	72	

Category	Code	Description	Reference	Page	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain Management	36	
Supplier Human Rights Assessment	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supply Chain Management	36	

Specific Standard Disclosures (Social Aspect - Society)

Category	Code	Description	Reference	Page	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Code of Ethics and Business Engagement	28	
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	Code of Ethics and Business Engagement	28	
Anti-corruption	G4-SO5	Confirmed incidents of corruption and actions taken	Code of Ethics and Business Engagement	28	
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices, and their outcomes	Code of Ethics and Business Engagement	28	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Code of Ethics and Business Engagement	28	
Supplier Social Impact Assessment	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supply Chain Management	36	
Supplier Social Impact Assessment	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supply Chain Management	36	

Specific Standard Disclosures (Social Aspect - Product Responsibility)

Category	Code	Description	Reference	Page	
Occupational Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Green Products	67	
Occupational Health and Safety	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Code of Ethics and Business Engagement	28	
Occupational Health and Safety	G4-PR5	Results of surveys measuring customer satisfaction	Customer Service	33	
Marketing Communications	G4-PR6	Sale of banned or disputed products	Code of Ethics and Business Engagement	28	
Marketing Communications	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, by type of outcomes	Code of Ethics and Business Engagement	28	
Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, by type of outcomes	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Code of Ethics and Business Engagement	28	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Code of Ethics and Business Engagement	28	

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