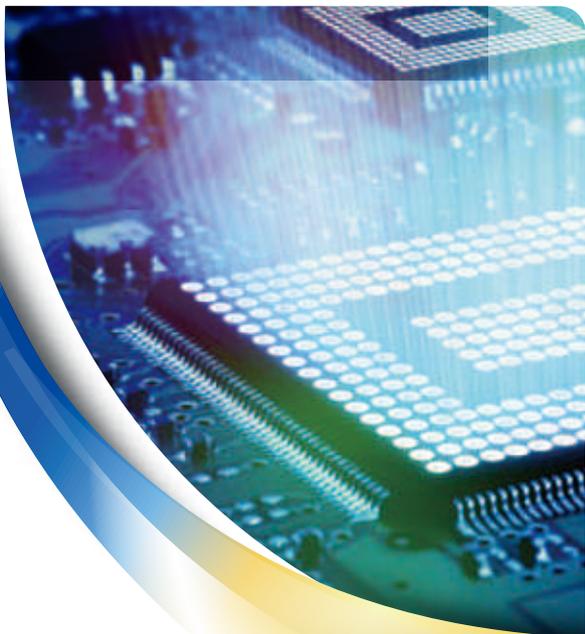


**Unimicron**  
欣興電子股份有限公司



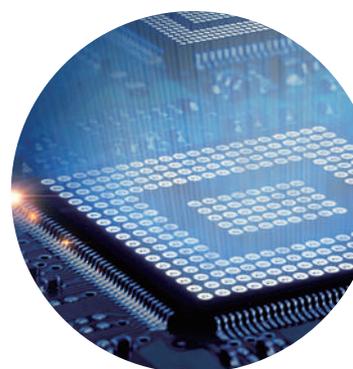
# 2016 CSR

Corporate Social  
Responsibility Report



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# About this Report

Welcome to the 2016 Corporate Responsibility Report of Unimicron Technology (hereinafter referred to as Unimicron). This year, the CSR Report of Unimicron explains our sustainability commitments, targets, management and performance to all stakeholders with the same cautious attitude from aspects of the Company's management and governance, value chain management, relation with the customers, employees and society.

## Reporting Period

The information in this report covers Unimicron's various performance information, such as CSR targets and commitments, critical issues, managerial guidelines, and responsive and action plans for the 2016 fiscal year (from Jan 1st to Dec 31st).

For the sake of consecutively, timely and fully presenting some of the issues, information from Q1 of 2017 will also be presented. We plan to publish the CSR Report periodically every year. The publication date of the next CSR Report is August 2018.



## Report Boundary and Scope

The boundary of the report includes Unimicron's plants in Taiwan and mainland China; the number of employees and revenues covered in such boundary account for more than 90% of Unimicron's total number of employees and consolidated revenue. Please refer to Unimicron's 2016 Annual Report for relevant information.

Country	Region	Operation Site
Taiwan Plants	Taoyuan	Shanying Plant, Luchu Plant, Hejiang Plant and Chungyuan Plant
	Hsinchu	Hsinfeng Plant, Renyi Plant
Other Operating Entities in Taiwan	Taoyuan	Unifresh Farm, Qun Hong Technology Inc.
Mainland Plants	South China	Unimicron Technology (Shenzhen) Corp.
	East China	Unimicron Technology (Kunshan) Corp., Unimicron-FPC Technology (Kunshan) Inc., Unimicron Technology (Suzhou) Corp.



## Explanation of the Representations of Subjects

For the sake of the convenience of narration and enhancing readability, "Unimicon" and "We" are used in this report to express "Unimicon Technology Corporation". "Taiwan Plants" represent the various plants in Taoyuan and Hsinchu, and Qun Hong Technology Inc.; "Mainland Plants" represent the plants in South and East China.

## Options Followed by and Assurance of the Report

This report was prepared in accordance with G4 Sustainability Reporting Guidelines of The Global Reporting Initiative (GRI). SGS-Taiwan Limited (SGS-Taiwan) also carried out the external assurance, confirming that the entire report has met the requirements of G4 Core Options, and Type 2 Moderate Assurance Level of Accountability of AA1000 Assurance Standards.

Should you have any comments on the 2016 Unimicon CSR Report, please do not hesitate to contact the Secretariat of Corporate Sustainability Committee using the following methods:

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# Statement from the Chairman

For those who care about Unimicron, welcome to our CSR Report published this year.

From the aspects of respecting humanistic management and protecting the planet, Unimicron believes that the sustainability that we are pursuing shall be built on 3Ps, namely “loving the Planet, respecting People, and pursuing Performance”. Based on this culture and Unimicron’s seven sustainability commitments, we have continuously improved our corporate constitution, captured business opportunities, and increased our social and environmental investment.

In the meantime, to echo to United Nation’s sustainable development goals (SDGs), we have optimized and extended our objectives from “corporate social responsibility (CSR) and creating shared values (CSV)” to “creating shared value (CSV) and practicing sustainable visions (PSV)” as the new intermediate plan in 2016 after the deliberations of the leaders of Sustainable Development Committee. The content of the plan is as follows:

- 🔗 **Observing the global economic development trends and putting the sustainable goals into practice**
- 🔗 **Enhancing the corporate governance and business performance, and becoming the benchmark of the industry**
- 🔗 **Increasing positive interactions and exchanging ideas with the society and stakeholders, and continuously caring for minority groups**
- 🔗 **Managing the overall supply chain, making commitments to sustainability, and achieving co-prosperity and sharing**
- 🔗 **Caring about environmental issues and green innovations, and fulfilling its corporate social responsibility**

Therefore, in regards to our operations, Unimicron not only offers technology and products that satisfy global customers' demand, but also continuously stepping towards the goals of "working for environmental sustainability, caring for employees and the society, and connecting to the green future with crossover innovations". Despite rapid changes of the industry and fierce competitions of the market, sustainable management has always been our goal that remains unchanged. Unimicron not only pays attentions to and enhance the operations continuously, but also does the best to maintain a good work environment and optimize the welfare system. The sound "selection, employment, education and retention" mechanism not only enhances Unimicron's competitiveness, but also enables employees to extend and diversely develop their career while paying attention to their human and work rights.

Besides, we have proactively participated in industrial organizations outside the company in order to share our expertise and experiences; gone deep into surrounding communities to enhance our connections with local residents, schools and non-profit organizations (NPOs) through environmental education and charity activities; and generated high social benefits during the interactions and exchange. For example, the "Sunrise public Welfare Convenience Store" launched at Shanying Plant Site, or local farmers guided by "Unifresh Fram" are examples of the practice of CSR.

Concerning the environment, Unimicron believes that there is no conflict between pursuing for business development, contributing to technology life and minimizing environmental impacts. With a complete management mechanism and effort of dedicated team, each of Unimicron's plant site is capable not only to reduce or eliminate environmental impacts, but also to sustainably enhance the use efficiency of resources in order to reach the power-saving and waste-reduction goals.

Upholding the philosophy of benefiting all people in the world, Unimicron well uses its core competitiveness to create sustainable values, and insists on doing the right thing and walking on the right side. From our original intention of and insistence on promoting CSR in the industry five years ago, to the participation of many companies at the current stage, the reality has proven that our decision at the time was right. In 2015, Unimicron officially established Corporate Sustainability Committee, a unit dedicated to CSR management, to efficiently implement CSR actions and review our performance in the field. This year, we have increased the third party assurance level from moderate to high in the 2016 CSR report to show our responsible attitude towards the report content. In our operations, sustainability issues are deemed as an important part of our corporate strategy. Not only have we continuously disclosed relevant information to stakeholders from the aspects of environment, society and governance, but also we commit to optimize the benefits of our employees, shareholders and customers while ensuring environmental and social sustainability in the future.



Unimicron Technology–  
Chairman and Chief Executive  
Officer

Tzyy Jang (T.J.) Tseng

A handwritten signature in black ink, consisting of stylized Chinese characters, representing Tzyy Jang (T.J.) Tseng.

# Performance Highlights of 2016

## Contributions to Environmental Sustainability (Environmental)



The fossil fuel consumption of Taiwan Plants reduced **22%** comparing with 2015.



The fossil fuel consumption of east China plant reduced **44%** comparing with 2015.



The total annual energy saving is **1.49%**.



The accumulated carbon emission allowance of Unimicron (Shenzhen) at Shenzhen Emission Exchange is **210,000 tons**.



The annual waste reuse ratio is **87.5%**.



The annual water consumption reduced by **24%** comparing with the previous year; the water resource reuse ratio reached **12%**.



RoHS compliance of products: **100%**.



## The Co-Prosperity Philosophy (Social)



The retention rate of new engineers is above **82.2%**.



The internal promotion rate for employees above the manager level reached **75%**.



The average training hours per employee increased **11%** for Taiwan plants and **268%** for Mainland plants.



Comparing with 2015, the serious injury frequency rate and level reduced **8%** and **78%** respectively.



The amount of social Investment reached **NT\$2.8 million**.

Actual Governance (Governance)



The total capital reached  
**NT\$15.28 billion.**



The annual revenue reached  
**NT\$62.64 billion.**



The number of received  
patent is **1,844.**



**39** suppliers accepted ESG  
auditing and none of them reached  
the high-risk level.



Local procurement rate is **86%**  
for Taiwan and **80%** for China.



For Taiwan, the green procurement  
amount is **49%** of the total  
procurement amount.

# Significance Analysis

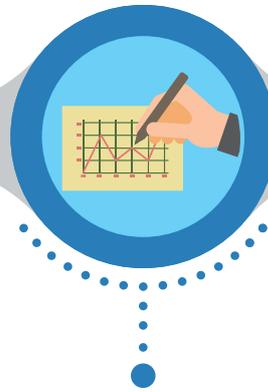
To effectively identify major corporate sustainability issues, Unimicron has followed the materiality principles of G4 Sustainability Reporting Guidelines of Global Reporting Initiative (GRI) to summarize key influential aspects of organizational sustainable development, on which the report content is defined to specify our management policies and performance. Important identifications also help Unimicron to, based on the considerations of internal and external risks, adopt the response strategy that is most favorable to the corporate management policies and satisfies stakeholders' expectations.

## Review and Identification



- Reviewing major issues of the previous year according to "Sustainability Accounting Standards for Electronic Equipment Industry" of Sustainability Accounting Standards Board (SASB), industry standard comparison and stakeholder survey results; and adjust the list of major issues accordingly.

## Evaluation and Arrangement



- The Secretariat of Unimicron's Corporate Sustainability Committee assesses the impacts of these issues to the Company's operations and sustainable development, and adjusts arrangements accordingly.
- Presenting the results of adjustment to the matrix of major issues.

## Confirmation



- The confirmation is executed by the Corporate Sustainability Committee, whereas the CEO approves the matrix of major issues of the year.
- Deciding the framework of this year's report.

This year's significance analysis is based on the results of major issue identification of 2015, while referring to industry's international sustainability trend, industry standard comparison of major issues, and stakeholder survey results. The preliminary analysis and arrangement is firstly evaluated and adjusted by the Secretariat of Unimicron's Corporate Sustainability Committee according to the corporate operating status. After the final official confirmation of Corporate Sustainability Committee, the CEO will review and approve it accordingly to finalize this year's major issue matrix.

Matrix of 2016 Major Issues



Issues distributed on the upper right corner is deemed as major issues; and their targets, commitments, management policies, performance and practice will be the major disclosed information of the year. As for other issues, they will be counted as fundamental management issues and we will regularly track their performance. Major issues can be divided into three scopes: management, environmental munificence and co-prosperity with respective impact level as follows:

Scope	Key Issues	Description of Importance
Management	<ul style="list-style-type: none"> <li>◆ Corporate Governance and Integrity</li> <li>◆ Economic Performance</li> <li>◆ Operational Risk Management</li> <li>◆ Anti-competitive Behavior</li> </ul>	A sound corporate governance system is the foundation for the operations of an organization. To ensure the corporate sustainability and long-term profit, we pay great attention to operating risks and integrity management in order to maintain our reputation and economic value.
Environmental Munificence	<ul style="list-style-type: none"> <li>◆ Green Material</li> <li>◆ Waste and Water Resource Management</li> <li>◆ Energy Management</li> <li>◆ Greenhouse Gas Emission</li> <li>◆ Hazardous Substance Management</li> <li>◆ Compliance of Environmental Legislation</li> </ul>	Although manufacturing industry has the ability to facilitate industrial innovations through technology research and development, it can easily consume natural resources and damage ecological environment. As Unimicron understands the importance of being environmentally friendly, we have continuously and proactively promoted the development of green materials, and are doing our best to minimize environmental operation-caused impacts through the environmental management system.

Scope	Key Issues	Description of Importance
Co-Prosperity	<ul style="list-style-type: none"> <li> Supply Chain Management</li> <li> Customer Relation Maintenance</li> <li> Training and Education</li> <li> Employment</li> <li> Occupational Health and Safety</li> <li> Employee Diversity and Equity</li> <li> Social Care and Investment</li> </ul>	<p>A company's business sustainability relies on the trust and loyalty of all stakeholders. Upholding the philosophy of common prosperity, Unimicron has, with our insistence on quality services and social investment and care, maintained good relations with our employees, customers, suppliers and local community. This also ensures positive value towards society.</p>

As major issues shall take feedback of all stakeholders and their expectations towards Unimicron into consideration, we have identified six major stakeholder relations in accordance with AA1000 Stakeholder Engagement Standard in 2015. Upon reviewing corporate operations of the year and negotiations with stakeholders with all divisions, we confirm that the major stakeholders of this year are identical with the previous year.



Unimicron will respond to issues that major stakeholders care about this year and disclose relevant information. Concerning the sustainability issues, and communication methods and frequency that stakeholders care about in 2016, please refer to Chapter 4 "Customer and Labor Relations" of 2016 CSR Report.

The GRI aspects of respective major issues, impacts on internal/ external boundary, and location of disclosed information are as follows. Concerning the integrity of this report, we will focus on internal / external business entities or stakeholders that may be impacted by major issues to, through all types of negotiations and discussions, carry out relevant communication and initiatives<sup>Note</sup>.

Note: Regarding business entities covered by Taiwan and Mainland plants, please refer to "Report Boundary and Scope" of "About this Report".

Major Issues	Level of Significance	GRI Aspects	Page	Internal Boundary		External Boundary		
				Taiwan Plants(including Qun Hong Technology Inc.)	Mainland Plants	Supplier	Customer	Community
Corporate Governance and Integrity	High	<ul style="list-style-type: none"> <li>• SO Anti-corruption</li> <li>• SO Legal Compliance</li> </ul>	P.31	✓	✓		✓	
Green Material	High	EN Products and Services	P.49	✓			✓	
Waste and Water Resource Management	High	<ul style="list-style-type: none"> <li>• EN Water</li> <li>• EN Effluents and Waste</li> </ul>	P.45	✓	✓	✓	✓	✓
Maintenance of Customer Relations	High	Others	P.65	✓			✓	
Training and Education	High	LA Training and Education	P.80	✓	✓	✓		
Economic Performance	High	EC Economic Performance	P.24	✓	✓			
Operating Risk Management	High	EC Economic Performance	P.33	✓		✓		
Energy Management	High	EN Energy	P.42	✓	✓		✓	✓
Greenhouse Gas Emission	High	EN Emission	P.44	✓	✓		✓	✓
Employment	High	<ul style="list-style-type: none"> <li>• LA Employment</li> <li>• LA Labor/Management Relations</li> </ul>	P.69	✓	✓	✓		
Supply Chain Management	High	<ul style="list-style-type: none"> <li>• EC Procurement Practices</li> <li>• EN Supplier Environmental Assessment</li> <li>• LA Supplier Assessment for Labor Practices</li> <li>• HR Freedom of Association and Collective Bargaining</li> <li>• HR Child Labor</li> <li>• HR Forced or Compulsory Labor</li> <li>• HR Supplier Human Rights Assessment</li> <li>• SO Supplier Assessment for Impacts on Society</li> </ul>	P.52 P.54	✓	✓	✓	✓	



Major Issues	Level of Significance	GRI Aspects	Page	Internal Boundary		External Boundary		
				Taiwan Plants(including Qun Hong Technology Inc.)	Mainland Plants	Supplier	Customer	Community
Occupational Health and Safety	High	<ul style="list-style-type: none"> <li>LA Occupational Health and Safety</li> </ul>	P.87	✓	✓	✓		
Social Care and Investment	High	<ul style="list-style-type: none"> <li>EC Economic Performance</li> <li>EC Indirect Economic Impacts</li> <li>SO Local Communities</li> </ul>	P.24 P.91	✓	✓		✓	✓
Hazardous Substance Management	High	<ul style="list-style-type: none"> <li>PR Customer Health and Safety</li> </ul>	P.51	✓			✓	✓
Compliance with Environmental Legislation	High	<ul style="list-style-type: none"> <li>EN Legal Compliance</li> </ul>	P.41	✓	✓	✓	✓	✓
Employee Diversity and Equity	High	<ul style="list-style-type: none"> <li>EC Market Presence</li> <li>LA Diversity and Equal Opportunity</li> <li>LA Equal Remuneration for Women and Men</li> <li>HR Non-discrimination</li> </ul>	P.69	✓	✓	✓		
Anti-competitive Behavior	High	<ul style="list-style-type: none"> <li>EC Market Presence</li> <li>SO Anti-competitive Behavior</li> </ul>	P.31	✓				
Environmental Expenditure	High	<ul style="list-style-type: none"> <li>EC Economic Performance</li> <li>EN Overall</li> </ul>	P.41	✓				
Customer Privacy	High	<ul style="list-style-type: none"> <li>PR Customer Privacy</li> </ul>	P.66	✓			✓	

Note: As Unifresh Fram has a very low revenue, and is not the core business of Unimicron, it causes relatively small impact to the economy, environment and society. Nevertheless, considering its importance in Unimicron's overall corporate strategy, we have disclosed its major performance in 3.3.4 "Unimicron Plant Factory" of this Report.



**Unimicron**



## **Sustainability Value Management**

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# 1.1 Sustainable Development Network

Unimicron’s mission is to become “the world’s topnotch high-tech company with high added-value, high service quality, high productivity and attention to innovative services”. With the expectation of fulfilling its corporate social responsibility, Unimicron has upheld the philosophy of Total Quality Management (TQM), followed the Plan-Do-Check-Act (PDCA) process, and made its greatest effort to make continuous progress and improvement during the sustainability management process.

In order to create positive values for all employees, shareholders and stakeholders, respond to the changing external environment and continuously carry out innovations, Unimicron hereby proposes the 7 corporate sustainability commitments based on the philosophy of sustainable management. All of our products are designed, developed, procured, produced and sold based on these commitments with an expectation that Unimicron will become a continuously growing and developing enterprise.

In the meantime, to ensure that Unimicron’s sustainability commitments are consistent with international sustainable governance framework, we have compared UN’s Sustainable Development Goals (SDGs) with our sustainability commitments to ensure that our commitments respond to 11 of the 17 SDGs. We consider SDGs as the guidelines and long-term strategy for sustainable development. We also expect that Unimicron will be constantly adapt to the world trend and fulfill its sustainability commitments. The SDGs and chapters/ sections that correspond to our commitments are as follows:

No.	Sustainability Commitments	Sustainable Development Goals (SDGs) of UN	Corresponding Chapters/ Sections
1	To enforce corporate governance, enhance information transparency, and protect and respect the rights and benefits of shareholders and stakeholders.	12: Ensure sustainable consumption and production patterns. 16: Promote peaceful and inclusive societies.	2.2 Corporate Management and Governance
2	Promoting corporate management with high ethical standards; requesting all employees to fully comply with laws and integrity principles; respecting human rights; protecting intellectual property rights; and preventing improper transfer of benefits which jeopardizes the rights of the Company, customers, and suppliers.	05: Achieve gender equality and empower all women and girls. 08: Promote sustained, inclusive and sustainable economic growth. 12: Ensure sustainable consumption and production patterns. 16: Promote peaceful and inclusive societies.	2.2 Corporate Management and Governance 4.2 Employee Care
3	Strictly complying with local labor act, customers’ request, Electronics Industry Code of Conduct (EICC), and other international standards to ensure equal employment opportunities, humane treatment, employee communication, working conditions, and other requirements.	05: Achieve gender equality and empower all women and girls. 08: Promote sustained, inclusive and sustainable economic growth. 12: Ensure sustainable consumption and production patterns.	4.2 Employee Care
4	Establishing a supplier management system and standards, and regularly communicating with suppliers to build a sustainable, win-win, and strategic partnership; expanding the procurement of environmentally friendly products and forbid the use of conflict mineral products.	08: Promote sustained, inclusive and sustainable economic growth. 12: Ensure sustainable consumption and production patterns. 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	3.3 Promoting Responsible Value Chain

No.	Sustainability Commitments	Sustainable Development Goals (SDGs) of UN	Corresponding Chapters/ Sections
5	Participating in social welfare and emergency relief activities based on philosophy of "taking from the society and giving back to the society" to share the love with other people, make contribution to the society, and fulfill our corporate social responsibility.	04: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 08: Promote sustained, inclusive and sustainable economic growth.	4.3 Social Return and Inclusion
6	Continuously developing our technology and innovations according to the HSF Quality Policy in order to meet customer and market demands; being actively involved in eco-friendly and low-cost production to ensure our core competitiveness.	03: Ensure healthy lives and promote well-being for all at all ages. 07: Ensure access to affordable, reliable, sustainable and modern energy for all. 08: Promote sustained, inclusive and sustainable economic growth. 09: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. 12: Ensure sustainable consumption and production patterns.	3.3 Promoting Responsible Value Chain
7	Ensuring the operations of environment and hazardous substance management systems according to occupational safety and health, environmental protection and energy policy; complying with environmental and work safety regulations; echoing to the green movement "Reduce, Reuse and Recycle"; implementing energy saving and waste reduction measures; and building a safe and comfortable work environment.	03: Ensure healthy lives and promote well-being for all at all ages. 06: Ensure availability and sustainable management of water and sanitation for all. 07: Ensure access to affordable, reliable, sustainable and modern energy for all. 08: Promote sustained, inclusive and sustainable economic growth. 12: Ensure sustainable consumption and production patterns. 13: Take urgent action to combat climate change and its impacts.	3.1 Blueprint for Environmental Sustainability 3.2 Management of Business Environment Impacts

## The New Corporate Sustainable Value Creation Plan

To ensure corporate sustainability, we have proactively and appropriately planned short- and mid-term development plan. We are doing our best to have radical innovations, expand business opportunity and enhance our corporate values based on these sustainable development plans:

Short-term plan (2015-2017): fulfilling corporate social responsibilities (CSR) → creating shared values (CSV)

- ✔ Knowing well the direction of economic development, and optimizing corporate governance;
- ✔ Enhancing operating synergy and realizing corporate commitments;
- ✔ Sustainably interacting with the society and stakeholders, and expanding the care for minority groups;
- ✔ Deeping supply chain management and creating shared value;
- ✔ Building a green and friendly environment, and fulfilling corporate social responsibility.



## Mid-term plan (2018-2020): creating shared value (CSV) → practicing sustainable visions (PSV)

- ✔ Observing the global economic development trend and implement the sustainable management philosophy;
- ✔ Enhancing corporate governance and operating performance, and becoming the industry's pioneer;
- ✔ Increasing positive interaction and exchange with the society and stakeholders, and continuously caring for minority groups;
- ✔ Fully managing the supply chain, realizing sustainability commitments, and reaching goals of co-prosperity and sharing.
- ✔ Caring about environmental issues and green innovations, and fulfilling our corporate social responsibility.

The performance of implementing above plan is as follows:

👎 Failed to meet the target    🟡 On-going    🟢 Reached the target

Theme	Strategy	Course of Action	Goal(s) in 2016	Achievement Status	Goal(s) set for 2017
Sustainably interacting with the society and stakeholders, and expanding the care for minority groups.	Raise employee satisfaction.	Strengthen the health management of employees; care for the physical and mental health of employees	The satisfaction level of health promotion activities reached 88.	🟢	The satisfaction level of health promotion activities will reach 92.
		Continuously improve the work environment	The satisfaction level of work environment reached 75.	🟢	The satisfaction level of work environment will reach 78.
	Assist minority groups / charity in becoming economically self-sufficient	Continue to sponsor the school as a long-term funding.	The training reate of corporate volunteer reached 100%.	👎	The training reate of corporate volunteer will reach 100%. <sup>Note1</sup>
		Profits of public welfare convenience stores are donated to minority groups.	Continued to sponsor and donate to minority groups.	🟢	Continue to sponsor and donate to minority groups with an amount of NT\$1 million.
Building a green and friendly environment, and fulfilling corporate social responsibility	Green and friendly environment	Promote energy-saving projects to reduce carbon emissions	Reduced the carbon emission by 1% in the year.	🟢	Reduce the carbon emission by 1% in the year.
		Promote water-saving projects to save water resource quantity	Saved 3% of water in the year.	🟢	Save 3% of water in the year.
	Health and Safety	Promote various occupational health and safety actions	Controlled the number of three major types of incidents.	🟢	No incident of the three major types

Theme	Strategy	Course of Action	Goal(s) in 2016	Achievement Status	Goal(s) set for 2017
Deepening supply chain management and creating shared value	Promote all types of green production and hazardous substance reduction activities.	Comply with customers' CSR / EICC audit requirements.	No material weakness for customer's CSR / EICC audit.		No one-time material weakness.
	Set sustainable development and supply chain policy.	Establish a supply chain communication platform; audit strategic suppliers.	The field audit rate of important strategic supplier reached 100%.		The field audit rate of important strategic supplier will reach 100%.
Knowing well the direction of economic development, and optimizing corporate governance	Corporate Governance	Comply with government decrees; implement management mechanism of integrity	Maintained the corporate governance evaluation result at top 20%.		Maintain the corporate governance evaluation at top 21-35% <sup>Note2</sup>
			Continued to manage the organization and its operations.		Continue to manage the organization and its operations.
			Held annual Corporate Sustainability Committee meetings.		

Note 1: No volunteer training in 2016; the training is delayed to 2017.

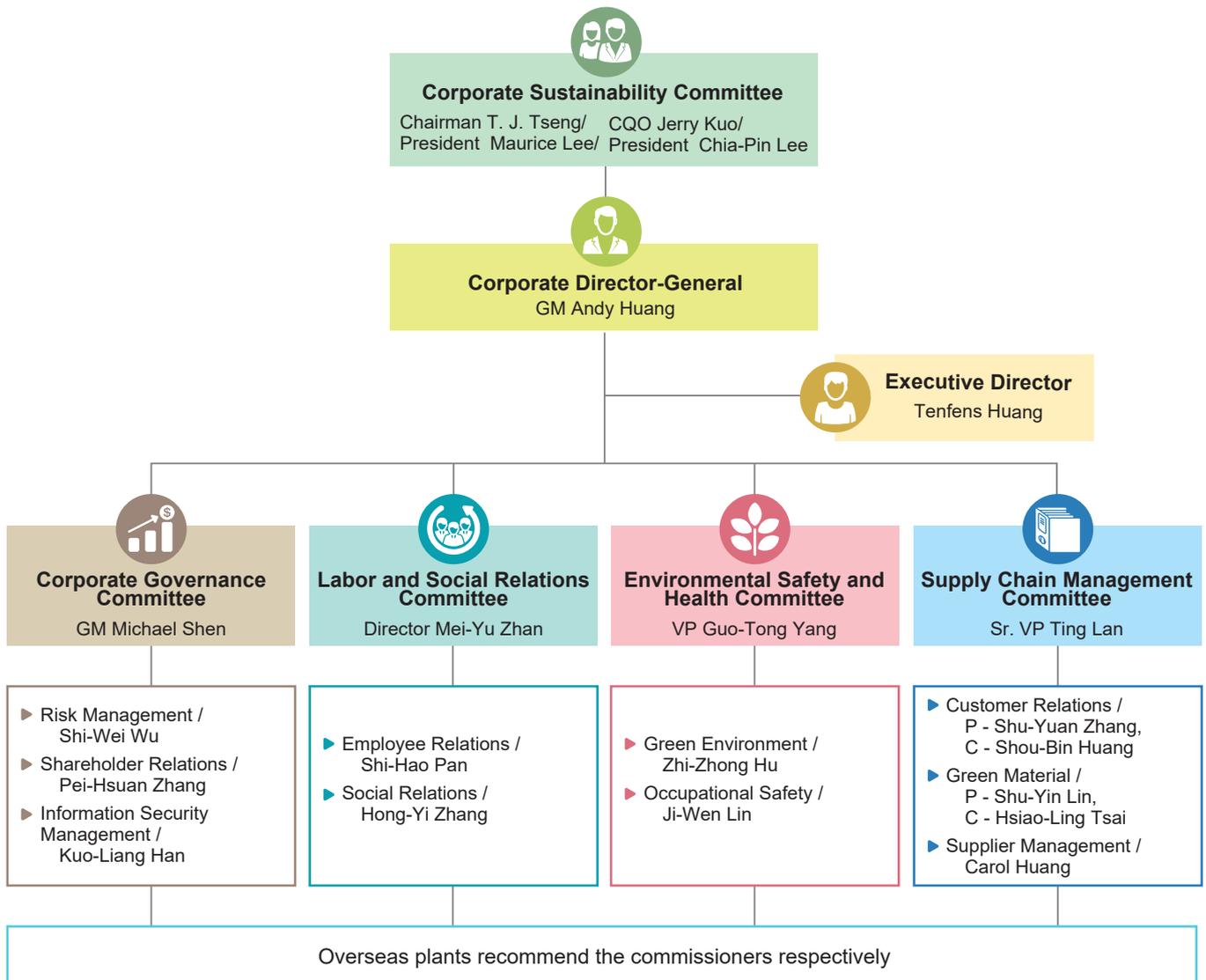
Note 2: Regarding the corporate governance evaluation results, please refer to 2.2 "Corporate Management and Governance".



# 1.2 Sustainable Management System

The Unimicon CSR Management Committee was established in 2010. In 2015, it was renamed to Corporate Sustainability Committee and had a subcommittee named "Supply Chain (SC) Management Committee". Members of the management team are the commissioners, whereas executive managers are responsible for the operations of its subordinate Functional Committee. To ensure a full implementation of sustainability themes and commitments, Unimicon's Corporate Sustainability Committee plays a key role: it confirms and analyzes the overall strategy, direction and targets through semi-annual review meetings; reviews items that failed behind the target and proposes improvement countermeasure. The Corporate Sustainability Committee shall also report the implementation results to the Chairman every year. Besides, to further enhance the participation of Board of Directors and perfect the sustainable management system, Corporate Sustainability Committee is expected to be officially authorized by Board of Directors in August, 2017; and shall report the CSR implementation results of the previous year to Board of Directors in the first quarter each year.

## Organizational Chart of Corporate Sustainability Committee



### Operational Mode of Unimicron's Corporate Sustainability Committee

- (1) The members of the subcommittees cover all the operational units of the Company, where the representatives include those from the Finance, Investor Relations, Human Resource, EH&S, Information Technology, Material Management, and Customer Service divisions, whose main responsibility is to confirm the management guidelines and execution of CSR issues.
- (2) The executives of the Taiwan plants attend the regular meetings and discussions, where announcements and statements are expressed and communicated to the various Mainland plants through a fixed contact person, so as to carry out relevant policies and resolutions of the Committee.
- (3) The Corporate Sustainability Committee performs a director-general transfer biennially, expecting to let the senior executives all have a chance to become familiar with the operations of CSR and sustainable management system, while actually realizing their business implications, so as to lay a solid foundation for the sustainable development of Unimicron.
- (4) Each year, we review and assess the governing performance of Unimicron's corporate social responsibility through the achievement percentage of the Key Performance Indicators (KPI) and the results of external reviews on sustainable development. The executed results are periodically reported to the Management Committee members and the Chairman.

### Recognition of CSR Achievement

Through the opportunities of participating in occupational safety and health, environmental protection, information disclosure, various representative awards and appraisals, and through external perspectives, Unimicron expects to confirm and understand whether the investment and performance results in all aspects meet the expectations of the stakeholders, and will use these as our important references for continual improvement.

In 2016, Unimicron received a number of awards and certificates due to the excellent social, environmental and management performance of our Taiwan and Mainland plants. As for the disclosure of corporate sustainability, Unimicron also received the Corporate Sustainability Report Award for Electronic and IT Manufacturing Industry from Taiwan Institute for Sustainable Energy (TAISE). For detailed information regarding awards that we received in 2016, please refer to the Annex of this Report.





**Unimicron**



## **Management and Governance**

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## 2.1 Corporate Business Overview

### About Unimicron Technology

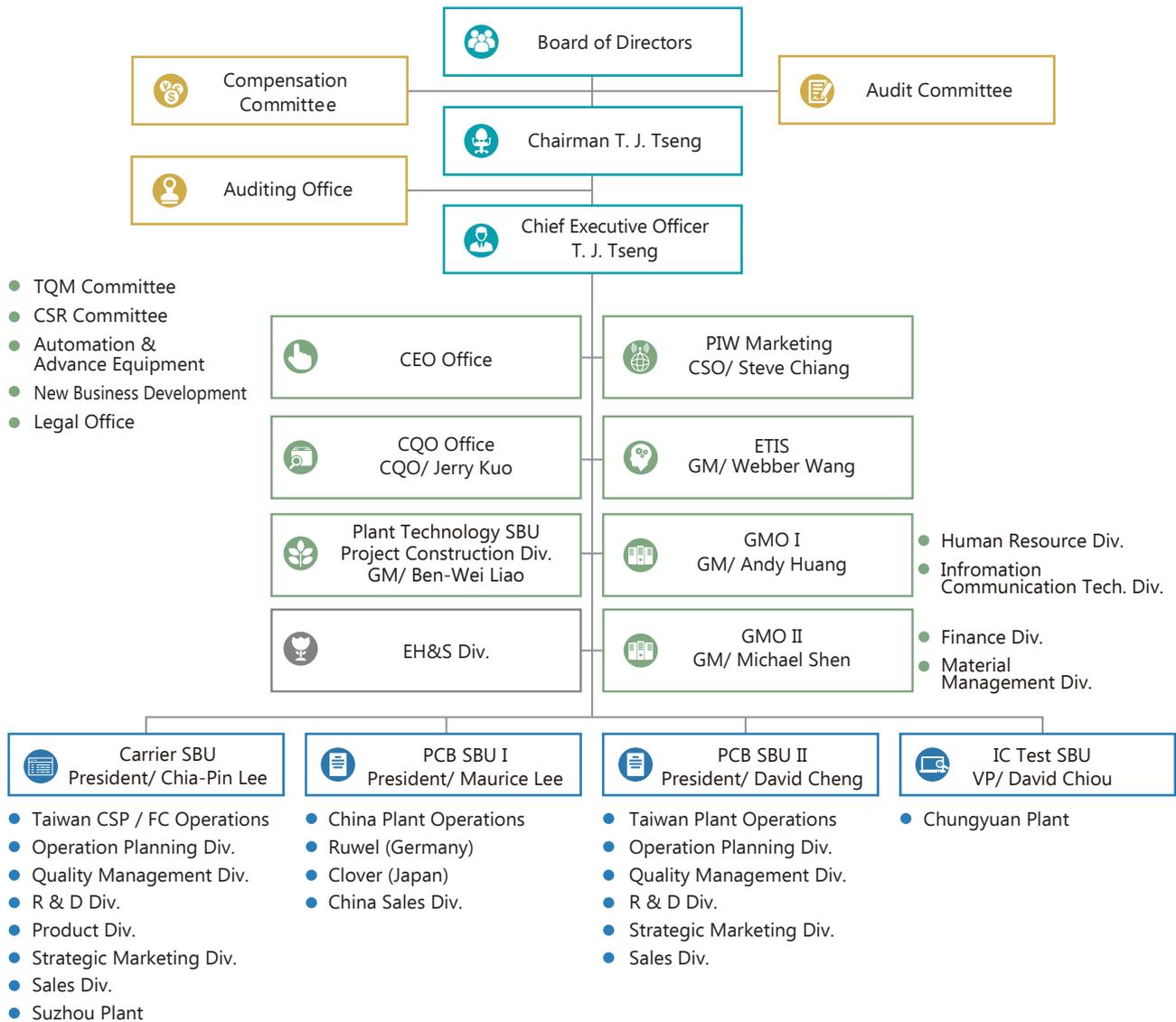
#### Overview of Unimicron

Company Name	Unimicron Technology Corporation (Stock Symbol: 3037)
Date of Establishment	Jan. 25th, 1990
Headquarters	Guishan Industrial Park, Taoyuan, Taiwan
Total Capital	NT\$15.28 billion
No. of Employees	24,830 people <sup>Note</sup>
Vision	Becoming the world's topnotch high-tech company with high added-value, high service quality, high productivity and attention to innovative services.
Primary Products and Services	Production, processing and sales of printed circuit board (PCB), high density interconnect (HDI) board, flexible printed circuit (FPC) board, rigid-flex circuit board, carrier board, and IC testing and burn-in systems.



Note: The scope is based on the number of employees of the entire group up to December 31st of 2016 as described in financial statements.



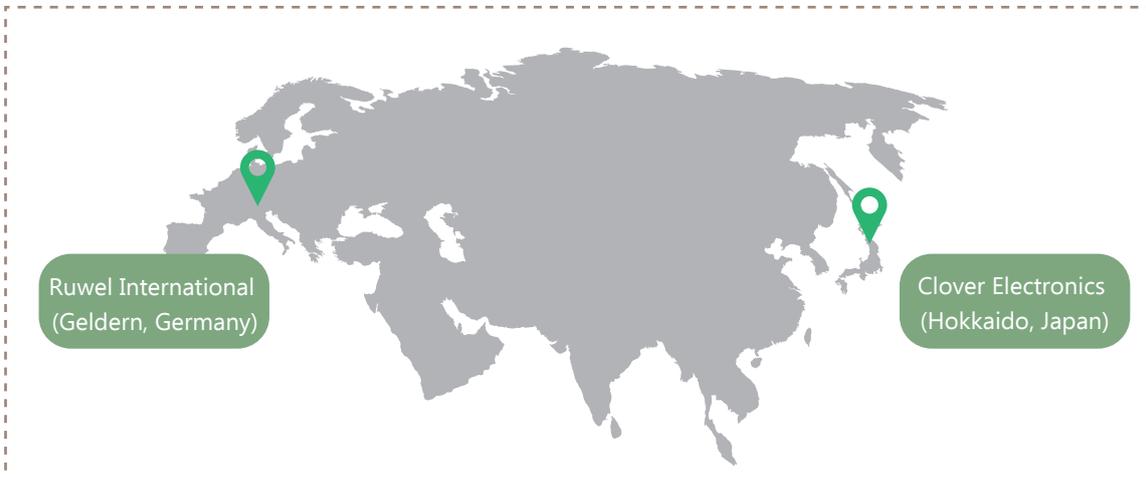
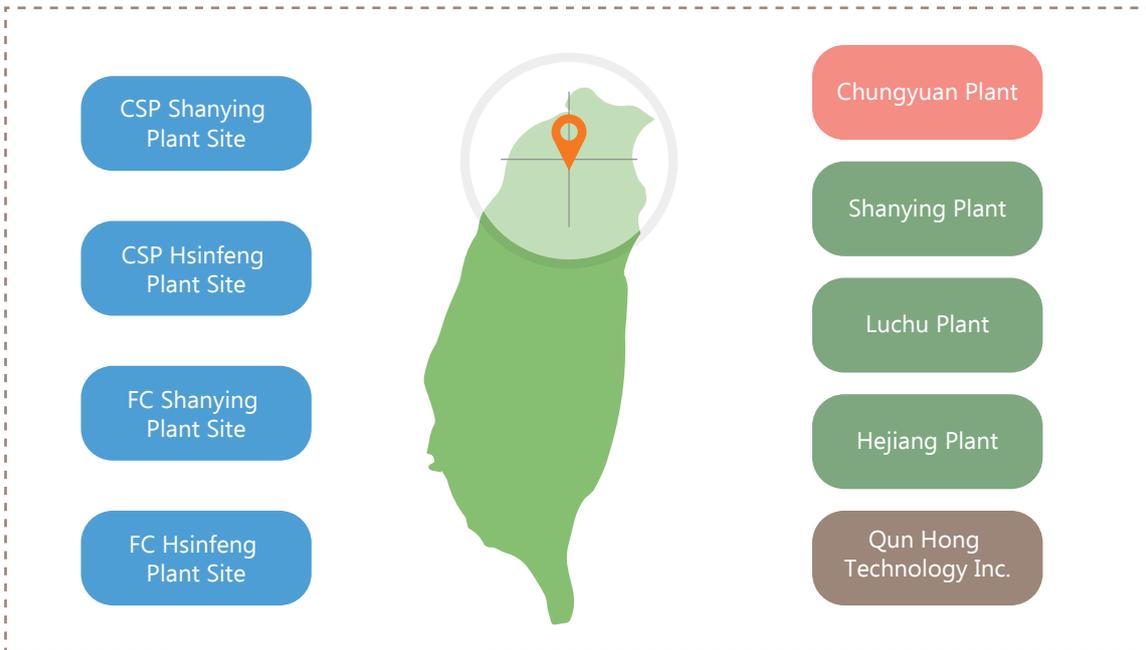


## Products and Services

Unimicron consists of mainly three SBUs including PCB, carrier boards and IC testing systems. We are now the world's leading PCB and carrier manufacturer in terms of revenue, and the the world's main supplier of mobile HDI and carrier boards.

Our main production bases are in Taiwan (Taoyuan and Hsinchu), South China (Shenzhen), and East China (Kunshan and Suzhou). Our Mainland palnts focus on mass production, whereas Taiwan plants offer high-end products to serve the market. Besides, to quickly respond to the customer demand, Unimicron has not only set offices in America, Europe and Asia, but established product bases in Germany and Japan in order to serve our customers in close distance.

● PCB/HDI ● Carrier ● FPC ● RF ● IC Testing





## 💡 Technology Innovation and Investment

Unimicron believes that, only by continuously accumulating and improving our manpower, equipments, funds, and other R&D resources, we will be able to enhance and accumulate technical capacities and develop our skills and innovation. We are also aware of the importance of value chain collaboration as it can drive the industry towards sustainable innovations. This is the reason that we cooperate with world's renowned companies to develop the next-generation high-end IC carrier board; hold regular technical discussions and meetings with customers to synchronously understand their demand for technology and products of the next generation; and know well customers' product roadmap in order to satisfy their expectations with our best services.

We also value the Company's intellectual property rights (hereinafter referred to as IP rights). While IP rights have become the most valuable asset in the ICT industry, we not only uphold a high degree of respect to existing technologies adopted in the industry, but also encourage engineering and R&D personnel to aggressively pursue innovation and establish their own technology. It is our expectation that, with a solid IP rights system, we will become a model in the industry.

### Technology Innovation of Unimicron

R&D Investment	About 2~3% of the annual turnover of the year												
Patents	<p>We have submitted patent application to institutions in Taiwan, the U.S., Mainland China, Japan, Korea and EU over the last 3 years. The number of accumulated patent application and received patent are summarized below:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>No. of submitted patent application</th> <th>No. of received patent</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>2,452</td> <td>1,571</td> </tr> <tr> <td>2015</td> <td>2,548</td> <td>1,735</td> </tr> <tr> <td>2016</td> <td>2,622</td> <td>1,844</td> </tr> </tbody> </table>	Year	No. of submitted patent application	No. of received patent	2014	2,452	1,571	2015	2,548	1,735	2016	2,622	1,844
Year	No. of submitted patent application	No. of received patent											
2014	2,452	1,571											
2015	2,548	1,735											
2016	2,622	1,844											
R&D and Collaboration Program	<p><b>Collaboration with Suppliers</b></p> <p>To ensure our leading position on the world stage, we collaborate closely with world-class material and equipment suppliers, and introduce high-functional materials and state-of-the-art equipment in product development.</p>												
	<p><b>Collaboration with Academia</b></p> <p>We work closely with domestic and foreign institutes and academia, including: joining the FOPLP and 3D system packaging technology development unions of Industrial Technology Research Institute (ITRI), IZM (Germany) and Georgia Institute of Technology (the U.S.) to co-develop a number of new products and technology; collaborating with National Taiwan University, National Tsing Hua University, National Chiao Tung University, National Central University and Hong Kong University of Science and Technology; creating interdepartmental industrial-academic programs to accumulate our R&amp;D capacity.</p>												
	<p><b>Collaboration with Industry Peers</b></p> <p>We entered into technical collaboration with industry peers in Japan and the U.S. to develop innovative products that meet market trends and customer demands. For example, HDI circuit board, and the next-generation fine-pitch 2.5D IC carrier board.</p>												
	<p><b>Collaboration with Government</b></p> <p>We obtained tax exemptions, investment tax credits and incentives for equipment from the government and subsidies through academia-industry cooperation programs. In the fourth quarter of 2016, two of our "A+ Industrial Innovation R&amp;D Programs" (hereinafter referred to as A+ program) were approved by the Ministry of Economic Affairs, and we are leading one of the programs to collaborate with five companies. Unimicron received more than NT\$86.46 million as subsidy from the government. The money was used to develop FOPLP technology.</p>												

With the strategy to stand firmly in Taiwan and deploy globally, we have, based on product features and customer demands, set up R&D centers in Taoyuan and Hsinchu of Taiwan with different innovation strategy. One of the centers develops new technology based on customers' recent product roadmap, whereas another center focuses on the development of technologies of next three to five years.

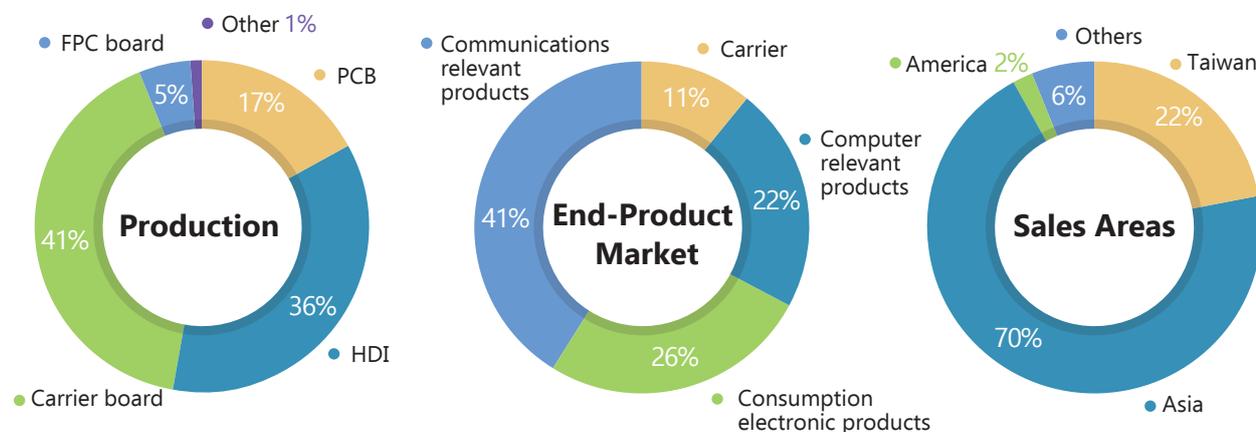
## Operating Performance Overview

2016, the world had a rather weak economic recovery. Not only slowed the global economic growth down, but also there was a diverging performance in international economic and political situations, while the end-product market demand for electronic products was more conservative. According to the data from Prismark, the global PCB industry declined about 3.1% in 2016. In 2016, Unimicron's sales of IC carrier board started to increase in the fourth quarter due to the increased yield rate of new plant, optimization of product portfolio, continuous development of new products, and flexible allocation of capacity. With the arrival of the peak season during the second half of the year and customers' launch of new products, HDI led and raised the overall revenue and profit. Restricted by market demands and product application, part of the production availability of the traditional PCB and FPC was affected.

Unimicron's consolidated revenue reached NTD\$62,638 billion in 2016. The consolidated net income was NTD\$ 255 million. The sales breakdowns by product manufacturing processes, end-product markets, and sales regions respectively are as follows. Please refer to Operation Overview of Unimicron's 2016 Annual Report for detailed production and sales information.

Unit: NTD in million

Item	2014	2015	2016
Operating Income	61,755	64,650	62,638
Costs of Goods Sold	55,596	58,677	56,731
Expenses on Employees' Salary and Benefits	13,087	13,793	13,250
Dividend paid to Shareholders	923	762	449
Income Tax Expenses	44	118	436
Social Investment / Donation Fees	--	4.6	2.8
Retained Earnings	19,481	19,289	19,000



Please refer to Unimicron's 2016 Financial Report on the "Market Observation Post System" website with respect to Unimicron's assets, liabilities, and equities, reinvestment, and other financial information. Please refer to Unimicron's 2016 Annual Report "Operational Overview" for Unimicron's PCB production volumes.



## External Participation

Unimicron has proactively participated in public associations and national organizations to interact and exchange professional ideas with industrial, governmental and academic circles. External participation enables Unimicron not only to communicate with stakeholders effectively, but also to understand the international trend and direction of the industry, with an expectation of connecting to the world and fulfilling its corporate social responsibility.

Type	Region	Organization	Role & Duty
National Industry Organization 	Taiwan	Taiwan Printed Circuit Association (TPCA)	Member/ Managing Director
		Taiwan Electrical and Electronic Manufacturers' Association	Member
		Taiwan Surface Finishing Association	Member
		Chinese Excellent Management Association (CEMA)	Member
		AD-STAC Alliance, Industrial Technology Research Institute (ITRI)	Member
		The Institute of Internal Auditors-Chinese Taiwan	Member
Cooperative Organizations of Local Industry 	Taiwan	Regional Joint Defense organization of Guishan Industrial Park	Vice Chairman/ Member
		Regional Joint Defense organization of Zhongli Industrial Park	Member
		Manufactures United General Association of Zhongli Industrial Park	Member
		Manufactures United General Association of Guishan Industrial Park	Member
		Taoyuan City Industrial Association	Member
		Chinese Human Resource Management Association.	Member
		North Electronic Human Resource Association (NeHR)	Member
External Development Organizations 	Overseas	China Printed Circuit Association (CPCA)	Member/ Vice Chairman
		Kunshan Gaoxin District Work Safety Association	Member
		Kunshan Precursor Chemical Association	Member
		Kunshan Explosive Chemical Association	Member
		Kunshan City Volunteer Worker Association	Member
		Kunshan City Taiwan Business Association	Member
		East China Human Resource Association, TPCA	Member
		Kunshan City Human Resource Association	Member
		Shenzhen Taiwan Business Association	Member/ Managing Director
		South China Human Resource Association, TPCA	Member
		Women's League, Kunshan City Taiwan Business Association	Member
		Unimicron (Kunshan) Volunteer Team, Kunshan City Volunteer Association	Member

Type	Region	Organization	Role & Duty
External Development Organizations 	Overseas	Kunshan City Society For Environmental Sciences	Member
		Kunshan High-tech Industrial Development Zone Production Safety	Governing Unit
		China Green Development Alliance, China Environmental Press	Governing Unit
		"Senior Member", China Environmental News	Member
		Suzhou Park Volunteer Worker Union	Member
		Taiwan Business Association, Suzhou Industrial Park	Member
		Printed Circuit Association, Suzhou Industrial Park	Member
		Association of Foreign Investment, Suzhou Industrial Park	Member
		Labor-Union Committee, Suzhou Industrial Park	Member
	Taiwan	Environmental Safety Committee, Taiwan Printed Circuit Association (TPCA)	Convener
		Taoyuan City Fire Protection Association	Consultant
		Hsinchu County Fire Protection Association	Consultant
		North Advancement Association, TOSHMS (Taiwan Occupational Safety and Health Management System)	Committee Member
		Taoyuan City Police Association	Deputy Director
		Taoyuan City Government Labor Safety and Health Family	Committee Member
		Hsinchu County Nurses Association	Committee Member
		Taoyuan City Nurses Association	Committee Member
		Non-Profit Organizations 	Taiwan
Taoyuan Center of Fund for Children and Families	Sponsor		
Hsinchu Center of Fund for Children and Families	Sponsor		
Chinese Youth Care Association	Sponsor		
Eden Social Welfare Foundation	Sponsor		



## 2.2 Corporate Management and Governance

Since the establishment of Unimicon, we have been concretely introducing and implementing corporate governance in conformity with the following six principles. Due to adjustment to the Corporate Governance Evaluation jointly deliberated by Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange (TPEX), Unimicon was ranked as one of the top 35% companies in 2016. In the future, we will still continue to review and enhance corporate governance and operations.



### Corporate Governance Framework

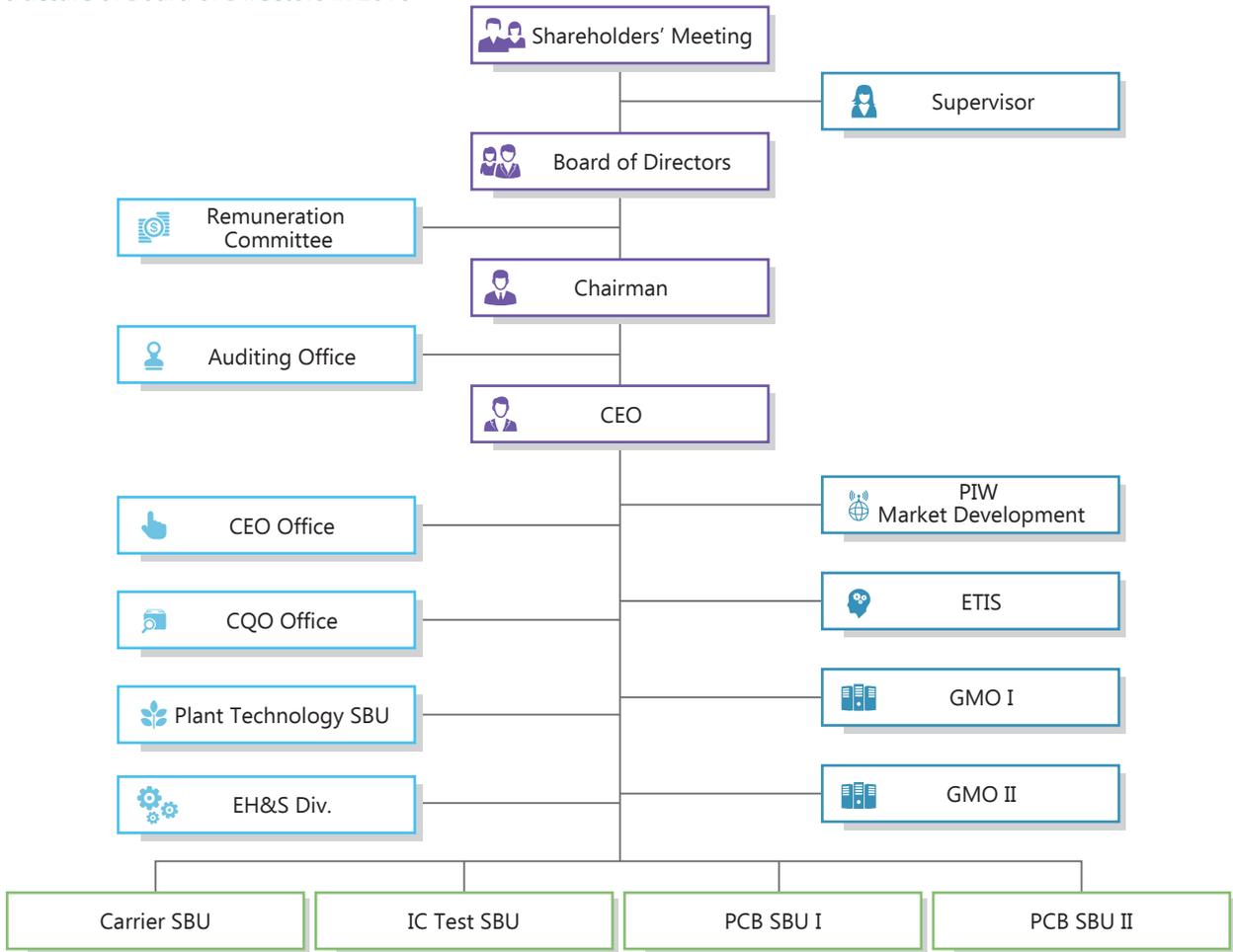
#### Board of Directors

Unimicon’s Board of Directors is comprised of nine directors and three supervisors with three independent directors, including one female director and one female independent director. In the aspect of age, the average age of directors and supervisors is 58 years old. The professional backgrounds of the members of the Board of Directors cover business management, finance, science and engineering, psychology, and other fields, and used to be domestic specialists in atomic energy and vacuum science, professional psychologists, chief financial officers in listed companies, and operators in high-tech industries. Due to the rich industrial and academic experience and diverse professional expertise, the directors can provide professional advice from different perspectives, which is extremely beneficial for the corporate governance.

Unimicon has adopted a nomination system for directors (including independent directors) and supervisors. The candidates will be elected at the Shareholders’ Meeting according to Unimicon’s Articles of Incorporation and announced quota. Candidates with most votes will be designated as the independent directors, followed by non-independent directors or supervisors.

To enhance the functions, we also encourage the directors and supervisors to actively participate in continuing educational courses, and have entrusted the Securities & Futures Institute to hold ‘(Independent) Director and Supervisor Advanced Practice’ three-hour training course. The total number of continuing education hours of all the directors and supervisors for the year was 72 hours, which is an average of 6 continuing education hours for each director or supervisor. The theme of the continuing education included the ways to optimize the functions of Board of Director and Functional Committee; the corporate governance forum themed on prevention of insider trading fulfillment of CSR also took place in the year.

Structure of Board of Directors in 2016





Age	Gender	Directors (Including Independent Directors)	Supervisors
30-50 Years Old	Male	2	1
	Female	1	0
51Years Old and Above	Male	5	2
	Female	1	0

Gender	No. of People	Total Training Hours	Average Training Hours
Male	51	10	5.1
Female	21	2	10.5

The Board of Directors is the highest governing unit in Unimicron, where its main duties include supervising operational performance, preventing and resolving the conflicts of interests, and ensuring that the Company follows various laws and regulations, etc. Currently, Mr. T. J. Tseng is the Chairman of Unimicron and also serves as the Chief Executive Officer in the Company. This, on one hand, allows the Board of Directors for a probe into the critical issues of corporate operation, and, on the other hand, fortifies the execution of the management team.

## Governance Principles for Board of Directors

Unimicron’s Board of Directors holds board meeting at least once each quarter. It operates according to the “Rules and Procedures of Board of Directors Meetings” to thoroughly review corporate operational performance and discuss major investment issues and strategies for our future development, etc. Six board meetings were called in 2016. Major approved issues were disclosed on the “Market Observation Post System” after the meeting in a timely manner.

The “Rules and Procedures of Board of Directors Meetings” has also stated the provisions regarding the avoidance of the directors’ conflicts of interests. In terms of meeting matters, those who have interest relationships with the directors themselves or the corporations that the directors represent shall specify their interest relationships at that board meeting. If there are risks harming the Company interests, he or she shall not be included into the discussion and the vote, shall sidestep during the discussion and the vote, and shall not exercise the voting rights on behalf of other directors. Unimicron’s shareholders may also excise their voting rights for shareholders’ meeting in an electronic manner to protect their rights and interests. The votes exercised electronically in 2016 accounted for 27.13% of the total issued shares of the Company and accounted for 41.43% of the attendance rate at the shareholder’s annual meeting.

## The Supervisory System of Supervisors

Unimicron's Board of Directors consists of three distinguished supervisors who have extensive experience in financial and taxation management practices and are also familiar with the legal affairs related with corporate operations. They are responsible for supervising the execution of various business affairs; regularly reviewing the audit reports issued by the audit units and the various statistical forms proposed to the shareholder's meetings; and stating appropriate comments when attending board meetings so as to grasp or discover abnormalities in advance.

Unimicron holds supervisors meeting once each year. In 2016, two out of three supervisors attended the meeting dominated by certified public accountant (CPA). To observe the timeline and provisions on which the Financial Supervisory Commission requires for TWSE-Listed and TPEX-Listed Companies to set up an audit committee, the Company will be establishing the Audit Committee in 2017 to replace the Supervisor System and will continue to plan the amendments of relevant laws and regulations.

Unimicron sets audit plans, with which routine and irregular internal audits are carried out accordingly, based on the Company's annual risks. The internal audit executives sit in on the board meetings and regularly report the annual audit results to the supervisors. A total of 55 audit affairs were carried out in 2016 and a total of eight flaws were found. All these flawed tasks were tracked and reviewed on a quarterly basis; the flaw reviewing and tracking improvement ratio of the year was 100%.

To help the directors and supervisors be able to effectively assume their duties, Unimicron has been purchasing liability insurance for the directors and supervisors since 2003 to lower or disperse the risks of critical harm caused to the Company or the shareholders due to the wrongdoings or careless behaviors of the directors and supervisors and to protect the rights of the directors and supervisors.

## Remuneration Committee

The Remuneration Committee of Unimicron has been established since 2011 to assist the Board of Directors in executing and evaluating the salary and compensation policies and systems of directors, supervisors, and managers. Currently, there are three committee members, who are all served by independent directors and follow the operations of the "Articles of Incorporation of Remuneration Committee." The remuneration of directors and supervisors are appropriated mainly on the prescribed proportion, together with the evaluation of industry standards, personal performance, corporate business performance and relevance of all risks. The proposed remuneration shall be deliberated and passed by the Remuneration Committee, approved by Board of Directors, and then reported at Shareholders' Meeting.

The Remuneration Committee held three meetings in 2016. In addition to the three committee members, the Chairman and executives of the Human Resources Department also sat in on these meetings. In these meetings, the remuneration of the directors and supervisors, annual salary raise, profit sharing, and annual bonus for managers, etc., were discussed. The average attendance rate of the committee members was 100% in 2016. The professional qualifications and independence of each committee member and the operation of the committee will be provided, through disclosure in the Annual Report, for external investors and shareholders to have a thorough understanding.

## Integrity Management Rules

Unimicron upholds the principle of complying to laws and regulations in its business operation and has formulated "Procedures in Obtaining and Identifying Regulatory" and "Requirements and Key Points to Note in U.S. Antitrust Laws". In addition to regular reviews by legal units, we require various business management units to proceed with the review and improvement of the system on a regular basis and to comply with the inspection operations of the audit units to ensure that the legal requirements can all be completely implemented.

In 2016, under strict management, there were no circumstances where Unimicron violated the requirements of the regulations and suffered from heavy fines (more than NTD\$ 1,000,000) imposed by competent authorities and did not provide political contributions to any individuals. Also, no corruption or anti-competitive conduct violations occurred in 2016.



## Legislation Trainings

In order to respond to the regulations of “Securities Exchange Act” regarding insider trading and equity transactions between insiders of listed companies, we have set the standard operating procedures on “Operation Procedures Regarding the Promotion of Insider Trading Prohibition and Standards on Insider’s Equity Transactions of Listed Companies” for Taiwan plants. In 2016, we have completed the training on prevention of insider trading for 569 on-the-staff personnel, which is a completion rate of 92.82%, and continued to track their training status. Besides, Unimicron arranges integrity management courses and 170 people have completed the trainings up to the end of 2016 with a completion rate of 82.93%. We plan on arranging training courses in the second half of 2017 for staff members who, for some reason, could not complete the training course in a timely manner and the newcomers of 2017. With an expectation that regulated targets can understand and follow the legislation, the Company provides them with reminders of relevant regulations and sets a window for consultations.

To enhance all employees’ understanding of international laws, Unimicron has included anti-trust laws in new employee training starting from 2016. In the year, 4,696 new employees accepted the training with a completion rate of 100%;

## Code of Ethics

Unimicron has formulated “Integrity Regulations” and “Code of Ethics and Code of Conduct for the Employees”; specified rules on recruiting the relatives of employees and on the manufacturers and suppliers we make contact with; and dealt with customers by following the company’s Code of Ethics and by upholding integrity and honesty. From 2012 to 2016, no relevant corruption and bribery cases occurred at the various business departments. Unimicron also adopt the following measures to ensure that the mechanisms are properly implemented and executed in Taiwan and Mainland plants:

-  The “Company’s Integrity Regulations” are instructed during the orientation for new employees and related provisions are all included in the employment contract.
-  Employees in a manager position or higher are required to sign “Employee Integrity Code Compliance Agreement” each year; the signing rate of 2016 was 100%.
-  Each year, employees above engineering or managerial positions in all units shall take “Integrity Survey” and “Investment and Representation Statuses of Employees and Their Relatives in the Company, the Manufacturers and Suppliers with Dealings, or the Competitors” survey. In 2016, 2,683 employees from the Taiwan plants and 10,603 employees from overseas plants were surveyed with a completion rate of 100%, and no violation of integrity occurred in the year.
-  In case of finding any violation of corporate integrity, employees may, according to “Integrity Regulations”, submit anonymous report or grievance to Unimicron’s Audit team or Human Resource Division. The unit undertaking the case will set a project team for investigation. Where board directors or employees of senior management level are involved in the reported case, the case will be submitted to the Group’s independent directors or supervisors.

## Information Transparency

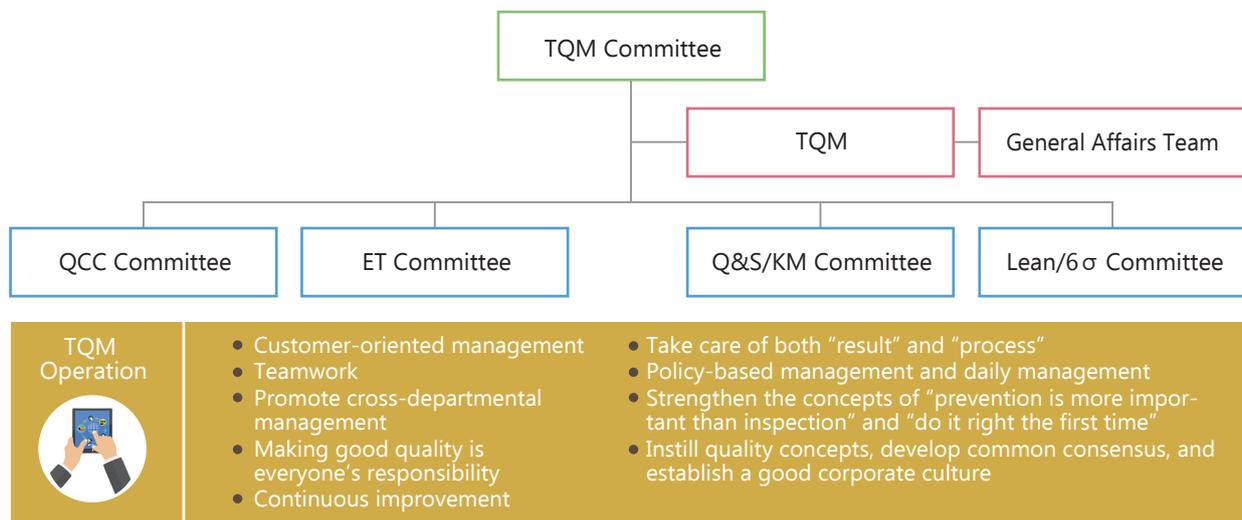
We have complied with rules and regulations of the competent authorities to disclose company data on the “Market Observation Post system” for investors’ information. In addition to disclosing basic information, technological research and development, corporate social responsibility, and other situations, the Company website also has a special Investor Relations Area, where corporate financial information, corporate governance, and other relevant written documents and provisions are provided.

Each quarter, we regularly hold the investor conference. The consolidated financial results, operational status, and future prospects of the quarter are announced and explained at the conference, and related data and video files of the conference are provided on the Company website and the “Market Observation Post System” for the reference of the investors. In addition, the Company also communicates with investors through various investor conferences, visit to foreign investors and investor relations windows. In 2016, Unimicron attended a total of two investor conferences held outside the Company and participated in more than 40 institutional investor’s interviews and conferences.

## Quality Management Requirement

Pursuit of quality is one of the core elements of Unimicron’s corporate culture. We pay attention to Total Quality Management (TQM) and established TQM Committee very early in 1996. Besides, Chairman T. J. Tseng is himself an academican of International International Quality Association (IQA) and has been the quality ambassador for Unimicron and even the circuit board industry over the past 20 years, laying a solid foundation for Unimicron’s quality management. Challenged by the fast-changing environment and fast competition of electronics industry, Unimicron has proactively expanded the blue ocean market, flexibly allocated the production capacity, and continuously optimized product portfolio; a great performance of the response strategy has been observed over the years.

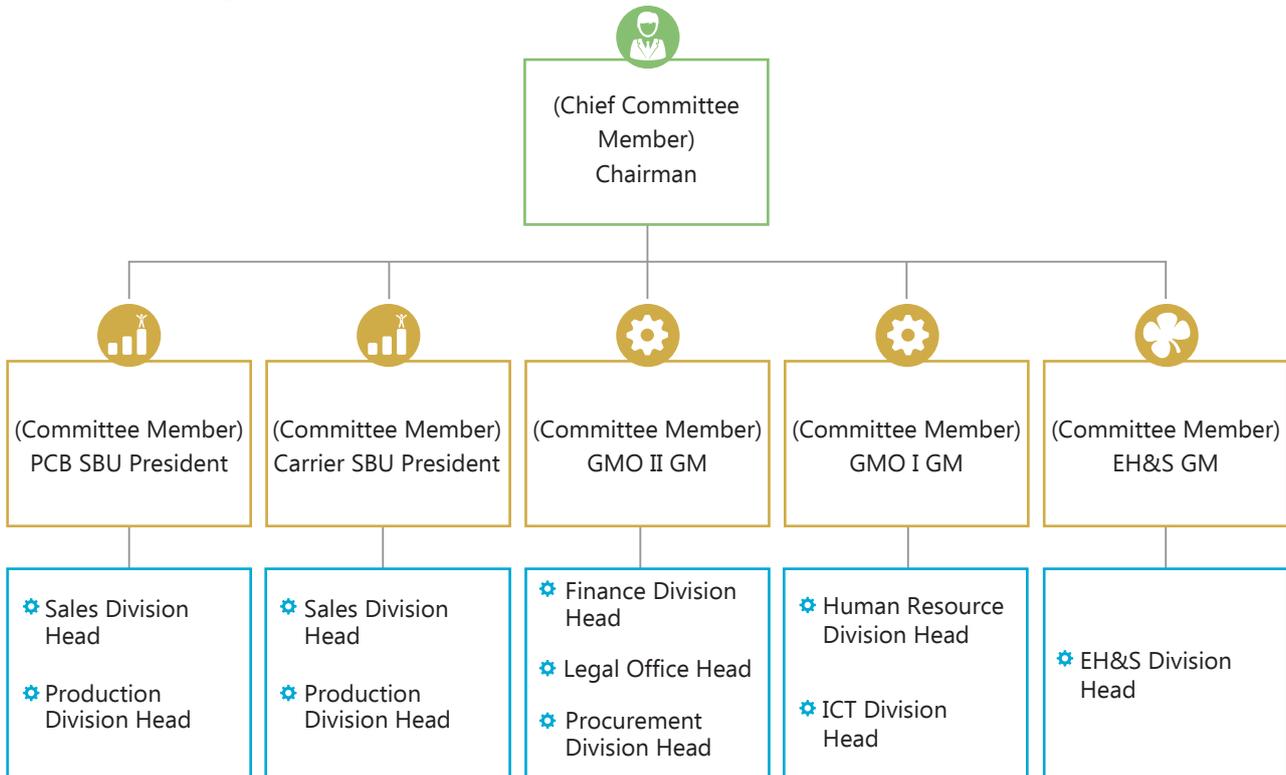
Currently, for our quality management organization, TQM Committee is the head with a total of four subcommittees, such as the Quality Control Circle (QCC) Subcommittee, established underneath so as to completely promote quality management. The brief descriptions of the division of work are as follows:



Committee	Accountabilities
Quality Control Circle (QCC) Committee	Revise and promote the Company’s entire quality assurance system and improvement proposal, event and regulations. Track, document and archive training effectiveness. Combine the training assessment results with the employee promotion system for a sound human resource system of the Company.
Education Training (ET) Committee	Cultivate correct TQM concept for use at work and in life. Establish the educational training system by level and function to train personnel, management talents, and internal teachers.
Quality & Standard (Q&S)/ Knowledge Management (KM) Committee	Implement operations of the quality system for continuous improvement of quality, while also in charge of the operations of the Company’s knowledge management system.
Lean/ Six Sigma (6σ) Committee	Set Lean / Six Sigma Action Plan and various quality indices, and track and improve the current status. Assist plants / units in selecting projects and audit the GB/BB/MBB certification.

## 2.3 Operational Risk Management

### Risk Management Mechanism

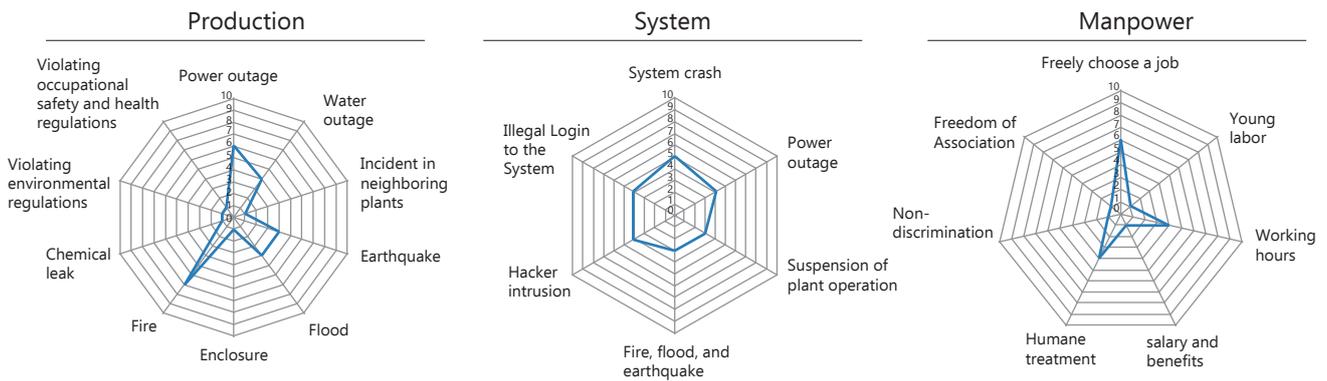


In order to respond to various risks that may occur at any time and cause operational disruption that leads to customer losses, Unimicron established “Risk Management Committee” to handle and respond to various situations that occur.

The Chairman himself holds the position of the chief committee member of Unimicron’s “Risk Management Committee” and leads the general managers of Group Management Offices (GMOs), EH&S Office, and various SBUs, as well as the heads of related divisions to regularly carry out various operational risk assessment and to set risk mitigation and disaster recovery plans. The various divisions under the administration will then carry out single-item or mixed drills for being out of materials, labor shortage, information system failure, natural disasters, vandalism, or other unexpected situations according to plan, and to review and make recommendations for improvement.

### Risk Identification and Response

“Risk Management Committee” regularly reviews all types potential risks, and have them categorized and assessed according to the occurrence rate and level of severity. Those that are assessed as high risks will be Unimicron’s primary improvement target in the future and will be set with mitigation and restoration plans.. For the various types of risks, corresponding organization and resource planning of crisis management teams are set respectively. With the usual drills and point inspections, in the event of an incident, the plan will be immediately activated and relevant operations will be launched. Supporting each other through the Group’s resources, we can ensure that under a state of distress, we can still maintain operation within the maximum scope, minimizing the duration and level of impact. The three operation-wise risk assessment results and response actions are as follows:



Aspect of Risk(s)	High Risk Items <small>Note</small>	Description of Risk(s)	Annual Results	Short- and Mid-Term Mitigation Plan
Production 	Power outage	Plant operation may be suspended, resulting in customer's claim for compensation	1. Submitted the application of installing the Taipower secondary loop system (161kV side) and GIS No.2 (will be installed this year upon receipt of the approval). 2. Completed the formulation of three-stage response procedures of power supply and carried out power outage BCP response drill.	Short-term strategy 1. Establish spare high- and low-pressure switch as the back-up system. 2. Enhance the replacement or maintenance works for important substation elements within a short time. 3. Continue the power outage BCP response drill (at least once per quarter). Mid-term strategy 1. Install the Taipower secondary loop system (161kV side) and GIS No.2 to reduce the emergency response time when the power anomaly is detected. 2. Increase the scope of substation testing standards of the year to find high-risk elements, and gradually replace them in annual maintenance to reduce the occurrence of power anomaly and response time.
	Fire	Plant operation may be suspended, resulting in plant / facility damage, personnel injury and customer's claim for compensation.	Carried out 314 annual fire emergency response drills in the year.	1. Continue to audit fire-prevention projects. 2. Strengthen the functional testing and checking of high-risk equipment in order to increase the equipment availability.
System 	System crash	Plant operation may be suspended, resulting in customer's claim for compensation	Conducted site drill with PDCA and reached the expected performance.	Carry out asset inventory according to ISO27001 and, for high-risk systems, conduct annual remote backup drill and continuous improvement as a cycle.



Aspect of Risk(s)	High Risk Items <sup>Note</sup>	Description of Risk(s)	Annual Results	Short- and Mid-Term Mitigation Plan
	Environmental and safety incidents	Personnel injury affects the supply of manpower required by production.	Refer to 4.2.5 Occupational Safety and Health for more details.	
Manpower 	Changes in Labor Market	External employment agency charges illegal money or improper benefits from foreign job seeker.	Adopted the PDCA (Plan-Do-Check-Act) method to improve and track external employment agency and foreign labor management relevant items, and reached the expected performance. That is, customers' requests were fulfilled and no ticket fines resulted from violation of labor conditions.	Formulate and regularly execute audit rules for employment agencies: 1. Updated the audit procedures for external employment agency to select the labor, and timely revise the SOP. 2. Set a caring and interview mechanism for foreign employees who enter the territory, and timely revise the SOP.
		Foreign labor fails to understand the employment conditions and his/her rights and benefits.		1. Hold explanation session before selecting foreign labor to explain employment conditions and their rights and obligations when working in Taiwan. 2. In the same time, increase the number of channels for foreign labors to file grievance before coming to Taiwan in order to reduce the number of violation case.
	Changes in Labor Policy	Policy changes affect the Company's human resource management policy, expenditure and daily operation.	Revised all policies according to labor laws and customer requests, such as adjustment to the wage, overtime calculation for non-work days, and adjustment to procedures of special leaves.	Continue to tract labor relevant regulations and establish a management mechanism.

Note: Risk assessment factor above 5 (including) is identified as high-risk item.

We expect to further promote this system to the various Mainland Plants in 2017, with complete execution from risk identification and assessment to mitigation and drills, so that related personnel may be familiar with the goal and implementation method of the overall risk management. Unimicron will also update the risk assessment methods as requested by customers, and have them applied in aspects other than production (for example, Code of Ethics and regulatory changes). To control all operating risks, we will re-evaluate all operating risks, and update mitigation and response plans in 2017.

However, we understand clearly that even if the most comprehensive specifications and plans are developed, risks may still occur. In order to avoid the loss brought by risks, Unimicron has insured a complete variety of insurances (such as property and casualty insurance, business interruption insurance, installation insurance, marine insurance, fire insurance, etc.) to ensure that when risks occur, Unimicron still has enough ability and resources to carry out follow-up operational recovery matters and to actually shoulder the various promises made to the customers.



**Unimicron**



## **Value Chain Management**



# 3.1 Blueprint for Environmental Sustainability

In 2007, Unimicon officially included environmental sustainable development strategy into the management system to internalize environmental management in daily operations for reducing impacts to our environment. We have set "Unimicon's short-, mid- and long-term environmental sustainability goals", with Planet (Green Ecosystem), People (Green Humanities), Performance (Green Competitiveness) – 3P – as the focus, developing and promoting various environmental sustainability action projects.

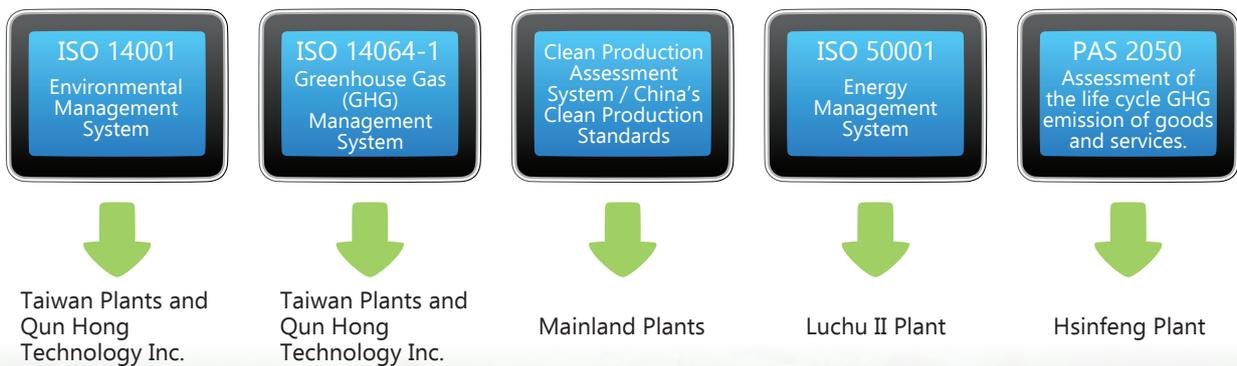
In 2016, we have, based on "Unimicon's blueprint for environmental sustainability", comined the actual accomplishments of all plants during that year to continue our commitments towards environmental sustainability, implement environmental management system and best use efficiency of energy resources, proactively engage in waste reduction and pollution prevention in order to reduce possible environmental impacts and risks. In the future, we will continue to review and update our action blueprint and truly fulfillment our commitment to environmental sustainability.

CSR themes	Plant	Action blueprint	Actions and Results in Past Years		
			Taiwan Plants	South China Plant Sites	East China Plant Sites
Planet (Green Ecosystem)		<ul style="list-style-type: none"> <li>River Remediation / Ecological Pond</li> <li>Plant Factory (Non-Toxic Planting)</li> <li>Ecological Restoration / Environmental Forestation</li> </ul>	<ul style="list-style-type: none"> <li>Maintained Taoyuan Nankan River and Hsinchu Deguei River.</li> <li>Continued to promote tree planting, maintained 26,403 trees.</li> <li>Focused on the development of plant factory to be in line with the trend of green agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>Built an ecological environment and facilities for effluent.</li> <li>Continued to promote tree planting, maintained 635 trees.</li> </ul>	<ul style="list-style-type: none"> <li>Promoted tree planting and totally planted 1,180 trees.</li> </ul>
		<ul style="list-style-type: none"> <li>Environmental Safety Month / Promotion of Environmental Safety and Health Events</li> <li>Environmental Education / Symposium and Observation</li> <li>Home Life Energy Saving and Green Promotion</li> </ul>	<ul style="list-style-type: none"> <li>Held Environmental Safety Month events for 13 consecutive years to continuously promote and shape the environmental safety and health culture for all employees.</li> <li>Held and promoted 8 environmental education seminars and events.</li> <li>Integrated with TPCF to promote 17 residential environmental education programs in schools.</li> </ul>	<ul style="list-style-type: none"> <li>Established environmental billboard to fully promote environmental information.</li> <li>Held competitions for power saving and eco-friendly proposal.</li> <li>Held second-hand book and object exchange activities to promote resource revitalization and reutilization.</li> </ul>	<ul style="list-style-type: none"> <li>Donated trees to surrounding societies to promote afforestation.</li> <li>Invited employees' families, stakeholder groups and neighboring residents to visit the factory and eco-friendly facilities to implement environmental education.</li> <li>Proposed to improve the system and encourage employees to proactively submit proposals.</li> </ul>
	People (Green Humanities)				

CSR themes	Plant	Action blueprint	Actions and Results in Past Years		
			Taiwan Plants	South China Plant Sites	East China Plant Sites
Performance (Green Competitiveness)		<ul style="list-style-type: none"> <li>🏠 Green Production / Resource Recycling / Waste Resource Recycling and Reuse</li> <li>🏠 Green Energy Resource / Carbon Reduction / Energy Resource Management System</li> <li>🏠 Environmental Protection Technology Innovation and R&amp;D</li> <li>🏠 Disclosure of Environmental Information</li> </ul>	<ul style="list-style-type: none"> <li>🏠 Continued to replace fossil fuels with gas. The usage of fossil fuels reduced 22% comparing with 2015.</li> <li>🏠 Maintained the overall waste utilization rate at 90% above.</li> <li>🏠 Participated in the CDP (carbon disclosure project) survey for the first time in 2016 and got a score of C. Will continue to progress relevant plans and disclose quality in order to enhance the overall performance.</li> </ul>	<ul style="list-style-type: none"> <li>🏠 Has about 210,000 carbon emission allowance in the carbon emission trading mechanism, which can have another RMB 5.25 million of revenue (25 tons per RMB).</li> <li>🏠 Established the Energy Management Center and management system.</li> </ul>	<ul style="list-style-type: none"> <li>🏠 Promoted the nickel effluent reduction project with a reduction rate of 80%.</li> <li>🏠 Continued to replace fossil fuels with gas, and successfully reduced 44% comparing with 2015.</li> </ul>

## Managing Environmental Sustainability

In order to fulfill Unimicron’s commitments to environmental sustainability, we have set up an environmental management system with specific rights and responsibilities and strong execution. Since the establishment of the plant in 1990, we immediately made detailed consideration and design for the possible environmental impacts and risks caused by production events to reduce execution risks through standardization. To reduce impacts to our environment, we will follow changes to the trend of environmental sustainability to actively respond and introduce clean production and management systems to reduce environmental impact.





## 💡 360° Environmental Action

Unimicron upholds the philosophy of complete pollution prevention and follows local regulations to actively search for and promote the 360° environmental action according to the action blueprint. We expect to, through the enhancement of pollution prevention practice, reduction of energy consumption and innovative resource reutilisation, reduce potential impacts caused by plant operation to our environment.

We imported the philosophy of clean production, reducing the amount starting from the source, and also promoting various environmental pollution prevention techniques and management to reduce the pollutants produced and the energy resources consumed at the end, actively heading towards the goal of green industry.

### Targets:

- ▶▶ Saving 1% of energy each year.
- ▶▶ Saving totally 3% of energy from 2015 to 2020.

### Air-pollution Prevention

- 1.Design and improve the washing layer to increase the waste gas removal efficiency.
- 2.Install high-pressure fine-mist spray nozzle and add many layers of sieve plates to improve the dust-collection efficiency of the whirlwind scrubbing towers.
- 3.Combine whirlwind dust-collection machine and scrubbing tower to replace dust-filter bags for cleaning job.
- 4.Reduce air pollution caused by the scrubbing tower using the new gas-liquid separator.
- 5.Patent for integrated dust-collection scrubbing tower design.
- 6.The patented designed scrubbing tower can collect organic waste gas effectively.

### Effluent Prevention

- 1.Establish Biological Treatment Center to reduce the amount of discharged effluent.
- 2.Establish biological monitoring indicators.
- 3.Liquid waste characteristics and treatment technique at Biological Treatment Center 5330.
- 4.Add two liquid waste biological treatment centers.
- 5.Reclaimed water recycling system

### Waste Reduction

- 1.Promote waste reduction project and action, and gradually increase the waste utilization rate year by year.
- 2.Use the "mass balance" principle to increase the amount of waste utilization.
- 3.Use the derivatives of recycled copper chloride liquid waste (sodium chloride NaCl) to replace the sodium chlorate used to generate water for waste reduction.
- 4.Promote the nickel liquid waste reduction.
- 5.Introduce the electrolytic copper device to reduce the amount of high-concentration liquid waste.





## 3.2 Management of Business Environment Impacts

To effectively track the environmental management cost, Unimicron referred to the Environmental Accounting Guidelines set by the Environmental Protection Administration to carry out environmental accounting coding and calculation, expecting that through complete cash flow statistics and using environmental accounting information, these can be used as a basis of reference for the decision-making of relevant environmental actions. The environmental accounting data also help us to analyze the relationship between the costs and benefits in detail and understand the distribution status and the pros and cons of various environmental investments, which can be used as a basis for improvements of strategies and enhancement actions.

In order to more realistically reflect Unimicron's investment in the environment, we adjusted the environmental accounting classifications in 2015, where the environmental expenditure was split into three major types, namely direct, indirect, and other environmental costs, so that the vast number of stakeholders can understand Unimicron's investment situation in the various environmental items more clearly.

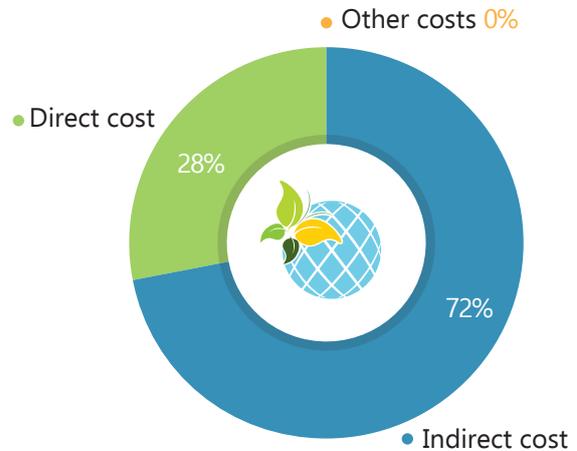


## Statistics and Analysis of Environmental Expenditure<sup>Note</sup>

Unit: NTD in million

	2015	2016
Direct Cost	614.11	312.68
Indirect Cost	503.94	723.32
Other Costs	1.34	2.45
Total Environmental Expenditure	1119.00	1038.45
Data Coverage	Taiwan and Mainland Plants	

- Note: 1. Direct cost: expenses used to improve the environment (maintenance of relevant equipment, waste treatment, energy-saving devices and relevant improvements)
2. Indirect cost: expenses used in managing the environment (expenses of environmental protection relevant trainings, and testing / verification expenses)
3. Other cost: expenses used to rebuild the environment (afforestation for beautification; ticket fines)

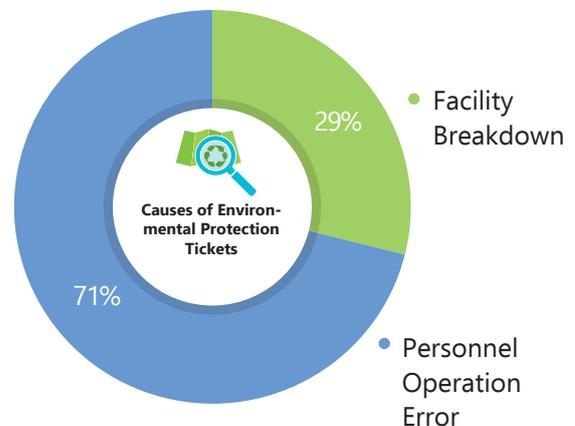


In 2016, the Company's total environmental expenditure was NT\$1038.45 million with a reduction of 7% comparing with the previous year. This discrepancy is mainly caused by the relatively higher liquid waste outsourcing treatment and waste utilization rate comparing with the previous year, resulting in a reduction of direct cost. Besides, to echo with the government policy, there is an increasing trend of purchasing products with environmental labels in Taiwan. For example, notebooks and monitors purchased in the year are all labelled as 100% green products.

We are aware that potential impacts to external environment can result in an increase of Unimicron's operating cost (such as the carbon price). We will, based on the environmental accounting system, continue to track and respond to regulatory changes in Taiwan and Mainland China, and think about how to internalize external environmental costs. It is our expectation that, through these measures, we will better evaluate and manage changes to internal and external environmental costs and benefits, and further enhance the environmental management efficiency.

## 💡 Explanation of Environmental Protection Tickets in 2016

In 2016, for the fines paid on tickets due to violating environmental protection regulations, there was a total of six cases in the Taiwan plants, where the total fine was NTD\$357 thousand; and a total of one case in the Mainland plants, where the total fine was RMB 50 thousand. The violations were caused by personnel operation error and facility breakdown. We already enhanced personnel training and management, made improvement on the facility, and set preventive measures. Improvements have been made and prevention measures have been formulated for related breaches. For complaint and suggestion channels on issues related to the environmental aspect, one can carry out complaints and proposals through the mailbox CSR@unimicron.com at the CSR website. There were no related complaint cases in 2016.



## Energy and Greenhouse Gas Management

In 2015, UN Climate Summit passed Paris Agreement with an expectation that all countries will actively participate in and reach the goal of inhibiting the global warming trend. In the same year, Taiwan also passed the Greenhouse Gas Reduction and Management Act and formulated climate change adaptive strategy to reduce and manage GHG emission.

### Risks and Opportunities

Reducing operation and production caused GHG footprints is not only the industry requirement, but also the global trend that help companies to largely save operating costs and create differentiated sustainable management. Unimicron has been actively tracked and managed the energy use and GHG emission while participating in Shenzhen carbon emission trading system. Unimicron considers obtained carbon rights as important assets of the Company. The Company's assessment on risks and opportunities brought by climate change is as follows:

#### Unimicron's Actions against Climate Change Risks

##### Regulatory Risks



Greenhouse gas (GHG) reduction



- Conduct voluntary greenhouse gas inventory ISO14064 with a promotion rate of 100%.
- Autonomous greenhouse gas reduction to reduce energy usage.
- Implement material localization, and reduce GHG emitted during the transportation.



Procurement environment and product protection



- Set green procurement standards, and firstly purchase energy-saving and high efficiency products to reduce the consumption of energy and resources.
- Recycle packaging materials, and firstly purchase packaging materials that can be used repeatedly to reduce the consumption of energy.

##### Actual Risks



Increased incidence of extreme weather



- Save water and electricity.
- Establish the baseline information of water usage to grasp water usage situation.
- Assess the affect caused by natural disasters (windstormms / floods / earthquakes), and develop mitigation mechanisms.

### Energy Management

Unimicron manages GSG emission through the "Energy-Saving and Carbon Reduction Management Committee". The chief committee member is the management representative designated by the chairman; and the executive director is the head of each plant, so that, with their support, eco-friendly measures will be promoted in the factory as well as various management mechanisms, analyses and projects. All of these will ensure that the energy will be used reasonable and efficiently. In the future, we will continue to reduce energy consumption, enhance energy efficiency and search for clean and replaceable energy in order to reach the reach our ultimate energy management targets.



## Energy Saving Objectives



Saving 1% of energy each year<sup>Note</sup>, saving totally 3% from of energy from 2015 to 2020

Note: annual energy-saving rate =  $\frac{\text{energy saving of the year}}{(\text{energy consumption of the year} + \text{energy saving of the year})}$

## Energy Saving Results



In 2014, the total electricity savings for the plants in Taiwan and the four plants in East China and South China was 2.03%.

In 2015, the total electricity savings for the plants in Taiwan and the four plants in East China and South China was 3.43%.

In 2016, the total electricity savings for the plants in Taiwan and the four plants in East China and South China was 1.49%.

## Coverage



13 plants in Taiwan

4 plants in Mainland (East and South China)



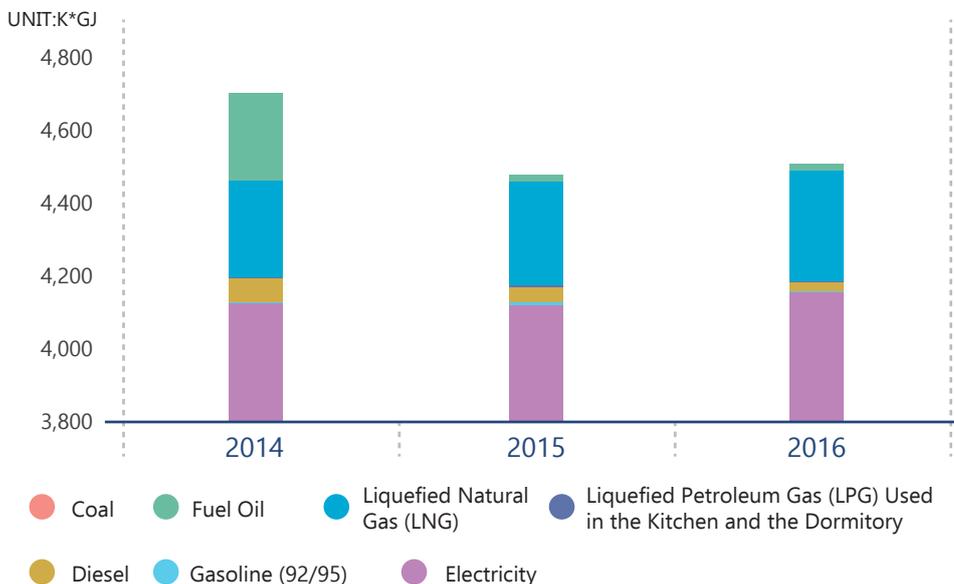
### Energy Use Analysis

In 2016, Unimicron's total energy consumption slightly increased 0.75%. Although the overall energy consumption increased, the energy intensity<sup>Note</sup> reduced by 0.2% comparing with the previous year (reduced from 0.16 GJ/ SF to 0.14GJ/ SF). The change of product type from single-layer board to multi-layer board is the main reason of the raise of our energy consumption.

Note: Internal energy intensity=GJ/product surface (square foot)

Unimicron plants mainly use electricity, gas, fuel oil and diesel. Among them, as gas has high combustion efficiency and produces relatively lower CO<sub>2</sub> emission, it is deemed as clean fuel inside and outside the country. In 2015, the Company started to promote replacing diesel or fuel oil with gas; in 2016, the consumption of diesel and fuel oil reduced 22% comparing with the previous year. In the future, the Company will continue to expand the replacement policy in other plants to protect our planet.

### Energy Use of 2016



Implementation of Energy Conservation Projects

To reduce the risks of energy price fluctuations and restrictions (such as rising oil prices and lack of electricity), we actively promoted energy- and electricity-saving actions at the various plants. The plants have been proactively promoted various projects, including improvement on rectifiers, frequency conversion for power saving, production allocation and switching equipment to power-saving mode. The improvement results are as follows

Energy Conservation Results in 2016

Type	Descriptions	Benefits		Power-Saving Benefits (GJ/Year)	Reducing Greenhouse Gas Emission (t-CO <sub>2</sub> e/year <sup>Note2</sup> )	Invested Amount (NT\$1000)
		Electricity (MW/Year)	Fuel Oil (kL/Year <sup>Note1</sup> )			
Process Reengineering	Improve the production process and enhance efficiency to reduce inefficient power consumption.	5,945.39	0.00	21,403.42	3,139.17	459.00
Equipment Modification or Renovation	Replace and renovate equipment and system, and increase the power-saving efficiency.	5,846.96	0.00	21,049.07	3,635.52	2,584.00
Changes of Employee Behavior	Improve management and behavior pattern to prevent resource waste.	0.27	0.00	0.97	0.14	0.00
Others	Production allocation	5,705.22	0.00	20,538.79	3,012.36	0.00

Note 1: (1) mega joule (MJ) = energy use \* heating value \* 4.186\*1000000  
 (2) heating value source: Taiwan – 2015 Energy Statistical Annual Reports of Bureau of Energy; East China – China Energy Statistical Yearbook 2015; South China – 2007 China National Energy Evaluation.  
 Note 2: The electricity emission factor of Taiwan plants is 0.582(KgCO<sub>2</sub>/KWh); the electricity emission factor of South China is 0.8959(KgCO<sub>2</sub>/KWh).

 GHG Management

Each year, we carry out GHG inventory, also certified by a third party, in accordance with ISO 14064-1 and we also completed the CDP supply chain survey in 2016. In 2016, the total of Unimicron’s direct and indirect GHG emission of 2016 is 760891.41 tons of CO<sub>2</sub>e, where Taiwan plants counted 57%, Jiansu (East China) counted 30%, and Shenzhen (South China) counted 13%; and the emission density is 12.15 (tons / NTD in million).



Unit: t-CO<sub>2</sub>e

Category <sup>Note1</sup>	Year	2014	2015	2016
Direct GHG emission (Scope 1)		39,872.94	24,305.02	29,506.35
Indirect GHG emission (Scope 2)		740,870.96	723,960.42	731,385.06
Total GHG emission (Scope 1+2)		780,743.90	748,265.44	760,891.41
GHG emission intensity (tons/NTD in million)		12.64	11.57	12.15
Other indirect emission <sup>Note2</sup> (Scope 3)		-	656.23	634.15

Note 1:(1)The source of Taiwan's global warming potential (GWP) is: IPCC 4th Assessment Report (2007)

(2)The GHG emission factor of Taiwan plants: Greenhouse Gas Emission Factor Management Table 6.0.3 of Environmental Protection Administration, Executive Yuan (March, 2017)

(3)The source of Mainland China's GWP is: East China – IPCC 5th Assessment Report (2013); South China – IPCC 3rd Assessment Report (2001)

(4)The GHG emission factor of Mainland plants: East China – IPCC Guidelines for National Greenhouse Gas (2006), China Energy Statistical Yearbook (2014), China Energy Statistical Yearbook (2015); South China - IPCC Guidelines for National Greenhouse Gas (2006), China Energy Statistical Yearbook (2015).

Note 2: Other indirect emission (Scope 3): Employees' business flying.

## ▶ Participating in Shenzhen Carbon Emission Trading

In the part on carbon trade, Unimicron (Shenzhen) joined the Shenzhen Carbon Trade Scheme in 2014. And up until 2016, the accumulated amount of carbon emissions was about 110,000 metric tons, and calculating backwards according to the industrial added value<sup>Note1</sup>, the allocated quota for the year was 230,000 metric tons<sup>Note2</sup>, there was temporarily a balance of 120,000 metric tons. Currently, for the quota of carbon emissions, the total accumulated amount at Unimicron has reached 210,000 metric tons that have been retained temporarily and have not gone through carbon trade.

Note 1: Industrial Added Value (Income Recognition) = Industrial Gross Product – Intermediate Input + Value-Added Tax (VAT) to be Paid

Note 2: Amount of Carbon Emissions Quota = Agreed Carbon Intensity \* Industrial Added Value

## Waste and Water Resource Management

The PCB production process is complicated and requires a large volume of water resources. Besides, during the production, it also produces different types of waste, which can cause environmental pollution risks if the waste is not effectively controlled. On the other hand, affected by extreme climate in recent years, Unimicron is also challenged by limited water resources.

To respond to above environmental risks, Unimicron has been proactively reduced waste produced during the production and water consumption; reduced various pollution sources and plan for classification and recycling system respectively; and continuously enhanced production technique in order to reduce production derived waste and water consumption.

## Waste Management

Since during the manufacturing process of printed circuit boards, solid wastes and high-concentration liquid wastes will be produced, if they cannot be properly handled, they will cause harm to the environment. We value greatly the operations of waste management system within and outside the plants, as well as the storage, removal, and disposal of waste. We strictly guard against the occurrences of pollution and hazard

Unimicron wastes are split into two main categories, namely general industrial waste and hazardous industrial waste. In terms of waste management, we filter and entrust qualified firms to process, and set strict review and audit mechanisms for the firms; and internally, the wasting of raw materials during manufacturing process is reduced so as to carry out source reduction. In 2016, with our effort of continuously reduce and reutilize waste, Unimicron has managed by reduce the volume of waste by 12% comparing with 2015, with an overall reutilization rate reached 87.5% and waste intensity reduced to 1.71 (tons/ NTD in million<sup>note</sup>).

Note: Waste Intensity = Annual Waste Volume (tons) / NTD in million revenue.

### Waste Management Results

Unit: Ton(s)

		2015	2016
General Industrial Waste 	Reusable	41,600	38,637
	Not Reusable (Incinerated or Buried)	11,912	11,942
	Subtotal	53,512	50,579
Hazardous Industrial Waste 	Reusable	66,241	55,173
	Not Reusable (Incinerated or Buried)	2,181	1,515
	Subtotal	68,422	56,688
Total		121,934	107,267
Overall Reusable Ratio		88.4%	87.5%

## Water Resource Management

To respond to extreme climate caused by climate changes and water crisis caused by the drought, when the Unimicron plants were just built, we immediately conducted assessments on the usage and storage of water resources. Water reservoirs are set up within the plants to ensure that the usage of water in the plants will not cause immediate water crisis due to scarcity of water resources.

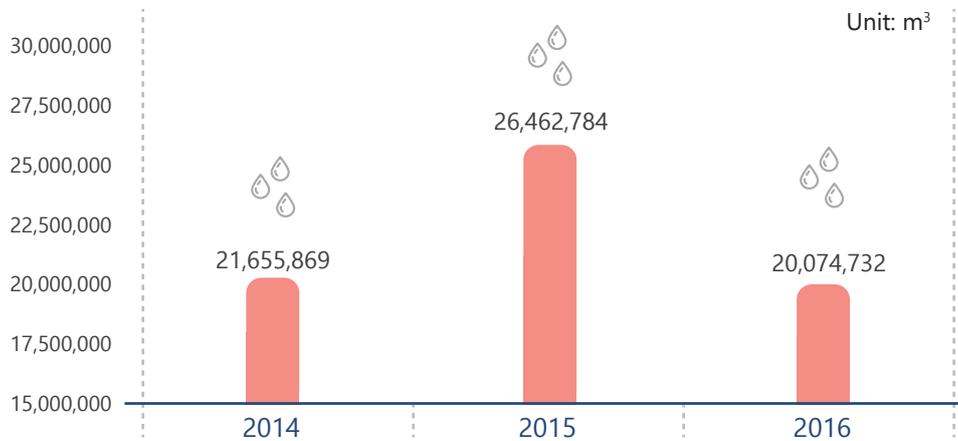
Unimicron's Taiwan and Mainland plants are not located in areas with frequent water shortage and drought, and all plants' primary water resource is running water. We follow the government policy to conduct water scheduling matter and, although the areas of our plants rarely suffer from damages and disasters triggered by water shortage or excess rainfall, we have set response measures for water scheduling during the drought. Besides, we also standardized water resource management, where the command center will uniformly deploy water tankers, cisterns, water sources, and other water resources scheduling matters to ensure operation without interruption. For the current water resource usage proportions, the Taiwan Plants accounted for around 72%, the others are respectively South China Plant (Unimicron Shenzhen) with 7% and the three East China Plants with 21%.

The total water consumption of Unimicron in 2016 was around 20,074,732 m<sup>3</sup>, which was reduced by 24% comparing with 2015 with a water usage intensity of 320.49 (tons/ NTD in million)<sup>Note</sup>.

Note: Water Usage Intensity = annual water consumption (tons/ NTD in million revenue).



## The Water Usage Trend



## 2016 Water Resource Management Results

Source of Water Usage Performance Data	Running Water (Accounting for 66%)	Well Water	Recycled Rainwater <sup>note</sup>	Recycled Water
2016 Usage Amount (m³)	11,649,655	5,954,861	2,394	2,470,216
Total Water Usage (m³)	20,074,732			
Recycling Ratio (%)	12%			
Water Sources for Kunshan, Suzhou Plants	Yangcheng Lake and Lake Tai			
Water Sources for Shenzhen Plant	Wuzhipa Reservoir, Songgang			

Note: The rainwater recycling volume is calculated by: regional averaged rainfall \* drainage area.

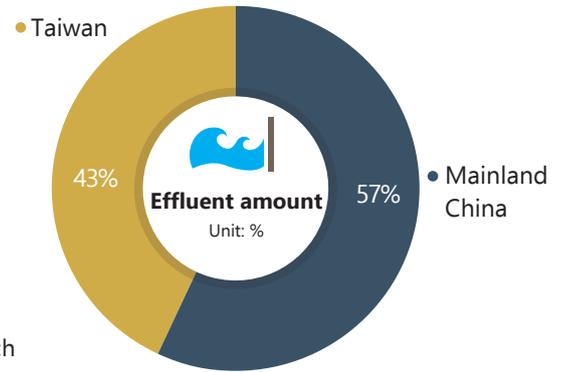
### ▶ Exercising Rainwater Recycling

Unimicron understands that water sources do not come easily, to save water resource and use water resource wisely, we continue to enhance our technology in reducing water consumption and enhance water usage efficiency. For example, instead of running water, use collected rainwater in watering landscaping plants. In 2016, around 2,394 tons of rainwater were recycled and used. Unimicron expects that through rainwater collection, storage, and utilization, functions like water conservation and scheduling can be achieved. The rainwater collection storage tanks set up at the various plants can also provide the meanings of flood detention, flood storage, disaster prevention, and landscaping.

Besides, we also continue to increase the number of water recycling system. The low-pollution water source collected through production process will be firstly processed and then replace industrial water for production to reduce water consumption. In 2016, 2,470,216 tons of water were recycled and reutilized with a recycling rate of 12%.

▶ Effluent Processing

We not only conduct reduction measures from the source, but also value end-of-pipe treatments. The effluent discharge at Unimicron’s various operational locations have all gone through effluent processing facilities and have been confirmed to be in compliance with effluence standards before being discharged into designated streams or incorporated into local specialized effluent processing plants. In addition, we also uphold the spirit of actively making the environmental information public to, on the Company’s official website, announce the effluent processing inspection data of third-party each quarter and explain the effluent treatment process.



In 2016, the total amount of discharged effluent was 18,873,593 tons. The effluent discharged in Taiwan Plants and Mainland Plants were respectively 8,038,160 tons and 10,835,433 tons. The effluents of Taiwan plants are firstly processed and then legally discharged to rivers and local effluent processing plants, including Nankan River, Laojie River, Dongmen River and Hsinfeng River; effluents of Mainland plants are processed in local effluent processing plants and ultimately legally discharged to Maozhou River, Wusong River and Taicang Pond. The effluent discharged from Taiwan and China plants do not threaten the ecology of local river basin. To confirm the effluent processing results, we are actively carrying out review and improvement on the effluent pollution control system with the plants. Currently, the effluent discharge standards in Taiwan and Mainland Plants are far lower than the approved standards of local regulations.

Quality of Unimicron’s Discharged Effluent

			Quality of Discharged Effluent (Unit: Mg/ L)	Approved Standards of Local Regulations (Unit: Mg/ L)
Taiwan	Discharged to surface water	Chemical Oxygen Demand (COD)	30.10-76.5	≤ 120
		Copper ion (Cu <sup>2+</sup> )	0.48-1.59	≤ 3
	Discharged to local effluent processing facilities	Chemical Oxygen Demand (COD)	51-332	≤ 600
		Copper ion (Cu <sup>2+</sup> )	0.37-2.51	≤ 3
South China	Discharged to local effluent processing facilities	Chemical Oxygen Demand (COD)	39.07	≤ 260
		Copper ion (Cu <sup>2+</sup> )	0.16	≤ 0.5
East China	Discharged to local effluent processing facilities	Chemical Oxygen Demand (COD)	5.95-127.68	340-532
		Copper ion (Cu <sup>2+</sup> )	0-0.13	0.20-0.7

## Air Pollution Prevention

The air pollutant produced from the PCB production process includes mainly acid and alkaline waste gas, and volatile organic waste gas. Unimicron has dedicated effort to reduce air pollutant discharged from the production and, with the use of high-efficiency air pollution prevention and disposal facilities, processed waste gas in order to keep the volume of detected pollutant lower than the government’s environmental regulations.



To reduce the air pollutants discharged through production, besides the installation of basic air pollution prevention facilities, Unimicron further actively commits in various research and development. Our relevant achievement over the years include improvement on front-end of the acid scrubbing tower to remove 75-96% of sulfuric acid mist, and the hydrochloric acid mist removal efficiency can reach 91-98%; and use the high vapor pressure characteristic of organic waste gas and the low vapor pressure characteristic of brine ice to, along with the structure of the newly-designed scrubbing tower, effectively collect organic waste gas and its removal efficiency reaches 90%. We have not obtained patents of relevant research and development, but also effectively enhanced the air-pollution prevention efficiency.

In terms of the results of air pollution control, the emission of all types of air pollutants are lower than that of 2015 in 2016; as for the air-pollution emission intensity, apart from volatile organic compound that has increased by 2.8%, other items have reduced comparing with 2015. The overall air-pollution emission density is 1.36 (kg/ NTD in million), showing the air-pollution control benefits of Unimicron has reached certain standards.

### Air-Pollution Control Results

Type	2015		2016	
	Emission Amount (kg)	Air Pollution Emission Intensity <sup>Note</sup>	Emission Amount (kg)	Air Pollution Emission Intensity
Nitrogen Oxides	25,479	0.39	14,202	0.23
Sulfur Oxides	13,520	0.21	5,774	0.09
Volatile Organic Compounds (VOCs)	44,745	0.69	44,574	0.71
Particulate Matter (PM)	22,574	0.35	20,477	0.33

Note: Air Pollution Emission Intensity = Annual Emissions (kg) / NTD in million in turnover

## 3.3 Promoting Responsible Value Chain

With the vision of pursuing to “Become a World-Class Leading Company” and the goals of fulfilling global CSR and sustainable specifications, Unimicron complies with international standards and regulations, such as Electronic Industry Code of Conduct (EICC), ISO14001, OHSAS18001, RoHS, HSF, Perfluorooctane Sulfonate (PFOS), Conflict Mineral Prohibitions, etc., and has established corresponding management systems and management standards based on the environmental protection, human rights, safety, and health principles. We regularly communicate and make exchanges with suppliers, so as to establish co-existing, win-win partnerships with common prosperity.

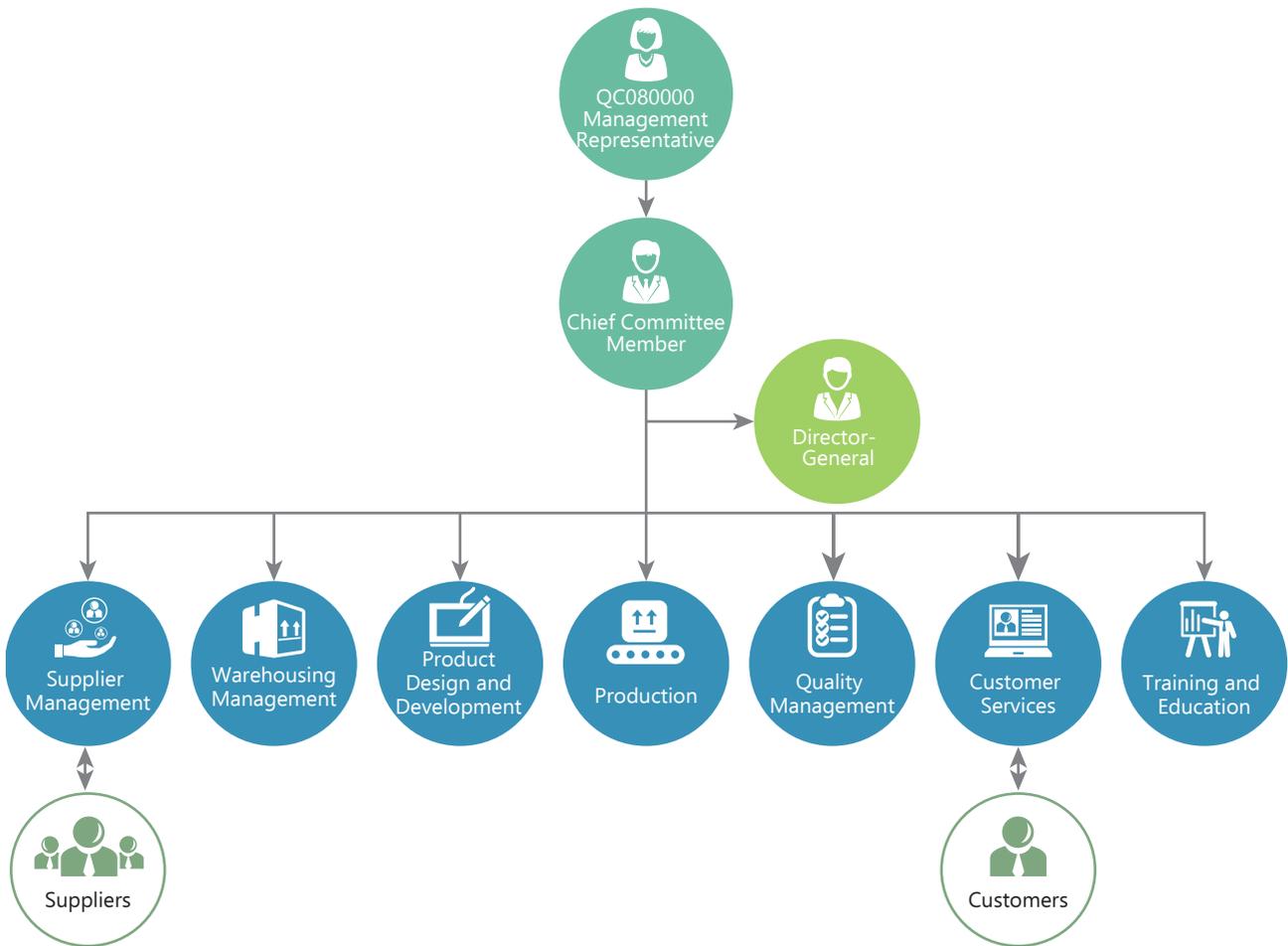
### Green Product Management

The rising concept of sustainable consumption around the world, and customers’ requirements and international environmental regulations are the main force that drives Unimicron to promote green product management. In this regard, we have set the HSF Quality Objectives with three main principles, namely “In Compliance with Green Specification and Requirements,” “Green Procurement,” and “Green Supply Chain,” which expands to the Quality Management, Capital and Goods, Products, Research and Development, Manufacturing, Sales, and other Departments, to indeed implement the purposes of green materials and continual improvement, so as to satisfy the customers and to comply with the requirements on green materials by international environmental protection specifications, while, at the same time, fulfilling the social responsibility of environmental protection.

**Green Material (Management) Committee**

Unimicron used QC 080000 IECQ (International Electrotechnical Commission Quality Assessment System for Electronic Components) HSPM (Hazardous Substance Process Management) system as the foundation and established the Green Material Committee, setting the HSF Quality Policy and Quality Targets, carrying out a systematic management on the hazardous substances through a “process-oriented” approach to ensure that products that meet customer demands and international environmental protection regulations are provided.

**Organizational Chart of Unimicron’s Green Material Committee**



**Unimicron’s HSF Quality Policy**



**Unimicron** Offers excellent HSF (Hazardous Substance Free) quality, products at reasonable price, and competitive lead-time and services to satisfy the customers and be in compliance with the four HSF quality policy:

- Customer satisfaction
- Legal compliance
- Green Material
- Continuous improvement



Undertaking the four HSF quality policy, Unimicron regularly tracks the Company's performance and achievement rate through the following indexes: number of returned goods due to inconformity with HSF; completion rate of instantly updating international / customer regulations of hazardous substance; the pass rate of hazardous substance survey conducted internally from the procurement to shipping end, and by a third certification body; regular and irregular HSF internal / external audit; and completion rate of HSF regular trainings. The achievement rate for all HSF quality indexes is 100% in 2016, and no good was returned from the customer due to inconformity with HSF.

## Hazardous Substance Survey

In response to and to comply with the requirements of the instructions in the new 2016 RoHS (Restriction of Hazardous Substances) 2.0 Version and REACH<sup>Note</sup>, Unimicron carried out source and finished product management according to the specifications of the management systems, and requested suppliers to conduct hazardous substance survey to ensure that the raw materials are in accordance with the control of hazardous substances of RoHS 2.0 and REACH.

### Unimicron's Green Material Commitment



Green materials that are 100% in compliance with international regulations, industrial standards, and customer requirements.

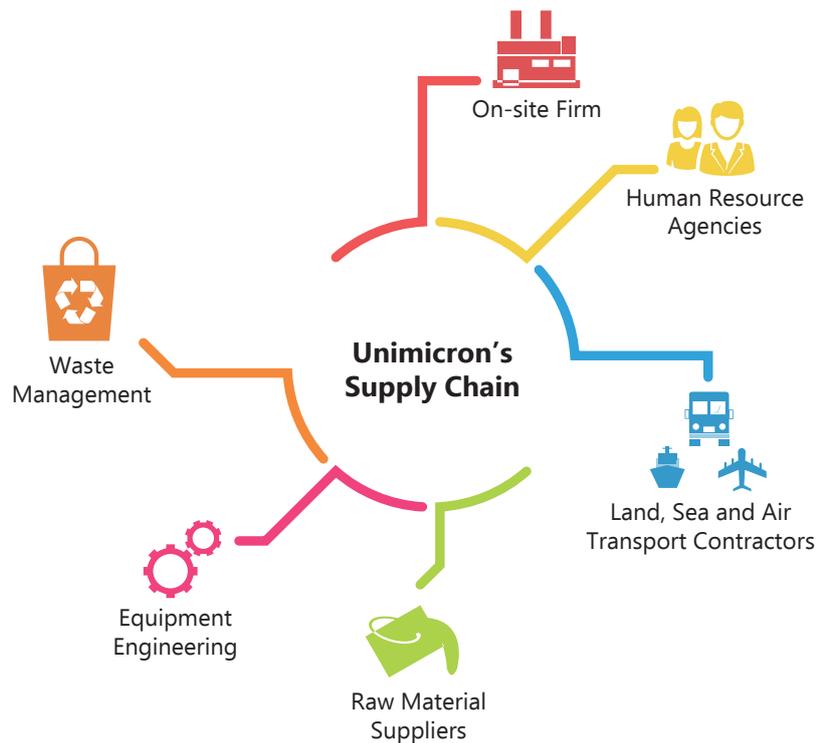
Note: The EU REACH (Registration, Evaluation, Authorization and Restriction of Chemical Regulation) regulations: In 2016, REACH SVHC already announced up to 173 substances. Details regarding the listed substance can be found on the ECHA Website.

## Green Product Management Mechanism

Stage	Descriptions	Performance
Source Management	<ul style="list-style-type: none"> <li> E-Pr System               <ul style="list-style-type: none"> <li> Issue documents of hazardous substance management requirements and green requirement relevant announcements to Unimicron's suppliers. The system not only enables suppliers to understand environmental, legal and market requirements of hazardous substances, but also prevents hazardous substances from entering Unimicron's supply chain and production process, helping to reduce impacts of hazardous substances to human health and environment.</li> <li> Manage papers signed by the suppliers, including a guarantee not to use hazardous substances and REACH survey, to ensure that the products provided by suppliers comply with Unimicron's requirements.</li> </ul> </li> <li> Request suppliers to provide a third-party testing report and update it annually to ensure Unimicron's green procurement requirements are fulfilled.</li> <li> Only materials approved by the Green Material Committee can be used.</li> </ul>	<ol style="list-style-type: none"> <li>1. 100% green material procurement rate</li> <li>2. Valid third-party testing reports.</li> <li>3. 100% RoHS pass rate.</li> </ol>
Manufacturing Process Management	<ul style="list-style-type: none"> <li> Unimicron has adopted halogen-free and lead-free raw materials for the entire production process, except for materials designated by the customer. Unimicron also identifies and effectively manage and use materials designated by the customers for the entire process, from importing and withdrawing the raw materials, to manufacturing the product and storing the finished product.</li> <li> Installed the XRF inspection equipment to inspect imported raw materials and finished products to ensure that delivered products are in conformity with hazardous substance requirements.</li> </ul>	<ol style="list-style-type: none"> <li>1. 100% XRF inspection pass rate for finished products.</li> <li>2. 100% XRF inspection pass rate for imported raw materials.</li> <li>3. 100% third-party inspection pass rate.</li> </ol>
Customer-End Management	<ul style="list-style-type: none"> <li> Regularly surveyed customers' satisfaction level towards Unimicron's HSF quality as an accordance for sustainable improvement.</li> <li> Complied with the customer request to complete investigations on hazardous substances and, when necessary, submit hazardous substance testing report of a third certification body.</li> </ul>	Customers' HSF quality satisfaction level: 4.5 (total score: 5)

## Supplier Management

Unimicron’s suppliers consist of raw material suppliers, equipment engineering suppliers, waste disposal firms, on-site firms (such as security service), human resource agencies, and land, sea, and air transport contractors. Among them, raw material suppliers and equipment engineering suppliers are important suppliers for Unimicron. Unless it’s due to major changes in demands or supplies, where we must search for new suppliers or adjust the proportion of procurement, we have maintained good and long-term procurement relationships with all suppliers.



### Supplier Management Mechanism

Upholding the philosophy and trend of sustainable management and development, Unimicron has well-developed its quality management and CSR management models for primary raw material suppliers, equipment suppliers and strategic suppliers involved in the production process. With an expectation of complying with corporate sustainability principles, the Company locks important and high-risk suppliers to manage its operations sustainably from the perspectives of CSR, financial risks, conflict mineral and BCP (Business Continuity Plan). Being aware of suppliers’ CSR risks, Unimicron has enhanced its audit management, provided suppliers with consultations and assisted them in making improvement, with an expectation that the entire supply chain will comply with the EICC code of conduct.

Integrated with the procurement procedures, Unimicron requests all raw material suppliers to provide “Supplier Letter of Commitment”. The letter of commitment is set based on EICC, International Labor Organization (ILO) Conventions, and Social Accountability 8000 Standards (SA8000) and cover various provisional aspects, such as ethical behavior, human rights, and environmental considerations, and also represents our willingness. In 2016, 100% raw material suppliers of Taiwan and Mainland plants have signed the Letter. As Qung Hong separated from Hsingpong Plant in March of 2016 and became an independent company, it is now requesting suppliers to sign the letter of commitment and the entire process is expected to be completed in 2017.



## The CSR Management Responsibility for Unimicon's Supply Chain



## Descriptions of 2016 Supply Chain Management

	Raw Material Suppliers	Equipment Suppliers	Strategic Suppliers of Raw Material and Equipment <sup>Note</sup>
Proportion of suppliers (%)	249 suppliers (80%)	61 suppliers (20%)	15 suppliers (raw materials) + 9 (equipment) suppliers (8%)
Importance	Provide Unimicon Technology the appropriate amount of raw materials in a timely manner, so as to comply with the product production that the customer-end requests.	Provide advanced equipment and technology to assist Unimicon Technology in producing products of high quality and yield rate, so as to meet customer requirements.	For single suppliers or important one-stage suppliers, we adopt closer cooperation and make technological exchanges, so as to enhance the competitiveness of Unimicon Technology.
Management Policy	For the raw material supply partners, we adopt the Quality – Cost – Delivery – Service – Technology (QCDST) management strategy comprehensively to ensure that the delivery quality meets the customers' expectations and complies with EICC.	We make technological exchanges and cooperate together in the development.	We arrange visits of higher-level executives, make technological exchanges, and cooperate in the development.

Note: Strategic suppliers refer to raw material and equipment suppliers who play a significant and strategic role in regard to Unimicon's operations.



Analysis of Suppliers' CSR Risks

	Raw Material Suppliers	Equipment Suppliers
Potential Risks in the Environment	<ol style="list-style-type: none"> <li>1. No hazardous upon inspection labeling when importing materials.</li> <li>2. Lack annual occupational health and safety inspection plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lack annual occupational health and safety inspection plan.</li> <li>2. No accident response plan.</li> </ol>
Potential Risks in Labor	<ol style="list-style-type: none"> <li>1. Failure to comply with the provisions of a 60-hour work week.</li> <li>2. No rules on the employment of child labor and youth labor.</li> <li>3. No relevant regulations on labor-management meetings.</li> </ol>	<ol style="list-style-type: none"> <li>1. No relevant regulations on labor-management meetings.</li> <li>2. Inadequate safety protection for on-site workers.</li> </ol>
Potential Risks on Human Rights	<ol style="list-style-type: none"> <li>1. Issues on withholding liquidated damages of foreign labor workers.</li> <li>2. Issues on the custody of foreign labor documents.</li> <li>3. Employees lack channels for appeals.</li> <li>4. Personal information items is unrelated to work.</li> </ol>	<ol style="list-style-type: none"> <li>1. Issues on withholding liquidated damages of foreign labor workers.</li> <li>2. Issues on the custody of foreign labor documents.</li> <li>3. Issues on occupational hazard insurance of contract workers.</li> </ol>
Potential Risks in the Community	<ol style="list-style-type: none"> <li>1. Noise.</li> <li>2. Offensive odor.</li> <li>3. Traffic congestion.</li> </ol>	<ol style="list-style-type: none"> <li>1. Noise</li> </ol>

 Supplier Audit and Propagation

To enhance the overall supply chain competitiveness, Unimicron established the Supply Chain Management team to regularly assess and audit suppliers. In the meantime, for new suppliers in Taiwan whose capital is above NT\$2 billion or number of employee is above 200 or who has been actively determined to have environmental and social risks, a CSR assessment is carried out while encouraging the top 50 major suppliers to actively participate in CSR evaluation.

Unimicron has not only included factors such as suppliers' quality, price and cost, service standards, environmental protection, occupational safety and health and technology in the evaluation to ensure suppliers' quality, but also considered CSR as an important criterion for evaluating its suppliers. Unimicron also holds the spirit of PDCA cycle management to assist suppliers in exploring the reasons and provides them with necessary counselling, so that Unimicron will sustain its best competitiveness.

CSR Audit Procedures for Suppliers





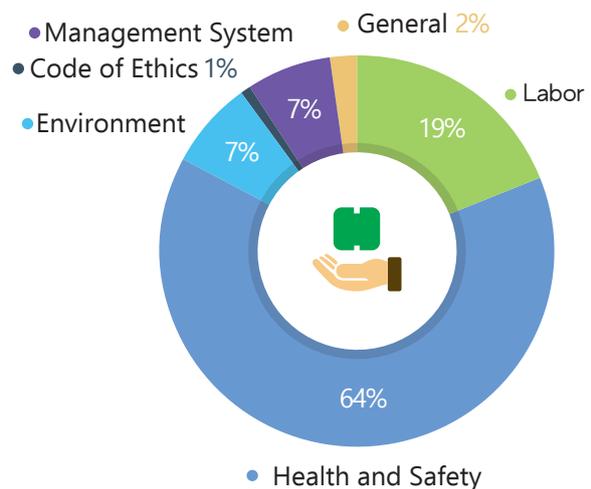
## 2016 List of Non-conformance Items of Taiwan Suppliers

Non-conformance Items	Statistics	Proportion %
A. Labor	37	30.3%
B. Health and Safety	36	29.5%
C. Environment	7	5.7%
D. Code of Ethics	4	3.3%
E. Management System	12	9.8%
F. Material Supply Risk Management	16	13.1%
G. General	10	8.2%
<b>Total</b>	<b>122</b>	<b>100%</b>



## 2016 List of Non-conformance Items of Mainland Suppliers

Non-conformance Items	Statistics	Proportion %
A. Labor	33	19%
B. Health and Safety	114	64%
C. Environment	13	7%
D. Code of Ethics	1	1%
E. Management System	13	7%
F. Material Supply Risk Management	0	0%
G. General	3	2%
<b>Total</b>	<b>177</b>	<b>100%</b>



In 2016, Taiwan and Mainland plants totally audited 8 and 31 suppliers respectively, and none of the suppliers was recognized as being involved in high risks or major environmental non-conformance. The major non-conformances of suppliers of Taiwan and Mainland plants are related to labor and occupational health and safety; Unimicron requested audited suppliers to complete or submit an improvement plan within the prescribed deadline. Up to the end of 2016, 50% of the suppliers already responded with an improvement report or formulated an improvement plan accordingly; those who fail to respond are expected to be interviewed in the second half of 2017, so that all suppliers will complete the improvement report.

Unimicron aims to audit 12 important suppliers in 2017 and will, following the precedent audit results, select 6 suppliers for subsequent audit. This is to ensure that they have properly and continuously made improvements, and that the Company's supply chain complies with the principles and practices of the EICC code of conduct.

## 💡 Supplier Trainings and Exchange

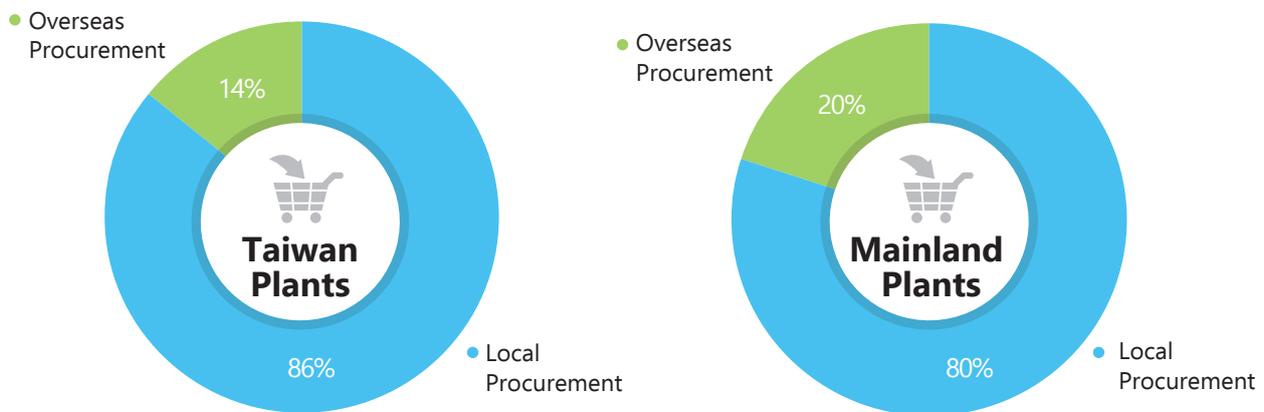
To grow with the suppliers and ensure all suppliers properly fulfill their CSR, we hold regular Suppliers' Meeting as well as irregular exchange sessions and forums to keep good communication and interaction with our suppliers.

In 2016, Taiwan plants held two suppliers' meetings and 125 out of 165 invited suppliers attended the meeting with a participation rate of 76%. Apart from propagating quality, occupational safety and environmental safety relevant issues, Unimicron also further explained green procurement, CSR Supply Chain Management, CSR promotional results and EICC standards. In the meantime, the Company also awarded two suppliers with the "Co-Prosperty Award" to encourage their extraordinary performance in promoting CSR and make them the benchmark for other suppliers. After the meeting, we also uploaded all relevant information on the supplier platform, enabling suppliers to read the information on line at any time. As for Mainland plants (except for plants in South China), Unimicron not only held gatherings among suppliers for carrying out propagations, but also promote relevant concepts in forms of letter of commitment as the primary strategy. It is expected that Mainland plants will hold suppliers' meeting in 2017 to implement CSR and propagate EICC.

## Raw Material Purchasing Management

Unimicron's three major raw materials are substrates, auric salt, and film. Aiming to provide global customers with high quality and eco-friendly products, our procurement philosophy is based on environmental protection. In 2016, the amount of Taiwan plants' green procurement counted 49% of the total procurement amount.

To facilitate the soundness of our sales activities and to promote the development of local economy, Unimicron has been proactively implemented material location and support local suppliers' development. In the meantime, we also reduce unnecessary expenses on air and sea transportation to reduce carbon footprints during the transportation process. The local procurement rate for raw materials used by Unimicron in 2016 was 86% for Taiwan plants and 80% for Mainland plants.

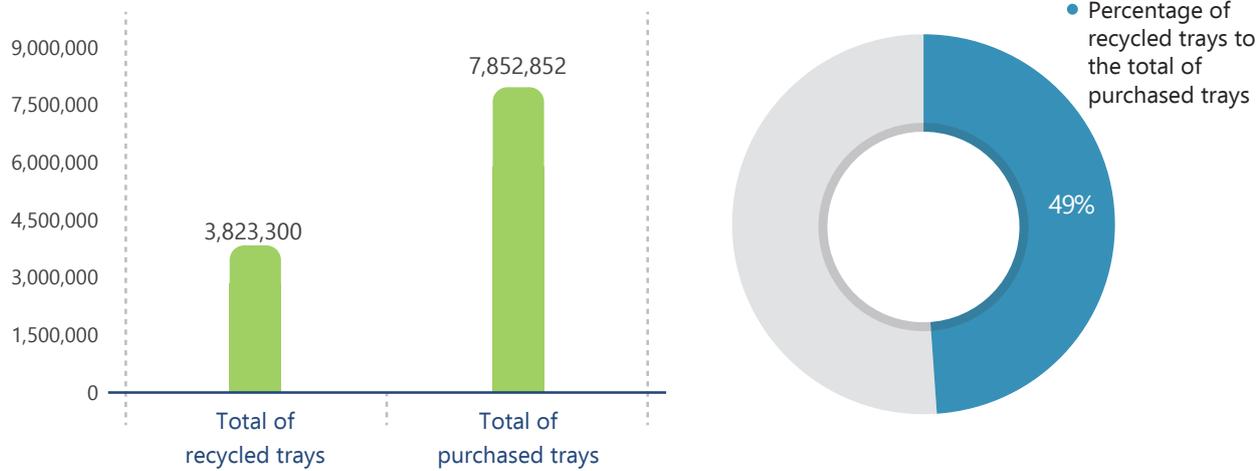


In the meantime, not only have we done our best to recycle packaging materials, but also the trays that we used when shipping carrier boards were also recycled from our customers by our suppliers after the shipment for reutilization. Unimicron purchases repeatedly used trays at priority, where the recycled tray counted 49% of the total of purchased trays in 2016.





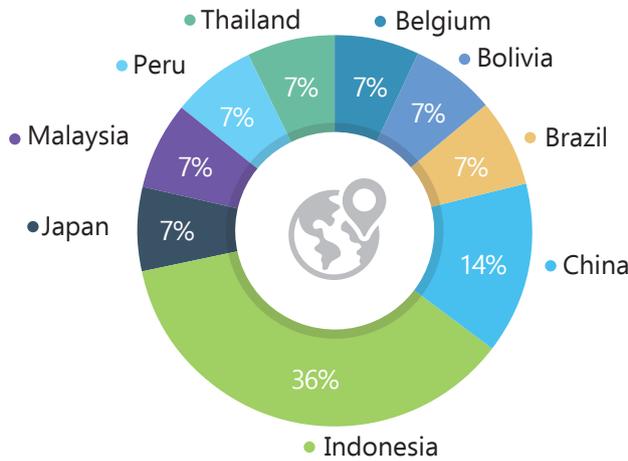
## Proportion of Recycled Trays in 2016



## Conflict Minerals

Since the exploitation process of precious metals, such as cassiterite, wolframite, coltan, and gold, from within Democratic Republic of Congo and its neighboring regions have caused serious human rights and environmental issues, the metals mined from these regions are known as “conflict minerals.” These metals may be used on information and communication technology products.

Unimicron has included the prohibition of “conflict minerals” in its supplier management policy and works together with our customers promising that we will not use the metals extracted under armed conflicts, illegal mining, and poor working conditions. Meanwhile, we require our suppliers to fulfill the social and environmental responsibility, track the source of gold (Au), tin (Sn), tantalum (Ta), and tungsten (W) included in products, so as to ensure that these metals are not from “conflict mining areas” or “blood mining areas”; we require the suppliers to convey this requirement to their upstream suppliers in order to eradicate such behavior through the use of market mechanism.



We have also brought out our influence on the supply chain by requesting smelters to complete the certification of Conflict-Free Smelter Initiative (CFSI) to fulfill our commitment in real action. All of Unimicron’s smelters and refineries already obtained the CFSI certification and are in compliance with EICC; conflict minerals used by Mainland plants and Qun Hong Technology Inc. are in compliance with the EICC requirements.

## Unimicron Plant Factory – Innovative Technology creates Green Business Opportunity

Upholding the philosophy of “Starting Out from Customer Value and Creating New Business Opportunities” and according to the long-term observations of global sustainable trends, we have focused on the topic of “technological agriculture” and use the group’s core technology advantages to found “Unifresh Plant Factory”, a product incorporated with technological agriculture to create an environmentally sustainable green future.

We have a professional agricultural-biotechnology team. In addition to R&D and innovation, we also have strong automated production management capabilities, along with professional skills of our subsidiaries. This enables the Unifresh plant factory to produce high-quality vegetables and fruits, which weighted round 60 tons in 2016. All of these products are mainly marketed and sold through the Unifresh plant factory website for a diverse development.

### Unifresh Plant Factory

#### Investment of Core Technology:



##### Solar Power Generation:

- Using sunlight to electricity conversion and capturing inexhaustible electric power, it is integrated in the plant factory to provide the necessary application of energy in the greenhouse.
- According to the different environments in coordination with the characteristics of plant growth, the best solar power generation system is planned, which lowers the dependence on traditional energy sources and reduces energy consumption and carbon emissions.



##### Efficient LED Lighting Technology:

- Adopts the special plant lights that were researched, designed, and produced by the subsidiary of the Group, in coordination with the needs of plant growth, suitable light source was researched and developed.
- Currently, the development has gone from white light to red light, as well as red-blue light and adjustable wavelength light fixtures, etc., to be in accordance with the planting of different types of vegetables and fruits.



##### High-Quality Automated Management:

- Designing and planning our own plant factory with the core automation equipment production management capabilities; the all-in-one operations from R&D to plant construction, production management and quality assurance, enables the plant factory have high-quality production capabilities.



##### Cloud Environmental Monitoring Technology:

- Introducing communication and automation technology, establishing cloud intelligent monitoring system; connecting cloud database, wireless connectivity sensors, monitoring systems, PC, and mobile devices.
- Immediately grasp crop growth environment and quality control to satisfy the required conditions of growth for the various growth stages of vegetables.



##### Professional Biotechnology R&D Team:

- Introducing the innovative technology of planting vegetables and fruits in cleanrooms, having an agricultural technology R&D team with experience.
- Creating a new SBU (Strategic Business Unit) – Unifresh Farm. In combination with the Group’s environmental protection skills, through research, innovation, and standardized processes, the team continues to develop new green products to give back to the society.

#### Business Pattern:

- The plant factory, which uses a cleanroom to plant vegetables and fruits, can become the primary choice for providing pesticide-free, safe vegetables and fruits.
- Use equipment to control the plant growth in an indoor environment. Since there are no pests, along with not being affected by the climate, the production of vegetables, fruits, and other plants can be in a timely, quantitative, and qualitative manner, effectively resolving the food shortage and environmental pollution problems faced by traditional farming, and also conforming to the trends of healthy dieting.



Ensure healthy lives and promote well-being for all at all ages.



Ensure sustainable consumption and production patterns.



## Generating Benefits and Future Planting

Prospects and Plan:



Develop plant factory green miracle, expand the scale of planting, start supplier market:

- Combining with the Group's advanced technology to develop new green industry.
- Train agricultural and technological talents and provide diverse employment opportunities
- In the beginning, the employees were the first targets of supply, after expanding the production capacity and entering into the market, more people can enjoy the vegetables of the plant factory.



Natural ecological farm, LOHAS field of employees:

- Company retained part of the plant's open space and hired agricultural consultants to carry out ecological farm testing and provide employees with free planting and adoption as the organic education promotional and training venue.



Promote healthy eating and LOHAS culture

- Combining the healthy ingredients of plant factory and ecological farm, providing a comfortable and leisure dining environment for enthusiasts who are conscious of healthy dieting.
- Promote LOHAS Culture, so Unimicron can become the best "good neighbor" in the hearts of customers, suppliers, colleagues, and the people in neighboring communities, creating shared value in the society.



Business connections, expanding future business opportunities:

- Invest in the R&D of agricultural technology, cultivating deeply in the plant factoring, continue to expand mass production scale and channel development in Taiwan. Currently, a lot of key skills and know-hows have been accumulated.
- Through global partners, Unimicron team will be able to provide an all-in-one professional service, from design, plant establishment, production to marketing, Expand to the world with the output mode of the whole plant.

The concept of creating plant factory is not to plant vegetables and fruits, but to build a new LOHAS lifestyle combined with health and environmental sustainability and to create benefits to the Company's sustainable development in the future. Starting from our employees, carrying out to the formation of the industry, and even social culture, the plant factory is the starting point of Unimicron's connection to a green future

Unifresh Fram a business extended from the green ecology concept, includes Roi Du Pain (King's Bakery), the French restaurant Bistro 181, and Unifresh Restaurant. To further promote non-toxic diet and bring out the LOHAS core concept of plant factory, Unimicron established Bistro 181, a fusion restaurant of factory plant, to promote quality diet culture with non-toxic vegetables and fruits.

To further promote non-toxic diet and bring out the LOHAS core concept of plant factory, Unimicron established Bistro 181, a fusion restaurant of factory plant, to promote quality diet culture with non-toxic vegetables and fruits.

- Cooperate with baking expert to offer healthy and delicious vegetables, baguette, French food and healthy products through the restaurants and bakery, and give feedback to employees, suppliers, shareholders and society.
- Bring public spirit into full play and connect to the resources of schools and government agencies, to provide students with internship and minority group the employment opportunity.





## NEXT! Walking towards a Sustainable Value Chain

Engaging in the production, sales and services of PCB and IC carrier board, Unimicron is one of the world's leading brand. As this industry requires expertise in electronics, electricals, mechanicals, chemicals and environmental production, it has always been Unimicron's goal to balance its operational performance and environmental protection. Over the years, Unimicron saves no effort to promote green environment, power saving and carbon emission reduction, and has become the industry's first company that obtained the green-factory clean production and carbon footprint certificate. In the meantime, Unimicron also continues to develop green energy and create a friendly environment, and thus obtained National Occupational Safety Award and National Environmental Protection Award as recognitions. In recent years, Unimicron has done its very best to promote CSR. Not only was its effort recognized by Talent Award, Excellence Award, Silver Award and Golden Award of CSR Report, but also the Company was invited to deliver a speech and exchange their experiences with others.

Taoyuan is in the hub of Asia and the gate of Taiwan. Not only can various industrial clusters be found in the City's industrial park, but also a number of national projects such as "Asian Silicon Valley" and "Taoyuan Aerotropolis" take place in Taoyuan due to its advantageous economic conditions and investment environment. All of these have made Taoyuan the base of around a thousand of listed companies, and the pioneer of the industry in regard of the industrial output value. Besides, the gathering held among listed companies by Taoyuan City is also important interactive forum that inspires professionals from different industries with new economic model and opinions, and make them to think.

The "2016 Reunion Meeting of Taoyuan City Exchange-Listed and OTC-Listed Companies" held by Taoyuan City Government and Business Weekly at Monarch Plaza Hotel on September 20 of 2016 was themed on "Innovative Sustainability X IoT, along with the trends of innovation, green sustainability and IoT economy. This event was hosted by Mayor Cheng Wen-Tsan who invited exchange-listed and OTC-listed companies to discuss the future trend and think about Taoyuan's future competitiveness while overlooking Taiwan's economic development, so that they will together set key strategy for the future of Taoyuan's industry and new economy.

Successful enterprises, including Unimicron, were also invited to deliver presentations to share their experiences. General manager of Unimicron Andy Huang was invited to deliver a speech, "NEXT! Walking towards a Sustainable Value Chain". By giving an example of Unimicron, we have explained how the 3P (Green Planet, Green People, and Green Performance) green sustainability policy was introduced to our corporate operating strategy, and how we fulfill our CSR in order to obtain commercial benefits, protect the environment and give returns to our society.



Taoyuan Mayor  
**Wen-Tsan Cheng**



Editor in Chief of  
Digital Content  
Department in  
Business Weekly  
**Jason Wang**



General manager  
of Unimicron  
**Andy Huang**



CTO and VP of Quanta  
Computer Inc.  
**Ted Chang**

Schedule	Agenda
11:30-12:00	Registration
12:30-13:00	Lunch
13:00-13:15	Opening Opening speech by officers; key report by the Business Weekly editorial department Editor in Chief of Digital Content Department in Business Weekly <b>Jason Wang</b>
13:15-13:30	A New Thinking of the Evolution of Industries in Taoyuan Taoyuan's Economic and Industrial Policy and the Direction for Future Promotion <b>Wen-Tsan Cheng</b> Mayor of Taoyuan City
13:30-14:00	Trend of Innovations The Corporate Revelation of Future <b>Paul S. P. Hsu</b> Chairman and CEO of PHYCOS International Co., Ltd.
14:00-14:30	Green Sustainability NEXT! Future, Walking towards a Sustainable Value Chain <b>Andy Huang</b> General manager of Unimicron
14:30-15:00	IoT Economy The New Age of Intelligence: The Key Thinking of IoT CTO and VP of Quanta Computer Inc. <b>Ted Chang</b>
15:00-15:45	Focus Group Discussion; Q&A



General manager of Unimicron **Andy Huang** was invited to deliver a themed speech.



Photo of Mayor **Wen-Tsan Cheng** with invited guests.

Instructed by: Taoyuan City Government; Taoyuan City Council  
Organized by: Department of Economic Development, Taoyuan City Government





**Unimicron**



## **Employee & Labor Relations**



Upholding the principle of integrity and innovation, we have been developing high performance and eco-friendly solutions to satisfy worldwide customers' demand, while listening to stakeholders' opinions, doing our best to satisfy their demand and implementing CSR. Unimicron provides not only products, but also the values that are over than customers' expectations.

To enable numerous stakeholders understand the values that we have created, we have established barrier-free channels and responded to incidents that they have paid great attention to in a timely manner, so that we will know well the trend and their feedback.

Stakeholders	Category	Communication Channels	Communication Frequency	Sustainable Issues of Concern
 Shareholders, Investors	Individual Shareholders	 Annual shareholders' meeting	 Once a year	<ul style="list-style-type: none"> <li> Corporate Governance and Integrity</li> <li> Green Material</li> <li> Economic Performance</li> <li> Operational Risk Management</li> <li> Environmental Expenditure</li> </ul>
		 Quarterly investors' meetings	 Four times a year	
		 Quarter / Annual financial reports published according to regulations	 Four times a year	
		 Responding to telephone or email inquiries and requests	 Irregular	
		 Disclosure of important information on official corporate website	 Irregular	
	 Institutional Shareholders	 Quarterly investors' meetings	 Four times a year	
		 Attending local and international investment forums held externally from time to time (including international road shows)	 Irregular	
		 Meetings or phone contacts with investment institutes from time to time	 Irregular	
	 Board of Directors	 Board of Directors	 Once each quarter	
		 Audit business reports	 Once each quarter	
		 Yearly internal control declaration	 Once a year	
		 Remuneration Committee	 Twice a year	
 Customers	 Customer audits	 Once a year		
	 Various business meetings	 Irregular		
	 Customer satisfaction surveys	 Twice a year		
	 Technical seminars	 Irregular		
	 EICC / CSR audits	 Irregular		

Stakeholders	Category	Communication Channels	Communication Frequency	Sustainable Issues of Concern
 Employees	-	 Direct supervisors	 Irregular	<ul style="list-style-type: none"> <li> Corporate Governance and Integrity</li> <li> Training and Education</li> <li> Employment</li> <li> Occupational Health and Safety</li> <li> Employee Diversity and Equity</li> </ul>
		 Dedicated HR staff	 Irregular	
		 Corporate website	 Irregular	
		 Corporate bulletin boards	 Irregular	
		 Employee suggestion mailbox	 Irregular	
		 Employee seminars / regular labor forums	 Irregular / every quarter	
		 Employee satisfaction surveys	 Once a year	
		 Monthly meetings for divisions of each plant	 Once a month	
		 Monthly meetings for divisions of each plant	 Irregular	
		 Employee Welfare Committee and associations formed by employees	 Irregular	
		 Functional committee	 Once / Twice every six months	
		 Themed activities	 Irregular	
		 Training courses and policy advocacy meetings	 Irregular	
		 Suppliers	-	
 Regular audits, evaluations, and counseling	 Once a month			
 Supplier grievance channel	 Irregular			
 Technology seminars	 Irregular			
 Horizontally-expanded projects	 Irregular			
 Supplier management platform	 Irregular			
 Supplier educational training	 Twice a year			
Government and Competent Authorities 	Printed Circuit Board Associations Electronic and Electrical Associations Financial Supervisory Commission Environmental Competent Authorities Ministry of Labor	 Official documents  Participating in routine committee meetings for the setting of policies	 Irregular	<ul style="list-style-type: none"> <li> Corporate Governance and Integrity</li> <li> Compliance of Environmental Legislation</li> <li> Anti-competitive Behavior</li> <li> Product and Service Label</li> </ul>
		 Responding to the inquiries of competent authorities and providing supplementary information	 Irregular	
		 Disclosure of important information and provision of relevant reports as required by competent authorities	 Irregular	
Communities 	-	 Corporate website	 Irregular	<ul style="list-style-type: none"> <li> Waste and Water Resource Management</li> <li> Energy Management</li> <li> Greenhouse Gas Emission</li> <li> Hazardous Substance Management</li> <li> Social Care and Investment</li> </ul>
		 Gatherings of suppliers	 Irregular	
		 Community activity	 Irregular	



# 4.1 Customer Relation Maintenance

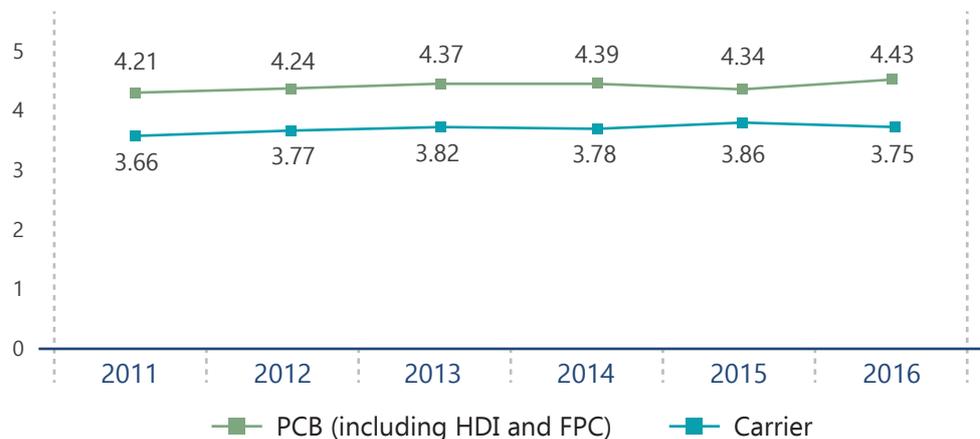
## Customer Service Management

As a world-class supplier in the PCB and Carrier industry, Unimicon’s customers are from all over the world. We pursue the goal of becoming our customer’s best business partner by being committed to technology innovation and providing top-quality products. We communicate actively with the customers to understand VOC, and along with comprehensive services, we are doing our best to satisfy our customers.

### Customer Service Management Channels

Items	Descriptions
Regular Communication 	<ul style="list-style-type: none"> <li>Set up fixed customer service contact persons, establishing a VIP customer service team (whose leader is of the factory director level, where the discussion of customer feedback and suggestion are held weekly), quarterly meetings, regular visitations and irregular contacts.</li> <li>Customers’ issues of concern: Product quality / HSF quality and service, technology, price, delivery date, CSR.</li> </ul>
Exchanges on CSR Issue 	<ul style="list-style-type: none"> <li>Through the customers coming to the plants for auditing and exchanges, we will take the opportunity to communicate concepts and practical experiences.</li> <li>We will guide the customers into visiting the equipment at Unimicon’s plants and communicate on the management systems and measures, so that customers will understand the investment and efforts made by Unimicon on the CSR issue.</li> </ul>
	<ul style="list-style-type: none"> <li>Taiwan, South China and East China Plants conduct regular “Customer Satisfaction Assessment Tasks” semi-annually for VIP customers and annually for important customers. The investigation items include the price, lead time, technology, quality, HSF quality and customer satisfaction. The customer satisfaction level is scored according to the five-point Likert Scale. If the average score of one single PCB (including HDI and FPC) item is lower than 3.5, or the average score of one single carrier board is lower than 3, PDCA must be proceeded for review.</li> <li>PCB (including HDI and FPC): Increasing each year, going from 4.17 in 2010 to 4.43 in 2016.</li> <li>Carrier: For the past five years, the average overall customer satisfaction has increased year by year.</li> </ul>

### Satisfaction Management



Items	Descriptions
<p>Response Mechanism</p> 	<ul style="list-style-type: none"> <li>After organization and analysis according to the customer satisfaction surveys and customer quarterly business review (QBR) scorecard, we will carry out a discussion of ratification and improvement plans in the meetings.</li> <li>We will promote relevant response measures, and incorporate these into the performance and management indicators of related departments.</li> </ul>

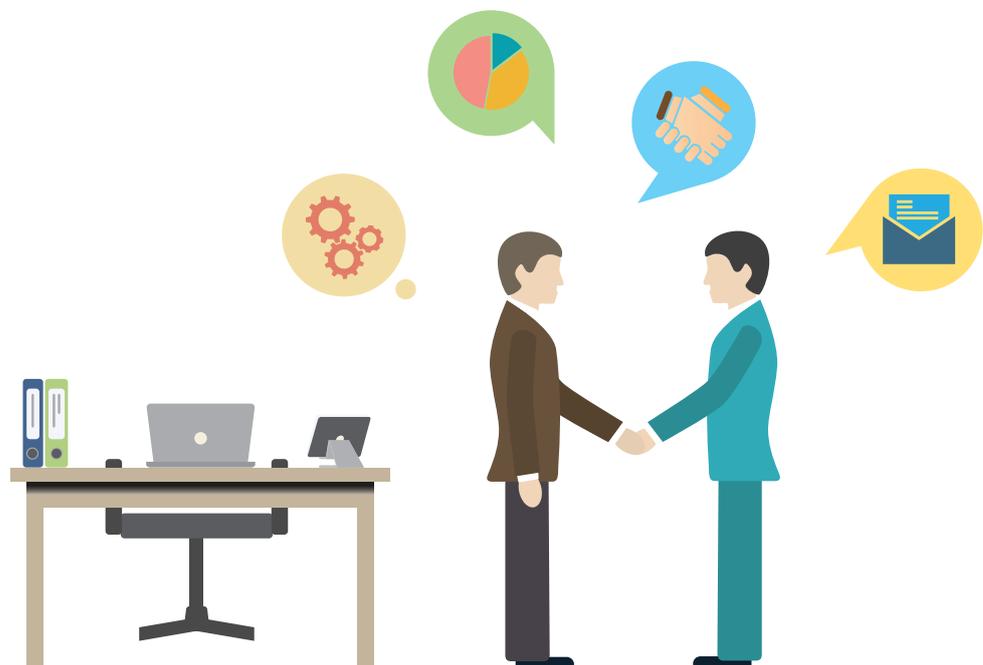
## Customer Privacy Protection

Safeguarding the customers’ intellectual rights and business information are our operation and business ethics management focuses. In 2016, through rigorous training, intense advocacy, and ISO 27001 the systematic management mechanism control, there was no infringement on customers’ privacy rights or customer grievance due to having lost customer information, and also no occurrences of sanctionable punishments of heavy fines due to the products or services being in violation of the law.

### Information Security Management Committee

Unimicron strictly controls customers’ information through Information Security Management Committee to ensure customers’ privacy. Any abnormal access or transmission of files, documents and data will be reported to the Committee through the system for the following audit, reporting and handling procedures. Besides, the Committee also released monthly report to summarize information security issues and response measures. Through the PDCA cycle management mechanism, the safety of customers’ information is ensured.

Currently, Taiwan Plants and Mainland Plants have all obtained the ISO 27001 Information Security Management System Certification and established complete information security standards and management procedures to ensure the safety of the information environment. In 2016, Unimicron’s information security management standards clearly elevated and having gone through the information security audits of many customers, no information security deficiencies were found.





## Key Points Governing Information Security

- Management of Personnel Security and Educational Training
- Management and Control of Mobile Devices on Entering Plants
- Internet Security Management
- Computer System Security Management
- Security Management of System Development and Maintenance
- Security Management of Information Assets
- Computer Lab Security Management
- Antivirus and Anti-Hacking Security Management



## Customer Grievance Handling

We view customers' grievance, recommendations, or suggestions as opportunities for communication and for assisting us in continuing to improve. In this regard, Unimicron established a customer demand-oriented, active, and highly effective response mechanism, where through a comprehensive, systematic, and standardized treatment process, we ensure that messages of customers can be delivered, handled, and responded effectively, safeguarding the interests of customers, while elevating and fortifying the loyalty of customers.

### Customer Grievance Response Procedures

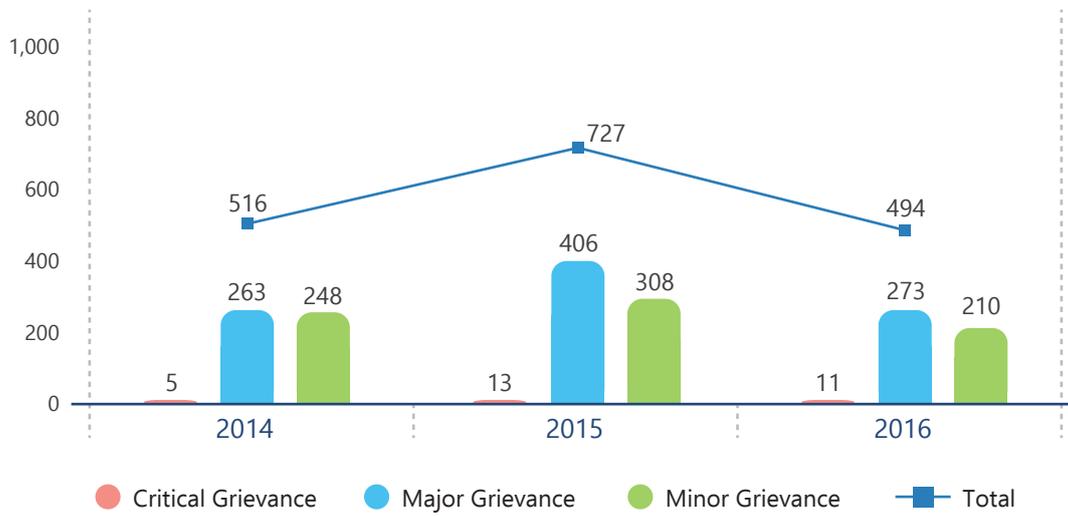


Unimicron has set different conditions for damages and categorized grievance cases in three types – “critical”, “major” and “minor” – based on their level of seriousness, with which the grievance cases are reported and handled and have their progress tracked accordingly. It is expected that, with the most efficient use and allocation of resources, all the grievance cases will be handled in the best way.

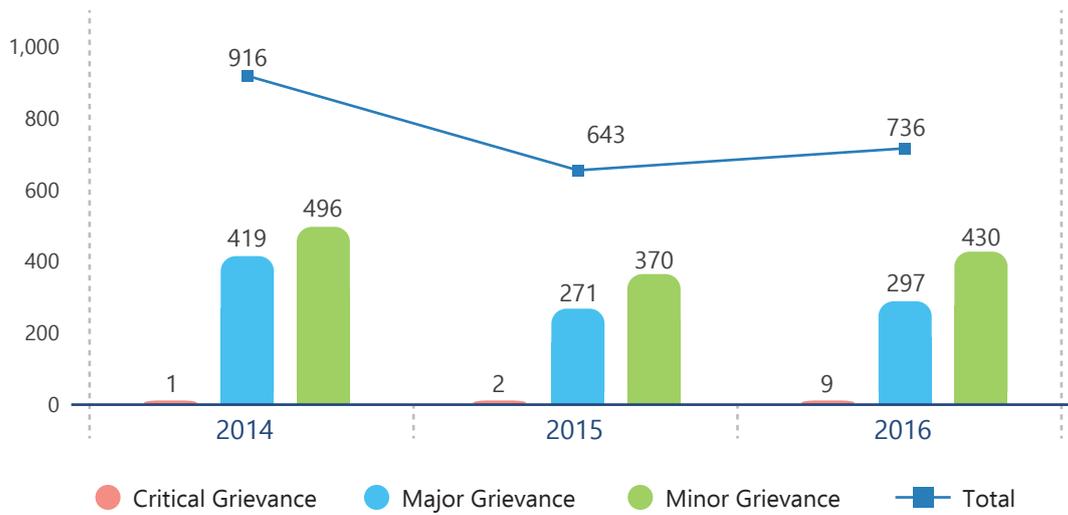
In 2016, Unimicron received totally 284 critical and major grievance cases for PCB products, with a decrease of 135 cases comparing with the previous year. The reasons for grievance are mainly functional problems, where the plants have made instant improvement and replied with a solution within the customers' prescribed deadline; all the cases are closed and no recurring issue was found. As for carrier boards, the number of grievance case increased in 2016 mainly due to the appearance issue. The key improvement strategy for 2017 is as follows:

- 1.Ensure that defective products will not get through to the customers.
- 2.Understand the customer demand, and simulate customers' procedures and applications to ensure the quality.
- 3.Find the cause of defects, search for prevention and improvement countermeasure, and implement the PDCA cycle.

The Grievance Trend (Case) for PCB (including HDI and FPC) Customers



The Grievance Trend (Case) for Carrier Customers





## 4.2 Employee Care

Talents are the Company's key to success in global market competitiveness, and innovative products, techniques, and service all have to rely on outstanding talents in order to be fulfilled. According to the local labor laws and regulations of the operation location, we set the labor policies in accordance with the global customers, EICC, and other international standards and norms to construct an equal, secure, and stable employment and development environment.

### Unimicron's Labor Policy

- ✔ Equal Employment Opportunities – No discrimination for recruitment, employment, evaluation and promotion.
- ✔ Humane Treatment – Ensure that employees have equal employment opportunities and maintain their dignity.
- ✔ Employee Communication – Encourage employees to give suggestions and protect the rights and benefits of employees who file the grievance.
- ✔ Improve Working Conditions – Offer a sound salary and benefit system, and enhance the level of occupational training in order to enhance employees' competitiveness.
- ✔ Integrity Management Rules – Uphold the principles of integrity and honesty.

## Employment Status

Unimicron upholds the principle of equal opportunity employment with respect to recruitment, employment, evaluation, and promotion, and employees of different gender, race, religion, political stance, marital status, labor union membership, and other backgrounds, will all be viewed equally, where the only consideration of choice is finding the appropriate candidate for the appropriate position to create fair and diverse employment opportunities for all operation sites.

In 2016, Unimicron's total of cross-strait employee is 23,641. As the industry's production is semi-automation, some of the production procedures rely on labor and sometimes consumer employees' physical strength. Besides, the proportion of male employees is more than that of female employees as some of the operation sites will have contact with chemicals. On the other hand, 97% of Unimicron's Taiwan plants are from the Philippines. The reason is that The Philippines is an English-speaking country, so that it is relatively easier to educate and manage them at work and in life. The educational background of most of the employees of Mainland plants is below senior high school / occupational school. The reason is that 80% of the employees of Mainland plants are direct technical staffs and are in charge of production works, so that their educational background is generally below the senior high school / occupational school.



Unimicron's Labor Structure of 2016<sup>Note</sup>

Type / Item / Region		Taiwan				Mainland China			
Type	Item	Male	Female	Total	Proportion to the total of employees	Male	Female	Total	Proportion to the total of employees
Number of Employees	Total	6,991	4,859	11,850	-	7,486	4,305	11,791	-
Non-Fixed Term Contract	Direct Personnel	3,765	2,564	6,329	53.41%	5,951	3,436	9,387	79.61%
	Indirect Personnel	1,873	843	2,716	22.92%	1,323	788	2,111	17.90%
Fixed Term Contract	Dispatched (Contractual) Employees	220	162	382	3.22%	212	81	293	2.49%
	Foreign Employees	1,113	1,284	2,397	20.23%	0	0	0	0%
	Interns	20	6	26	0.22%	0	0	0	0%
Age	Below 30 years old	2,339	1,812	4,151	35.03%	5,203	2,815	8,018	68.00%
	30-50 years old	4,513	2,866	7,379	62.27%	2,220	1,478	3,698	31.36%
	Above 50 years old	139	181	320	2.70%	63	12	75	0.64%
Rank Distribution	Vice President or Higher	35	1	36	0.30%	6	0	6	0.05%
	AGM	29	5	34	0.29%	13	1	14	0.12%
	Manager or Assistant Manager	534	129	663	5.59%	87	22	109	0.92%
	General Staff	6,393	4,724	11,117	93.81%	7,380	4,282	11,662	98.91%
Educational Background	Senior / vocational high school and below	1,837	1,794	3,631	30.64%	6,110	3,594	9,704	82.30%
	University / College	4,332	2,781	7,113	60.03%	1,352	702	2,054	17.42%
	Master	780	280	1,060	8.95%	24	9	33	0.28%
	PhD	42	4	46	0.39%	0	0	0	0%

Note: Rank classification:

1. Vice General Manager (Vice President) or Higher: Chairman / SBU President / Functional President / (Senior) Vice President / CQO / CSO / Senior (Project) Special Assistant.
2. Assistant General Manager (AGM): Senior (Project) Special Assistant/AGM/Factory Director/Director/ (Senior) Associate Factory Director / Associate Director.
3. Manager / Assistant Manager: (Senior) Manager/ (Senior) Project Manager / (Senior) Assistant Manager / (Senior) Project Assistant Manager.
4. General Staffs: (Senior) Section Manager / (Senior) Project Section Manager / Team Leader / Deputy Team Leader / (Senior) Engineer / (Senior) Administrator / (Senior) Clerk / (Senior) Technician / (Senior) Technical Engineer / Assistant Engineer / Assistant Administrator / Technical Specialist / Administrator / Part-Time Staff / Intern / Contractor.
5. Interns: refers to students who were hired on a contractual basis due to collaborative project with school. Practice in the industry enables students to develop their vocational skills while studying at school.
6. Direct personnel refer to staffs who work on the front line; indirect personnel refer to other staffs.



## Recruitment and Retention

To comply with the principles of fairness and equity, and for the recruitment benefits, Unimicon has standardized the recruitment system, which has included the human resource budget and audit procedures, job descriptions, descriptions of job vacancies, qualification standards as well as testing and interview procedures. Besides, through various tests (including logical reasoning, English, occupational and management function tests) and interviews, Unimicon ensures that all employees can be placed in the right position and do what they are good at. Our primary recruitment channel includes the offering of sponsorship to surrounding schools, summer internships and the positions of technical specialist as alternative military service.

### Caring for New Employees and Retaining Talents

For new employees who just enter the Company, Unimicon will arrange a counselor not only to provide them with technical assistance and other assistance at work, but also to help them quickly get involved in the new environment with all means.

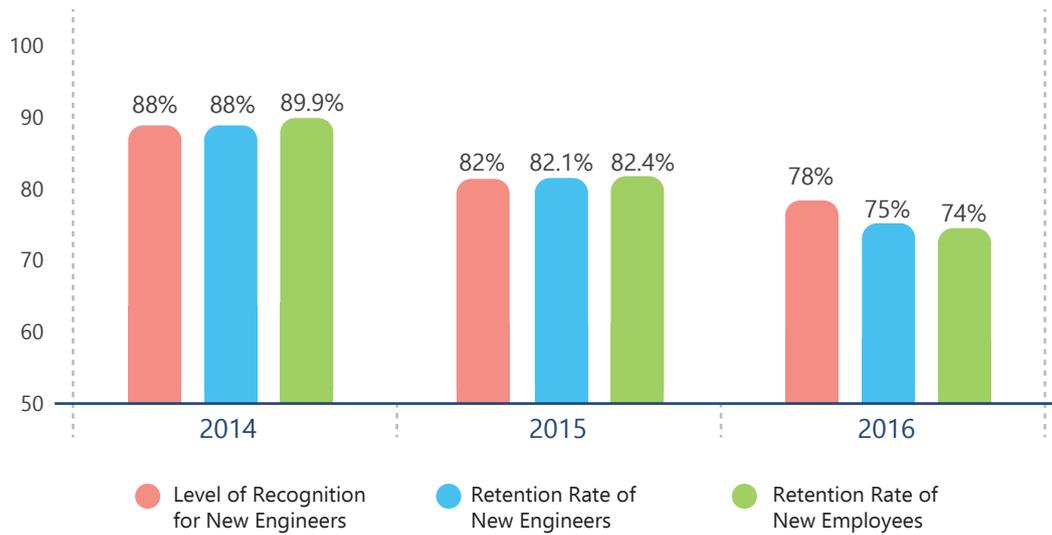
#### Status of New Employees in 2016<sup>Note</sup>

Areas		Taiwan			Mainland China		
Age	Gender	New Employees	No. of Incumbents	Employment Rate	New Employees	No. of Incumbents	Employment Rate
Under 30 Years Old	Male	729	1,665	8.06%	5,419	5,033	47.13%
	Female	427	1,042	4.72%	3,159	2,748	27.47%
	Total	1,156	2,707	12.78%	8,578	7,781	74.60%
30 to 50 Years Old	Male	566	3,834	6.26%	709	2,177	6.17%
	Female	297	2,189	3.28%	464	1,464	4.04%
	Total	863	6,023	9.54%	1,173	3,641	10.20%
Above 50 Years Old	Male	14	139	0.15%	6	64	0.05%
	Female	1	176	0.01%	0	12	0
	Total	15	315	0.17%	6	76	0.05%

Note: Employment rate = Total of new employees of the year (non-fixed term employees) / No. of on-the-job employees (non-fixed term employees) at the end of the year (up to December 31)

Unimicon is a technique-oriented company and we pay great attention to the involvement and retention rate of engineering staffs. Apart from training technical specialists through the educational and training system, our Human Resources Division also has dedicated personnel to care for and carry out a one-to-one interview every engineer within three months after their employment. In recent years, the retention rate of new engineering manpower has always been maintained at 82% above. In 2016, considering the overall policy and deployment, the Company transferred some of our employees to socially responsible business, resulting in a slight decrease in the retention rate of new engineers.

Retention Rate of New Employees in Taiwan, 2016<sup>Note</sup>



Note 1: Retention rate of engineers = No. of retained engineers three months after the employment / No. of new engineers

2: Retention rate of new employees = No. of retained employees three months after the employment / No. of new employees (non-fixed term employees).

3: Excluding foreign workers / fix-term personnel / interns





In the aspect of leave management, if an employee submits the resignation request, not only will relevant supervisors, but also the Human Resources Division will speak with the person face-to-face to understand the reasons for resignation, and assist the person in adjusting his or her duty or caring for the person. Where there is any significant operational change, the Company will implement the period of advance notice according to labor laws and regulations. In Taiwan, the period of advance notice is 10 to 30 days of the accrued service period according to Labor Standards Act, whereas the period of advance notice is 30 days in Mainland China as prescribed in Labor Contract Law.

## Employee Turnover Rate of 2016<sup>Note</sup>

Areas		Taiwan			Mainland China		
Age	Gender	No. of Leaves	No. of Incumbents	Turnover Rate	No. of Leaves	No. of Incumbents	Turnover Rate
Under 30 Years Old	Male	510	1,665	5.64%	2,858	5,033	24.86%
	Female	296	1,042	3.27%	1,914	2,748	16.65%
	Total	806	2,707	8.91%	4,772	7,781	41.50%
30 to 50 Years Old	Male	634	3,834	7.01%	589	2,177	5.12%
	Female	319	2,189	3.53%	446	1,464	3.88%
	Total	953	6,023	10.54%	1,035	3,641	9.00%
Above 50 Years Old	Male	17	139	0.19%	10	64	0.09%
	Female	23	176	0.25%	10	12	0.09%
	Total	40	315	0.44%	20	76	0.17%

Note: The Year's Total No. of Leave (Assumed Post > 3 months, not fixed-term employee) / No. of End-of-Year (Dec. 31st) On-Staff Personnel

- 1: Due to policy adjustments to its Tong-Tai Plant in Mainland China, Unimicron lost some of the new employees, resulted in a relatively higher turnover rate.
- 2: The Unimicron Shenzhen Plant in Mainland China was reorganized with strict control on working hours, resulted in a relatively higher turnover rate.

## 💡 Recruiting New Potential Talents

### ▶ Industrial and Academic Collaboration – Cooperation with NTHU

Unimicron co-established “NTHU Joint Research Center” with National Tsing Hua University (NTHU) to break the technical bottlenecks of PCB industry by integrating NTHU’s R&D capacity with the Company’s industry knowledge and innovative technology. In the meantime, the cooperation also enables students to be familiar with the industry and obtain relevant experiences in order effectively reduce the gap between school knowledge and practice while creating values of the industry.



### ▶ Technical Specialists as Alternative of Military Service

To respond to the academia and industry alignment policy of Ministry of Education, Unimicron started to launch technical specialist recruitment sessions in the school in 2011 to attract substitute civilian servicemen joining Unimicron. In 2016, the Company totally held 6 employment fairs and explanatory sessions; up to the same year, around 87 employees entered the company to fulfill their military services. These employees mainly work at R&D units (Production Division, R&D Division and Product Division). After terminating their services, 32 employees decided to stay in the company. 11 of them have been promoted to the position of supervisor and have started their wonderful career life.

▶ Held Career Camp

In 2016, Unimicron held a three-day and two-night UCC (Unimicron Career Camp), which is open to students for free. Designed based on three themes – interview and practice techniques, celebrity lectures, and sharing of Unimicron’s management team, this event has cultivated students with good career knowledge and skills, enabling them to be aligned with the society.



▶ Cooperative Education: Win-Win for academia and industry

Unimicron has long cooperated with community schools for industrial-academic cooperation, and for providing students a good work and learning environment. For example, providing students with complete subsidy and caring measures during their internship, such as an independent accommodation, adaptive assessment for their work and life, counselling and interviews, subsidies for school fees, incentive contracts, summer / winter internship and so on.



## Employee Salary and Benefits

Unimicron provides employees with competitive salary and benefit. In addition to designing an encouragement system to attract and retain outstanding employees and to having all employees conduct performance assessment as a basis of reference for salary, we participate in external salary and benefits surveys each year to review the connectivity of the salary measures and benefits measures with the market, so as to carry out adjustments to the salaries of employees in a timely manner.

### 💡 Employee Salary

For the salary and benefits of each employee, the comprehensive salary package is in accordance with the employee’s professional knowledge and skill, office duties, education background and experience, and personal performance, along with the Company’s operational goals. The salary package will not differ due to gender, race, religion, political stance, and marital status, and will comply with the salary guidelines stipulated by the laws and regulations.

And in order to unite the solidarity of the employees towards Unimicron, in addition to the basic salary, Unimicron will carry out flexible changes in payroll management according to the Company’s operational situation during that year to, in a timely manner, boost morale and encourage employees to continually contribute.

 Year-End Bonus	 Annual Salary Adjustments	 Performance-based Bonus	 Patent Bonus
 Performance and Retention Bonus	 Key Performance Contract Payment	 Employee Bonus	 Achievement Bonus



## Proportion of Average Employee Salary by Gender and Rank (Taiwan Plants)<sup>Note</sup>

Rank	Taiwan Plants		South China-Unimicon (Shenzhen)		East China-Unimicon (Suzhou)		East China-Unimicon (Kunshan)	
	Female	Male	Female	Male	Female	Male	Female	Male
Vice President or Higher	0.91	1	--	--	--	--	--	--
AGM	0.95	1	--	--	--	--	--	--
(Assistant) Manager	0.94	1	0.99	1	1.08	1	0.99	1
General Staffs	0.91	1	0.99	1	1.01	1	0.95	1

Note:

1: The salary includes the salary and other allowance.

2: Expatriate employees are excluded from the statistics as senior supervisors (above AGM) of Mainland plants all come from Taiwan.

## Proportion of Local Salary

Region	Base Salary of the Area (NT\$)	Base Salary of Unimicon's General Staffs
Taiwan Plants	1	1.2
South China	1	1
East China (Suzhou)	1	1.2
East China (Kunshan)	1	1.1

## 💡 Employee Benefit System

Unimicon has planned a diverse benefit system. Apart from setting various insurance benefits and allocating pension according to local laws, Unimicon also provides group insurances that are better than that regulated by laws in order to protect employees' work and life safety. Besides, employees can also add their dependents into the Company's preferential welfare measures at their own expenses as a quality life quality can maximize employees' work efficiency. We also pay great attention to employees leisure life; we hold regular gatherings and family day events, so that employees will have their work efficiency enhanced, better interact with their children, and have their moral enhanced, helping employees to balance their work and life.

### Unimicon Benefit Measures

- 👍 Massage services provided by visually impaired massage therapists.
- 👍 Labor and NHI group insurance.
- 👍 Established breastfeeding room for female staffs.
- 👍 Allocation of pension.
- 👍 The family day year-end party.
- 👍 Birthday bonus and subsidies provided by Welfare Committee for wedding and funerals.
- 👍 Gifts and bonuses for the three major festivals.
- 👍 Monthly meal allowance for Employees' Restaurant.
- 👍 Employees' dividend policy.
- 👍 Gym and Leisure Center.



Unimicron has, according to the statutory pension system, set aside pension for each employee, and 100% of the employees participate in the pension plan. According to the Labor Standards Act and Labor Pension Act, employees who entered the Company before June 30th of 2005 are benefited from the old pension seniority system. According to the employee pension measures set by "Labor Standards Act" and "Labor Pension Act" and according to the escrow amount as stipulated by the laws and regulations, Unimicron entrusted actuaries at the end of each year to conduct calculation to ensure that the retirement reserve appropriated is enough to satisfy and safeguard the rights and benefits of the employees' future pension requests.

Plant	Methods of Retirement Plan	Ratio of Appropriated Pension to Salary	Employee's Participation in the Retirement Plan
Taiwan	Old Pension System: Corporate Pension Account	Employer 2%; Employee 0%	1.1%
	New Pension System: Personal Pension Account	Employer 6%; Employee 0~6%	98.9%
Mainland	Endowment Insurance (Employee Account)	Employer 13~20%; Employee 8%	100%

Official Employees' Basic Benefits

- Welfare Committee's Allowance >>> New Year vouchers and different amounts of subsidies / allowance for various events, such as weddings, funerals, vocational trainings, hospitalization, occupational injury.

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- Overseas Group Insurance >>> A portfolio of group insurance for expatriate employees.

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- Free Group Insurance >>> Including life insurance, accident insurance, medical insurance, cancer insurance and preferential insurance for dependents.

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- Vocational Training and Subsidies >>> Subsidize vocational trainings, including senior high school, college, university and above degree, with an average amount of NT\$2,500 to NT\$8,500 every semester. Executives who study domestic or foreign EMBA degree will be fully subsidized. In total, 99 people applied for subsidy in 2016.

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- Health-check for General Employees >>> Carry out regular health check and health check for special workplace each year; hold four cancer screening tests and breast / abdominal ultrasound examinations in all plants; and provide employees with self-health management solutions.

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- Services of Visually Impaired Massage Therapists >>> All plants are equipped with massage room and 13 visually impaired massage therapists are hired to provide employees with massage services. Cooperated with Department of Labor of Taoyuan City to hold corporate blind massage experiencing activity in 2016, where 20 therapists provided on-site services to relax staffs' body and mind.

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- Caring for Female Employee >>> All Taiwan plants are equipped with breastfeeding room and provide caring measures during the pregnancy (face-to-face health education, medical consultation, work environment / content assessment, and adjustment to work shifts). In 2016, 257 people accepted pregnancy and post-pregnancy caring services.

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## LOHAS Benefits for Full-Time Employees

Clubs	»»	Not only has the entire Company 12 clubs, but also the Company subsidize employees to choose a group that correspond to their interests/ hobbies. In 2016, the amount of club subsidy totaled NT\$436,400.
Celebration Gatherings	»»	Hold regular celebration gatherings to enhance interactions among employees and create a better relationship between employees and their family.
Recreational Activities	»»	Hold recreational activities in all divisions and create a better and harmonious atmosphere internally.
Special Activities	»»	Provide information of appointed stores in regard to food, clothing, accommodation and transportation; hold activities on an irregular basis, providing employees with special benefits and great convenience in purchasing all types of tickets.
24-hour Convenience Store	»»	The "Sunrise Public Welfare Convenience Store" is a 24-hour convenience store within the Taoyuan Shanying Plant Site. The store provides employees with special discount, which amounted NT \$9.85 million in 2016.

## Statistics on Parental Leave<sup>Note</sup>

	Gender	Taiwan
No. of Applicants Having Met Qualifications for Parental Leave (A)	Male	751
	Female	515
	Total	1266
Actual No. of Applicants (B)	Male	29
	Female	70
	Total	99
Application Rate (B/A)	Male	3.9%
	Female	13.6%
	Total	7.8%
No. of People to be Reinstated (C)	Male	38
	Female	125
	Total	163
Actual No. of People Reinstated (D) No. of People to be Reinstated (C)	Male	17
	Female	73
	Total	90

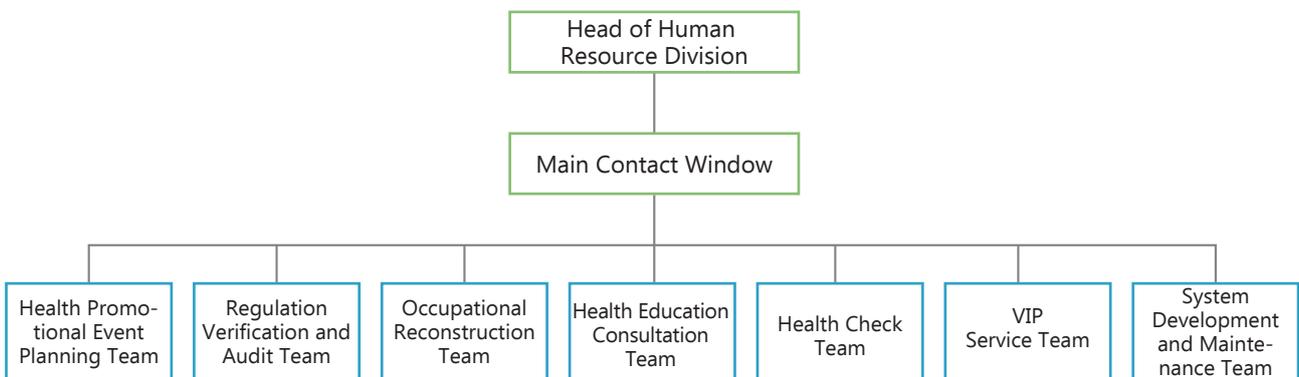
	Gender	Taiwan
Reinstatement Rate (D/C)	Male	44.7%
	Female	58.4%
	Total	55.2%
No. of People Reinstated the Previous Year (E)	Male	26
	Female	68
	Total	94
No. of People Reinstated the Previous Year who Remained for One Whole Year (F)	Male	17
	Female	45
	Total	62
Retention Rate (F/E)	Male	65.4%
	Female	66.2%
	Total	66%

Note: Mainland plants are excluded from the statistics as Mainland plants have not yet performed the parental leave system

### 💡 Health Promotion Platform – Unimicron’s Health Management Center

Unimicron officially established the “Health Management Center” in 2014, with the concept that prevention is more important than treatment, through various health promotion events and services, the physical and mental health of each employee is being cared for, creating a friendly workplace to work safely and happily.

#### Organization Chart of Health Management Center

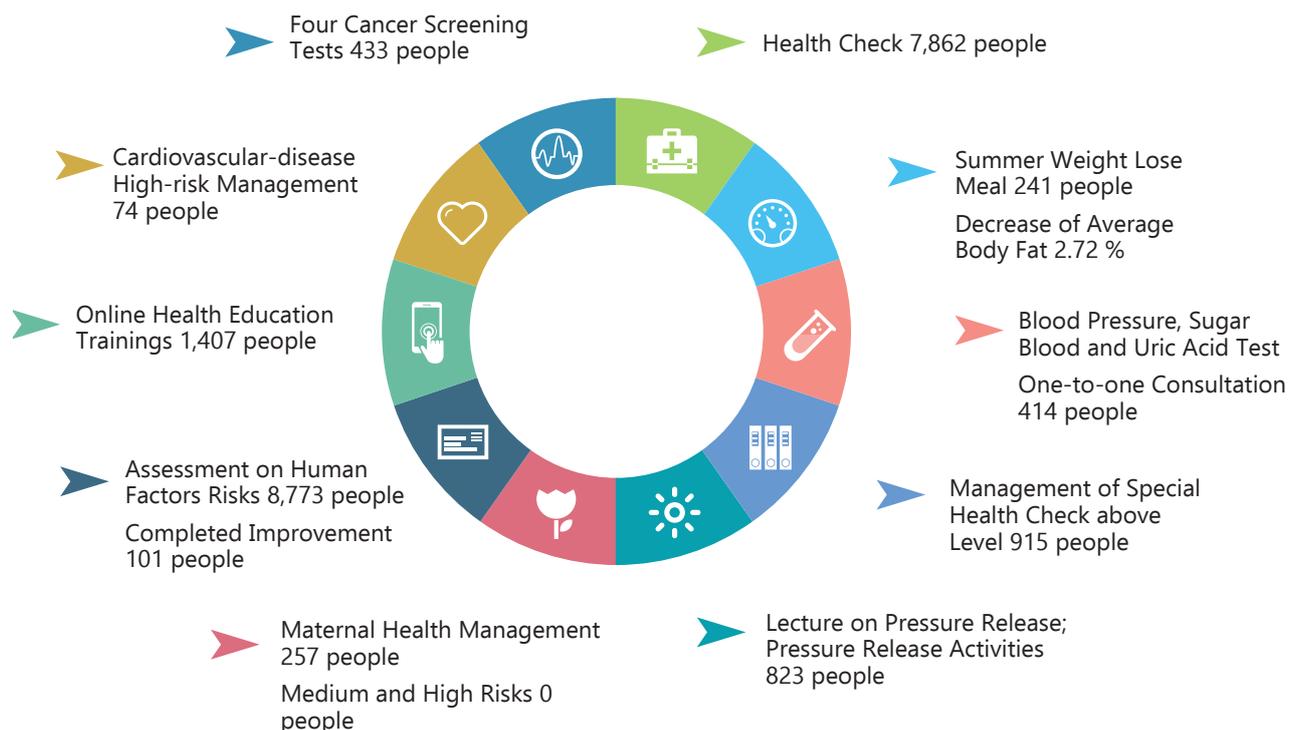


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## Unimicron Health Management Center

Items	Performance
No. of Occupational Specialist Physicians Employed and Appointed	2 physicians
No. of Therapists Employed and Appointed	14 therapists
No. of Times Served	325 times
Total No.of Hours Served	648 hours
Service Content	Employees' health check, health education, health consultations and evaluation, health promotion survey, improvements to operating hazards at workplace, and job evaluation after the sickness/ injury.
Results	<ul style="list-style-type: none"> <li>✔ Held 157 various health promotional events in the Taiwan Plants, and a total of 65,369 people participated; a total of 32,887 people attended the health promotional event of the year in the Mainland Plants.</li> <li>✔ Online health education trainings are launched in Taiwan plants in 2016, providing employees with a channel to receive health relevant knowledge. In 2016, 1,407 people participated in the online health education course.</li> <li>✔ Awarded "National Occupational Safety and Health Week Series – Proof of Participation in Implementation Planning of Activities" in March 2016.</li> <li>✔ Continued to participate in the "Workplace Health Certification" of HPA, MOHW.</li> </ul>



► Health Promotion Survey

Since 2015, Unimicron has, through the "Personal Health Management Questionnaire Platform", conducted regular health management survey. Analysis is conducted by the occupational specialist physicians and therapists of each plant to effectively control employees' occupational health risks, discover abnormalities as early as possible, and provide health management relevant suggestions.

Musculoskeletal System	Carry out assessment on human factors engineering and, if necessary, accompany occupational safety employees to assess the workplace; provide medical and life advice and improve the operating mode. In 2016, 8,773 people participated in the survey and 101 people whose human factors engineering was improved.
Pressure (Over fatigue)	In 2016, 9,649 people accepted self-assessment and 4.51% of them had high loading. The number actually dropped by 5.95% comparing with the previous year. Employees have their cardiovascular risks evaluated together with the health check report. For those who are involved in high risks, one-to-one consultation is provided as well as medical transfer if necessary. 74 people completed the one-to-one health consultation session and had their health well-managed.
Sleep Assessment	Employees who are suspected to have sleep-disordered breathing were arranged to participate in a lecture to get to know the apnea syndrome.

## Employee Training and Communication

Unimicron upholds the philosophy of honesty and mutual trust, commits to creating a work environment with appropriate positions for appropriate candidates and that can easily play to personal and team potentials to recruit elites from all circles, and provides a comprehensive training system, attracting and retaining top talents, so as to expand and maintain the productivity and competitiveness of the enterprise.

To equip each employee with the best occupational competency, we have planned a perfect training system, information on carrier development, and diverse learning channels that enable employees to participate in and cooperate on cross-field and cross-technology projects, and enhance interactions among employees. Besides, the work team pattern makes brainstorming possible, helping employees to learn from one another and creating a diverse, autonomous and quality learning culture. All of these enable employees to continuously enhance their career life and life quality.

In the meantime, we also implemented a comprehensive performance management, including assessment on the performance of new employees and expatriate employees, as well as the annual year-middle and year-end performance assessment. By setting and executing organizational and personal goals, the Company develops employees' potential and set development goals using performance management, successfully providing employees with an environment that allows them to grow continuously.

### 💡 Solid Personnel Training System

According to the needs of new employees, general employees, and management positions, Unimicron's educational training system has planned different training structures. Meanwhile, to enrich the skills of employees and broaden their career development opportunities, the training programs will continue to be optimized according to the fields and levels of the employees.

Apart from implementing educational training plan, we also, based on the need of operating strategy, design leadership and management relevant trainings for existing and potential leaders. Together with the planning for and execution of work shift and promotion systems, Unimicron has managed to increase the number of potential talents. Not only have these people obtained the long-term or life-time opportunity for career development, but also the Company has succeeded in maintaining and enhancing corporate manpower' strength. With the solid management trainings, the promotion rate for employees above the management level was 75%.



	Indirect Personnel			Direct Personnel
	Functional Trainings	Cross-field Trainings	TQM Trainings	
 Executives	SBU Leader Development Plan Plan for New Executives	Domestic and Foreign EMBA Project Management Training -Sponsor	JUSE International Seminar HIDA Executive Program CEMA Overseas Study Program	
 Supervisors	Mid-Level Supervisor Development Plan Trainings for New Managers	Cross-division Plan Appointment to Overseas Project Management Trainings -Leader	TQM Trainings for Managers	
 Non-supervisors	Trainings for New Assistant Managers Technical and Business Skills Training Educational Trainings for New Employee	Project Management Trainings -Member	Guidelines Management Daily Management 6σ Black and Green Belts Lean Management QCC Activity Circle QC Fundamental Courses	Leader Trainings Instruction Techniques Trainings Quality Related Trainings Fundamental Skills Trainings Employee Orientation Trainings

Responsible Unit : SBU Supervisors / Audit Committee / HR Division / External Resources

### Investment to Educational Trainings (Taiwan Plants)<sup>Note</sup>

Items	Unit	2014	2015	2016
Total Amount of Employee Training	NTD in Thousands	5,759	5,006	5,453
Total Amount of Employee Training / Total Revenue	%	0.009	0.007	0.008
Total Amount in Employee Training / Total No. of Employees	NTD	487	413	514

Note :1: Excluding foreign workers and fixed-term contractual employees.

2: As the precision trainings for domestic workers are lectured by internal staffs, Unimicron has managed to reduce the cost while enhancing internal lecturers' capability.

### Investment to Educational Trainings (Mainland plants)

Items	Unit	2014	2015	2016
Total Amount of Employee Training	NTD in Thousands	2,223	2,873	1,508
Total Amount of Employee Training / Total Revenue	%	0.018	0.004	0.002
Total Amount in Employee Training / Total No. of Employees	NTD	176	231	127

**💡 A Comprehensive System for Employee Orientation Trainings**

To enable new employees be familiar with the environment, know well their job content and quickly adapt to the corporate culture, the dedicated training unit holds regular pre-vocational trainings for new employees, and the training frequency and hours are adjusted according to the actual needs. The pre-vocational trainings, which are oriented on six major perspectives, totally take 12 hours.

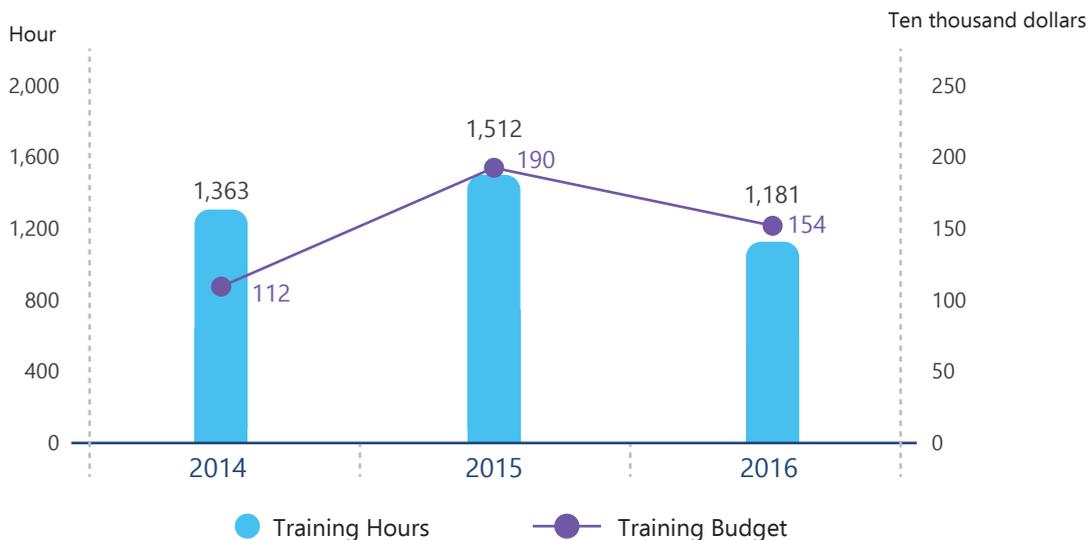


### Unimicron Employee Orientation Trainings

🚩 Company Introduction	🚩 Personnel Regulations
🚩 Production Process	🚩 Welfare System
🚩 Quality Awareness / Quality Activities	🚩 Occupational Safety and Health

Besides, we also hold a series of courses for new employees, including statistical process control, seven techniques for managing problematic quality, certification of professional license, and the winning group training. By holding dynamic competitions, Unimicron enables employees to understand the Company’s business philosophy, values and objects, and to further connect their personal values to the entire group’s value. The employee trainings take place three to four times each year and it costs more than NTD 100 Thousands each time.

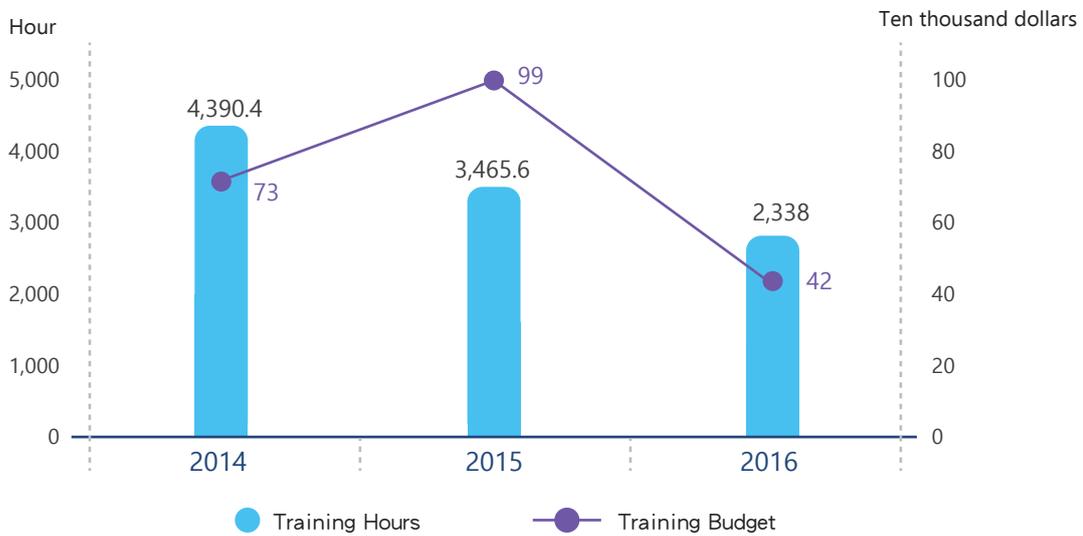
**Resources invested to Employee Orientation Trainings (Taiwan plants)**



Note 1: The scope of courses includes employee orientation, SPC, QC and the winning group trainings; the internal lecture fee is excluded from the training budget.  
 Note 2: The budget is related to the number of took training and training hours, instead of the number of people.  
 Note 3: The total of new employees is the number of on-the-job employees.



## Resources invested to Employee Orientation Trainings (Mainland plants)

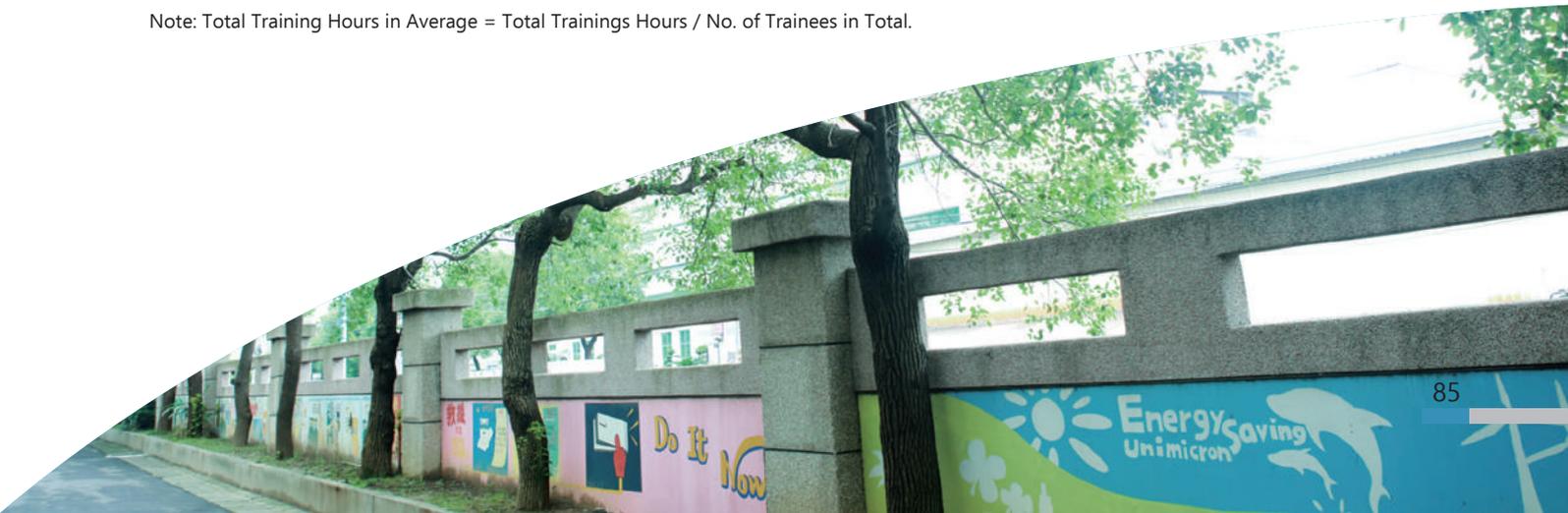


We expect that all Unimicron’s employees can be transformed from “human material” to “top talents,” and leap to “financial profit generators.” For this to happen, we have planned corresponding personal training and development blueprint according to manpower requirements for each position and provide related talent-cultivating plans so that employees can continuously grow through learning and contribution and increase their self-worth.

## Employee Training Hours in Average (Taiwan plants)

Gender	Training	2014	2015	2016
Female	Training Hours	77,912.2	63,714	52,535
	No. of People	4,922	5,003	4,859
	Average of Employee Training Hours	15.8	12.7	10.81
Male	Training Hours	163,926	147,294	114,295
	No. of People	6,914	7,119	6,991
	Average of Employee Training Hours	23.7	20.7	16.35
Total Training Hours in Average <sup>Note</sup>		20.4	15.8	14.1

Note: Total Training Hours in Average = Total Trainings Hours / No. of Trainees in Total.



Employee Training Hours in Average (Mainland plants)

Gender	Training	2014	2015	2016
Female	Training Hours	33,159	26,075	85,580
	No. of People	5,119	5,089	4,305
	Average of Employee Training Hours	6.48	5.1	19.9
Male	Training Hours	41,627	40,586	145,244
	No. of People	7,550	7,372	7,486
	Average of Employee Training Hours	5.5	5.5	19.4
Total Training Hours in Average		5.9	5.3	19.6

Employee Training Hours for each Rank (Taiwan plants)<sup>Note1</sup>

Rank	Male			Female		
	Hours in Total	No. of People in Total	Average Training Hours / person	Hours in Total	No. of People in Total	Average Training Hours / person
Vice President or Higher	149.14	35	4.26	59	1	59 <sup>Note2</sup>
AGM	645.74	29	22.27	36.99	5	7.4
(Assistant) Mangers	14,652	534	27.44	3,471.6	129	26.91
Ordinary Employees	98,848	6,393	15.46	48,968	4,724	10.37
Direct Personnel	50,359	5,118	9.84	29,879	4,016	7.44
Indirect Personnel	63,937	1,873	34.14	22,657	843	26.88

Note 1: Fix-term and non-fixed term contracts are included in Taiwan and Mainland plants.

Note 2: The female Vice President participated in the "Technology Industry Executive Seminar" in 2016, totally 45 hours. This is the reason that the total of training hours are is relatively higher.

Employee Training Hours for each Rank (Mainland plants)

Rank	Male			Female		
	Hours in Total	No. of People in Total	Hours in Total	No. of People in Total	Hours in Total	No. of People in Total
Vice President or Higher	44.5	6	7.42	0	0	0
AGM	57.5	13	4.42	8	1	8
(Assistant) Mangers	791	87	9.09	275	22	12.5
Ordinary Employees	144,352	7,380	19.56	85,297	4,282	19.92
Direct Personnel	101,013	6,163	16.39	59,997	3,517	17.06
Indirect personnel	44,231	1,323	33.43	25,583	788	32.47

## 💡 Smooth Communication Channels

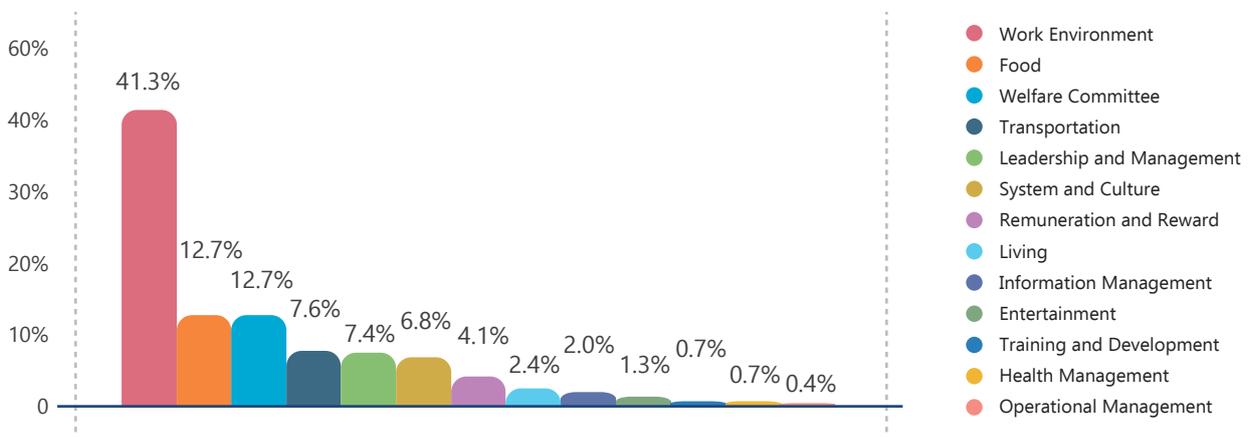
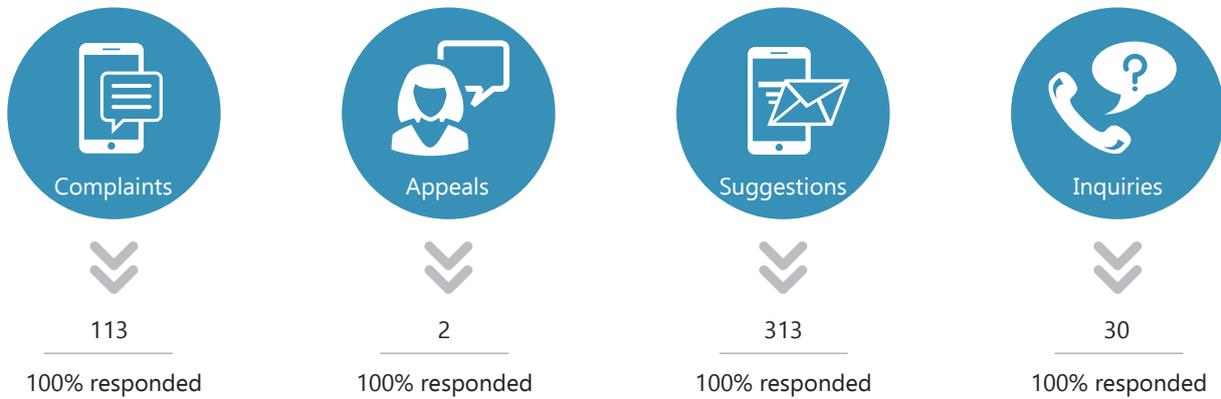
As we value the communication with our employees, we therefore provide the following communication channels to all employees, enabling them to give opinions / feedback or request for consultation. We also set a mailbox for anonymous grievance, enabling employees to solve relatively private problems.



To know the work and living status of expatriate employees in Mainland plants, and to increase their retention rate, we carry out surveys 3 months and 18 months after their appointment. Besides, we also hold one-time seminar every quarter to solve problems related to their food, clothing and living, and invite their supervisors to participate in the seminar to know their problems of and suggestions to work and other perspectives.

Unimicron will also deliver opinions and problems proposed by the employees to relevant divisions for follow-up works. Taking Taiwan plants as example, our employees have filed 458 grievance cases from the official channel and 100% of them have been solved. After the quarterly labor-management meeting, all units will receive important notice and propagation related to the meeting, so that every employee will understand the Company's up-to-date policy and solutions for reported problems.

Employees' Feedback of 2016



**Satisfaction Level Survey: Listening to the Employees**

Oriented on "people", Unimicron values and listens to our employee. The "Satisfaction Level Survey on Indirect Personnel", which has been carried out for many years, investigates and analyzes employees' feedback and opinions based on "training and development, communication, remuneration and benefits, leadership and management, business philosophy, performance management, quality and customer satisfaction, work environment, and employees' involvement". All relevant information will be considered as important references for promoting the following improvement works.

Unimicron's management level considers this survey as an overall health check for the management system. The completed survey and report shall be submitted to presidents, CEOs, SBU GMs, vice presidents, factory directors and directors, so that the Company will understand employees' feedback, as well as propose and implement the improvement plan. Executives will also hold communication meeting, in which all employees will be participated, to explain the survey results.



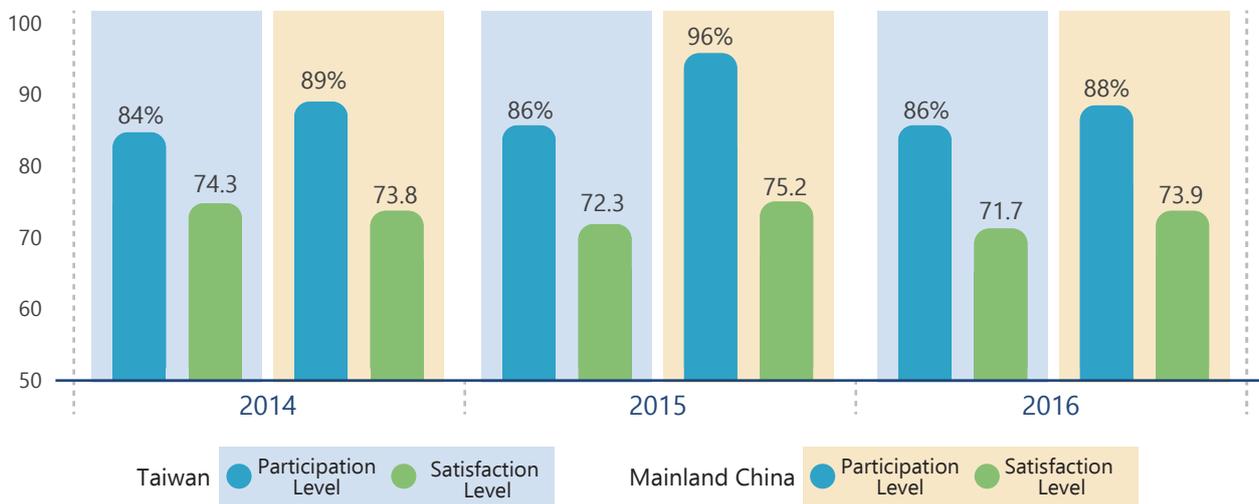
The three items that had received the lowest score in the 2016 survey are now the Company's major tasks in 2017, including:

**Remuneration and Benefits:** To enhance the Company's competitiveness, employees' salary structure will be reviewed and adjustment will be made based on the industry's standard salary.

**Training and Development:** The promotion system will be reviewed and integrated in 2017 to for the Company and employee development.

**Work environment:** As employees expects to have more space for carrying out leisure and entertainment activities, the Company will actively talk to surrounding and relevant industries for cooperation, enhancing existing facilities and optimizing available space.

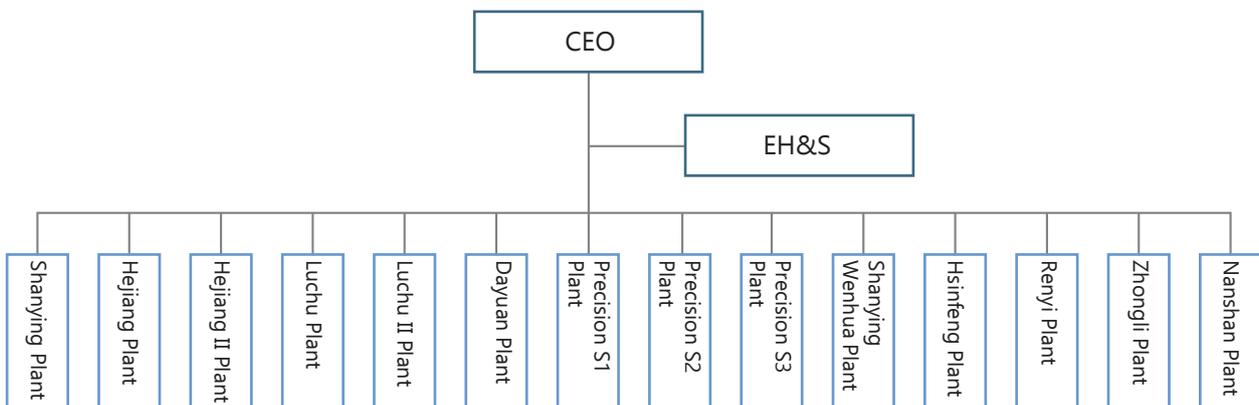
## Employee Satisfaction Level of 2016



## Occupational Safety and Health

Creating a good, safe, healthy, and comfortable work environment is Unimicron’s philosophy in implementing occupational safety and health. We have been sustainably promoted and conducted relevant measures and actions; continued to ameliorate our management system to fulfill the requirements of the competent authority, customers and employees; and actively share our management practice and results externally to create our values from inside to outside, and share our occupational safety and health values with the others.

Unimicron has established the occupational safety and health committee and regularly holds committee meeting in all Taiwan and Mainland plants, the ratio of the Committee’s labor representatives is higher than the laws in Taiwan with a proportion of 65%. The ratio of Shanying plant is the highest among Taiwan plants, which is 68%; the ratio in Mainland plants also reached 70%, showing how important the employees’ opinions are to us.



### Proportion of Labor Representatives<sup>Note 1</sup>

Plant Site <sup>Note 2</sup>	Proportion of Labor Representatives	Legal Regulations
Shanying Plant Site	68%	30%
Hejiang Plant Site	48%	30%
Luchu Plant Site	50%	30%
Hsinchu Plant Site	70%	30%
Mainland Plants	70%	-

Note 1: Up to the statistics of Q1, 2017.

Note 2: Shanying Plant Site covers Shanying Plant, Precision S1 Plant, Precision S2 Plant, Precision S3 Plant and Qun Hong Technology Inc.

Hejiang Plant Site covers Hejiang Plant, Hejiang II Plant and Zhongli Plant

Luchu Plant Site covers Luchu Plant and Luchu II Plant

Hsinchu Plant Site covers H1 Hsinfeng Plant, H1 Renyi Plant and H3 Plant

Mainland Plants: Unimicron Technology (Kunshan) Corp., Unimicron-FPC Technology (Kunshan) Inc., Unimicron Technology (Suzhou) Corp. and Unimicron Technology (Shenzhen) Corp.



## 💡 Unimicron's Occupational Safety and Health Management System

A comprehensive occupational safety and health management mechanism is built on the spirit of self-management. Based on this belief, we have actively imported the OHSAS 18001 Management System in all plants and, through the e-management interface, implemented the PDCA spirit with continuous improvements in order to enhance our system benefits.

### Results of Importing Occupational Safety and Health Management



#### Taiwan Plants



1. 100% obtained OHSAS 18001: Certified in 2007, and have regularly passed the investigation of third-party certification body;
2. According to Chinese National Standards CNS 15506: Received certification of "Taiwan Occupational Safety & Health Management System" (TOSHMS) in 2011.



#### Mainland Plants



1. Fully obtained the OHSAS 18001: 2007 certification, and regularly passed the investigation of third-party certification body;
2. Unimicron-FPC Technology (Kunshan) Inc., Unimicron Technology (Kunshan) Corp., and Unimicron Technology (Suzhou) Corp. received the "Work Safety Level II Standardization" certification;
3. Unimicron Technology (Shenzhen) Corp. received the "Work Safety Level III Standardization" certification.

Unimicron had no major occupational disaster in 2016. The disabling injury frequency rate (F.R.) and severity rate (S.R.) are summarized in below table. Comparing with 2015, the Group's F.R. and S.R. decreased by 8% and 78% respectively. To reduce the incident occurrence rate, Unimicron plans to promote high-risk equipment and regional key items in 2017, including factory facilities, production equipment, environment and 6S, and abnormality management.

Year	Disabling Injury Frequency Rate (F.R.) for Each Year <sup>Note</sup>			Disabling Injury Severity Rate (S.R.) for Each Year		
	The Entire Company	Taiwan Plants	Mainland Plants	The Entire Company	Taiwan Plants	Mainland Plants
2016	0.57	0.76	0.45	23	17	28
2015	0.62	0.86	0.43	106	8	173
2014	0.74	1.31	0.34	64	144	7

Note: Disabling Injury Frequency Rate(F.R.)= Number of Disabling Injury persons \* 10<sup>6</sup>/ total working hours  
 Disabling Injury Severity Rate (S.R.)= total loss days \* 10<sup>6</sup>/ total working hours  
 Number of Disabling Injury persons: Number of labors that cannot be back to work for at least one day(inclusive) due to occupational injury.  
 Total loss days: Number of days that labors that cannot be back to work for at least one day(inclusive) due to occupational injury, the total loss days do not include the day of injury happened and the day the labors return to work.

In 2016, the increase of disability injury severity rate for Taiwan plants is mainly resulted from occupational injuries caused by improper manipulation of personnel. According to the analysis, the primary incidents are equipment blockage and fall. Therefore, all plants started to enhance the safety level for key risk items; continued to educate and enhance employees' self-awareness towards safety; enhanced the protection of high-risk equipment; and implemented self-examinations on a regular basis to prevent the happening of similar incidents and comply with the requirements of occupational safety and health regulations and customers.

GRI Related Occupational Safety and Health Indicators<sup>Note</sup>

Gender	Injury Rate (IR)			Lost Labor Days' Rate (LDR)			Absence Rate (AR)		
	The Entire Company	Taiwan Plants	Mainland Plants	The Entire Company	Taiwan Plants	Mainland Plants	The Entire Company	Taiwan Plants	Mainland Plants
Male	0.147	0.228	0.099	4.844	2.723	6.682	1.58%	1.63%	1.54%
Female	0.073	0.044	0.078	3.484	4.384	3.828	1.75%	1.60%	1.85%
Total	0.119	0.153	0.091	4.325	3.404	5.642	1.64%	1.62%	1.66%

Note: Injury Rate (IR) = Total of occupational injuries / Total working hours × 200 000\*  
 Lost Labor Days' Rate (LDR) = Total of lost labor day / Total working hours × 200 000\*  
 Occupational Disease Rate (ODR) = (Total of occupational diseases / Total working hours) × 200 000\*  
 Absence Rate (AR) = Total of absence days / Total working days \*100% (the scope of total absence days includes: occupational injury leaves, sick leaves and personal leaves)  
 The occupational disease rate (ODR) is zero.

Occupational Safety and Communication Training System

**Well-designed Training System**

⚙ Professional Personnel Training

1. Occupational safety and health supervisors.
2. Occupational safety and health administrator / personnel.
3. Trainings for exclusive personnel of other fields (ex. emergency rescue, fire prevention and special chemical).

⚙ Vocational Trainings

1. Mechanical and chemical hazard prevention training.
2. Disaster prevention at noise location.
3. Disaster prevention at radio operation site.
4. Garbage waste training.

⚙ Life Safety and Health Trainings

1. Traffic and safety training / propagation.
2. Propagation of tobacco hazards.
3. Brief introduction to GHG effect and carbon footprints.
4. Purification of indoor air quality.
5. About low-carbon and healthy vegetable meals.

⚙ Safety and Health Trainings for New Employees

1. General safety and health training.
2. Hazard knowledge training.
3. Fundamental firefighting and rescue training.

⚙ Emergency Response Drill

1. Fire and chemical disaster drills.
2. Operation suspension drill.

⚙ External Courses and Seminars

1. Seminar and propagation sessions held by government agencies.
2. Seminars held by safety, health and environmental institutions.
3. Safety, health and environmental management practice (including factory affairs and equipment / system checks)

⚙ Professional E-learning Courses

1. Occupational safety and health management system.
2. Environmental management system.
3. Occupational safety and health, environmental protection, and fire-fighting regulations.
4. Regulations of environmental monitoring at the workplace. (some of the 27 courses)

⚙ Courses for Systems

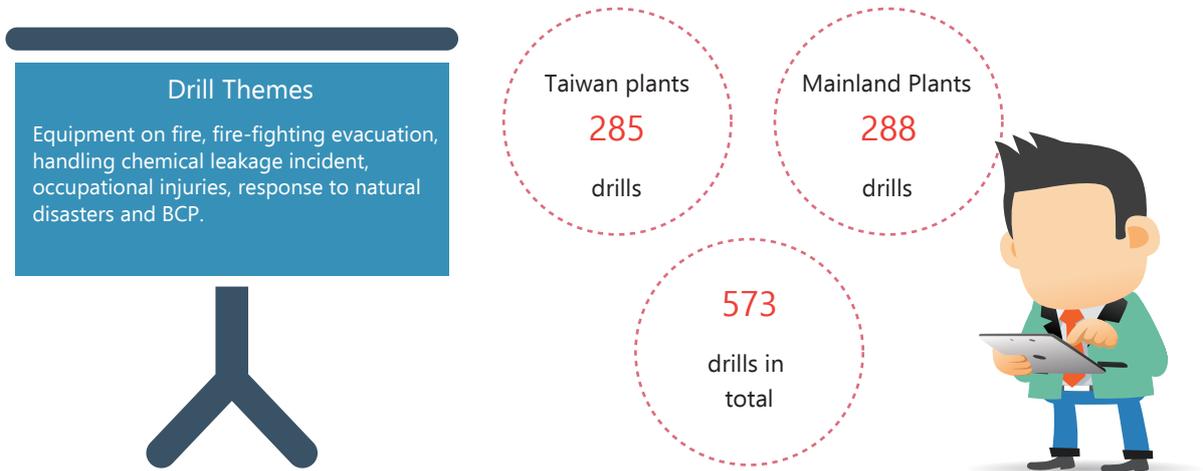
1. OHSAS18001 system, internal audit and hazard identification.
2. CNS15506 system, internal audit and hazard identification.
3. ISO14001 system, internal audit and hazard identification.
4. ISO14064 system, internal audit and hazard identification.
5. QC080000 system, internal audit and hazard identification.
6. Water footprint trainings.





To have the occupational safety and health culture rooted in all employees and encourage them to actively participate in activities of occupational safety and health sustainability, all of our plants have in average one occupational safety and health officer out of 50 employees, showing how we value the implementation of occupational safety and health culture. To put the culture into practice, occupational safety and health officers not only hold monthly meeting to carry out bi-directional communication, propagation and counseling activities, but also actively promote all types of occupational safety and health activities to satisfy employees' relevant demand and ease their doubts.

Each we, we set the annual occupational safety and health education and training plan for employees (including subcontractors). Apart from substantial courses, we also provide relevant courses on the e-learning platform, enabling employees to study online at the Unimicron E-College. The training topics, which can specifically enhance employees' safety and health knowledge, include professional information about occupational safety and health, prevention of all types of occupational hazards, propagation of work and home safety, and methods of personal protective equipment. Besides, to prevent all types of emergency, all plants and units shall carry out emergency drills, themed on fire disaster, chemical disaster, occupational disaster, fire-fighting and natural disaster (ex. earthquake and flood) each year to enhance all personnel's emergency response capability and ensure the stability of operations.



## 💡 Participation in External Conference, Sharing Promotional Experience

Besides strict self-requirements, we also actively participated in external conferences and events. Since 2013, we are in charge of the occupational safety and health business of Taiwan Printed Circuit Association (TPCA) to assist PCB industry in relevant guidance works, as well as discussion and implementation of relevant plan or project. In total, Unimicron joined 48 meetings. To fulfill the requirements of Occupational Safety and Health Administration (Ministry of Labor), we further become a SME counseling volunteer in 2016, assisting SMEs in improving safety and health performance, and are therefore awarded. Unimicron is also a committee member of the TOHSMS Northern Promotional Association to assist the Association in editing manual, implementing projects and carrying out demonstration event, and was recognized by Occupational Safety and Health Administration. Furthermore, invited by external units, such as the government industry units and academia, we held 4 sessions in 2016 to share our occupational safety and health experiences with the audience. It is our expectation that, through the experience sharing and exchange, we will promote and build a good occupational safety and health culture.



## 4.3 Social Return and Inclusion

Following the philosophy of “Taking from the Society and Giving Back to the Society”, Unimicron involves in all types of charity plans with an expectation to build social integration. As social integration is the foundation of how we maintain community relations, acquire recognition from local residents and obtain operating permit, we therefore value our involvement in social charity plan. From a thorough development in business locations, to cross-border charity activities, Unimicron’s involvement in relevant activities, whether it is social sponsorship or the number of participated manpower, is increasing year by year. In 2016, Unimicron invested around NT\$2.8 million in 2016 in relevant events in Taiwan.

Focusing on related industrial issues and actively exerting core competence, we encourage employees and suppliers to participate in CSR actions to broaden the scope of effectiveness and increase the scope of benefits, expecting to more effectively promote the social involvement and participation of employees through the integration of corporate and internal organizational skills, so as to increasingly spread love and care, building a society with both educational care and environmental sustainability.

### An Overview of Unimicron’s Social Participation

Field of Focus	Items	Descriptions of 2016 Performance in Summary
Charity / Donations	Taiwan Plants	<ul style="list-style-type: none"> <li>♥ Donated NT\$360,000 to Chung-Hsin Foundation (for industrial-academic cooperation).</li> <li>♥ Donated NT\$50,000 to Hsinchu Office and Taoyuan Office of Taiwan Fund for Children and Families respectively.</li> <li>♥ Donated NT\$330,000 to Guishan Junior High School (baseball team and scholarships).</li> <li>♥ Donated NT\$500,000 Taoyuan City Police Association.</li> <li>♥ Donated NT\$60,000 Hsinchu County Fire Protection Association.</li> <li>♥ Donated NT\$300,000 to National Tsing Hua University / and NT\$30,000 to Chung Yuan Christian University.</li> <li>♥ Sponsored Eden Social Welfare Foundation for NT\$50,000.</li> <li>♥ Donated NT\$100,000 to Chinese Quality for Society.</li> <li>♥ Donated NT\$10,000 to Shayue Education and Nursing Institute.</li> <li>♥ Donated NT\$6,000 to Neihai Community Development Association of Dayuan District, Taoyuan County.</li> <li>♥ Donated NT\$20,000 to Taoyuan County Coastal Leisure Association.</li> </ul>
		<ul style="list-style-type: none"> <li>♥ Donations to social and charity units.</li> <li>♥ Donation to academic institution and government units.</li> <li>♥ Caring for and taking care of the society / minority group.</li> <li>♥ Love and Charity Bazaar / Donation.</li> </ul>
	Mainland Plants	<ul style="list-style-type: none"> <li>♥ 456 caring and social volunteer in total.</li> <li>♥ Donated 76 second-hand objects.</li> <li>♥ 100 people participated in the old-shoe-donation event to help African children.</li> <li>♥ Charity bazaar with a total amount of NT\$8,000.</li> </ul>
	Unimicron Technology (Shenzhen) Corp. :	
	<ul style="list-style-type: none"> <li>♥ Volunteer services.</li> <li>♥ Lighting the Hope – Gansu donation event.</li> </ul>	<ul style="list-style-type: none"> <li>♥ 2,173 volunteers joined relevant event and the total service hours reached 4,346 hours.</li> <li>♥ Donated RMB 26,335.5.</li> </ul>



Field of Focus		Items	Descriptions of 2016 Performance in Summary
Charity / Donations	Mainland Plants	Unimicon-FPC Technology (Kunshan) Inc., / Unimicon Technology (Kunshan) Corp. : ♥ Blood donation. ♥ Donations to Kunshan Tzuchi Foundation / Maoku Community / Yingui Residential Area / Zhoushi Elderly Home / Ziteng Community. ♥ Volunteer activities at Unimicon-FPC Technology (Kunshan) Inc., ♥ Volunteer activities at Unimicon Technology (Kunshan) Corp.	♥ 93 people participated and freely donated 24,000ml of blood in total. ♥ Donated RMB 132,631.69. ♥ Held 28 community charity events, which were participated by 105 volunteers with 278 service hours. In total, 863 people were served. ♥ Held 75 community charity events, which were participated by 179 people with 340 service hours. In total, 2,268 people were served.
		Unimicon Technology (Suzhou) Corp. ♥ Annual blood donation. ♥ Charity Bazaar of semiconductor association.	♥ Participated by 70 people, who freely donated 16,400ml of blood. ♥ Raised RMB 2,500.
Environmental Protection	Taiwan Plants	♥ Activities of the Green Giant Volunteer Association. ♥ Travelling with saplings. ♥ Beach clean-up event ♥ Guidance on power saving measures. ♥ Environmental education lectures by ECO experts;	♥ Distributed 1,300 saplings in total. ♥ 2 beach clean-up activities, which were participated by 33 people. ♥ Guided 2 schools and 7 people joined the event. ♥ Held 17 lectures, which were presented by 10 lecturers and in which 1,065 students were participated.

## The Unimicon Sunrise Public Welfare Convenience Store – The Win-Win-Win Innovative Charity Event

Unimicon employs a strategic CRS mindset to develop an innovative charity model to create a three-win shared value among the enterprises, NPO, and the recipients. In 2014, we opened "Unimicon Sunrise Charity Convenience Store" in Shan-yin Factory, manifesting our enterprise charity model with new mindset of involving in charity events and augmenting the benefits of love. We, instead of simply donating provisions like enterprises used to do, changing the concept of "offering donation" into "providing means" on the basis of "human." By running a profiting platform, the results we get can reach out and help more people.

Sunrise Public Welfare Convenience Store



Innovative Business Models:

- With the charitable convenience store as the platform, Unimicron cooperates with NGOs to provide minority groups, single-parent families and youths with secure employment environment; surplus from charitable convenience stores is donated to assist more people who need help.
- The rent and electricity / water fees that Unimicron charges the convenience stores are saved as the “charity fund”, which will be donated to other people. Unimicron also encourages consumptions and provide employees with 15% discount for most of the products, which are much cheaper than convenience stores outside the plants.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Promote sustained, inclusive and sustainable economic growth.

Social benefits

-  Assisted Minority Groups, Single Families and Youths:
- Increase their vocational experiences, income and savings while helping them get involved in the society.
  - Obtain store operation and retail management capabilities.

-  To NGOs:
- Surplus is donated to NGO to assist more people who need help, enhancing the sustainability of cooperation between NGOs and Unimicron.

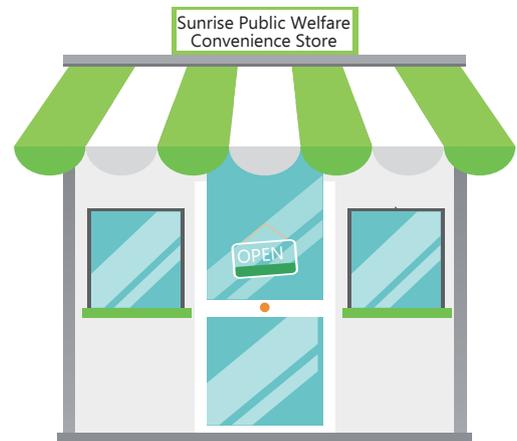
-  To Unimicron and its Employees:
- Launch a cooperate model for putting charity activities into practice.
  - Employees are directly benefited from discount and provide them with the “consume to do charity”



## Major Performance of Charitable Convenience Store in 2016

According to the charity investment and social return analysis held in 2015, every NT\$1 that we spend equals to NT\$9.98 five years later as social return.

Convenience Store Trainings	Estimated Hours
Self-exploration, emotion control, empathy, gender education, youth education and energy treatment.	14 hours
1st Stage: Be familiar with fundamental store operations	56 hours
2nd Stage: Placing orders (store operation).	48 hours
3rd Stage: Analysis of and improvement to store operations	48 hours
Individual potential, self-education and potential trainings held by Chinese Youth Care Association (on an irregular basis)	06 hours



## Operational Performance in 2016



- Annual Revenue NT\$39,934,718
- Total Discount (to Employees) NT\$7,825,344
- Annual Operating Costs (rent, water and electricity bills, decoration, equipment etc.) NT\$832,185

	Donated to	Donated Amount	No. of Donators		Targets	No. of people
Surplus of Sunrise Public Welfare Convenience Store.	Taoyuan City Shanding Elementary School	NT\$100,000	40 people		Single Mother	1
	Juvenile Nursing Home	NT\$100,000	390 people		People with Physical / Mental Difficulties	2
Income from the rent and electricity / water bills.	Chengzheng Junior High School	NT\$100,000	120 people		Youth of Minority Groups	1
	Chinese Youth Care Association	NT\$650,000	350 people		Rehabilitated Youth	1

# The Unimicron Environmental Safety Month – A Good Tradition that enhances the Safety, Health and Environmental Protection Practices

Ever since its establishment, Unimicron has considered safety as the foundation of the company operation. The chairman ever specifically instructed “paying attention to the safety is the fundamental concept of protecting the company and employees, and everyone is responsible for it”, showing how determined the entire company is on occupational safety.

Since 2004, Unimicron holds environmental safety month event, which is hosted by the CEO and participated by all groups, Mainland and Taiwan plants of Unimicron, each year in Q3. In 2016, totally 26 units participated in this event as it has already become an important traditional event for the Company in regard to occupational safety and health management. In 2016, Unimicron totally awarded 7 units and 73 occupational safety and health officers with excellent performance.

## Theme of the 2016 Environmental Safety Month Event

The following activities in three major aspects are promoted based on the theme of “implementing strict regulations; propagate and implement rights and authorities; and promoting the new environmental safety culture”:

Implementing occupational safety measures throughout the company. Zero occupational injury.



Well-use all types of health facilitation activities. Actively care for employees' physical and mental health.

Be habituated to environmental awareness. Implementation of environmental culture.

## Benefits of Activities

- Enhance the quality of all units in regard to safety, health and environment protection.
- Enhance the Group’s environmental safety management, integration and operations.
- Facilitate and activate the participation of all employees.
- Apply and promote the methods adopted by excellent units in other units.



Ensure healthy lives and promote well-being for all at all ages.



Ensure availability and sustainable management of water and sanitation for all.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Facilitate social tolerance and have a sustainable economic growth.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.

## Excellent Units of the Year



Award of Outstanding Excellence - S1 Plant  
 • Implemented improvement on human-factor engineering hazards and facilitations of the health of all employees.

Award of Excellence -H3 Plant  
 • Comprehensive promoted and implemented air and water waste, and energy items.

Award of Good Performance – S3 Plant  
 • Designed activation activities according to the plant environment and implemented relevant measures.



Award of Outstanding Excellence - Unimicron Technology (Shenzhen) Corp.  
 • Promoted the optimization of occupational safety risks, and the certification of all employees' safety skills and capacities.  
 • Optimized waste discharge / emission and hazardous waste site management mechanism, and have them integrated with regulations effectively.

Award of Excellence - Unimicron Technology (Kunshan) Corp.  
 • Integrated with regulations, and truly managed and audited the classification of daily wastes.  
 • Clearly classified the level 3 safety relevant trainings, and optimized the evacuation route with an outstanding performance.



Award of Outstanding Excellence - TQM Division of PCB  
 • Examined the equipment safety and set the workplace risk map.  
 • Produced and promoted a short film that promote health knowledge to prevent human factors engineering hazards.

Award of Excellence – ICT Division  
 • Have a diverse health knowledge propagation material, and standardized the promotion mechanism.  
 • All employees actively participated in environment safety activity.



 Safety	<b>Targets and Commitments: Participation of occupational safety and health officer and zero occupational injury</b>
Occupational safety and health officers	By enhancing the capacity of occupational safety and health officer, all units' officers actively promote safety measures and activities to have a firm foundation on occupational safety culture.
Ensure the safety of workplace	Through the risk assessment of identified hazards and establishment of the safety partner system, help young and pregnant employees as well as employees with physical difficulties enhance their capabilities of preventing safety and health hazards.
Occupational safety and health prevention, and autonomous management.	Occupational safety and health prevention, and autonomous management measures are adapted by applying the day and night shifts, ensuring all employees' safety.
Safety of transportation	Comprehensively promote and implement the tire depth and pressure gauge checking.
Environment 6S	Install and optimize the workplace risk map.
 Environmental Protection	<b>Targets and Commitments: Improve the energy and resource waste to have zero energy waste, zero waste and zero pollution.</b>
Environmental protection classroom (comprehensively promote information related to environmental protection)	Promote the environmental protection culture and regulations through diverse channels (such as the Company's internal network and TV wall), towards which the employees' awareness will be enhanced.
Implement environmental protection culture in residential areas	Eco-friendly activities are not only held for employees of the plant, but also their dependent in order to promote environmental protection awareness horizontally and vertically.
Environmental protection camp	Enhance employees' awareness to environmental protection through diverse experiencing activities (such as one-day farmer, beach / river / surrounding environment clean up, and environmental protection awards).
Creative Waste Reutilization Activities	Reutilize wastes using available materials and employees' creativity while helping them ease work pressure.
Extend the life cycle of objects	Hold material bank activities, which are developed based on the concepts of free market, to collect second-hand materials and give them to those with needs, helping to enhance the resource reutilization rate.
 Health	<b>Targets and Commitments: Caring for employees' health and effectively enhance their awareness towards human factors hazards.</b>
Improvements on human factors engineering	Propose improvement measures and carry out on-site medical investigations / checks by professional doctors.
Care for pregnant employees	Invite on site doctors to design a series of courses themed of pregnancy, and implement pregnancy caring and work design measures accordingly. Overseas plants also provide pregnancy diet courses, care for pregnant employees, investigate pregnant employees' work status, and supply them with suitable diet.
Facilitate employees physical and mental health	Carry out fruit harvesting, pressure release, running, basketball competition, and parent-children activities to facilitate employees' physical and mental health.
Health lectures	Hold health lectures to help employees understand ordinary occupational injury, and know better pressure management and prevention methods, so that they will have a balanced physical and mental health.

# Annex

Unimicron’s CSR Awards and Performance in 2016:

Award Type	Awarded Entity / Plant	Award Name	Issued By	
Social Responsibility	Unimicron	Corporate Sustainability Report Award – Golden Award for Electronic / IT Manufacturer	Taiwan Institute for Sustainable Energy	
	Unimicron Technology (Kunshan) Corp.	The “Five of Five” Advanced Unit of Kunshan City Private Next Generation Care Working Committee	Kunshan City Next Generation Care Committee Kunshan City Private Next Generation Care Working Committee	
		Suzhou City Health Facilitation of Mobile Population - The Model Enterprise	Suzhou City Health and Family Planning Commission Suzhou City Patriotic Health Campaign and Health Promotion Commission Office	
		Kunshan City Food Safety Standard Management – The Excellent Unit	Kunshan City Health and Family Planning	
	Unimicron Technology (Suzhou) Corp.	The Labor Protection and Credit Unit of Level, Suzhou Industrial Park	Bureau of Labor and Social Security, Suzhou Industrial Park	
		The Honor Certificate of Charity Partner	Publicity Department, Central Working Committee of Suzhou Industrial Park Volunteer Association, Suzhou Industrial Park	
		The Honor Certificate of Charity Bazaar	Suzhou Industrial Park Semiconductor and Electronics Association	
	Safety and Health	Unimicron Technology	Was awarded the certificate of appreciation: The Environmental, Safety and Health Observation Tour by National Yang-Ming University	Institute of Environmental and Occupational Health Sciences (IEOHS), National Yang-Ming University
			Was awarded the certificate of appreciation: Head of the North Advancement Association, TOSHMS	Occupational Safety and Health Administration, Ministry of Labor
		Hsinfeng Plant	Was awarded the certificate of appreciation: Head of the North Advancement Association, TOSHMS	Occupational Safety and Health Administration, Ministry of Labor
Precision S2 Plant		Have the two-year occupational safety and health management system performance recognized.	Occupational Safety and Health Administration, Ministry of Labor	
Hejiang Plant		Have the three-year and four-month occupational safety and health management system performance recognized.	Occupational Safety and Health Administration, Ministry of Labor	
Precision S1 Plant		Proof of working-hour record without occupational injury (total of working hours is above 21.6 million hours)	Occupational Safety and Health Administration, Ministry of Labor	
Zhongli Plant		Proof of working-hour record without occupational injury (total of working hours is above 240,000 hours)	Occupational Safety and Health Administration, Ministry of Labor	
Hejiang Plant		Proof of working-hour record without occupational injury (total of working hours is above 2.44 million hours)	Occupational Safety and Health Administration, Ministry of Labor	
Hejiang Plant		Proof of working-hour record without occupational injury (total of working hours is above 960,000 hours)	Occupational Safety and Health Administration, Ministry of Labor	

Award Type	Awarded Entity / Plant	Award Name	Issued By
Safety and Health	Unimicron-FPC Technology (Kunshan) Inc.	First prize of knowledge competition held by Environmental Safety Bureau of Kunshan City High-Tech Industrial Development Zone	Environmental Safety Bureau of Kunshan City High-Tech Industrial Development Zone
		Third prize of the knowledge competition conducted by Kunshan City Work Safety Administration	Kunshan City Work Safety Administration
		Received affirmation from the Suzhou City Work Safety Administration as a model company for occupational health infrastructure.	Suzhou City Work Safety Administration
		First prize of work safety knowledge competition of Kunshan City High-Tech Industrial Development Zone	Administration of Work Safety and Environmental Protection Bureau of Kunshan City High-Tech Industrial Development Zone
		Supervisory unit of Kunshan High-Tech Industrial Development Zone Production Safety Trade Association	Kunshan High-Tech Industrial Development Zone Production Safety Trade Association
		Model Enterprise of Occupational Health Infrastructure	Work Safety Administration
	Unimicron Technology (Suzhou) Corp.	Model Enterprise of Occupational Health Infrastructure	Suzhou City Work Safety Administration
	Unimicron Technology (Kunshan) Corp.	Model Enterprise of Occupational Health Infrastructure	Suzhou City Work Safety Administration
		Model Enterprise of Occupational Health Infrastructure	Suzhou City Work Safety Administration
		Supervisor of Kunshan High-Tech Industrial Development Zone Production Safety Trade Association	Kunshan High-Tech Industrial Development Zone Production Safety Trade Association
Safety and Rescue Knowledge Competition of Kunshan High-Tech Industrial Development Zone – The Third Prize		Kunshan High-Tech Industrial Development Zone Environmental Safety Bureau and Red Cross	
Environmental Protection	Luchu II Plant	Taoyuan City Enterprise River Adoption Award	Taoyuan City Government
	Hsinfeng Plant	Hsinchu Air Pollution Prevention Personnel Examination – The Second Prize	Hsinchu County Government Environmental Protection Bureau
	Renyi Plant	Hsinchu Air Pollution Prevention Personnel Examination – The Second Prize	Hsinchu County Government Environmental Protection Bureau
	Unimicron-FPC Technology (Kunshan) Inc.	Reputed as the “Water-Saving Enterprise of Jiansu”	China Water Affairs Group (Kunshan City Water Saving Office)
	Unimicron Technology (Kunshan) Corp.	China Green Development Union	China Environment News
Quality	Unimicron Technology (Kunshan) Corp.	The “Managing Unit” of China Environmental Press	China Environmental Press
	Unimicron Technology (Shenzhen) Corp.	The 2016 Core Supplier Award	Supplier of Huawei
		The 2016 Best Quality Award	Supplier of Huawei
Others	Unimicron Technology (Suzhou) Corp.	The Sports Moral Award	The 14th Suzhou Sports Organizing Committee
		Labor Pioneer	Labor Union Federation , Suzhou Industrial Park
		The Technical Enterprise Certificate of of High-Tech Industrial Development Zone	Science and Technology Department of Jiangsu Province
	Unimicron-FPC Technology (Kunshan) Inc.	The Advanced Enterprise of Transformation and Upgrade in 2016	Kunshan High-Tech Industrial Development Zone Party Committee / Administration



## ASSURANCE STATEMENT

### **SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIMICRON TECHNOLOGY CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2016**

#### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Unimicron Technology Corp. (hereinafter referred to as UNIMICRON) to conduct an independent assurance of the Corporate Social Responsibility Report for 2016 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the UNIMICRON's CSR Report of 2016 and its presentation are the responsibility of the management of UNIMICRON. SGS has not been involved in the preparation of any of the material included in UNIMICRON's CSR Report of 2016.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all UNIMICRON's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2013) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for UNIMICRON and moderate level of scrutiny for subsidiaries, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

#### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from UNIMICRON, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.



The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within UNIMICRON's CSR Report of 2016 verified is accurate, reliable and provides a fair and balanced representation of UNIMICRON sustainability activities in 01/01/2016 to 12/31/2016.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

**AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**

UNIMICRON has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, governmental authorities, suppliers, communities, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

**Materiality**

UNIMICRON has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

**Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

**GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, UNIMICRON's CSR Report of 2016, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. It is recommended to have more descriptions on organization's involvement with the identified impacts and how the impacts were mitigated. Disclosure on highest governance body's role in sustainability impacts management may also be considered.

Signed:  
For and on behalf of SGS Taiwan Ltd.



David Huang, Director  
Taipei, Taiwan  
12 June, 2017  
WWW.SGS.COM



**AA1000**  
Licensed Assurance Provider  
000-8

# GRI Index

## General Standard Disclosure (Core Disclosure)

Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
Strategy and Analysis Statement from the Chairman			
G4-1	Provide a statement from the most senior decision-maker of the organization.	Statement from the Chairman	P.5
G4-2	Provide a description of key impacts, risks, and opportunities.	2.3 Operational Risk Management	P.35
Organizational profile			
G4-3	Report the name of the organization.	2.1.1 About Unimicron Technology	P.22
G4-4	Report the primary brands, products, and services.	2.1.2 Products and Services	P.23
G4-5	Report the location of the organization's headquarters.	2.1.2 Products and Services	P.23
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations.	2.1.2 Products and Services	P.23
G4-7	Report the nature of ownership and legal form.	2.1.1 About Unimicron Technology	P.22
G4-8	Report the markets served.	2.1.2 Products and Services	P.23
G4-9	Report the scale of the organization.	2.1.1 About Unimicron Technology 2.1.2 Products and Services 2.1.3 Operating Performance Overview	P.22 P.23 P.26
G4-10	Report the total number of employees.	4.2.1 Employment Status	P.71
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	No labor union for Taiwan Plants; for Mainland plants, only Unimicron (Kunshan), Unimicron (Suzhou) and Unimicron (Shenzhen) has labor union. The proportion of labor union members of each plant is as follows:	--
G4-12	Describe the organization's supply chain.	3.3.2 Supplier Management	P.54
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	About this Report	P.2
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	2.3 Operational Risk Management	P.35
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2.1.4 External Participation	P.27
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	2.1.4 External Participation	P.27
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About this Report	P.2



Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
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	b. Explain how the organization has implemented the Reporting Principles for Defining Report Content		
G4-19	List all the material Aspects identified in the process for defining report content.	Significance Analysis	P.9
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Significance Analysis	P.9
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Significance Analysis	P.9
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this Report	P.2
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report	P.2
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G4-24	Provide a list of stakeholder groups engaged by the organization.	Significance Analysis	P.9
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G4-26	Report the organization's approach to stakeholder engagement	4. Customer and Labor Relations	P.64
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns,	Significance Analysis 4. Customer and Labor Relations	P.9 P.64
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G4-30	Reporting cycle.	About this Report	P.2
G4-31	Provide the contact point for questions regarding the report or its contents.	About this Report	P.3
G4-32	a. Report the 'in accordance' option the organization has chosen.	About this Report	P.3
	b. Report the GRI Content Index for the chosen option (see tables below).		
	c. Report the reference to the External Assurance Report, if the report has been externally assured.		
G4-33	Assurance	About this Report	P.3
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G4-34	Report the governance structure of the organization.	2.2.1 Corporate Governance Framework	P.29
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body	1.2 Sustainable Management System	P.19
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	1.2 Sustainable Management System	P.19
G4-38	Report the composition of the highest governance body and its committees.	2.2.1 Corporate Governance Framework	P.29
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	2.2.1 Corporate Governance Framework	P.29
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	2.2.1 Corporate Governance Framework	P.29
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Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	1.2 Sustainable Management System	P.19
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report.	1.2 Sustainable Management System	P.19
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G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	2.2.2 Integrity Management Rules	P.32
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity.	2.2.2 Integrity Management Rules	P.32
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	2.2.2 Integrity Management Rules	P.32

### Specific Standard Disclosures (Core Disclosure)

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Major Aspect	DMA and Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
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	G4-EN18	Greenhouse Gas (GHG) emissions intensity ratio.	3.2.1 Energy and Greenhouse Gas Management	P.44
	G4-EN19	Reduction of greenhouse gas (GHG) emissions.	3.2.1 Energy and Greenhouse Gas Management	P.44
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	G4-EN24	Total number and volume of significant spills.	No similar issue in 2016.	---
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Major Aspect	DMA and Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
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<b>Labor Practices and Decent Work</b>				
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	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	4.2.3 Employee Salary and Benefits	P.76
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	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	4.2.5 Occupational Safety and Health	P.90
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	4.2.3 Employee Salary and Benefits	P.76
Training and Education	DMA		4.2.4 Employee Training and Communication	P.82
	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	4.2.4 Employee Training and Communication	P.85
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.2.4 Employee Training and Communication	P.83
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	4.2.4 Employee Training and Communication	P.86

Major Aspect	DMA and Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
Diversity and Equal Opportunity	DMA		4.2 Employee Care	P.71
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	4.2.1 Employment Status	P.71
Equal Remuneration for Women and Men	DMA		4.2.3 Employee Salary and Benefits	P.76
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	4.2.3 Employee Salary and Benefits	P.77
Supplier Assessment for Labor Practices	DMA		3.3.2 Supplier Management	P.54
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	3.3.2 Supplier Management	P.54
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	3.3.2 Supplier Management	P.54
Labor Practices Grievance Mechanisms	DMA		4.2.4 Employee Training and Communication	P.80
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	4.2.4 Employee Training and Communication	P.82
<b>Human Rights</b>				
Non-discrimination	DMA		4.2 Employee Care	P.71
	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	No similar issue in 2016.	---
Freedom of Association and Collective Bargaining	DMA		3.3.2 Supplier Management	P.54
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	No similar issue in 2016.	---
Child Labor	DMA		3.3.2 Supplier Management	P.54
	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.	No similar issue in 2016.	---
Forced or Compulsory Labor	DMA		3.3.2 Supplier Management	P.54
	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.	No similar issue in 2016.	---
Supplier Human Rights Assessment	DMA		3.3.2 Supplier Management	P.54
	G4-HR10	Percentage of new suppliers that were screened using Human rights standards	3.3.2 Supplier Management	P.54
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	3.3.2 Supplier Management	P.54
Human Rights Grievance Mechanisms	DMA		4.2.4 Employee Training and Communication	P.82
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	4.2.4 Employee Training and Communication	P.82

Major Aspect	DMA and Indicator	Descriptions of Indicator	Corresponding Chapter / Sections	Page
Society				
Local Communities	DMA		3.1 Blueprint for Environmental Sustainability 4.3 Social Return and Inclusion	P.39 P.94
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	3.1 Blueprint for Environmental Sustainability 4.3 Social Return and Inclusion	P.39 P.94
Anti-corruption	DMA		2.2.2 Integrity Management Rules	P.32
	G4-SO4	Communication and training on anti-corruption policies and procedures.	2.2.2 Integrity Management Rules 4.2.4 Employee Training and Communication	P.32 P.82
	G4-SO5	Confirmed incidents of corruption and actions taken.	No similar issue in 2016.	
Anti-competitive Behavior	DMA		2.2.2 Integrity Management Rules	P.32
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	No similar issue in 2016.	---
Legal Compliance	DMA		2.2.2 Integrity Management Rules	P.32
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	2.2.2 Integrity Management Rules	P.32
Supplier Assessment for Impacts on Society	DMA		3.3.2 Supplier Management	P.54
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	3.3.2 Supplier Management	P.54
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	3.3.2 Supplier Management	P.54
Grievance Mechanisms for Impacts on Society	DMA		4. Customer and Labor Relations	P.64
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	No similar issue in 2016.	---
Product Responsibility				
Customer Health and Safety	DMA		3.3.1 Green Product Management	P.51
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	3.3.1 Green Product Management	P.51
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	No similar issue in 2016.	---
Customer Privacy	DMA		4.1.2 Customer Privacy Protection	P.68
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No similar issue in 2016.	
Other Aspects				
Customer Relation Maintenance	DMA		4.1 Customer Relation Maintenance	P.67

