

奇美材料科技股份有限公司

CHI MEI MATERIALS TECHNOLOGY CORP.

2016

Corporate Social Responsibility Report

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About CSR Report

✧ Editorial principle

Chimei Materials Technology Corporation (hereinafter referred to as: CMMT) has been specialized in panel components manufacturing since founded in 2005, focused on enhancing company's extra value, creating job opportunities and join local affairs actively. In response to share the efforts in corporate social responsibility with all shareholders of CMMT and government's promotion of CSR report, CMMT issues 2016 CSR report. We are looking forward to enhancing operation performance, cultivating CSR promotion, and continuing to achieve our obligations as a corporate social citizen.

✧ Report scope and boundary

The operation area of CMMT includes Taiwan and mainland China, the boundary of this report includes materiality CMMT headquarter Taiwan, not the subsidiaries. We also expect to expand the coverage to all the subsidiaries in the future, in order to present the complete CMMT group's corporate social responsibility activities.

✧ Issue period

Issue period: 2016/01/01~2016/12/31, released in December, 2017

CSR report will be released annually.

✧ Report Assurance

This report is verified by the G4 version of the GRI Sustainability Reporting Guidelines and conducting surveys on topics such as stakeholders, key operational groups of the company, economic, social and environmental issues, and details of major issues which Chimei Materials Technology Corporation are in this part of the act.

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A message from the Chairman



Corporate sustainable management

Corporate sustainable management is the key requirement to create economic and social value, constantly improve the competitiveness of company is the first priority, and forward-looking planning is the management of the responsibility for the sustainable development. A sustainable company will bring its employees to live in peace and work pleasantly, to develop their potential, and the company will share the value created by employees to the community. What is taken from the society is used in the interests of society. We believe it can create a positive social and economic cycle.

J.Y. Ho, Chairman

In 2016, CMMT has encountered many challenges in its operation. In February 2016, there was a magnitude earthquake in Tainan, most company were obviously affected including CMMT and customers. The tremendous international financial environment and swift fluctuations of the exchange rate have also caused a tremendous impact on our operations. Overall, the operating environment was difficult for CMMT in the first half of 2016. Many challenges in front of us, we will continue to improve the competitiveness of our company, strengthen market position in Taiwan, and constantly improve our own technology and development of high quality products to provide customers stable supply and best quality. In respect of new market development, with the continuous growth of panel market demand in the mainland China, new fabrication plant in Kunshan will be the primary strategy to increase the market share in China in hopes to create growth momentum and diversify risks.

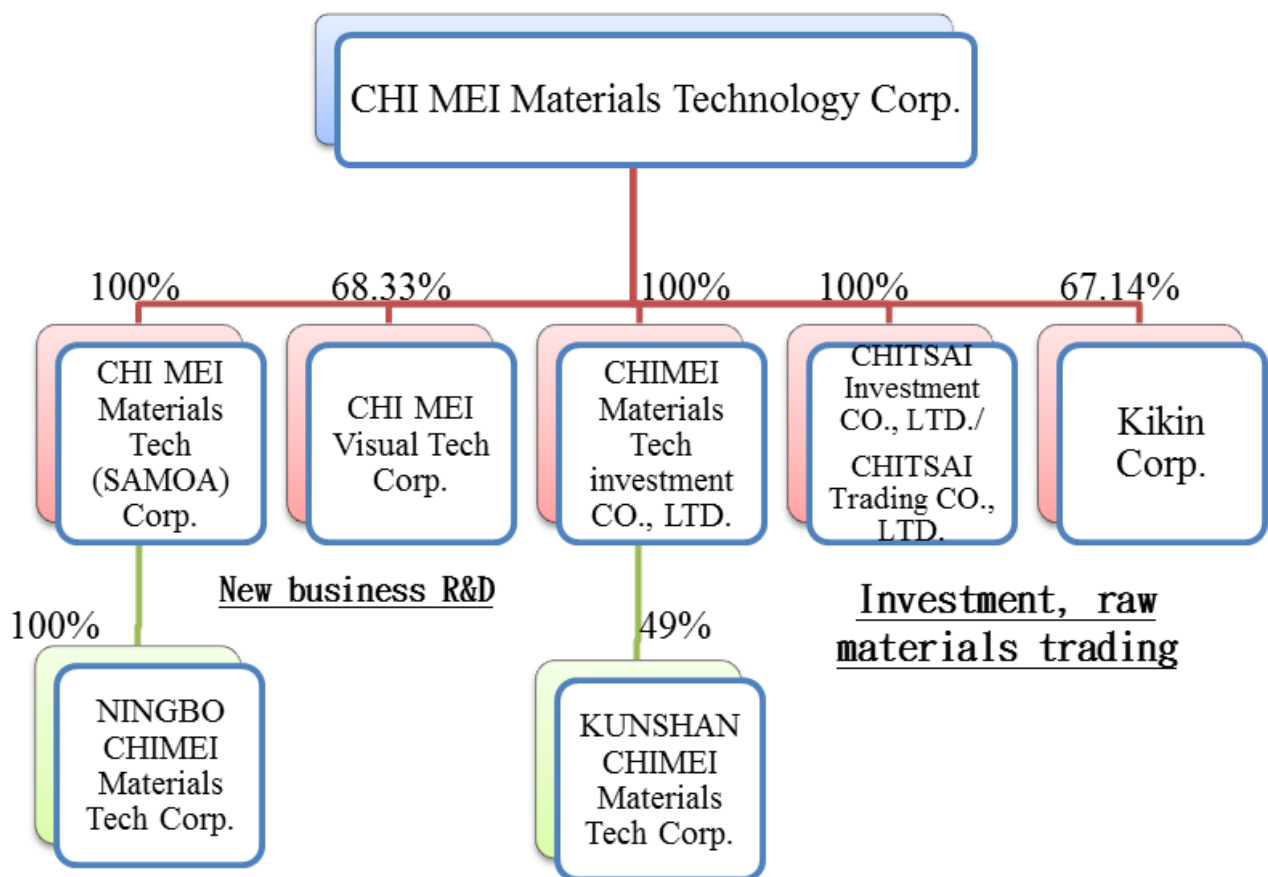
People are the valuable assets of the enterprise. In 2016, we also made some changes to the personnel system, including salary adjustment, grading and promotion system. We wish to provide stable salary and benefits to our employees without worries. At the same time, we also created the platform for our employees to elaborate their potential. Promoting eco-friendly products, energy conservation, and reduction of waste, all waste water and waste disposal legitimacy have been obviously responsibility and obligations for enterprise.

In 2016, CMMT encountered the challenges of the market and the environment, however CMMT will continue to enhance the technical capabilities, provide platform for people to elaborate and improve product quality, strive to break through the current predicament and create a sustainable business environment, for our employees to live, work in peace, to elaborate their potential to contribute to the community, and feel proud of being CMMT employees.

CHAPTER1. SUSTAINABLE CORPORATE GOVERNANCE

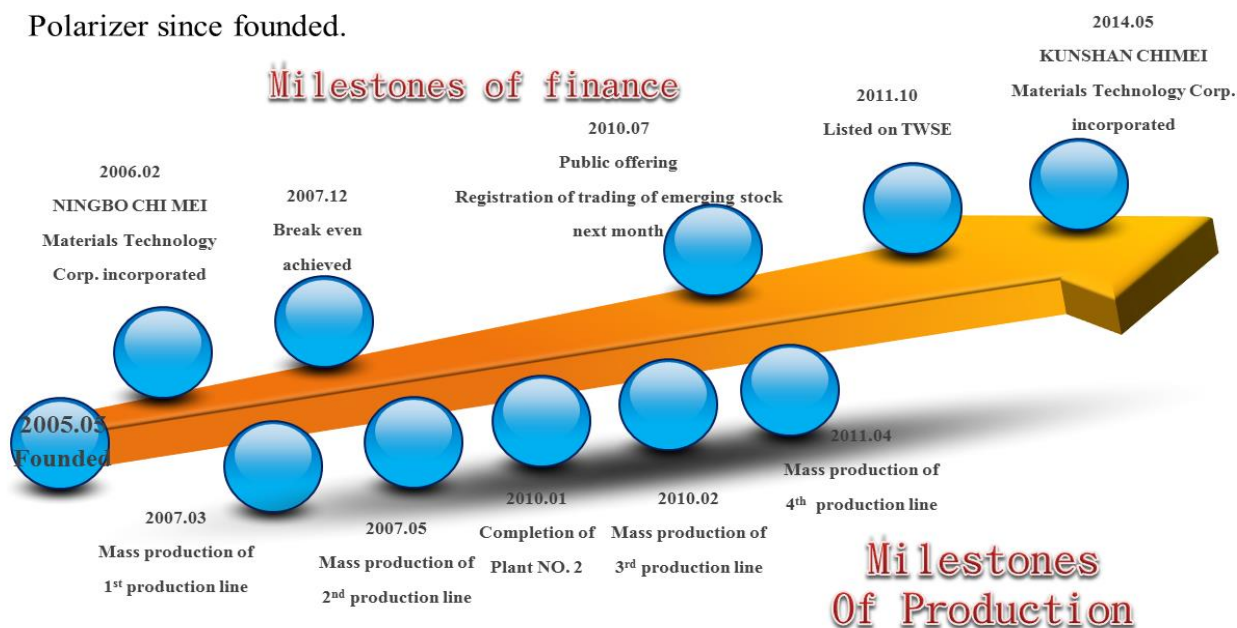
✧ 1.1 CMMT COMPANY OVERVIEW

Name	Chimei Materials Technology Corporation
Date founded	17th, May, 2005
Capital	5,157,285 thousand
Chairman	JY Ho
Address	No.13, Muzhagang West Rd., Shanhua Dist., Tainan City, Taiwan
Main Product	Polarizer
Employees	Taiwan: about 1,200 ; oversea: about 1,000 (as of December 2016)
Stock code	4960 Taiwan Exchange

Organizational chart

➤ CHIMEI Materials Technology Corp. Milestones

CHI MEI materials Technology Corp. was reinvested by CHIMEI Corp, and listed on TWSE in 2011, has been specialized in research, development and production of Polarizer since founded.

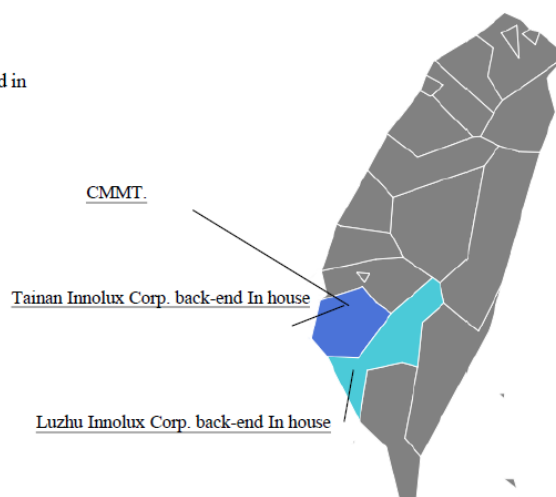
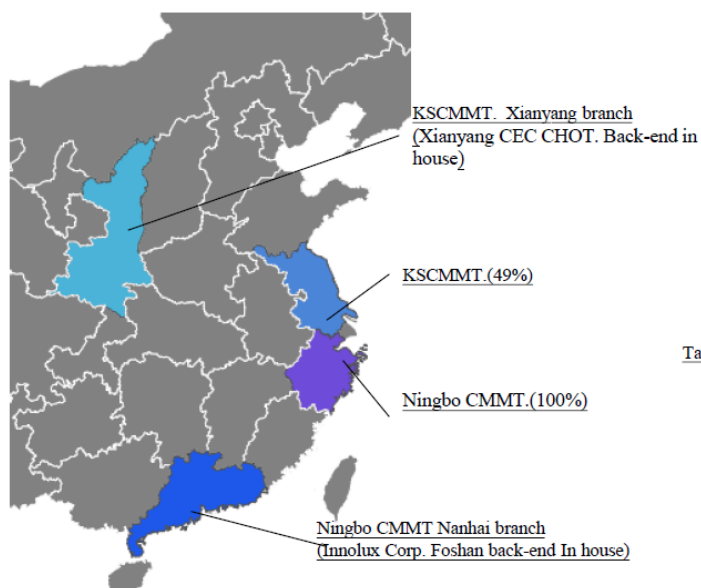


➤ Operation locations

In order to provide high quality products to customers, CMMT has operation locations located in Tainan, Ningbo and Kunshan, and has developed in-house project with customers which provides the fastest service.

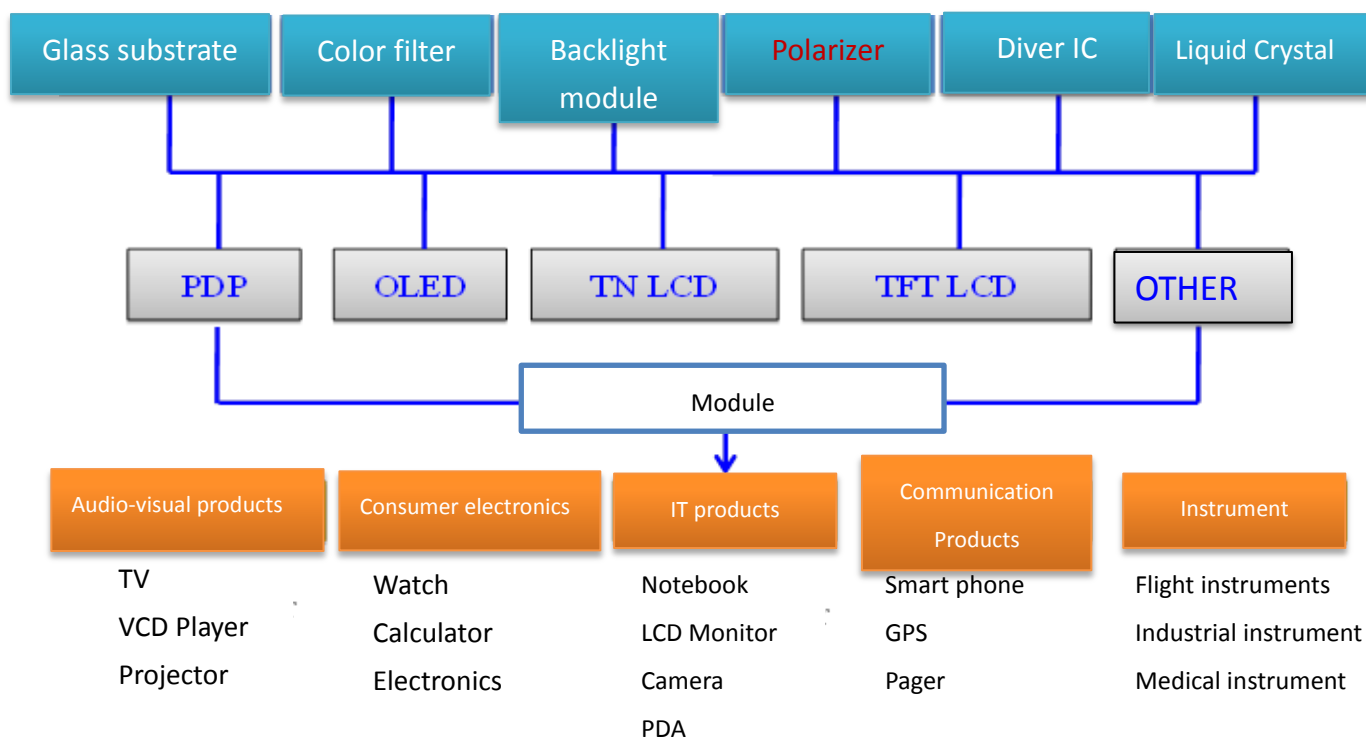
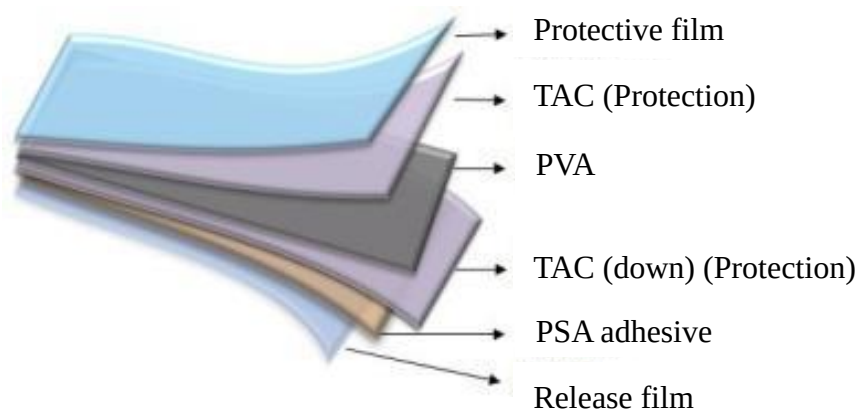
- China**
- Two production line 1.5M+2.5M(In Construction)
 - Two back-end production fab
 - Two back-end In house

- Taiwan**
- 4 1.5M front-end production line
 - 1 back-end fab
 - 2 back-end In house



➤ Product introduction

Polarizer is the optical filter which uses chemical and optical technology that has the characteristics of polarized light, only allows a certain direction of light to penetrate. In the production process of LCD panel, one piece of polarizer must be used up and down one by one, and placed in a staggered direction. The main purpose is to display the subtitles or patterns when the light source produces phase differences between the light and dark state in the electric field and no electric field.



Currently, CMMT's major customers are from Taiwan and Pacific Asia. Domestic sales revenue is 35-40% and export is 60-65%, of which the export market is mainly in mainland China.

➤ Management philosophy and vision

“A company exists to pursue human well-being.” humanistic management” and *“Harmony comes first”* are the principles of CHIMEI Corporation, and also the direction and goal of our efforts. In the thought of globalization, we aim to provide high-quality products and prompt service in hopes of achieving the greatest satisfaction and benefit to our customers, suppliers, colleagues, and society.

VISION

We aspire to be the most trustworthy and respectful leading manufacturer company of display technology for colleagues, customers, shareholders and society.

CORE VALUES



With the highest of moral standards and self-demand, we dedicate to practice the right thing in our business to maintain the cooperation internally and externally aiming to achieve the trust and respect.



Endeavor to innovate with no boundary of failure.
Continue to provide differentiated services and new products.
Be the leading technology model of the world without the limitation of the future development.



We respect mutual growth with our colleagues and company, and cooperation with our customers and partners.
We believe prosperity and sustainable environment are all the business activities meant to be.



We respect every colleague. We dedicated to provide an environment that has enthusiasm, and potential for development with positive action to practice human well-being.

✧ 1.2 SUSTAINABLE STRATEGIES

We refer to the Electronic Industry Citizenship Coalition® (EICC®) Code of Conduct for our Sustainability strategy covering the five major policies of corporate governance, environmental protection, employees care, supply chain, social and environmental responsibility management and community participation.

There were 17 Sustainable Development Goals (SDGs) of the “2030 Agenda for Sustainable Development” adopted by United Nations Sustainable Development Summit in 2015.



(Photo: retrieved from Sustainable Development Knowledge Platform, SDKP)

We believe what is taken from the society is used in the interests of society. We continue to create operational performance, in order to maintain sustainable management. We continue to improve the quality of corporate governance. CMMT was ranked among 6% ~ 20% of the 3rd term in the Corporate Governance Evaluation in Taiwan (2016) by Securities and Futures Institute by Taiwan Stock Exchange Corporation. CMMT's performance was considered outstanding accordingly. Regarding to environmental aspect, we continue to reduce the process water and energy consumption, and keep to improve waste water recovery, reduce sewage discharge, build up solar power system. For employee care, we believe *“A company exists to pursue human well-being.”* *humanistic management*” and *“Harmony comes first”* are the principles of CHIMEI Corporation, and always support the mission of creating job opportunities for community, to hire full-time

employees providing stable working environment.

➤ CSR committee and workgroup

CMMT's chairman, Mr. J.Y HO, serves as honorary chairman of the CSR committee. 2016 affairs was responsible by planning office. Chief of each department will be the leader of each function department who will be responsible to provide feedback and comments of every topic.

1.3 FINANCIAL PERFORMANCES

➤ Operational performances

2012~2016 Operation overview

Item	In thousands NT Dollars				
	Financial statements				
	2012	2013	2014	2015	2016
Revenue	20,172,020	17,852,579	15,818,286	12,747,295	10,374,172
Gross Profit(loss)	2,271,258	3,006,348	2,898,324	1,789,007	(796,755)
Operation income (loss)	1,670,779	2,396,365	2,179,655	1,082,610	(1,606,238)
Income(loss) before tax	1,688,460	2,712,218	2,672,853	1,366,586	(1,543,471)
net income(loss)	1,609,180	2,431,897	2,239,633	1,047,159	(1,483,862)
Net income attributable to owners of CMMT	1,617,490	2,446,292	2,248,561	1,048,795	(1,483,921)
EPS	3.52	4.74	4.36	2.03	(2.88)
Asset	17,898,572	15,853,518	17,966,621	17,704,493	20,602,792
Net value	9,362,264	11,013,621	13,140,971	12,933,153	12,999,532
PBR	18.85	22.24	25.33	24.65	20.77

➤ 2017 Operation strategy and prospect

For the operating conditions in 2016 and the negative impact on the Company, CMMT formulates the following strategies to improve the profitability of the Company

1. Expansion of China's market

In recently years, panel market has diverted to mainland, which is also because China's government has support panels as the primary industry. IHS has stated, as of 2018, there will be a number of high-generation production lines in Mainland China, the fastest growing area for panel demand in the future.

2. Boom in the industry

Rapid recession of industry in 2016, some manufacturers were close. However, with the rapid growth of the panel business at the end of 2016, the demand for polarizers rapidly returned, which we found prices have stabilized including production line.

3. Strengthen relationship with existing clients.

In 2017, CMMT's major customers' demand increase which encourage the achievement of CMMT in Taiwan's market.

4. Raw materials cost down

Except current suppliers from Japan, CMMT will also use raw materials from other countries, which help cost down.

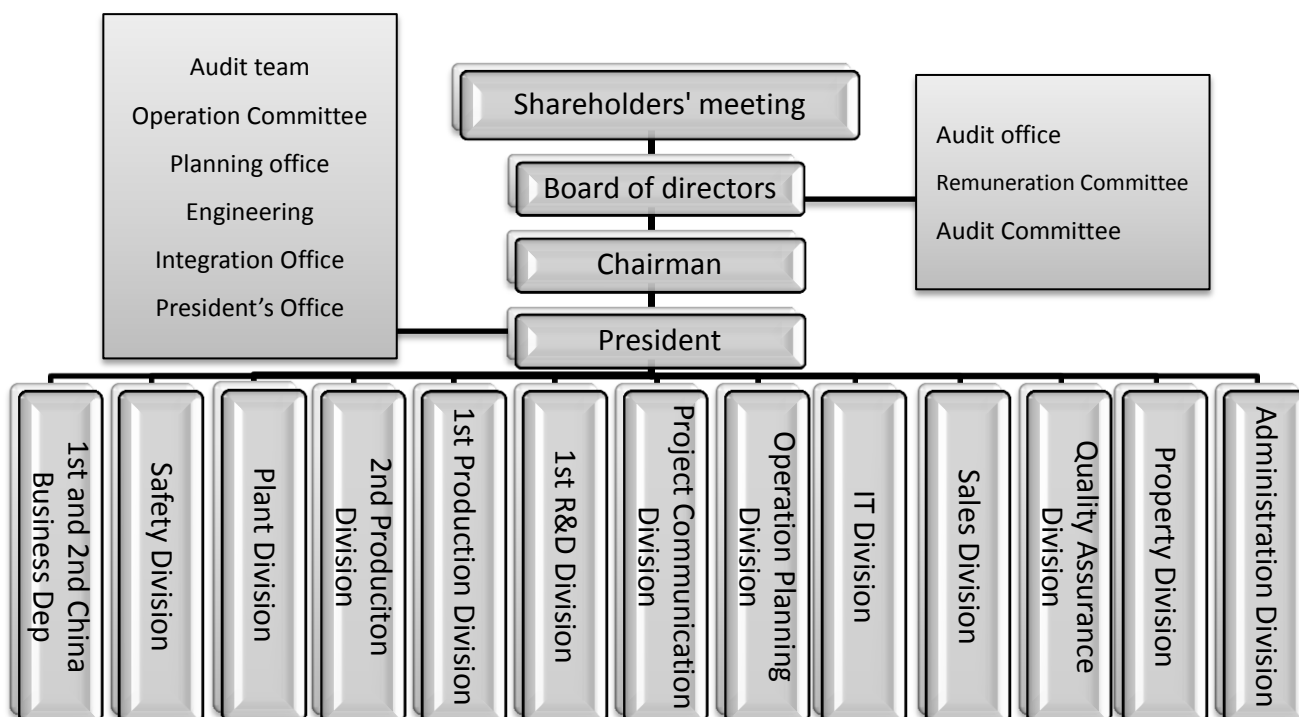
5. Continued high-quality products

CMMT will focus on high-end market in the future which has higher technical threshold, mostly oligopoly by Japanese retailers, and the extra value will be much high than the product itself. With the upgrading of CMMT's market penetration, profitability of products should gradually increase accordingly.

6. Equipment and production technology continued improving

1.4 CORPORATE GOVERNANCE

➤ Organizational structure



➤ Operation of the Board of Directors

In 2016, the board comprises 9 directors, including 3 independent directors.

According to the Company's corporate governance philosophy, the board of directors is primarily responsible for supervising, directing and evaluating the management team's performance and appointing/dismissing managers. The board members of CMMT have plentiful experience in operation world-class companies or academic experience, and uphold strict ethical standards and their commitments to the Company. Board of directors meeting will be conducted quarterly, to resolve various motions and also discuss with the management team about business strategies and future direction to create the greatest interest for the shareholders.

Meanwhile, the board (and functional committee) members will conduct self-evaluation of their performance through questionnaires and discussion of issues to be concerned on a yearly basis. The performance evaluation result for the previous year will be submitted to the Board of directors at the first quarter of the year. According to the 2016 Board of Directors' Guidelines on 48 Self-evaluation Assessment reports, the Board of Directors followed the ordinances and performs well. The board has held 10 meetings, attendance ratio is 92%.

The remuneration to the Company's directors is based on the regulations specified in the Articles of Incorporation and the level of participation and the value of the contributions to the Company operations in line with industry standards.

If the Company retains earnings at the end of the fiscal year, after appropriations made for losses, and payments made into the statutory surplus reserve or special surplus reserve, allocation of preferred stock dividends and remuneration to employees, the board of directors shall submit a proposal for the distribution of the remaining amount, including remuneration to directors, based on the industrial environment and the company's funding needs, and subject to the approval of a shareholders' meeting.

Corporate governance assessment report

In order to conduct sound corporate governance and development, the Financial Supervisory Commission ("FSC") issued "Corporate Governance Roadmap ("Roadmap")" in 2013. Under FSC's guidance, evaluation indicators were formulated by TWSE, company and corporate governance evaluation committee, and conducted by Securities and Futures Institute.

Ranking result of the 3rd term was released on 14th, April, 2017. There were 653 listed companies being evaluated, results were announced in 7 categories, which were top 5%, 6%~20%, 21%~35%, 36%~50%, 51%~65%, 66%~80%, and 81%~100%, presented by stock code not ranking order.

In the Corporate Governance Evaluation of 3rd term of Securities and Futures Institute (2016), CMMT ranked at the range 6%-20% among the listed companies. CMMT's performance was considered outstanding accordingly.

➤ Remuneration Committee

The operation of the Committee is to evaluate the remuneration policy and system of directors and managers of the Company in a professional and objective manner and to make recommendations to the Board for reference. There were 5 Remuneration Committee meetings in 2016.

➤ Audit Committee

The operation of the committee is the following matters for the supervision as below:

1. Appropriate expression of financial report.
2. The election (replacement) of independent auditor and performance evaluation.
3. Internal control system implementation
4. Regulatory compliance
5. Risk control of the company's existence or potential.

Audit committee held 7 meetings in 2016.

➤ Ethical corporate management

CMMT's board of directors passed the "Ethical Corporate Management Best-Practice Principles" in April, 2011, and the "Corporate Governance Best-Practice Principles" in May, 2011, and the

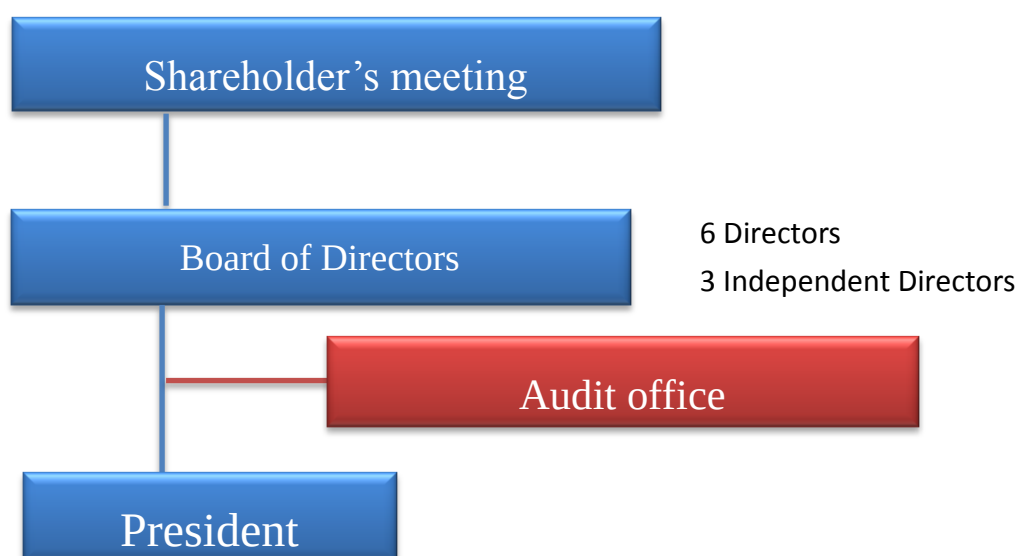
“Guidelines for Business Operation and Behavior with integrity” in 2015 November, and specifies “Administration Division” as the responsible unit, providing immediate supervisor, HR supervisor, Legal Affair Unit, Auditor, President’s email for the internal complaining channel. External complaining channel refer to email: cmmt_ir@cmmt.com.tw.

Ethical Corporate management Best-Practice Principles will apply to subsidiaries, foundation which direct or indirect contributions are more than 50% of the total number and other organizations, enterprise with substantive control ability. The following measures are for the precautions

1. Bribery and bribery.
2. Illegal political contributions.
3. Improper charitable donations or sponsorships.
4. Provide or accept unreasonable gifts, entertainment or other improper benefits.

➤ Internal control System

Audit office organizational structure



Audit team presents regular report to board of directors, besides report to chairman, and audit committee monthly or when necessary. The company has established internal control system including internal audit implementation rules according to the regulation, to implement and measure the current internal control system, the degree of compliance and effectiveness of operating procedures, and also apply to all operation and subsidiaries.

The management team of the Company should respects internal audit units and personnel, they shall be fully authorized in order to accurately inspect and assess the deficiencies of the internal control system and efficiency of operation measurement, which we believe the system can be

conducted effectively to assist board of directors and management team to fulfill their obligations, and corporate governance in accordingly.

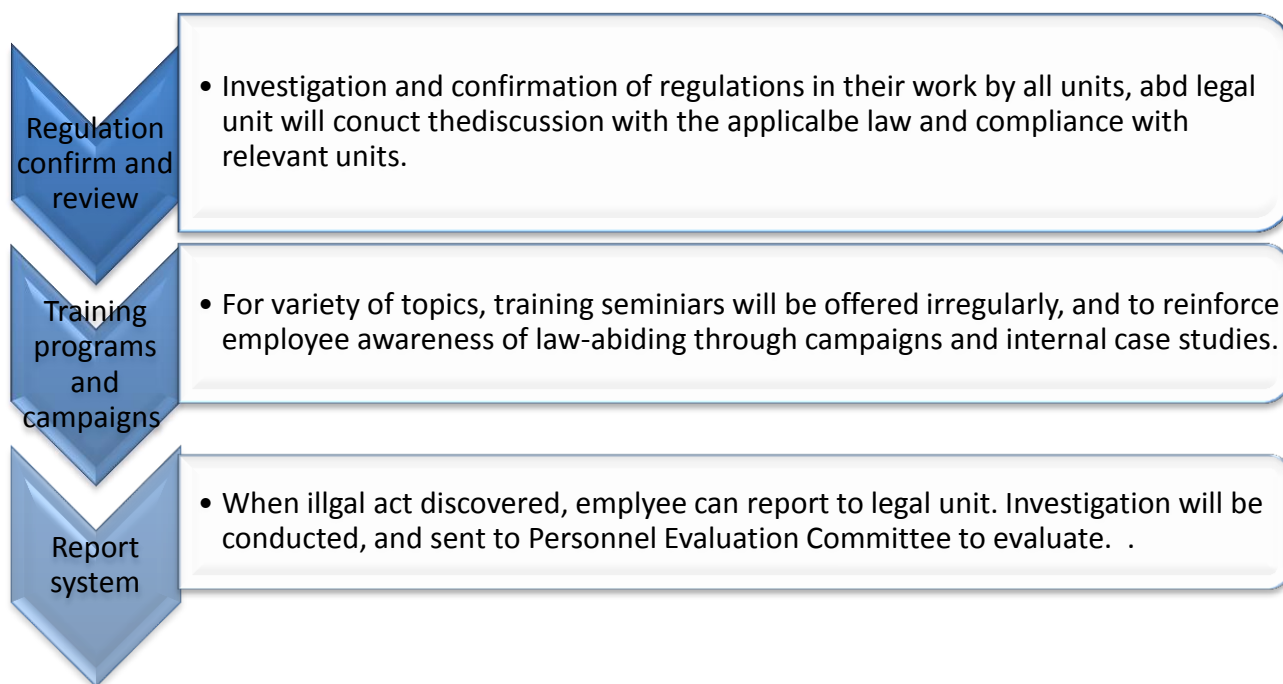
The following items shall be included in the audit implementation:

1. To propose annual audit plan according to identified risks, and to conduct after approval by board of directors.
2. To examine company policies and regulations are followed, and provide management team the alternative solution if there is any existing or potential deficiency.
3. To check the effectiveness and efficiency of information maintenance of operation.
4. Operation assessment and improvement assistance of CMMT internal control systems and subsidiaries.
5. To review company and major subsidiaries' internal control system implementation results. Providing deficiency found and improvement to chairman and president as the reference of the internal control statement.
6. To execute related project as required.

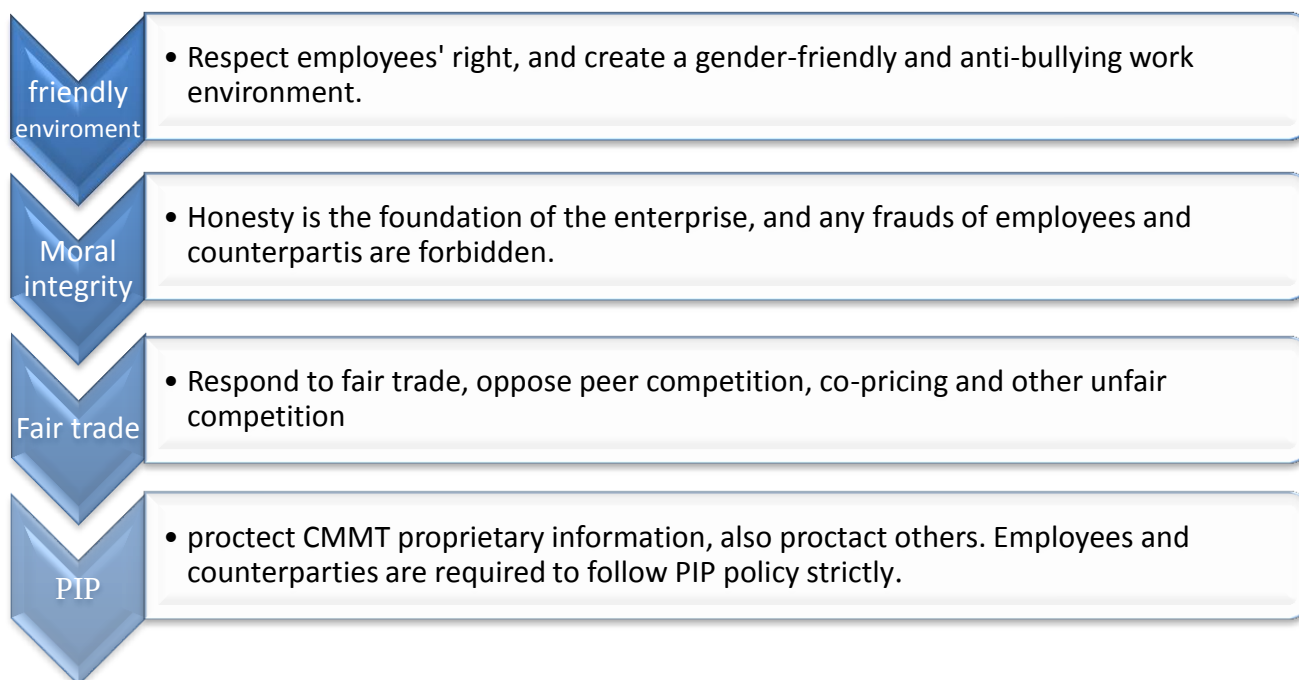
Written report and follow-up report shall be issued and present to management team and audit committee regularly.

Regulatory compliance

The goal of regulatory compliance is to reinforce employee awareness of law-abiding, safeguard of the corporate image and reduce the operational risks and liabilities of directors, supervisors and managers. CMMT has always conducted business ethics, committed to integrity. CMMT's regulatory compliance divided into three mechanisms:



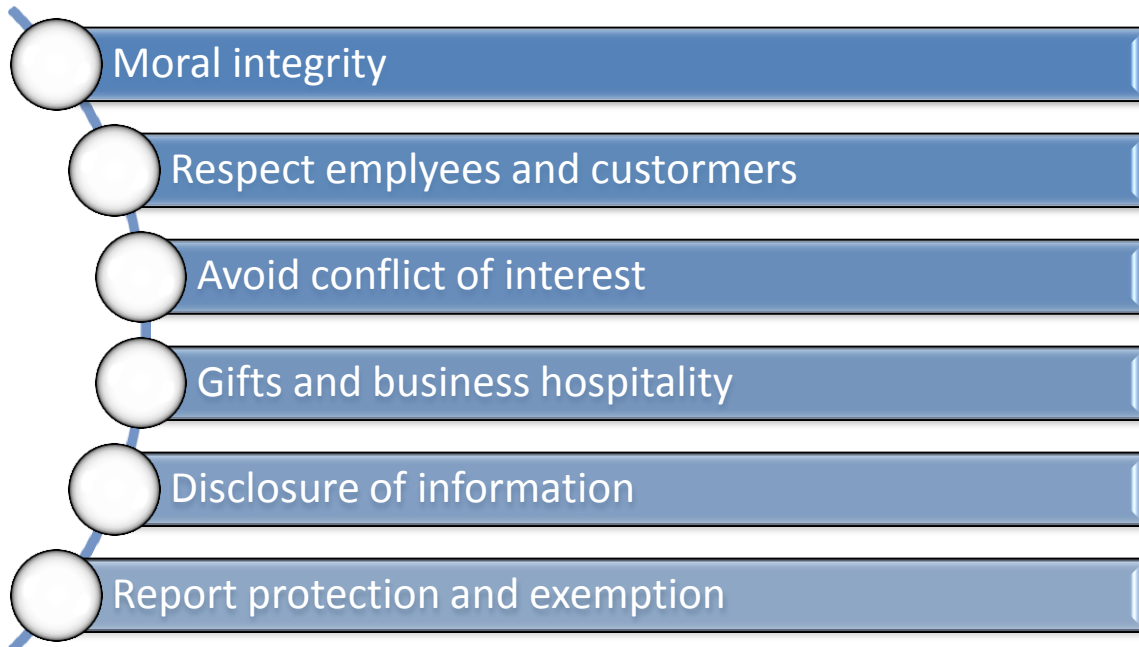
In accordance with above mechanisms, CMMT implements the following 4 items actively :



Code of Ethics of employees

On behalf of sustainable development of company, we have standardized professional ethics of employees, to strengthen public trust and enhance corporate image.

CMMT devotes to pursue the business ethics and integrity, below is our code of conducts.



✧ 1.5 RISK MANAGEMENT

For the aspects of finance and operation, short-term risk of CMMT is the fluctuation of foreign exchange rate, long-term risk are the changes from market, industry, and competitors. Because polarizer is at the upstream of the panel industry, it has characteristic of high speed business cycle. CMMT expects to become a stable growth company with the concept of sustainable operation to strengthen the financial structure. CMMT establishes risk management mechanism to review the affairs of finance, laws and regulations, natural disasters, safety and environmental protection regularly in order to reduce frequency of occurrence of risks and reduce the impact of various incidents effectively.

Item	Description
Interest rate, foreign exchange rate risk	Authority unit : Finance Dep.
	Measures: We have executives in charge of foreign exchange hedging according to monthly payment and receiving. Hedging ratio will be decided in accordance with foreign exchange rate at the time by seniors and executives. CMMT only choose conservative products for hedging.
Risk of industry change	Authority unit : Planning office
	Measures: Upstream and downstream suppliers of CMMT are mostly listed company. We will conduct analysis of their financial reports quarterly, and report to management team on time. Meanwhile, we will track industry news and research materials so as to provide the latest industrial trends and changes to management in order to make the most appropriate decision.
Credit risk	Authority units : Planning office, Finance Dep.
	Measures: Finance department will set up customers' credit transaction limits based on customer's financial situation and credit rating, and periodically review the status of accounts receivable payment and collection on due; meanwhile we conduct operation analysis with planning office to ensure the reduction of bad loans.
Natural disasters operating interruption and property losses	Authority unit : Finance Dep., Disaster prevention center
	In order to prevent damage or interruption caused by natural disasters or accidents, CMMT purchases insurance to transfer the related risks. Meanwhile, CMMT establish disaster prevention center, and commanding officers in charge to respond when typhoons, earthquakes and other natural disasters, emergency occurs, also mobilize emergency

response manpower and reduce disaster losses through rapid inventories, control and containment of disaster areas.

Liquidity Risk

Authority unit : Finance Dep.

In order to ensure liquidity of company maintaining its cash flow's high fluidity, CMMT continue to expand its long-term and short-term financing channels, diversified its funding sources and strengthened its capital structure when appropriate in the market.

Authority unit : IT Dep.

**Information Security
Risk**

CMMT devotes to protect the confidential information and intellectual property of the company and its shareholders in order to ensure the interests of the company. In addition to prevent external parties to steal or film company information, we also set up internal closed system and update the safety and security information to our employees.

✧ 1.6 STAKEHOLDER COMMUNICATION

➤ Stakeholder Identification

In order to strengthen communication mechanism, identification of CMMT's stakeholders is the first priority. CMMT defines stakeholders as the persons or organizations which can influence CMMT or be influenced by CMMT's activity, product, and service. Concerning sustainable development and operation demand, we have identified that CMMT's stakeholders including employees, customers, legal persons/ shareholders, government, society and suppliers.

CMMT CSR concerned issues

Corporate Governance	Social issue	Product issue
Sustainable development	employee-employer	product service and label
Company integrity	relationships	Marketing communication
Risk Management	Occupational health and safety	Customer satisfaction
Regulatory Compliance	employee training program	R&D, Innovation
Reporting System	Employee diversification	
Supplier Chain management	Human right	
Information security management	Unfree labor	
Corporate Charity		
Economic issue	Environmental issue	
Operational financial performance	Raw materials management	
corporate image	organizational energy	
procurement practices	management	
quality management	Water Resources Management	
Delivery Management	Biodiversity	
	waste control	
	Emission of GHG	
	Reduction of impact from	
	product and service	

➤ Stakeholder communication channels

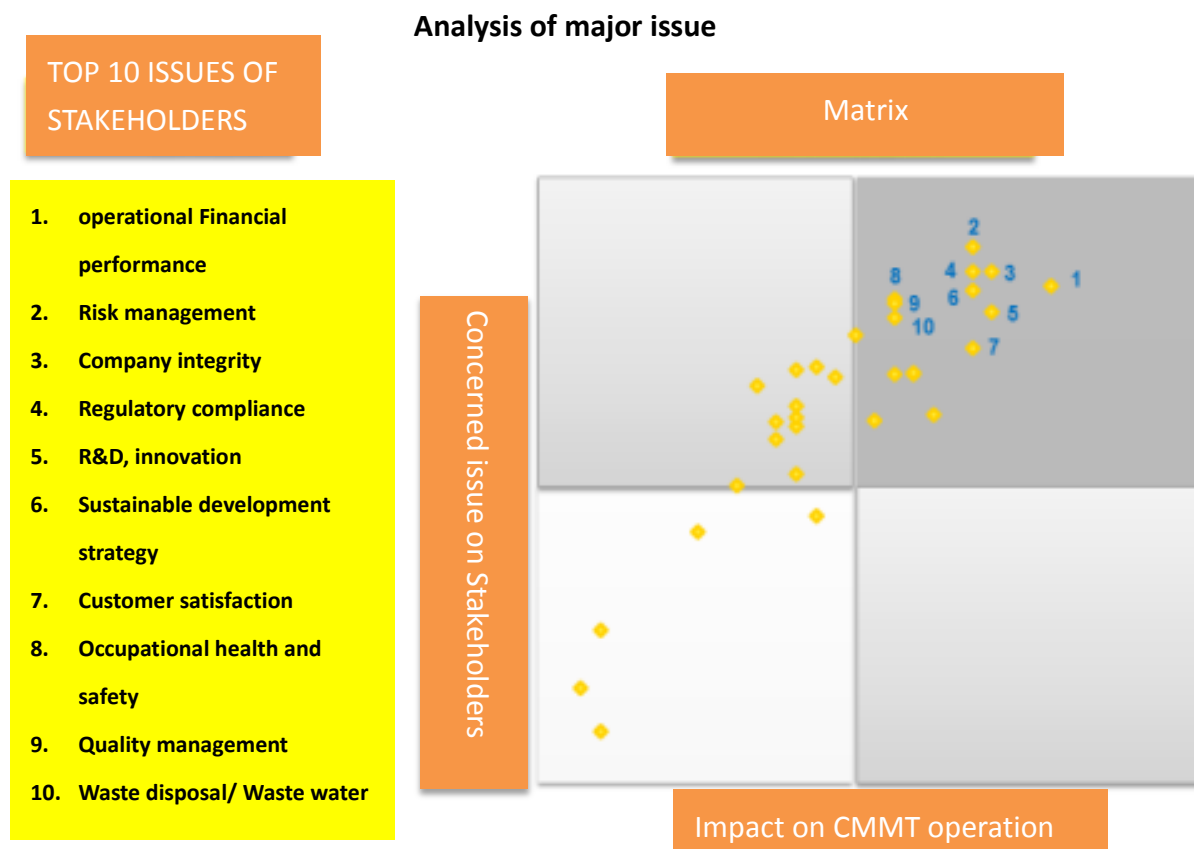
We have various communication channels with our stakeholders, apart from these we also hope that through this CSR report, we will be able to respond more fully to all stakeholders' Concerns and considerations. Various communication channels are as follows,

Stakeholder	Concerned issues	channels	frequency
Employees	Operational financial performance (Economic issue)	Financial report, annual report	Quarterly, annual
	Company integrity (Corporate Governance)	internal audit, external reporting email	permanent
	Risk management (Corporate Governance)	Company website	permanent
	R&D, Innovation (product issue)	internal Roadmap presentation	Irregular
	Quality management (Economic issue)	Customer satisfaction questionnaire	Annual, irregular
	Waste, wasted water(environmental issue)	Company website	permanent
customers	Operational financial performance (Economic issue)	Financial report, annual report	Quarterly, annual
	Company integrity (Corporate Governance)	internal audit, external reporting email	permanent
	Risk Management(Corporate Governance)	Company website, annual report	Permanent, annual
	R&D, Innovation(product issue)	external R&D Roadmap presentation	irregular
	Regulation Compliance (Corporate Governance)	Company website, annual report	Permanent, annual
	Sustainable development (Corporate Governance)	Annual report, investor conference	annual
	quality management (Economic issue)	Customer satisfaction questionnaire	Permanent, annual
	Operation financial	Financial report, annual	Quarterly , annual

Legal persons/ shareholders	performance (Economic issue)	report	
	Company integrity (Corporate Governance)	internal audit, external reporting email	Permanent
	Risk management (Corporate Governance)	Company website, annual report	Permanent, annual
	R&D, Innovation(product issue)	Investor conference	Annual, irregular
	Regulatory Compliance (Corporate Governance)	internal audit, annual report	Annual, irregular
	Sustainable development (Corporate Governance)	Annual report, investor conference	Annual
	Waste disposal, waste water(environmental issue)	Company website,	Annual
Government	-	Declaration	irregular
Community/ society	-	Company website	irregular
Suppliers	Company integrity(corporate governance)	internal audit, external reporting email	Permanent
	Risk management (Corporate Governance)	Company website, Annual report	Permanent, Annual
	Regulatory Compliance (Corporate Governance)	internal audit, Annual report	Annual , irregular
	Sustainable development (Corporate Governance)	Annual report, investor conference	Annual
	Occupational health and safety (social issue)	Environmental protection, safety and hygiene meeting, Annual health examination	Irregular, annual
Mass media	-	Financial report, annual report, investor conference	irregular, annual

➤ Major issues and boundaries

The questionnaires were to evaluate the possible impact of each issue of the company. In 2016, there were 85 Questionnaires of “Degree of Concern with Stakeholders” and 17 Questionnaires of “Impact on Corporations” were collected. Below is our analysis of significance.



After calculation, above are our major topics of 2016, and the importance of the topics base on the scores to distinguish between high, medium and general issues. In the matrix, “Impact on CMMT operation” and “Concern on stakeholders”, high above, are considered as major issues.

There were 10 major issues identified in 2016, which are operational financial performance, risk management, company integrity, regulatory compliance, R&D and innovation, sustainable development strategy, customer satisfaction, occupational health and safety, quality management, waste disposal/ waste water. The corresponding sections and report boundaries in this CSR Report are as follows:

	Topics of concern	Corresponding Chapter	Report boundaries							
			Internal		External					
					Legal person/ shareholder	Government	customer	community /society	supplier	Mass media
1	Operation Financial performance	1.2Financial performance		•	•		•			
2	Risk management	1.3Corporate governance		•	•		•		•	
3	Company integrity	1.3Corporate governance		•	•		•		•	
4	Regulatory compliance	1.3Corporate governance		•	•		•			
5	R&D, innovation	2.2customer service			•		•		•	
6	Sustainable development strategy	4.1Environmental responsibility			•		•		•	
7	Customer satisfaction	2.2Customer service								
8	Occupational health and safety	3.4Safe environment		•			•			
9	Quality management	2.1 product and service		•	•					
10	Waste disposal /Waste water	4.4water resource management 4.5waste control							•	

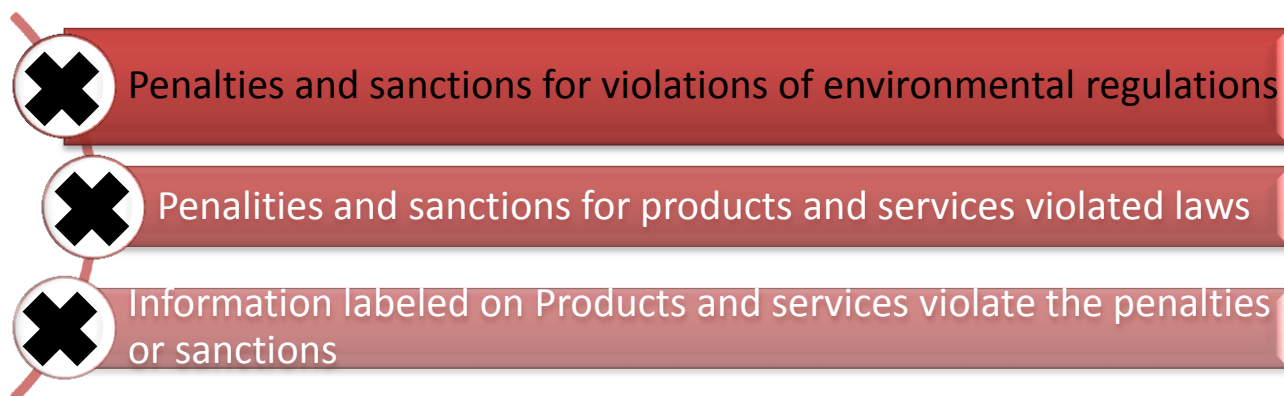
As a member of modern corporate citizen, CMMT expects to understand stakeholders' needs and ideas through feedback in communication and interaction as a reference for

corporate governance and corporate citizenship. Moreover, we would like to exchange experience, to share and to learn, and to understand stakeholder's expectations through various interaction mechanisms.

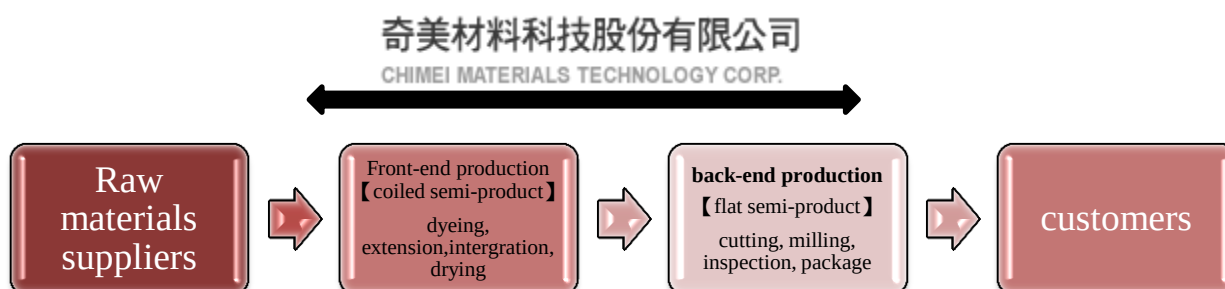
CHAPTER 2. PRODUCTS AND SERVICE RESPONSIBILITY

✧ 2.1 PRODUCT AND SERVICE

CMMT devotes to provide customers high quality products and has met relevant laws and regulations and contract specifications which in 2016 the following incidents never occurred.



Analysis of production and supplier chain



CMMT is specialized in polarizer manufacturing, main upstream raw materials suppliers are from Taiwan, Japan, Korea, China, and downstream major customers are panels and module plants.

- Supplier chain management: CMMT has certain procedures for new suppliers or raw materials import. Collaborative evaluation by R&D dep., quality management dep., and procurement dep. to confirm the usability and effectiveness of product quality during the importing process, in order to become qualified supplier.
- Supplier relations: CMMT establishes the “Operating Procedure for Managing Procurement”, and ask employees to comply with the “Code of Conduct” to uphold the win-win principles, in hopes of achieving mutual trust and interest and pursuing sustainable development jointly.
- Procurement objects: maintaining fine relationship with suppliers has always been the important goal of CMMT, to obtain stable quality of product and delivery has always been the

goal, in order to accomplish this goal, CMMT highly respects the management and interaction with suppliers, and uphold the win-win principles, in hopes of achieving mutual trust and interest and pursuing sustainable development jointly.

➤ **Main materials and suppliers of polarizers**

Composing materials	Function	Main suppliers
Coating treatment file	Reduction of reflection and anti-glare	Nippon Paper, DNP, FUJIFILM, Toppan
	Enhance visual effects	
PVA	Polarized light mechanism	Kuraray
PET	Protection of adhesive glue	Mitsubishi Plastics, Toray,
Protective file	protect polarizer	Fujimori Kogyo, Nitto Denko,
		Sun A.Kaken, LG Chem
Compensation film	Reduce light leakage volume	FUJIFILM, Konica Minolta, Zeon , JSR, Teijin, Nippon Oil
TAC	when the LCD monitor turns to dark, compensate contrast and	
COP	color and support and protection of polarizer, et al.	
PSA	High- durability	Soken, Saiten, NCI, Fujimori Kogyo,
PET	Replace TAC as PVA protective layer	Toyobo

For the time being, the main suppliers all come from Japan, and the market is monopolized by Japan-based suppliers. Notwithstanding, CMMT is used to maintaining fair relationship with suppliers and can satisfy the production need by supply sufficient materials. Recently, many domestic/foreign suppliers have invested in development of the related materials. This will benefit the safety of main materials supply. For the time being, CMMT's raw materials supply is considered well, and the source of materials is stable and reliable.

For the raw materials TAC, PET and COP existing in a monopolized market, CMMT also continues to observe the other domestic TAC film manufacturers launching into the industry and test their product quality, in hopes of changing the upstream raw materials suppliers' competitive structure.

➤ **Domestic procurement**

Currently, domestic suppliers in Taiwan is 50%, deduct abovementioned key raw materials has the restrictions of monopolized characteristics, other raw materials procurement is over 90% domestic.

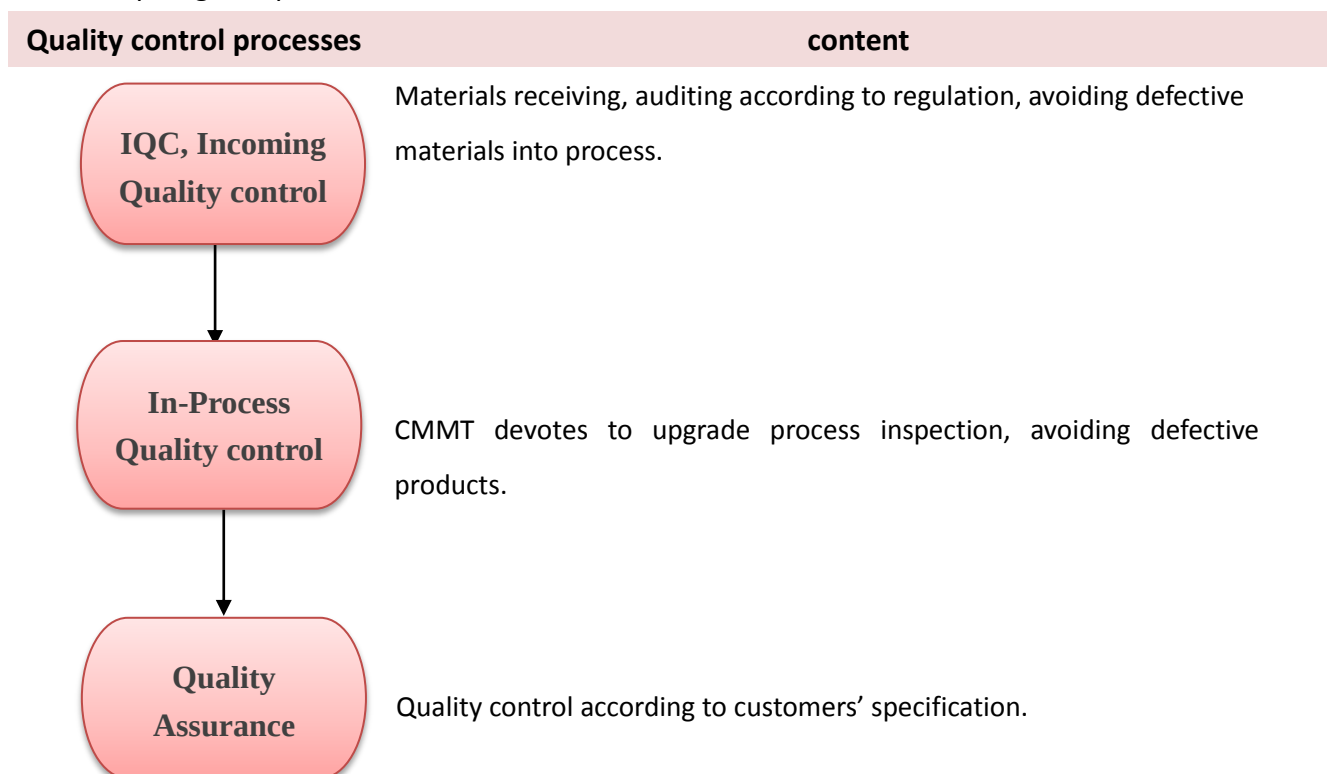
➤ Products quality assurance

Since the establishment, the ISO9001 and QC080000 management systems were certified from the initial stage of plant construction until now, CMMT has continuously promoted relevant management activities to establish, implement, maintain and improve management systems continuously in order to meet the requirements of the management system. CMMT fully revised when each revision of international standards is required in order to achieve international standards. For instance: In 2009, ISO9001:2000 revised to ISO9001:2008. In 2013, QC080000:2005 revised to QC080000:2012 ...et al. In response to 15th, September, 2015 ISO9001:2015 new version announcement, CMMT started revision program since third quarter of 2016, and expected to revised certification in 2017.

CMMT upholds the policy and quality goal of “customer-oriented, continuous improvement; harmful substances reduction, creating corporate value”, reviewed by management team regularly, amended and approved by president, announced then implementation. In order to ensure all the quality activities of CMMT are conducted under controlled conditions and build mutual trust with customers so that they are confident CMMT will continue to meet the requirements.

➤ Product quality management and measurements

CMMT has conducted control mechanism into all the quality control stations from materials input to the finished product output point so that defective products can be immediately stopped that deliver up to grade products to all the customers.



✧ 2.2 CUSTOMER SERVICE

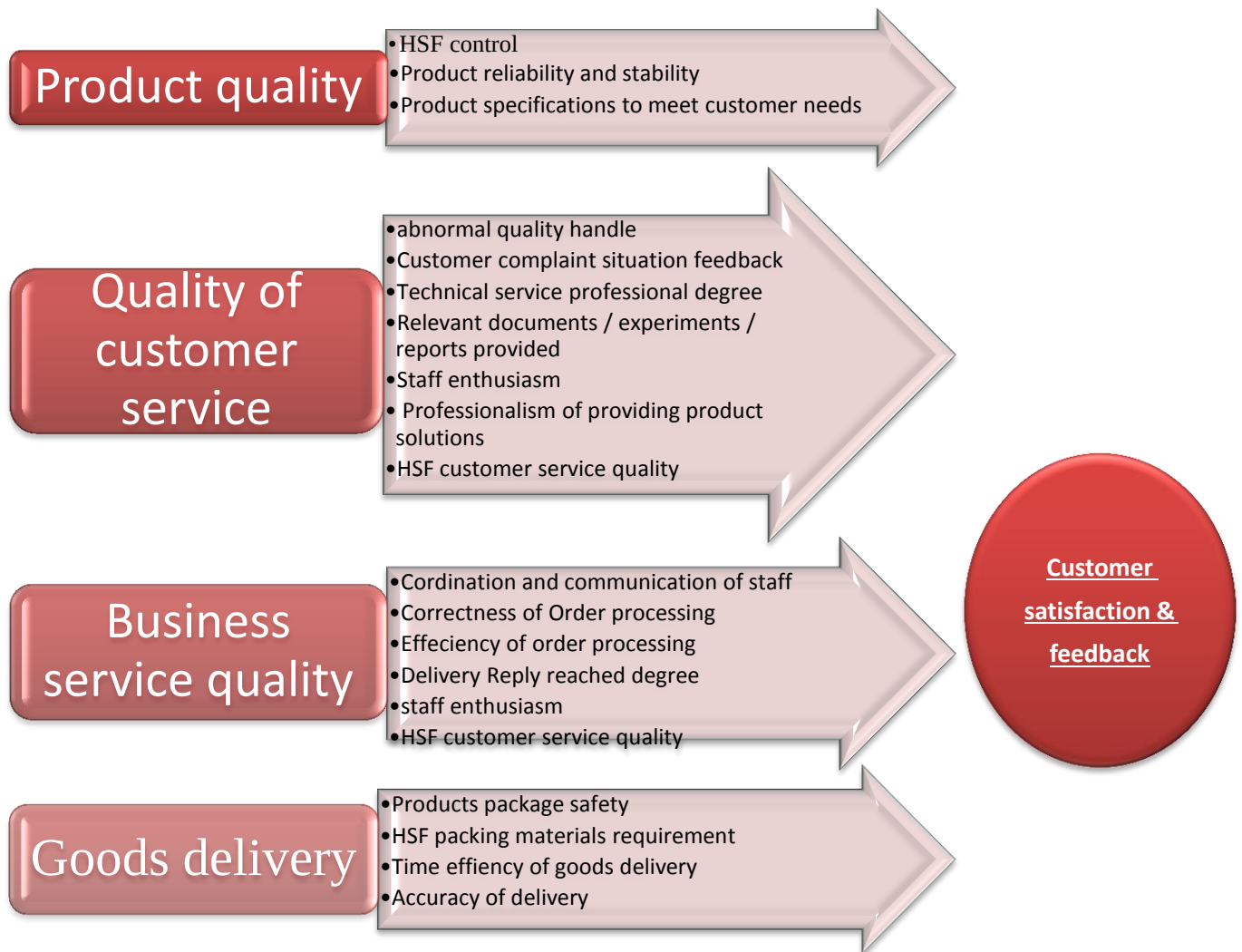
➤ Customer communication and privacy

CMMT collects customers' comments and requirements, hoping to understand customer needs. Through long-term relationship with cooperative partners from daily product to maintenance service, to obtain trust and satisfaction of customers and through intensive communication, to understand customers' problems, we believe every contact is the opportunity to listen to our customers' voice. CMMT will continue to promote sustainable concept to our customers, to obtain support and affirmation. Therefore, regular customer satisfaction survey is an important part of customer relationship management.

Customer Privacy Protection is also a key point of CMMT. It is clearly stated in the Code of Conduct of Employees. In any task, must to ensure commercial secrets and to respect the commercial assets and intellectual property of customers and partners. There was no related violation of customers Privacy and fines resulting from customer complaints in 2016

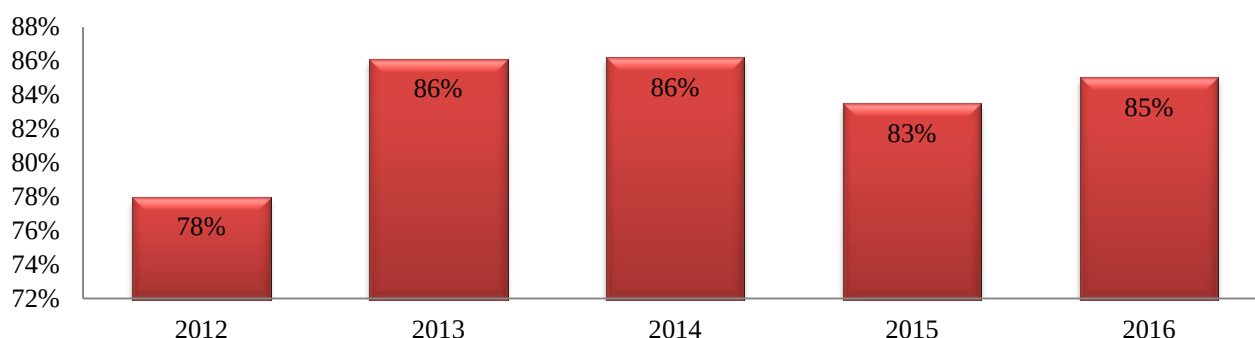
➤ Customers satisfaction Survey

Customer Satisfaction Survey is conducted annually to evaluate the customer's satisfaction with quality and service as a basis for improvement in the future. Customer satisfaction rating is divided into four major items: "product quality 15%", "quality of customer service 35%", "business service quality 30%" and "goods delivery 20%".



Satisfaction results leveled from high to low, from 5 to 1. If customer satisfaction result is below the scoring criteria, initiative interview with customers will be conducted to clarify the problem immediately, and then to review and study to improve countermeasures accordingly, and provide improvement to customer. 36 customer satisfaction questionnaires were collected; and result rating as follows.

THE DEGREE OF CONSUMER SATISFACTION(2012~2016)



➤ Customer complaint channel and topics of concern

Because CMMT's product is one of the many raw materials of the customers, our after-sales service is to understand and handle the complaints and problems of the customers, and it is necessary to discuss with customers about the customers' return / exchange / discount and quality complaints. CMMT also has cross-functional platform, to integrate internal and external information, to find abnormal materials control at customers immediately, and to investigate the cause internally, preventing recurrence. We share all major cases of customer complaints regularly, to figure proper solution and measurements, and set out SOP to reduce the frequency of customer complaints.

➤ R&D and innovation.

CMMT's R&D innovation department continues to develop new production technology and high-performance polarizer to meet customer applications in medium and small size panel, large panel, ultra-high resolution panels, automotive panel and OLED panels and other products' application demand. We are heading to R&D, and market satisfaction, meanwhile to meet the challenges with customers responding to market demand.

CMMT's Product Technology R & D is committed to develop the major projects as follow,

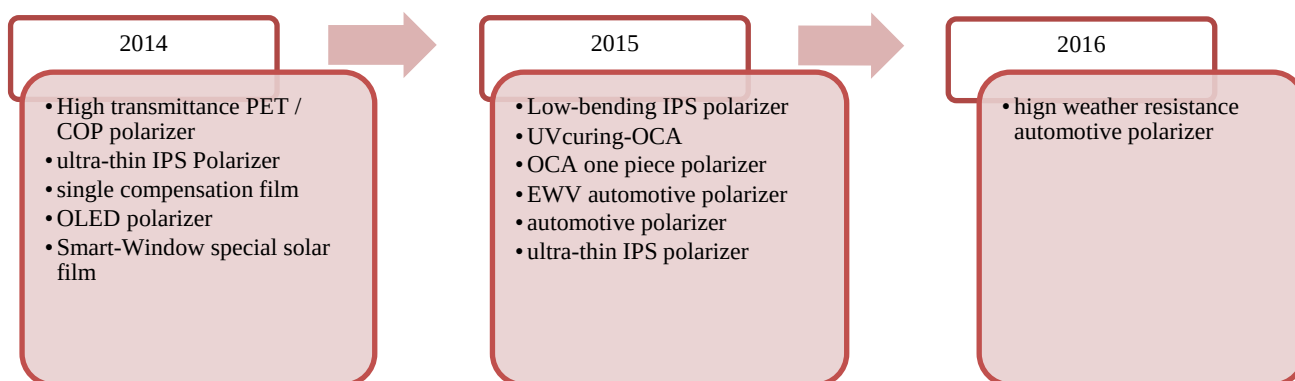
1. High transmittance / high polarized polarizer development
2. New production technology development
3. High-performance optical film development
4. Thinner product development

➤ Strategic plan

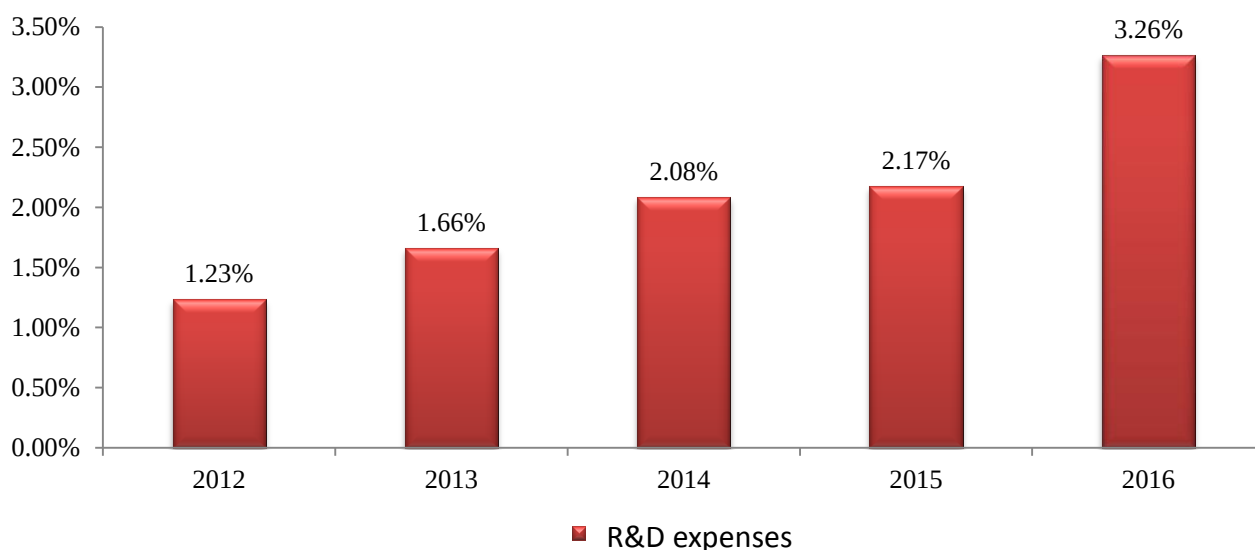
There is significant impact on their strategic plan between CMMT and its industry leading peer manufacturers, therefore CMMT remains highly concerned about the strategic intentions for the industry. Through market interviews and company disclosure information to analysis to plan future development about product design, structure changes, so as the choice of market, in order to close to market demand and grasp the opportunities. For new products, technologies and patent rights of competing peers, CMMT conducted various analyses to understand its progress in the same industry and CMMT's own position. Through above-mentioned planning, the necessary adjustments will be made every year according to changes in the market, the performance of competitors and the amount of internal resources.

CMMT has applied to the Ministry of Economic Affairs for industrial upgrading innovative optimization program - high weather resistance automotive polarizer development, after consideration by government officials and experts and scholars, and finally approved.

Major research and development achievements in recent 3 years as follow,



R&D expenses accounted for the proportion of revenue



CHAPTER 3. EMPLOYMENT RELATIONSHIP

✧ 3.1 RECRUITMENT AND STAFFING

➤ Employees structure

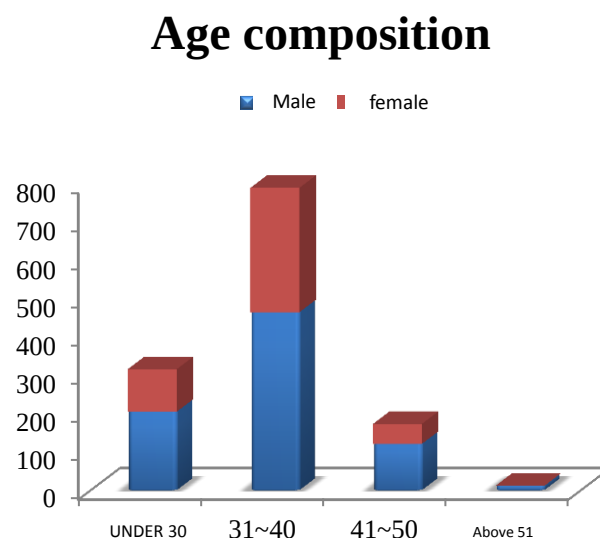
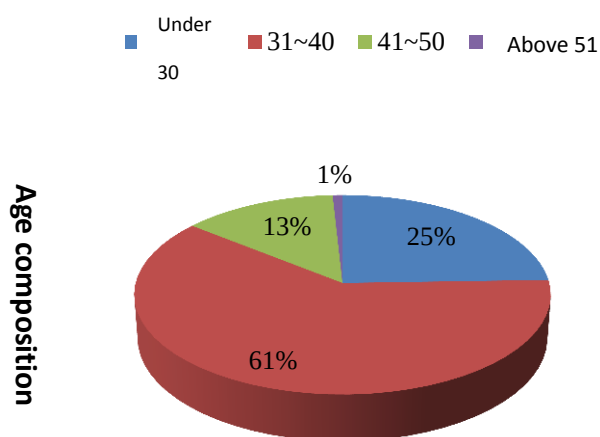
Item	composition	Male		Female	
		Number of person	(%)	Number of person	(%)
Gender	-	802	62.17%	488	37.83%
Age	Under 30	205	15.89%	111	8.60%
	31~40	465	36.05%	325	25.19%
	41~50	121	9.38%	52	4.03%
	Above 51	11	0.85%	0	0.00%
Educational background	High school	154	18.22%	186	17.36%
	College	549	42.56%	260	20.16%
	Master	95	1.01%	42	0.31%
	PhD	4	0.39%	0	0.00%
employment contract	Permanent employees	802	62.17%	488	37.83%
	Temporary employees	0	0.00%	0	0.00%
	Outsourcing personnel	0	0.00%	0	0.00%
Management level	Administration *	59	4.57%	9	0.70%
	Engineers	170	13.18%	76	5.89%
	Administrator	15	1.16%	64	4.96%
	Direct employees	558	43.26%	339	26.28%

*note: chief, deputy manager and above

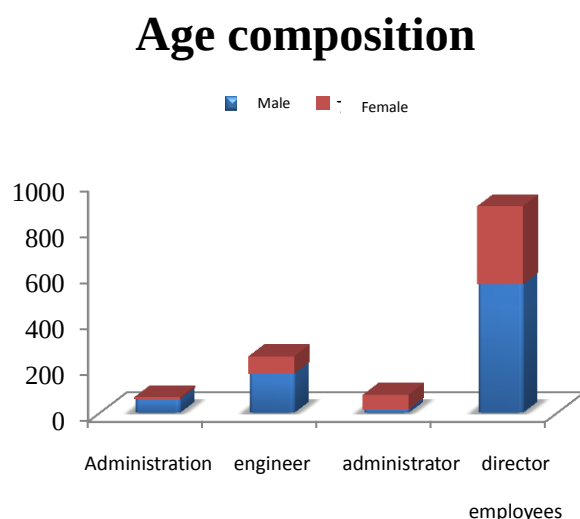
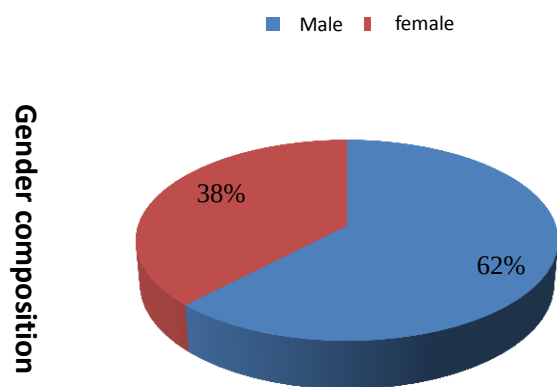
CMMT upholds "creating happiness business" the business philosophy of CHIMEI Group constantly. We respect every employee, not only to provide good environment but also space for learning and growth. At the end of 2016, we have 1,290 employees in Taiwan, no foreign workers were employed which we only have full-time employees to create local job opportunities and to ensure our employees can stabilize employment.

Because of the nature of the production, there are mostly male employees at front-end production, meanwhile more gender-neutral at the back-end. Therefore, the proportion of male employees is relatively high. CMMT also widely employs staffs of all ages and also provide physically and mentally handicapped employment opportunities for disadvantaged groups.

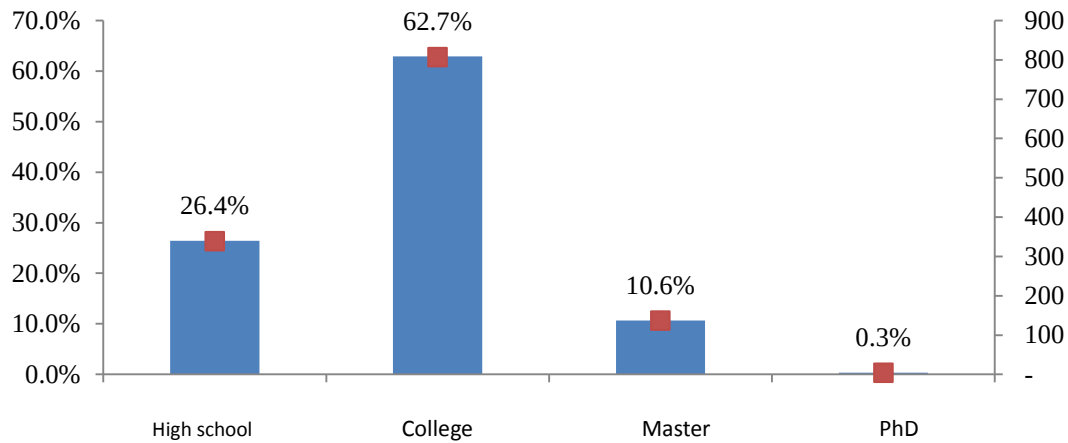
CMMT complies with Labor standards Acts and abides by international human rights conventions to provide a work-life balance working environment and to devote to cultivate our members' potential. All employees will have full training during orientation, help new employees to adapt quickly. Every year, different topics of seminars will be scheduled internally or externally to help employees continue to learn and grow.



Our employees are mostly aged 31~40, secondly are under aged 30.



Education background composition



Our employees' education background is mostly college, which is 62.7%, secondly is high school, 26.4%. We hope to transform to high-technology, high extra value enterprise, which we believe we will recruit more research relevant members to join our team.

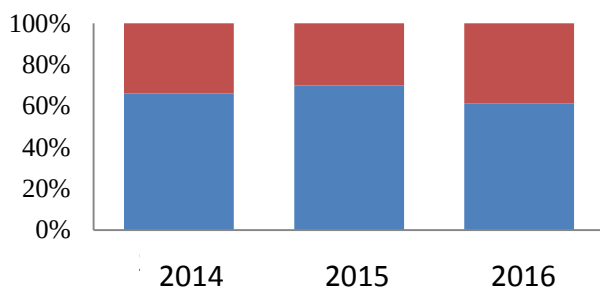
➤ New hires, Separation rate

【New hires】

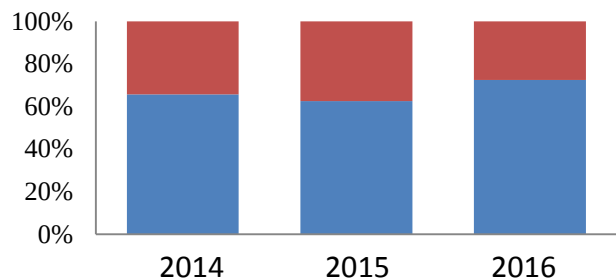
Composition/year		2014	2015	2016
direct employees	Male	150	107	141
	Female	77	46	89
Indirect employees	Male	25	25	42
	Female	13	15	16
total		265	193	288
New hires rate		21.3%	15.0%	22.4%

Direct employees

■ Male ■ Female

**Indirect employees**

■ Male ■ Female

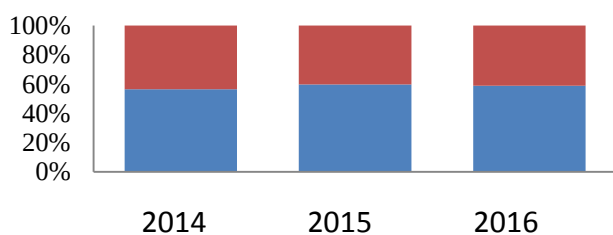


【Separating employees】

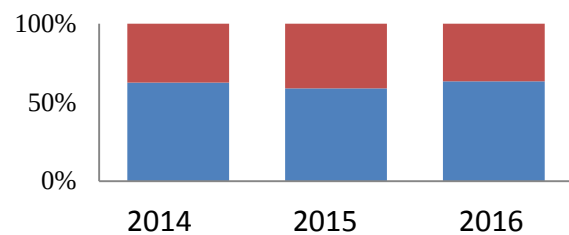
Composition/year		2014	2015	2016
direct employees	Male	92	80	138
	Female	71	54	97
Indirect employees	Male	10	10	31
	Female	6	7	18
Total		179	151	284
Employee turnover rate		14.4%	11.8%	22.1%

Direct employee

■ Male ■ Female

**Indirect employee**

■ Male ■ Female



✧ 3.2 SALARY AND BENEFITS

➤ Salary, and benefit



1. Generous Salary

Guarantee 14 month salary a year, allowance in accordance with operation and personnel performance.



2. Complete insurance

Except labor, health insurance in accordance with regulation, we provide life, accident, medical and free group insurance.



3. Benefit

We provide allowance for marriage, childbirth, funeral, birthday, children education, meals...et al.



4. Respect employees' physical and mental health

We provide our member discount and cover part of clinic visit charge at CHIMEI medical Centre, free visit of CHIMEI museum, free ticket of event of CHIMEI culture foundation... and so on.

CMMT does not have trade union, however, in order to protect employees' right and interests, we have established communication platform, representative of employers and employees to propose and discuss related issues jointly. In addition, we also have employees' welfare committee for employees' benefits and related issues. In response to employees' complaint channel, except normal reporting system, we also provide complain mailbox.

➤ Parental leave without pay

	2014	2015	2016
No. of employees applied for parental leave without pay	29	26	48

1. In accordance with policy of Ministry of Labor such as the allowance for parenting leaves without pay, and tocolysis leaves, CMMT continuously improve health protection measures. For employees returning within one year after pregnancy and childbirth, health risk assessment implementation, hazard control and risk communication must be conduct, and adjust work if necessary.
2. Providing related health consolation, physicians in plant service, and breast feeding room, rest room for female staffs in order to create a friendly working environment.

✧ 3.3 TRAINING AND DEVELOPMENT

➤ Concept of Talent development

Considering educational training plays a role specialized in enabling enterprises to reach consensus, CMMT boosts systematic training in the following manner to enable colleagues to share the training resources completely.

1. Complete Orientation Training

CMMT performs training on all new employees for two days to enable them to verify the environment and work requirements in the Plant through the program series. For the administrative and engineering staffs, CMMT also provides additional training about production process and operations, in hopes of enabling colleagues to know better about the production, process, product and service.

2. Internal trainer training program

The “internal trainer” is the best spokesperson for an enterprise to communicate knowledge. Therefore, CMMT has boosted the professional internal trainer training program step by step to reflect the internal professionals’ knowledge systematically to help CMMT accumulate professional human resources rapidly.

3. Execution of various full-time jobs’ systematic training

Each full-time staff shall execute the training operations according to the relevant certification system, and perform the training course series by topic and function to be in line with the training topic each year. In addition to full-time staff, the management also initiates training for various management levels per the requirement about their function.

4. Strive for more training resources through various subsidies.

In order to enable colleagues to share plentiful training resources, CMMT has boosted diversified training under the plans implemented by the government since 2009.

➤ Retirement system

Employees have one of the following conditions, can apply retirement:

More than 15 years of work, at least 55 years old, work more than 25 years.

Company shall not force any employees to retire only when one of the following circumstances occurs:

Age of 65 or above; heart or physical disability as a competent worker

The age prescribed in paragraph 1 of the preceding paragraph shall be reported to the central competent authority for adjustment as a worker who possesses special nature, strong stamina and so on, but shall not be less than 55 years old. Determination of employee retirement shall be by

registration records. CMMT is performing well in accordance with the Labor-based Law and the Labor Pension Ordinance.

➤ **Training programs**

Program	Number of programs	number of attendees	total hours
Various professional courses and others	163	1803	599.5
Health and Safety	87	531	657
Rule of law education	6	7	39
managerial skills	2	2	12
Total	258	2343	1307.5

✧ **3.4 SAFE ENVIRONMENT**

CMMT specialized in polarizer manufacturing, production, research and development and processing of Optoelectronic products deem to meet customer satisfaction. CMMT follows consistent concept of CHIMEI Corporation; insist to the goal of technology independence, and environment, safety and hygiene. Furthermore, CMMT commit to “regulatory compliance, full participation, pollution prevention, risk control, enhances performance, continuous improvement”; strive for 0 pollution, 0 accidents, and safety environment for employees and pursuit of happiness and sustainable development as our goal. CMMT also have OHSAS18001 certification. Through management system to develop every project, CMMT can achieve continuous improvement.

OHSAS18001:2007

OHSAS18001 is a series of international standards of occupational safety and health management system evaluation, applicable to a variety of industries and the size of the company. The main

benefits of implementation are as follow:

1. Comply with the government work safety laws and regulations, to strengthen customer confidence.
2. Prevention of work-related accidents, in order to reduce operational risk.
3. Respect employees, enhance corporate image.
4. Conform to international trends, pursuit business continuity.
5. The comprehensive integration of quality, environment and safety and hygiene (triple play) management system can reduce costs and improve management efficiency, moving



towards TQM, the highest honor of business management.

➤ **Safe environment and occupational injury statistics**

Year	occupational injury	Disabling injury frequency rate	Disabling Injury Severity Rate
2014	2	0.68	22
2015	4	1.44	64
2016	7	2.42	39

Concerning the increase in the number of occupational injury in 2016, CMMT also stepped up its advocacy efforts. In particular targeting on road traffic accidents which occurred more frequent to colleagues, we have strengthened publicity for new entrants.

Year	Work-related fatalities	Occupational disease
2014	0	0
2015	0	0
2016	0	0

All the occupational accidents will be traceable through our safety platform, and further countermeasures will be set up to prevent the recurrence of events, and will regularly promote updated measures to our employees.



CMMT respects occupational safety and health in working environment, constantly assessed the safety of work sites and equipment to ensure the reduction of incidence and severity of accidents.

In 2016, the number of work-related fatalities and occupational disease was 0

Workplace safety

Safety education and training, fire education, static electricity protection and various basic safety education programs will be conducted during orientation program. At the time of injury accident, though the accident incident management system, CMMT investigates the cause and put forward

corrective measurement in order to prevent accident reoccurred.

Healthy workplace

We highly respect our employees' health condition, providing health examination or special examination, and regular medical consultation by licensed physician. In addition, we have established medical center, breast feeding room, and many health promotion programs to our members.



➤ Safety, and disaster prevention

In order to ensure all employees are familiar with all kinds of contingency equipment when disasters occur, we provide training of extinguisher, outdoor fire hydrant drills during orientation and conduct monthly such as fire, chemical leaking, emergency... and so on and organize ERT emergency team to conduct evacuation and firefighting exercises every 6 months. Repeated

rehearsals and practices are designed to enhance our members' resilience to disasters, and make sure our member can help themselves and others when a disaster occurs.

There were 2 large evacuation and firefighting drills, 10 emergency response exercise for departments.



CHAPTER 4. GREEN ENVIRONMENT

✧ 4.1 ENVIRONMENTAL RESPONSIBILITY

CMMT environmental, safety and health policy

CMMT engaged in polarizer manufacturing, production, research and development and processing optoelectronic products. CMMT upholds the consistent concept of CHIMEI group, insist goal of technology independence, and environment, safety, healthy as the goal. We strive for zero pollution, zero accidents, so that employees' friendly environment, and the pursuit of happiness and sustainable Development for the business goal.

In order to achieve goal of environmental, safety and health continuous improvement, CMMT's commitments as follow,

1. Regulatory compliance: in accordance with government environmental and occupational safety and health laws and regulations, to accomplish corporate social responsibility.
2. Full participation: providing environmental, safety and healthy training and resource, full participation is required.
3. pollution prevention: introducing concepts of environmental design, and proper process and pollution control technology, in order to reduce consumption and waste, meanwhile to reduce the impact of
4. Risk control: Through production and equipment control to enhance administrative management, and to build up correct safety knowledge in order to achieve reduction of hazardous risk, to preserve safety and healthy work environment, preventing occupational disasters and sickness happened.
5. Enhance performance: strengthening communication and understanding on the issue of environment, safety, healthy with contractors, and encouraging enhancing performance of environment, safety and health.
6. Continuous improvement: through audit management and environment, safety and health management to decrease hazardous risk and impact.

※Implementation Performance: There was no penalty, or fine caused regarding to environmental issues in 2016 CMMT

ISO14001:2004

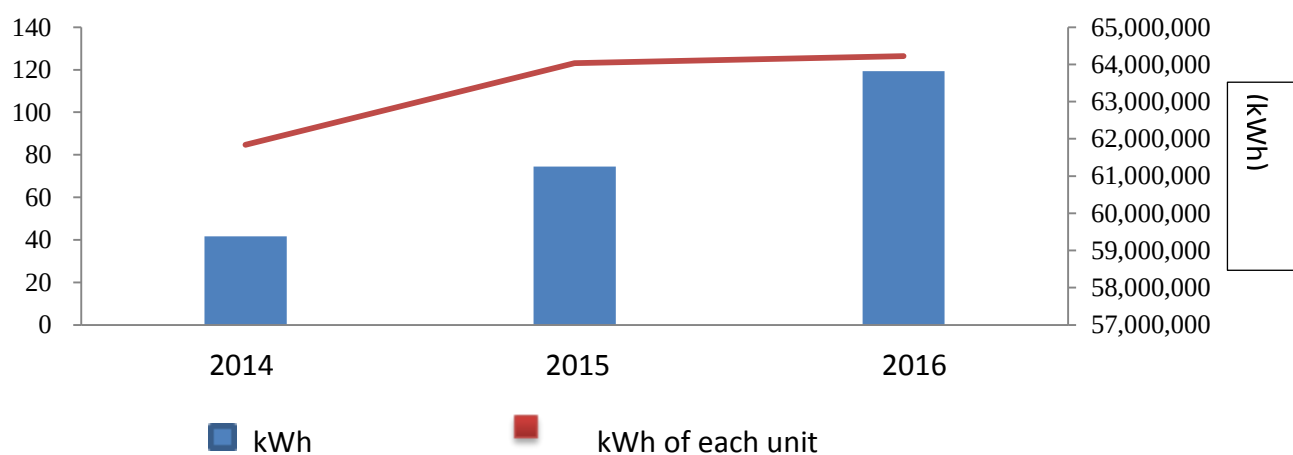


ISO 14001 series of standards is the standard set by the International Organization, and environmental management system. It is not only a newly created system of environmental protection, but an explicit definition of the corporate responsibility that an organization should carry out on the environment.

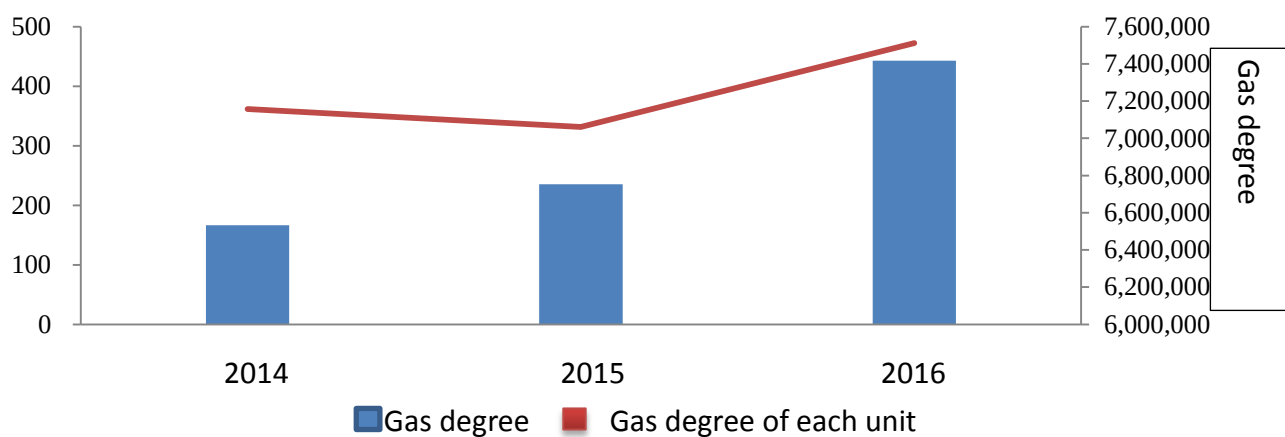
4.2 Energy resource management

➤ Energy consumption

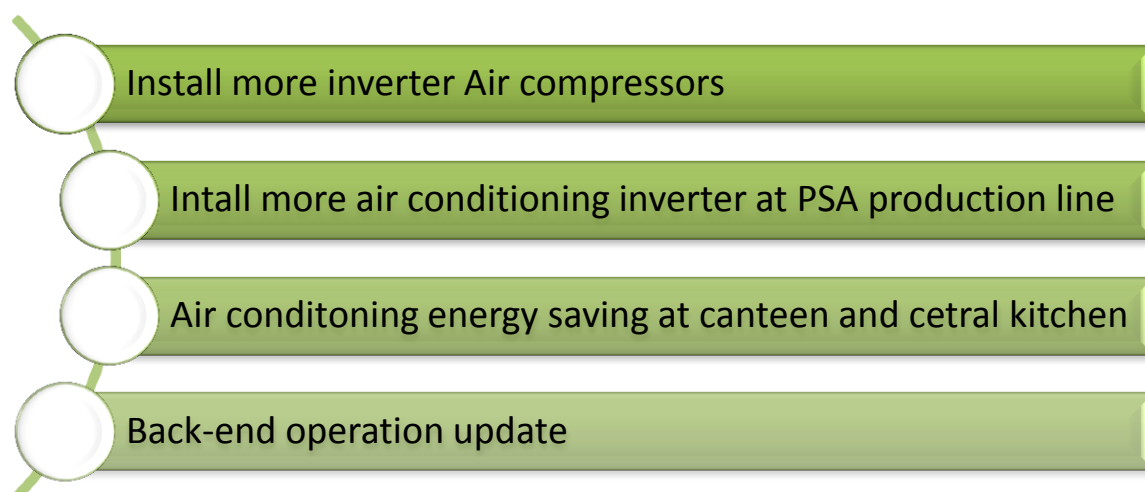
	2014	2015	2016
Electricity consumption (kWh)	59,382,400	61,256,000	63,820,800
Gas degree	6,531,962	6,753,321	7,416,985



In the first half of 2016, because of the tremendous earthquake attacked in Tainan, there was a great impact of CMMT's production line which caused the output in the first half of 2016 dropped, and led to an increase in unit energy consumption.



➤ Energy conservation and measures



Above measures will conserve approximately 1,400,000 kWh a year, which equal to 2.2% of 2016 electricity consumption.

“Greenhouse Gas Reduction and Management Act “was passed in 2015 in Taiwan, the carbon emission of enterprise will move towards the total volume control. According to 2014 “Energy Users Set Objectives for Energy Conservation and Implementation Plans”, energy users with contracted capacity exceeding 800kWh should have an average annual electricity saving rate of 1% or more between 2015~2019.

In response to meet “Tainan City Self-Government Ordinance for a Low-Carbon City” and regulation of energy management plan of ministry of Economic affairs and improve the utilization of clean energy, CMMT plans to build up a solar power plant on the roof of our fabrication plant for self-use and electric installation in two installments design. First phase of the design is 411.84 kWh, the second phase of the design is 199.68 kWh, and total device capacity will be 611.52 kWh. The first phase was completed parallel power generation in September 2016 and the second phase completed parallel power generation by the end of November 2016.

CMMT Solar Panel modules at Roof



➤ Emission volume of greenhouse gases

Unit: MT CO₂-e/year

	2014	2015	2016
CO ₂	53,097	51,769	52,246
CH ₄	111	117	122
N ₂ O	54	47	8
HFC _s	0	0	2
Total	53,262	51,933	52,378
Direct emission volume	22,324	19,590	18,617
Indirect emission volume	30,938	32,343	33,761
unit volume (total emissions/production)	2.95	2.55	3.34

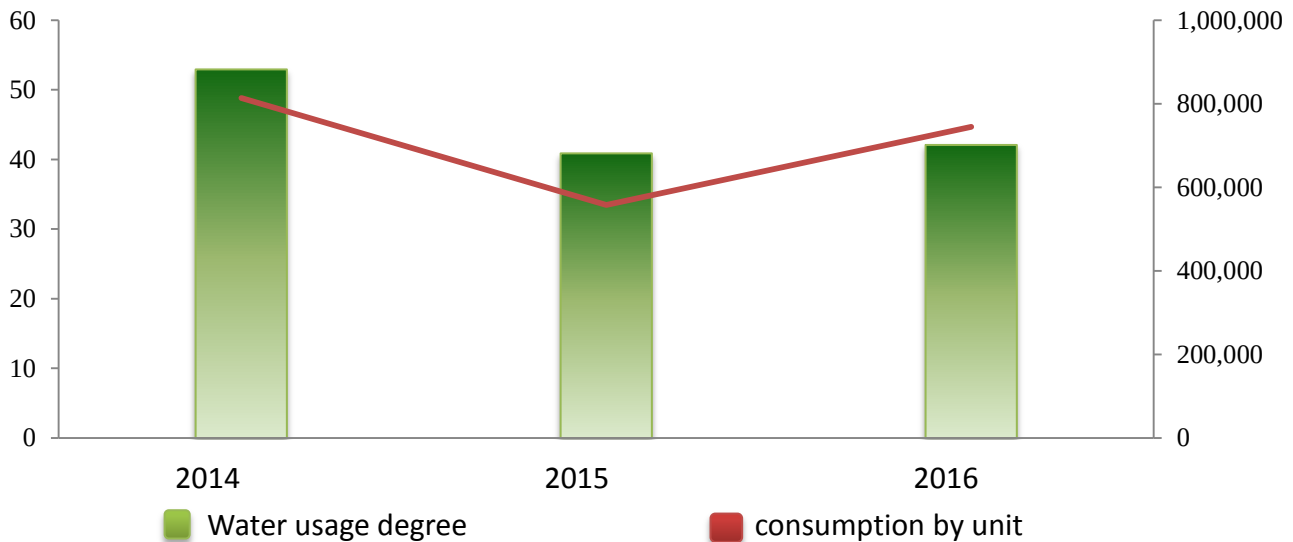
Air pollution control

Polluted air of CMMT including VOC, Nitrogen oxides, sulfur oxides, and granules...et al, during the production, the organic, acid and alkali exhaust gases will be collected, and being classified according to their nature to process in air pollution control equipment according to the emission standards.

✧ 4.3 WATER RESOURCE MANAGEMENT

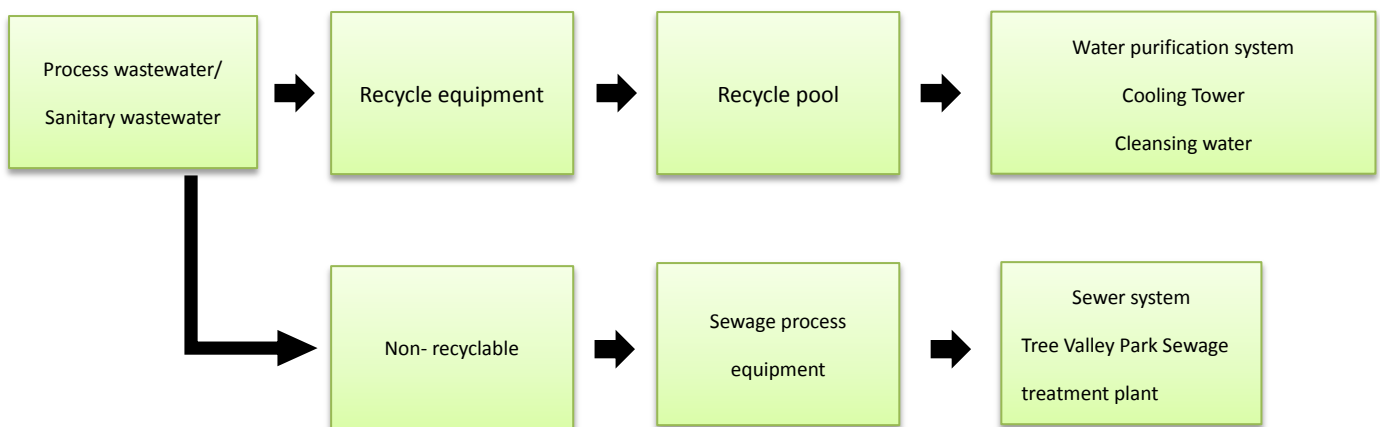
➤ Water resource Utilization

	2014	2015	2016
Water usage degree	882,431	681,488	701,635



➤ Wastewater discharge and recycle

Waste water recycles and discharge chart

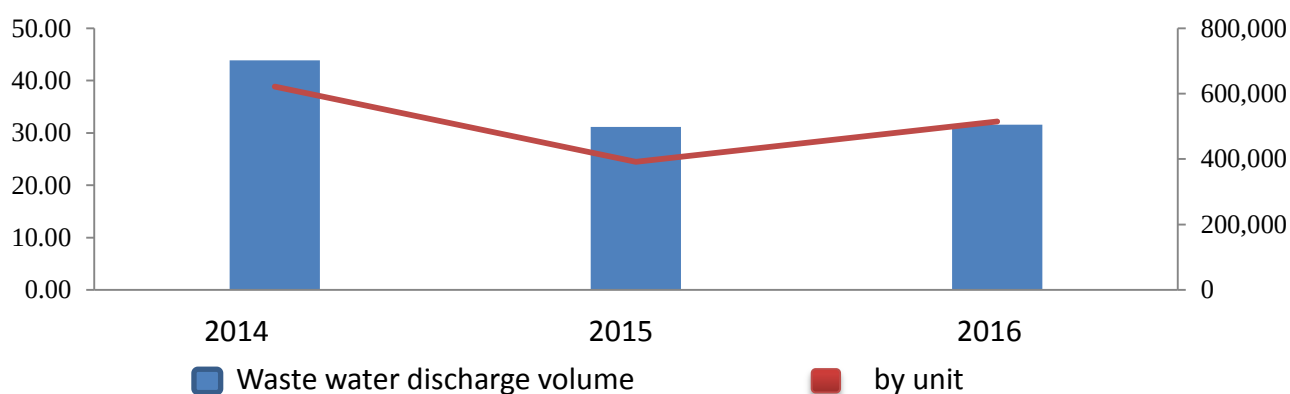


All waste water will be treated by internal waste water processing equipment and Tree Valley Park Sewage treatment plant to process and purify. After the treatment meets the discharge standards, will be discharged into the sewage system by then.

Process wastewater and sanitary waste water collected by the plant will be discharged to water treatment equipment, recyclable waste water for recycling, and non-recyclable waste water will be adjusted by PH conditioning tank to neutral pH value and discharge. Regarding to waste iodine liquid, it will be concentrated and recycled by manufacturer, to improve resource reuse rate.

➤ Waste water discharge volume

	2014	2015	2016
Waste water discharge volume(m ³)	701,601	497,883	505,154



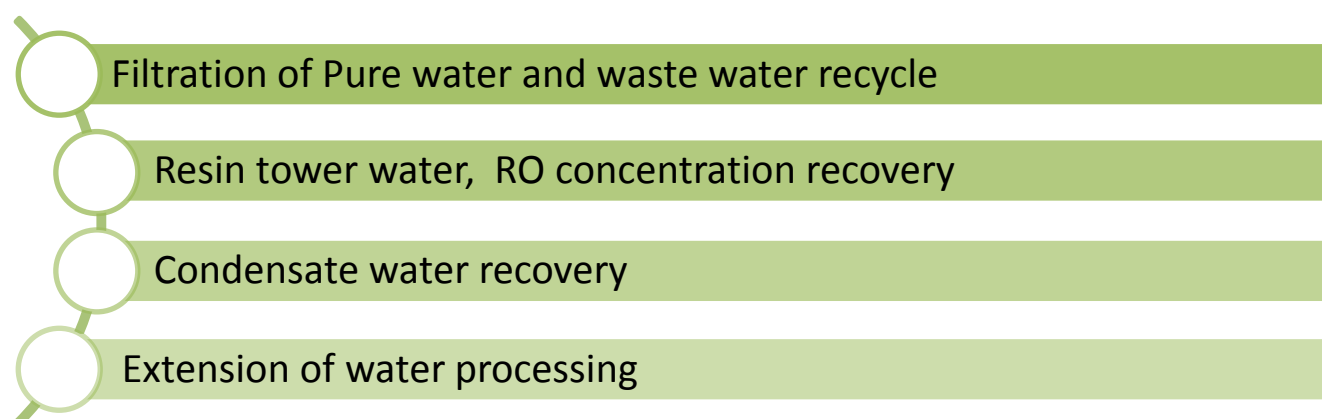
➤ COD Water Monitoring

Year	2014 Effluent (m ³)		2015 Effluent (m ³)		2016 Effluent (m ³)	
FAB	FAB1	FAB2	FAB1	FAB2	FAB1	FAB2
Average	202	169	170	158	154	72

➤ Water conservation and measures

2014 Recovery Rate (%)			2015 Recovery Rate (%)			2016 Recovery Rate (%)		
Discharge rate	Recovery Rate	process recovery rate	Discharge rate	Recovery Rate	Process recovery rate	Discharge rate	Recovery Rate	Process recovery rate
79	79	80	72	78	81	72	95	83

2014-2016 water conservation measures



Above measures have reduced approximately 230,000 levels of water and waste water discharge, and also reduced emission volume of CO₂.

✧ 4.4 Waste control

➤ Waste Disposal classification and volume

Waste disposal methods	Declaration volume (MT)		
	2014	2015	2016
Recycle	1,194	1,248	1,057
incinerate	2,213	2,661	2,671
bury	0	0	854
Total	3,407	3,909	4,582

Waste disposal classification	Declaration volume (MT)		
	2014	2015	2016
Hazardous industrial waste	1,336	1,379	1,185
General Business waste	2,071	2,530	3,397
Total	3,407	3,909	4,582

Currently, all waste is disposed by incinerators or landfills in the vicinity.

➤ Waste reduction measures

Polarizer mainly produces waste plastic mixture, main difference will be iodine, which will result different treatment. Although it will be harmless after burning iodine products, but still producing non-ferrous fumes which limits total monthly emissions. In respect of short-term treatment, product will be broken to reduce the concentration of burning, and medium-term treatment will be to remove iodine molecules through chemical method. Overall, CMMT is committed to enhance yield and reduce waste production capacity, in order to truly reduce waste.

➤ Management of reduction of packaging materials, recycling of chemicals and banning of chemicals

For the main packaging materials, chemicals and gaskets and other products, CMMT also conducts reduction and recovery management. CMMT also use recyclable PP box, improve the use of packaging materials to reduce the waste of packaging materials. For chemicals, especially iodine, CMMT imported recycling equipment which can purify and concentrate the wasted iodine and resell to supplier in order to achieve materials recycling. For gaskets, CMMT will also recycle used gasket to cut into smaller size shims to reuse.

CHAPTER 5. COMMUNITY PARTICIPATION

CMMT is located in Tree Valley Park, which is the first Eco-industrial Park in Taiwan.

150 hectares of is reserved for industrial land in the Tree Valley Park which is total 250 hectares, and nearly 22 hectares of land is reserved for conservation and detention basins, moreover, the detention basins are planned as landscape lakes. Tree Valley Park respects the symbiosis of ecological culture and human beings, More than 30,000 trees of Taiwan native species are planted and 100,000 seed programs will be promoted to create a world-class cultural landscape.

First Tree Valley foundation and Archeological Center were established by industrial area in Taiwan. In order to promote the core values of ecology, history, culture and arts in the Tree Valley Park, the Archeology Research Center is set up by trust so that the rich archaeological sites unearthed in the Park can be preserved.

In the future, Tree Valley foundation will create an open platform for people who share the same faith to participate. In addition to enabling the park to be financially self-sufficient, a series of activities planned by the Foundation will lead to greater public awareness and recognition of the land. As a member of Tree Valley Park, CMMT also actively responds to the planting of native tree species and also provides corporate land for archeological team to use, join series of charity activities and donation with Tree Valley Foundation.

CMMT's contribution of social welfare:

2009	ROAD RUNNING FOR LOW-CARBON TREES PLANTING EVENT WITH TAINAN COUNTY GOVERNMENT.
	- FUNDRAISING FOR TYPHOON MORAKOT- "HOPE IN CAMPUS-ONE DOLLAR A DAY, TO SUPPORT SCHOOL A YEAR" HELPING CHILDREN IN DISASTER AREA BACK TO SCHOOL. - SUPPORT TREE VALLEY CULTURE FOUNDATION.
	COOPERATION WITH "CHILD ARE US FOUNDATION", "SYIN-LU SOCIAL WELFARE FOUNDATION".
2010	JOIN CHIMEI GROUP SOCIAL WELFARE ACTIVITY- SHARE LOVE, INVOICES RAISING ACTIVITY.
2012	JOIN NEIGHBOR REBUILD PROGRAM-PAINTING DA-ZHOU BUFFALO'S HOME
	SUPPORT DONSHANG TOWNSHIP REBUILD PROGRAM, DONYUAN HIGH SCHOOL BAZAAR.
2013	JOIN REMOTE AREA ELEMENTARY SCHOOL CAMPING ACTIVITY.

- 2014
 - JOIN ANPING DISTRICT, TAINAN CITY, “PROTECT YANSHUI RIVER” ACTIVITY.
 - JOIN TREE VALLEY FOUNDATION, HOPE SEED CAMP, THROUGH CREATION OF CHILDREN TO DEVELOP UNIQUE CULTURE CONTINUOUSLY.
 - JOIN TAIWAN NATIVE TREE SPECIES PLANTING ACTIVING TO SUPPORT SUSTAINABLE ENVIRONMENT.
- 2015
 - JOIN REMOTE AREA ELEMENTARY SCHOOL GRADUATION CAMPING ACTIVITY.
 - ORGANIZE CHARITY EVENT OF BLOOD DONATION.
 - JOIN ACTIVITIES OF ENVIRONMENTAL EDUCATION ALLIANCE AND TREE VALLEY ENVIRONMENTAL EDUCATION CENTER.
- 2016
 - SUPPORT TAIWAN NATIVE TREE PLANTING ACTIVITY, SUPPORT SUSTAINABLE ENVIRONMENT.

SUPPORT DONSHANG TOWNSHIP REBUILD PROGRAM



Tree valley culture foundation promote a series campaign of “Hope in campus”, we hope to introduce an opportunity to enterprises in Industries Park to contribute to community together. At the end of 2011, CMMT’s members and foundation support to purchase Dongshan agricultural specialty. A total of 1,100 set of dried longan biscuits were sold, and these income were donated to the Dongyuan dream program.

AREA ELEMENTARY SCHOOL GRADUATION CAMPING ACTIVITY



CMMT support hope seed camp in 2014, 10 batches all together. Every batch consist 2 days and 1 night camping program. There were 31 schools, including 425 students participated. In the program, we have planting class, rope training, and outdoor activities, challenges events for all the children.

Appendix

✧ GRI Content Index-Standards

G4 Indicator	Description	Chapter	Page
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	A message from chairman	3
G4-2	Description of key impacts, risks, and opportunity	1.5 Risk management	17
G4-3	Name of the organization	1.1 Company overview	4
G4-4	Primary brands, products, and services	1.1 Company overview	4
G4-5	Location of the organization's headquarters	1.1 Company overview	4
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	1.1 Company overview	4
G4-7	Nature of ownership and legal form	1.1 Company overview	4
G4-8	Markets served	1.1 Company overview	4
G4-9	Scale of the reporting organization	1.1 Company overview	4
G4-10	Breakdown of workforce	3.1 Recruitment and staffing	31
G4-11	Percentage of total employees covered by collective bargaining agreements	3.2 Salary and benefit	35
G4-12	Describe the organization's supply chain	2.1 Product and service	24

G4-13	Describe the organization's supply chain	No significant organizational changes occurred in 2016	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	1.5 Risk management	17
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	CMMT didn't endorse developed economic, environmental and social charters, principles, or other initiatives in 2016	
G4-16	Memberships in associations		
G4-17	Report coverage of the entities in the consolidated financial statement	1.1 Company overview	4
G4-18	Process for defining the report content and the aspect boundaries	1.6 Stakeholder communication	19
G4-19	All the material Aspects identified in the process for defining report content	1.6 Stakeholder communication	19
G4-20	For each material Aspect, report the Aspect Boundary within the organization	1.6 Stakeholder communication	19
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	1.6 Stakeholder communication	19
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	No significant alteration has been made to the scope of disclosure.	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant change has been made to the scope of disclosure.	

G4-24	List of stakeholder groups engaged by the organization	1.6 Stakeholder communication	19
G4-25	The basis for identification and selection of stakeholders with whom to engage	1.6 Stakeholder communication	19
G4-26	Approaches to stakeholder engagement	1.6 Stakeholder communication	19
G4-27	Response to key topics and concerns raised	1.6 Stakeholder communication	19
G4-28	Reporting period	About CSR report	2
G4-29	Date of most recent previous report	N.A.	
G4-30	Reporting cycle	About CSR report	2

G4 Indicator	Description	Chapter	Page
G4-31	Contact point for questions	About CSR report	2
G4-32	In accordance' option, the GRI content index and external assurance	About CSR report No external assurance	2
G4-33	Policy and current practice regarding external assurance	No external assurance	
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	1.4 Corporate governance	11
G4-56	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	1.1 Company overview	4

✧ Specific Standard Disclosure

➤ Economy

G4 Indicator	Description	Chapter	Page
G4-DMA	Operational Performance	1.6 Stakeholder communication	19
G4-EC1	Direct economic value generated and distributed	1.3 Financial performances	9
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	1.5 Risk management	17
G4-EC3	Coverage of the organization's defined benefit plan obligations	3.2 Salary and benefit	35
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	2.1 Product and service	24

➤ Environment

G4 Indicator	Description	Chapter	Page
G4-EN3	Energy consumption within the organization	4.2 Energy resource management	43
G4-EN5	Energy intensity	4.2 Energy resource management	43
G4-EN6	Reduction of energy consumption	4.2 Energy resource management	43
G4-EN7	Reductions in energy requirements of products and services	4.2 Energy resource management	43
G4-EN8	Total water withdrawal by source	4.3 Water resource management	46
G4-EN9	Water sources significantly affected by withdrawal of water	CMMT is located in Science Park, all waste water is treated by sewage treatment plant	
G4-EN10	Percentage and total volume of water recycled and reused	4.3 Water resource management	46
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	4.2 Energy resource management	43

G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	4.2 Energy resource management	43
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	4.2 Energy resource management	43
G4-EN18	Greenhouse gas (GHG) emissions intensity	4.2 Energy resource management	43
G4-EN19	Reduction of greenhouse gas (GHG) emissions	4.2 Energy resource management	43
G4-EN20	Emissions of ozone-depleting substances (ODS)	4.2 Energy resource management	43
G4-EN21	Emissions of ozone-depleting substances (ODS)	4.2 Energy resource management	43
G4-EN22	Total water discharge by quality and destination	4.3 Water resource management	46
G4-EN23	Total weight of waste by type and disposal method	4.5 Waste control	48
G4-EN24	Total number and volume of significant spills	4.3 Water resource management	46
G4-EN25	Hazardous waste transported, imported, exported or treated	4.5 Waste control	48
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	4.5 Waste control	48
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	N.A.	

➤ Labor Practices and Decent Work

G4 Indicator	Description	Chapter	Page
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	3.1 Recruitment and staffing	31
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	3.2 Salary and benefits	35
G4-LA3	Return to work and retention rates after parental leave, by gender	3.2 Salary and benefits	35
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The notice period of CMMT complies with relevant Labor Standard Act.	
G4-LA5	Percentage of workforce represented in formal joint management worker health and safety committees	3.4 Safe environment	37
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	3.4 Safe environment	37
G4-LA9	Average hours of training per year per employee by gender, and by employee category	3.3 Training and development	36
G4-LA12	Composition of governance bodies and employee breakdown	3.2 Salary and benefits	35
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	3.2 Salary and benefits	35

➤ Human Rights

G4 Indicator	Description	Chapter	Page
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	CMMT does not have large investment in 2015.	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	1.4 Corporate governance	11
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 major risk was found after CSR internal audit.	

➤ Society

G4 Indicator	Description	Chapter	Page
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Chapter 5 Community participation	49
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	1.4 Corporate governance	11
G4-SO4	Communication and training on anticorruption policies and procedure	1.4 Corporate governance	11
G4-SO5	Confirmed incidents of corruption and actions taken	N.A.	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	N.A.	
G4-SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	N.A.	

➤ Product Responsibility

G4 Indicator	Description	Chapter	Page
G4-PR2	Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life	2.1 Product and service	24
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	2.1 Product and service	24
G4-PR4	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	2.1 Product and service	24
G4-PR5	Results of surveys measuring customer satisfaction	2.2 Customer service	27
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	2.2 Customer service	27
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	2.1 Product and service	24

✧ The Ten Principles of the UN Global Compact

	10 principles	Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	1.1 company overview	4
		1.2 Sustainable strategy	8
		3.1 Recruitment and staffing	31
	Make sure that they are not complicit in human rights abuses.	1.1 company overview	4
		1.2 Sustainable strategy	8
		3.1 Recruitment and staffing	31
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	3.2 Salary and benefits	35
	the elimination of all forms of forced and compulsory labor;	3.2 Salary and benefits	35
	the effective abolition of child labor;	CMMT does not employ child labor, according to suppliers' report, no relevant event occurred.	
	The elimination of discrimination in respect of employment and occupation.	3.1 Recruitment and staffing	31
Environment	Businesses should support a precautionary approach to environmental challenges	4.1 Environmental responsibility	41
	undertake initiatives to promote greater environmental responsibility	4.2 Energy resource management	43
		4.3 Water resource management	
		4.5 Waste control	46
			48
	Encourage the development and diffusion of environmentally friendly technologies.	4.2 Energy resource management	43
		4.3 Water resource management	
		4.5 Waste control	46
Anti-Corruption			48
	Businesses should work against	1.4 Corporate governance	11

corruption in all its forms,
including extortion and bribery.

ISO 26000

Issue		Chapter	Page
Organizational Governance	Decision-making processes and structures	1.4 Corporate governance	11
	Due diligence	3.2 Salary and benefit	35
Human Rights	Human right risk situations	3.2 Salary and benefit	35
	Avoidance of complicity	3.2 Salary and benefit	35
	Resolving grievances	3.2 Salary and benefit	35
	Discrimination and vulnerable groups	3.1 HR overview	26
	Civil and political rights	1.2 Sustainable strategy	8
	Economic, social and cultural rights	3.2 Salary and benefit	29
	Fundamental principles and rights at work	3.1 Recruitment and staffing	31
		3.2 Salary and benefit	35
Labor Practices	Employment and employment relationships	3.1 Recruitment and staffing	31
		3.2 Salary and benefit	35
	Conditions of work and social protection	3.4 Safe environment	37
	Social dialogue	1.6 stakeholder communication	19
	Health and safety at work	3.4 Safe environment	37
	Human development and training in the workplace	3.3 Training and development	36
Environment	Prevention of pollution	4.2 Energy resource management	43
		4.3 Water resource management	46
		4.5 Waste control	48
	Sustainable resource use	4.2 Energy resource management	43

		4.3 Water resource management	46
		4.5 Waste control	48
	Climate change mitigation and adaptation	-	-
	Protection of the environment, biodiversity and restoration of natural habitats	-	-
Fair Operating Practices	Anti-corruption	1.4 Corporate governance	11
	Responsible political involvement	CMMT does not join any political event, nor political donation involved.	
	Fair competition	1.4 Corporate governance	11
	Promoting social responsibility in the value chain	2.1 Products and services	24
	Respect for property rights	1.4 Corporate governance	11
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	2.2 customer service	27
	Protecting consumers' health and safety	2.2 customer service	27
	Sustainable consumption	2.2 customer service	27
	Consumer service, support, and complaint and dispute resolution	2.2 customer service	27
	Consumer data protection and privacy	2.2 customer service	27
	Access to essential services	2.2 customer service	27
	R&D efforts	2.1 product and service	24
Community Involvement and Development	Community involvement	Ch. 5. Community participation	49
	Education and culture	Ch. 5. Community participation	41-42
	Employment creation and skills development	3.1 Recruitment and staffing	31

	2.2 customer service	27
Technology development and access	2.2 customer service	27
Wealth and income creation	3.2 Salary and benefit	35
Health	3.4 Safe environment	37
	3.2 Salary and benefit	35
Social investment	Ch. 5. Community participation	49