

The background is a vibrant green with a hexagonal pattern. A white line forms a large house shape, with three smaller platforms inside. The left platform has an icon of a factory with a drop of oil. The right platform has an icon of a person climbing a mountain. The center platform has an icon of a heart with circuit lines. At the bottom, a green chip icon contains the text 'Create and Share Warm Memories'. Two stylized hands with circuit lines for fingers are at the very bottom.

Apacer

Technology Inc.

2017

Corporate Social
Responsibility Report



Create and Share
Warm Memories

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About This Report

Theme and Cover Design

For the 2017 Apacer Technology Inc. Corporate Social Responsibility Report, we strove to extend our focus to "Create and Share Warm Memories." while integrating our brand's promise of "Access the Best" as we fulfill our corporate social responsibility (CSR) in practice and expand positive influence to our stakeholders. The cover design begins with a memory IC, symbolizing Apacer's core competency in storage, and links to our economic, environmental, and social sustainable actions to demonstrate that we have fulfilled our commitment to CSR. We work with all of our stakeholders to "Create and Share Warm Memories."



Report Structure

The Report has adopted the GRI Standards of the Global Reporting Initiative. It was compiled in accordance with the Core option, and comprehensively discloses the topics of concern from Apacer's stakeholders in terms of economic, environmental, and social aspects under a globally-recognized reporting framework.

■ Principles of Compilation

Apacer has referenced domestic and international sustainable and industry trends, and identified stakeholders' topics of concern through materiality analysis as the core of information disclosure found in this Report. At the same time, the Report's editors comply with the three reporting content principles and six reporting quality principles required by GRI G4 in compiling the Report in accordance with the AA1000 Account Ability Principle Standards (APS) of Materiality, Inclusivity, and Responsiveness.

■ Reporting Scope

The information disclosure period of this Report was from January 1, 2017 to December 31, 2017. This is the fifth CSR Report that Apacer has published, and the date of publication for the most recent report was in August 2017. In the future, the company will publish CSR Reports on an annual basis and publicly disclose the CSR Reports on the company website to continue communicating Apacer's sustainable actions to external parties. The scope of information disclosure for this Report is focused on Apacer's operating headquarters and production site in Taiwan. Notes and explanations will be available in the Report in case any content or information refers to the company's overseas operations.

■ Third-Party Verification

To ensure transparency and reliability in information disclosure, this Report has commissioned the independent and credible BSI for external assurance in accordance with AA1000 AS (2008) Type 1, Moderate level assurance, and GRI Standards Core option. Please see the Attachment: Declaration for Independent Assurance for BSI's independent third-party verification statement.

■ Contact Information

We look forward to continuous communication with our stakeholders. Your opinions will be the greatest driving force for our improvement, and we look forward to hearing from you:

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A Word from the Chairman

Austin Chen

Apacer marked its 20th anniversary in 2017. Since the company was founded in 1997, we have held true to our brand philosophy of "Reliability" and "Innovation" in building the best usage and service experiences for our customers and becoming a trusted brand for the market and our customers. Just like the theme of our 20th anniversary, "Lean Innovation and Win through Pioneering Thinking," we continued to seek ways to innovate and achieve a breakthrough in sustainable business operations in 2017. We strive to meet our philosophy of benefiting not only us but also others, and sharing of our vast operational experience and outcomes with our colleagues, while expanding the positive influence of our company.

As a key global memory module manufacturer, we abide by the EICC Code of Conduct (now known as the RBA), while emphasizing production, environmental protection, and labor and human rights. We have also begun to improve our standards and regulations for our suppliers in 2017, hoping to encourage the industry to collectively realize our corporate social responsibility and build a sustainable supply chain. In recent years, we have actively extended our reach to communities and schools, giving back to neighboring communities through volunteer efforts. Our support for local education has also been widened from supporting a single school to facilitating the reading programs at all junior high and high schools throughout New Taipei City. At Apacer, we continue to provide a more human-centric and comfortable work environment for our most important business partners and families in the three major aspects of work, living, and health.

We will continue to focus on enhancing and strategizing our sustainable business blueprints. The Sustainable Development Goals (SDGs) proposed in 2015 are now a common language in global discussions of issues pertaining to sustainability. In 2017, we reviewed Apacer's sustainable actions from the perspective of global policies encompassed by the SDGs. This helped us organize and plan our future strategies, while also setting short-, mid-, and long-term objectives for economic, environmental, and social actions. We will continue to monitor and share our implementation schedules to demonstrate Apacer's resolve to realizing sustainable development.

We were also very honored to receive the Silver Medal in the IT & IC Manufacturing for the CSR Report Category in the Taiwan Corporate Sustainability Awards (TCSA) in 2017. This marked a glorious milestone for Apacer in fulfilling its commitment to corporate social responsibility. In the future, Apacer will continue to "persist in doing the right thing." Founded on our core competencies, we will innovate our products, be friendly to the environment, and give back to the community to mutually grow with our stakeholders, and work toward the next 20 years of sustainable operations.

A Word from the President

We have been committed to developing the field of digital storage over the past 20 years at Apacer. If we can classify our past into two phases, the first decade would have been our "Sound Operations" period, while the second decade would be "Ambitious Expansion" period. Every milestone achieved has helped solidify Apacer's foundation. I am grateful to everyone who has helped us overcome challenges over the past 20 years. We aspire to create even higher value for all our stakeholders while expanding the scale of our business operations in the future. Let me take some time to share Apacer's Corporate Social Responsibility (CSR) strategies and performance over the past few years.

In terms of economics, we continue to develop diversified, innovative products and offer comprehensive customer service by persisting in our philosophy of "Access the best." Not only do we bring an optimized usage and service experience for customers, but also assist them in enhancing their market competitiveness. Founded on our core competencies of digital storage, we actively explore new businesses to build niche products and services. Thanks to the collective effort of our employees, Apacer was honored with the Taiwan Excellence Award for the ninth consecutive year in 2017. Apacer has been the world's No. 1 supplier for industrial solid-state drives for five consecutive years and ranked No. 35 among the Best Global Taiwan Brands. Our annual revenue has also reached a staggering NT\$10.04 billion.

From environmental perspective, Apacer realizes the concept of sustainable business operations in practice through top-down policies and bottom-up actions. We continue to introduce environmental systems, strengthen supplier management, design green products and instill environmental protection awareness in CSR in all ranks and levels of the company through environmental protection education and training. 100% of Apacer's employees received EICC (RBA) education in 2017; at the same time, we initiated the RBA standards and regulations for our Tier 1 suppliers to better focus on labor safety, human rights, environmental protection, and honest and transparent operations with our supply chain partners.

Socially speaking, Apacer's business philosophy is founded on building a human-centric, happy workplace. In 2017, various benefit systems were planned, keeping in mind three perspectives-health, family, and work-under our "A+ Happy Workplace Plan" making our employees feel right at home while working. In caring for the local community, we have long focused on our three programs: The "green cultivation plan," "supporting education" and "promoting the arts." By coordinating our core competencies, Apacer responds to the needs of the local community and the society at large with our employees in action. In the future, Apacer will continue to integrate internal and external resources and partners across the supply chain to realize energy-saving, eco-friendly, and healthy future. This will help us achieve our goals for our employees, business, and environmentally sustainable operations and development.

Business management is similar to running a marathon. True to sportsmanship vital to running a marathon, Apacer is committed, persistent and dedicated to achieving its goals. Moreover, it also aspires to improve employees' attention and participation in sustainable business development, which will help formulate a crucial business culture and help solidify Apacer's leadership position. We will continue to work toward our vision of becoming "the leader in integrated information service on digital storage," and to embrace the next 20 years.



Materiality Analysis

Methods and Procedures of Materiality Analysis

In order for the contents in our information disclosure to better meet the expectations of our stakeholders, the basis of Apacer's CSR Report-writing is founded on internal discussions from the CSR Committee, while major stakeholders and material sustainable topics were identified through questionnaire surveys. This helps stakeholders clearly understand Apacer's various sustainable actions in terms of governance, environmental protection, and giving back to society.

Step 1

Identifying Stakeholders - 7 Major Stakeholders

Apacer's stakeholders were ranked by referencing industry characteristics, operating status, and the 5 Key Principles of AA1000 Stakeholder Engagement Standards (SES), namely dependency, responsibility, influence, diverse perspectives, and tension. The seven stakeholders crucial to Apacer have been identified as our employees, shareholders/investors, suppliers, customers, media, government institutions, and local community groups.

Step 2

Collecting Sustainability Topics - 42 Sustainable Topics

The sustainability topics found in this report are founded on the GRI Standards and in reference to the sustainability trends in both domestic and international electronics industry. After compilation and discussion among the CSR Committee, a total of 42 sustainability topics were chosen for identification.

Step 3

Analyzing the Level of Concern for the Topics - 235 Materiality Analysis Questionnaires

Quantifying:

We attempted to understand the level of concern for various sustainability topics from Apacer stakeholders through online questionnaires. A total of 10 questionnaires were distributed to company executives and 235 questionnaires were distributed to stakeholders. The stakeholders were asked to rank the level of influence and the levels of concern for relevant topics on economic, environmental, labor, human rights, societal, and product liability issues.

Qualifying:

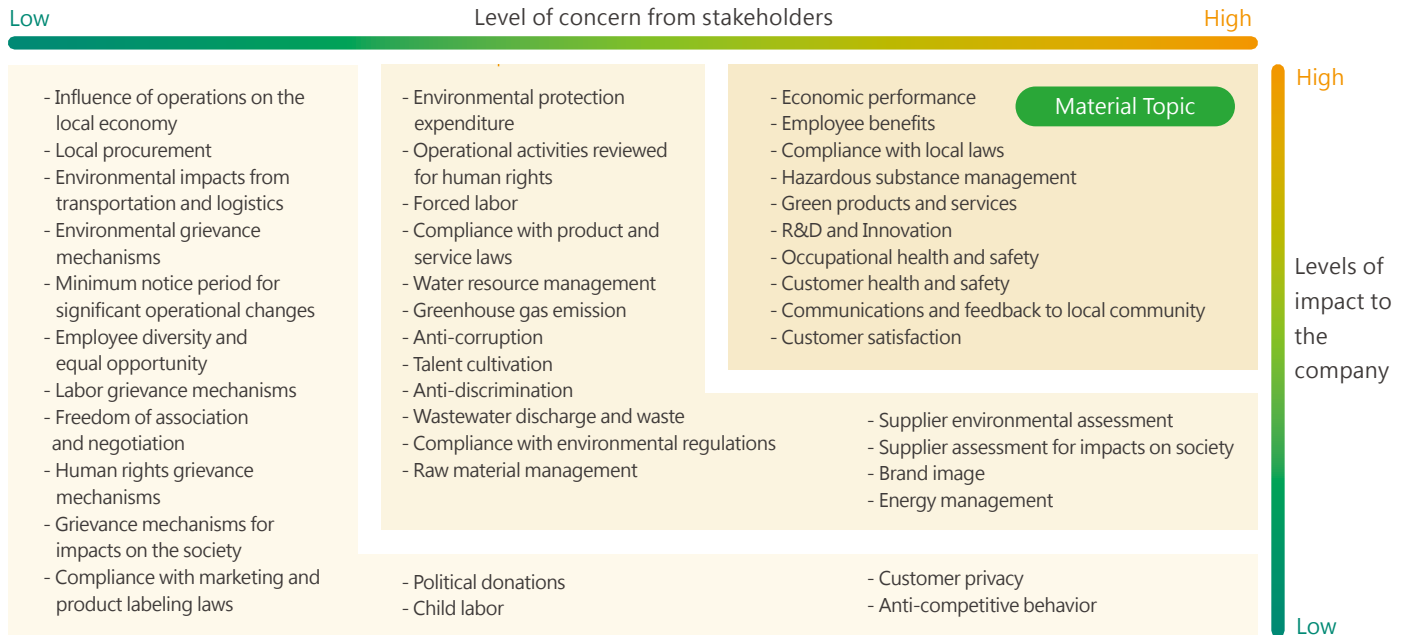
As reference information for the materiality analysis, Apacer's various CSR Committee teams were interviewed by external consultants, and the results and plans of CSR projects from each team in recent years were collected to create a list of sustainability topics material for Apacer.

Step 4

Identifying and Evaluating - 10 Material Topics

Based on the results of the executive management and stakeholder survey questionnaires and in reference to the industry and sustainability trends as well as the results of the qualifying interviews, the CSR Committee has discussed and proposed 10 material topics that were approved by the company's senior management. The topics served as key disclosure information in the 2017 CSR Report.

Materiality Analysis Matrix



List of Material Topics

Regarding the topics	Material topics	Material theme	Importance to Apacer	Chapter that addresses given topic	Page number
Economics	Economic performance	Economic performance	Financial performance is the basis of our business operation, as well as our commitment to our investors and employees.	1.3 Operational Performance and Brand Culture	P.23
	R&D and Innovation	Economic performance	In dealing with rapidly changing industry trends, dedication to research & development and constant innovation are the important foundations for our continued operations.	1.5 Innovative R&D	P.27
Environmental	Green products and services	Energy	We integrate sustainability philosophy from product design to production, provide environmentally friendly products, and create a green supply chain.	2.3 Energy and Resource Management	P.41
	Hazardous Substance Management	Supplier environmental assessment	Hazardous substances pose negative influences to people's health and the natural environment. We are committed to the hazardous substance regulations in Taiwan and overseas, starting from supply chain management.	2.1 Sustainable Supplier Management 2.5 Green Production and Products	P.35 P.47
	Customer Health and Safety	Customer Health and Safety	Consumer and market needs drive Apacer's operations and innovation. We abide by the environmental laws and hazardous substance management standards, and we do not pose negative impacts to customer's health and safety.	2.5 Green Production and Products	P.47
Social	Compliance with local laws	Breaches of Social and Economic Laws and Regulations	Apacer sees legal compliance as the basis of our business operations. All of our operations in Taiwan adhere to the local laws and regulations.	1.2 Sustainable Development and Corporate Governance	P.17
	Employee benefits	Employer-employee Relations	Employees are Apacer's most valued stakeholders. Deriving from the needs of our employees, we have planned a positive workplace and benefits to attract and retain talent.	3.3 Employee Benefits and Communications	P.56
	Occupational health and safety	Occupational health and safety	Employees are Apacer's most valued stakeholders. Providing a safe, healthy, and worry-free workplace that allows employees to be committed to their work is crucial to retaining employees.	3.2 Employee Safety and Health	P.53
	Communication and feedback to the local community	Local community	Apacer values responding to local needs through action, and we create opportunities to cooperate with our employees.	4.1 Local Participation 4.2 Social Participation	P.69 P.71
	Customer satisfaction	/	"Access The Best" is Apacer's brand commitment to our customers. Coming from a user-oriented perspective, we provide the best user experience.	1.6 Quality Management and Customer Service	P.30

Note: Apacer undertook a materiality analysis in 2017 through qualification and quantification, and by ruling out topics that pose less significant impacts to Apacer through referencing the company's future sustainability strategies. The material topics in 2017 were presented to showcase Apacer's actions and results regarding the Company's sustainability strategies. Compared to 2016, newly added topics included "Energy," "Customer Safety and Health," and "Local Community," while "Training and Education," "Anti-discrimination," and "Forced Labor" were ruled out as material topics.

Material Topics and Boundaries

The following 10 material topics were presented after materiality analysis. We reference GRI themes for data collection to explain Apacer's management on economic, environmental, and social impacts that are relevant to the material topics. To ensure the transparency and completeness of information disclosure, we have defined the internal and external boundaries for the information.

Regarding the topics	Material topics	Impacts of material topics to stakeholders	Internal	External					
				Investor	Supplier	Customer	Media	Government Institution	Local Community
Economics	Economic performance	Economic performance is a common goal for all business operations, and R&D and innovation are critical elements for Apacer in ensuring market competitiveness and operational performance. At the same time, these two factors are also priority factors that influence investors' decisions.	●	●					
	R&D and Innovation		●	●		●			
	Compliance with local laws	Compliance with local laws and regulations is the most basic condition for Apacer's operations, as it impacts our market reputation and brand image. It is a topic of concern for both the media and government institutions, and it also influences our customers and the public at large in making purchasing and partnership decisions.	●	●		●	●	●	
Environmental	Hazardous Substance Management	Apacer abides by international laws and regulations on hazardous substance including RoHS (Restriction of Hazardous Substances Directive), and we comply with the expectations from customers and the global market. Hazardous substance regulations have been incorporated into the introduction and evaluation of suppliers. We exert our industry influence to work hand-in-hand with suppliers to create a green, sustainable supply chain.	●		●	●			
	Green products and services	Apacer's environmental policies are founded on "legal compliance, pollution prevention, resource recycling, energy conservation and carbon reduction, and continuous improvement." We have actively built a brand image as a green enterprise by responding to global environmental topics and customer standards in each aspect, ranging from product design to production to raw material procurement.	●		●	●			
	Customer Health and Safety	Customers are Apacer's most important business partners. As product safety and environmental legality will necessarily influence customers' purchasing and partnership decisions, our products have passed relevant safety inspections and are in compliance with international environmental laws, and do not pose negative impacts to customers' health and safety.	●			●			
Social	Employee benefits	Salary and benefits are important factors in determining the stable retention of employees. As employees are Apacer's most important stakeholders, we have planned a diversified benefit system that surpasses the legal regulations, and a balanced working environment worthy of employees' long-term commitment.	●						
	Occupational health and safety	Occupational health and safety is an important issue for both employees and government institutions. Therefore, we have minimized employees' operating risks through a number of measures, including introducing management systems, disaster prevention, and education and training. In addition, we also regularly report statistical data on occupational disasters to the government to create a safe workplace.	●					●	
	Communication and feedback to local community	Communications, actions, and providing feedback based on real needs are Apacer's commitment to the local community. We have exerted positive and long-term influence by supporting the educational development of young students in New Taipei City and carrying out environmental volunteering activities with our employees.	●				●		●
	Customer satisfaction	Apacer annually undertakes a customer satisfaction survey to understand customer feedback. The satisfaction level and opinions from customers are crucial references for continuous improvement in our products and customer service procedures.	●			●			

Stakeholder Engagement

Channels of Communications for Stakeholders and Topics

Stakeholders	The importance and meaning of stakeholders for Apacer	Channels and frequency of communications	Relevant topics	Chapter that addresses given topic	Page number
Employee	One of our most important stakeholders, the creativity and stable retention of employees are important bases for Apacer's continued leadership position in the industry.	<ol style="list-style-type: none"> 1. Orientation training (from time to time) 2. An internal employee grievance channel (at any time) 3. Regularly convene an Employment Relations Meeting (quarterly) 4. Regularly convene an Employee Welfare Committee meeting (quarterly) 5. Promote the Code of Conduct in practice (from time to time) 	Employee benefits	3.3 Employee Benefits and Communications	P.56
			Occupational health and safety	3.2 Employee Safety and Health	P.53
Customer	We innovate our new products and services from a customer-oriented angle and provide an optimized product experience. The environmental and social responsibility requirements of customers have also helped Apacer continuously enhance our own regulations.	<ol style="list-style-type: none"> 1. Use the CRM system to monitor customer requirements and product status (from time to time) 2. Regular review with sales reps from major clients (quarterly) 3. Customer satisfaction survey and revisions (annually) 	Customer Health and Safety	2.5 Green Production and Products	P.47
			Customer satisfaction	1.6 Quality Management and Customer Service	P.30
Shareholders / Investors	The capital investment represents the trust and support of our shareholders and investors for Apacer. At the same time, capital injection also allows Apacer to continuously innovate and work toward sustainable operations.	<ol style="list-style-type: none"> 1. Shareholders' Meeting (annually) 2. Investor Conference (from time to time) 	Economic performance	1.3 Operational Performance and Brand Culture	P.23
			R&D and innovation	1.5 Innovative R&D	P.27
			Compliance with local laws	1.2 Sustainable Development and Corporate Governance	P.17
Supplier	Suppliers are Apacer's key partners in fulfilling our green production. We mutually learn and grow with our suppliers in terms of sustainable topics through collaborations, communications, coaching, and audits.	<ol style="list-style-type: none"> 1. APG Supplier Platform (from time to time) 2. Supplier coaching and auditing (every six months) 3. Suppliers required to sign the Declaration to Environmental Protection (from time to time) 4. Convene a Supplier Conference (from time to time) 	Hazardous substance management	2.1 Sustainable Supplier Management	P.35
				2.5 Green Production and Products	P.47
			Green products and services	2.5 Green Production and Products	P.47
Media	Media reporting influences Apacer's image and rating among the public. We convey our brand image through public relations management and communication with the media.	<ol style="list-style-type: none"> 1. Press release (from time to time) 2. Press conference (from time to time) 3. Interview (from time to time) 4. Product review (from time to time) 5. Media conference (annually) 	R&D and innovation	1.5 Innovative R&D	P.27
			Compliance with local laws	1.2 Sustainable Development and Corporate Governance	P.17
Government institutions	We continue to focus on global sustainability trends and government laws and regulations so that we can plan for our sustainability blueprint and strategies with an even more pioneering mindset.	<ol style="list-style-type: none"> 1. Company website (at any time) 2. Disclosing and reporting on Market Observation Post System (MOPS) (annually) 3. Participation in promotional meetings and relevant advocacy programs of competent authorities (from time to time) 	Compliance with local laws	1.2 Sustainable Development and Corporate Governance	P.17
			Occupational health and safety	3.2 Employee Safety and Health	P.53
Local community	Through the understanding of the local communities, Apacer values responding to local needs to build up the livable and happy homeland.	<ol style="list-style-type: none"> 1. Project meeting (from time to time) 2. Feedback from project (from time to time) 	Communications and feedback to local community	4.1 Local Participation	P.69
				4.2 Social Participation	P.71

Short-, Mid-, and Long-term Sustainable Development Goals

	2017 Results and Goal Implementation Status	Short-term Goals 2017~2018	Mid-term Goals 2018~2020	Long-term Goals 2020~2025	
Corporate Governance	<div>1. The elections of directors adopted a nominee system</div> <div>2. Continue to enhance the corporate governance assessment</div>	<div>1. The elections of directors have adopted a nominee system</div> <div>2. Established an Audit Committee</div> <div>3. Strengthened information disclosure in English</div>	Enhance a corporate governance assessment rating to the top 6~20% of all assessed enterprises	Continue to strengthen corporate governance, enhance the level of information transparency, as well as protect and respect the rights of shareholders and stakeholders.	
Environmental	<div>1. Added a green design curriculum; products are in compliance with RoHS design</div> <div>2. Installed air curtains to reduce consumption from air conditioning</div> <div>3. Updated frequency conversion of the air compressors</div> <div>4. Enhanced production processes and reduced power consumption during production</div> <div>5. Environmental monitoring for power consumption, humidity, dust, and temperature from water chiller units</div>	<div>1. Installed waste solution processor to reduce environmental hazards</div> <div>2. Updated equipment and added energy-saving facilities</div> <div>3. Improved production processes to reduce power consumption</div>	Make buildings greener by installing a rainwater recycling system, photovoltaic green power system, rooftop greening insulation, etc.	<div>1. All of our products comply with green product design concepts and the product design of energy-saving modes has been improved</div> <div>2. Improve automation in special processes, reducing environmental hazards during production</div>	
Social	Internal	<div>1. Completed the goal of convening the Supplier Conference on June 21, 2017</div> <div>2. Completed the AGP Supplier Management Platform Optimization - increased the number of restricted substances from 6 to 10 items</div> <div>3. Q1 2017 - labor and human rights investigation during new supplier introductions</div> <div>4. Critical - introduced new suppliers in Q4 2017. Signed Electronic Industry Code of Conduct (EICC) Declaration</div> <div>5. Received 149 points in the EICC external audit</div>	<div>1. 100% compliance with legal requirements from QC 080000:2017</div> <div>2. No significant defects were found during the RBA external audit</div>	<div>1. No significant defects are found on the RBA VAP chapter regarding supply chain evaluation, auditing, and management requirements</div> <div>2. Enhance customer satisfaction by 5%</div> <div>3. Organize one Supplier Conference each year</div> <div>4. Receive 150 points in the RBA external audit</div>	<div>1. Green and smart management</div> <div>2. Promote workers' legal rights, protecting the freedom of employees</div>
	External	<div>1. Completed sports sponsorship at New Taipei's Municipal Yulin Junior High School</div> <div>2. Organized the "Green Cultivation Plan" one-day volunteering activity: Tucheng Tung Blossom Park Cleanup and Exhibition. The activity received a 100% satisfaction level from participating employees, and 68% of all employees participated</div>	<div>1. Sponsored the one-year "Global Kids Monthly" reading program at the libraries of 98 junior high and high schools throughout New Taipei City</div> <div>2. Continue to support the sports sponsorship at New Taipei's Municipal Yulin Junior High School</div> <div>3. "Green Cultivation Plan" one-day volunteering activity: Tucheng Tung Blossom Park Cleanup and Exhibition</div>	<div>1. Continue to support the sports training sponsorship at New Taipei's Municipal Yulin Junior High School</div> <div>2. The traditional "Din Tao" culture (battle-array performance troupes at temples) and cultural heritage promotional program at Tainan Municipal Daguang Elementary School is anticipated to last for three years, in which NT\$150 thousand-worth of sponsorship will be given each year</div>	<div>1. Continue to sponsor the sports training program at Yulin Junior High School and to invite graduates to Apacer for corporate visits so that they can plan for their future careers</div> <div>2. Besides sponsoring Din Tao at Daguang Elementary School, Apacer has also arranged for company employees to experience and assist in the promotion of Din Tao activities</div>

Fulfilling the UN's Sustainable Development Goals (SDGs) in Practice

Sustainable Development Goals (SDGs)	Mission and Vision	Sustainable Actions	Chapter that addresses given topic
 <p>3 Good Health and Well-Being</p>	<p>Employees are the most important of all to Apacer. We care about the health and lifestyles of our employees, and we have planned a diversified benefits system from three perspectives: work, family, and health. A balance between work and life is more than just a slogan but a daily practice at Apacer.</p>	<ul style="list-style-type: none"> - Free annual employee health checkup - Workplace health promotional program: various sports, health seminars and activities - Apacer A+ Happy Workplace Plan: excellent work, family and health - Created a sports and recreation space and encouraged employees to form sports clubs 	<p>3.2 Employee Safety and Health</p> <p>3.3 Employee Benefits and Communications</p>
 <p>4 Quality Education</p>	<p>Apacer's commitment to the local community and the society is to respond to needs through actions. We value education for students, and so provide sponsorships to multiple learning opportunities and to support the dreams of each young student.</p>	<ul style="list-style-type: none"> - We have sponsored the track team at Yulin Junior High School for three consecutive years, during which Apacer helped the school improve their facilities and training grounds - We also sponsored the one-year "Global Kids Monthly" reading program at the libraries of 98 junior high and high schools throughout New Taipei City in 2017 	<p>4.1 Local Participation</p>
 <p>12 Responsible Consumption and Production</p>	<p>Apacer is focused on each aspect (environmental, social, and governance) of operations. Besides pursuing economic performance, we are also instrumental in pursuing environmental protection and labor and human rights through sustainable supply chain management, green production, and designing green products. Our operating goal is to become a renowned green enterprise.</p>	<ul style="list-style-type: none"> - Compliance with the EICC (RBA) Code of Conduct - Suppliers required to sign the EICC (RBA) Declaration - Hazardous Substance-Free (HSF) management - Produce lead-free and halogen-free products 	<p>2.2 Commitment to the Environment</p> <p>2.4 Environmentally-Friendly Product Design</p> <p>2.5 Green Production and Products</p>
 <p>13 Climate Action</p>	<p>Climate change is a challenge collectively faced by all global citizens. Apacer has mitigated its impacts on climate change through introducing the ISO 50001 Energy Management System and undertaking machinery and equipment energy-saving reforms.</p>	<ul style="list-style-type: none"> - Climate Change Risk Management - ISO 50001 Energy Management Systems - Machinery energy-saving reform - Self-initiated greenhouse gas emission verification 	<p>1.2 Sustainable Development and Corporate Governance</p> <p>2.2 Commitment to the Environment</p> <p>2.3 Energy and Resource Management</p>
 <p>16 Peace, Justice and Strong Institutions</p>	<p>It is Apacer's responsibility to society and our shareholders to establish a transparent, healthy governance structure. We have proposed a publicly-disclosed Code of Ethical Conduct and an internal whistle-blowing system, both of which have helped us systematize and internalize integrity and sustainable management into the basis of our operations.</p>	<ul style="list-style-type: none"> - Ethical Corporate Management Procedures and Code of Conduct - Code of Ethical Conduct - Reporting system - Established the Corporate Social Responsibility (CSR) Committee - Corporate Social Responsibility Best Practice Principles 	<p>1.2 Sustainable Development and Corporate Governance</p>

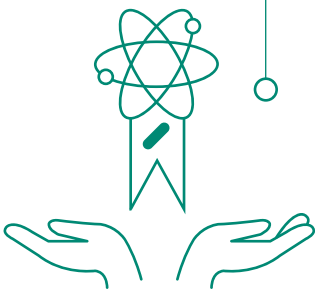
Key CSR Performance

- Revenue grew by **47%** in 2017.
- As of 2018, Apacer has received the Taiwan Excellence Award for **9** consecutive years. A total of **6** products received this distinction at the 25th Taiwan Excellence Award.

Economic

- We were also honored to receive the **Silver Medal in the IT & IC Manufacturing** for the CSR Report Category in the Taiwan Corporate Sustainability Awards (TCSA) in 2017.
- Apacer has ventured into the gaming market and established an Emerging Applications Division to provide digital storage solutions that have diverse applications.

Ranks No. 1 in market share throughout the global solid-state drive (SSD) industry for 5 consecutive years in the annual report from Gartner, an internationally recognized industry research institution.



Received the **ISO 14001** 2015 Environmental Management Systems certification.

Environmental

Introduced halogen-free production processes, and the proportion of halogen-free products has reached

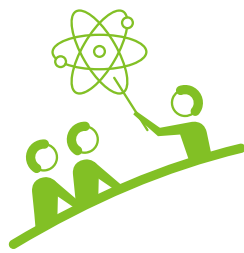
40.73%





○ All products are **lead-free**.

○ All raw materials comply with **EU RoHS standards**.



All new employees have passed an **environmental protection and energy conservation general knowledge course**.

○ All employees have completed **EICC (RBA) training courses**.

○ Sponsored the **track team at New Taipei's Municipal Yulin Junior High School** for 3 consecutive years.

○ Collaborated with the Global Views Educational Foundation to provide a **one-year "Global Kids Monthly" subscription** for the libraries of 98 junior high and high schools in New Taipei City.

Social

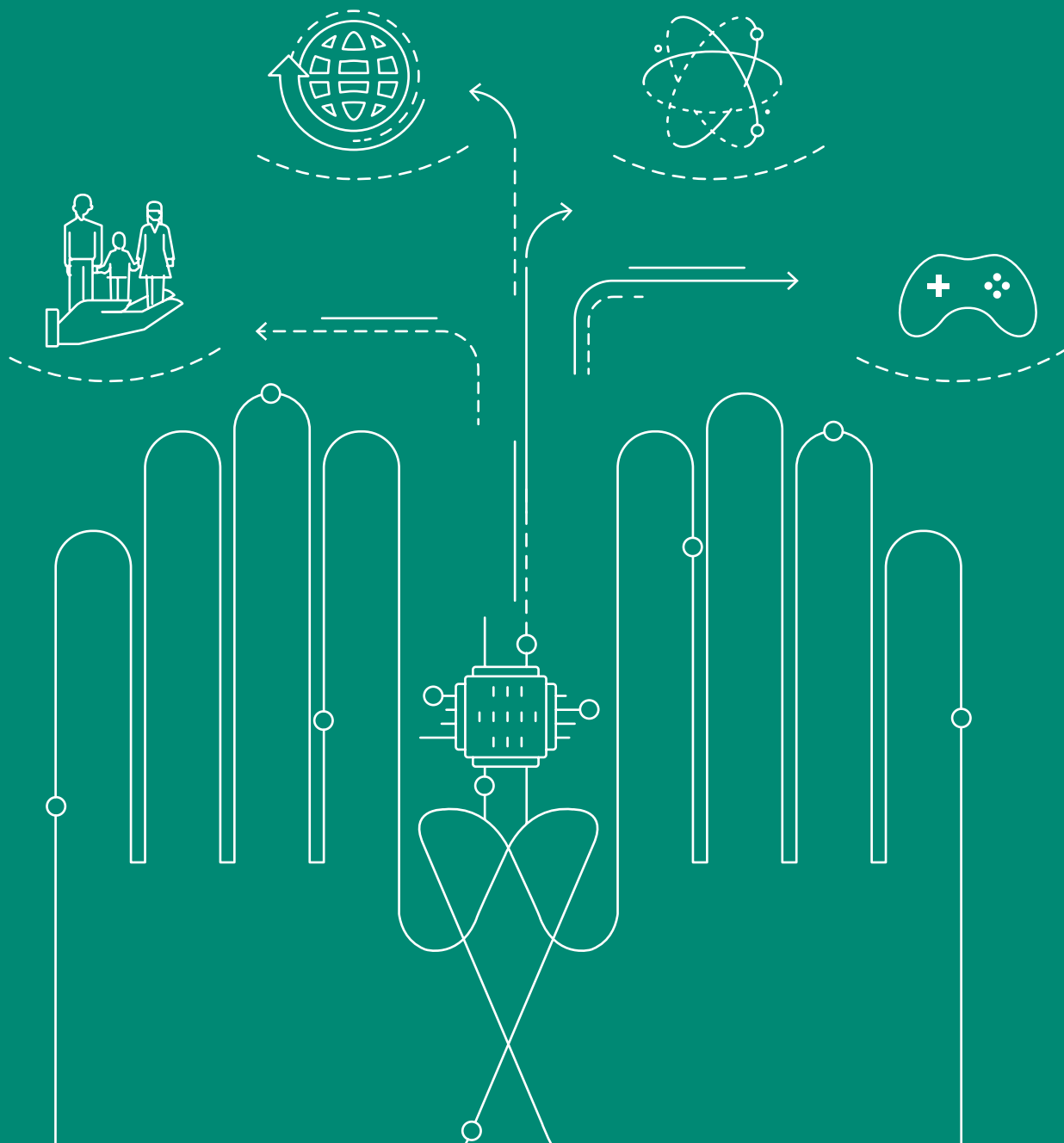


○ Provide a more **competitive holiday and benefits system** for employees than the legal regulations.

○ Organized Apacer's **Tung Blossom One-Day Volunteer activity** for two consecutive years. **68%** of all employees participated in it.

Launched the **Apacer A+ Happy Workplace program** to realize employee care and welfare for the many aspects of their lives, including work, family, and lifestyle.





Material Topic

Material Topics

Vision and Objectives

Management Policy for Material Topics

Economic Performance

Founded on a core of digital storage technology, Apacer strives to become a leader in integrated technological information service.

R&D and Innovations

Founded on the core of storage technology, Apacer continues to innovate and to expand into diversified applications, creating a sustainable drive for business development.

Compliant with Local Laws and Regulations

All business activities are carried out under the highest principles of integrity, equality, and transparency.

Customer Satisfaction

We deliver competitive, defect-free, hazardous substance-free products and services in a timely manner to satisfy our customers.

Customer Health and Safety

We place customer health and safety as high priorities during product design and strive to build an international trustworthy brand image.

Chapter 1

Creating Trust in Brand Value

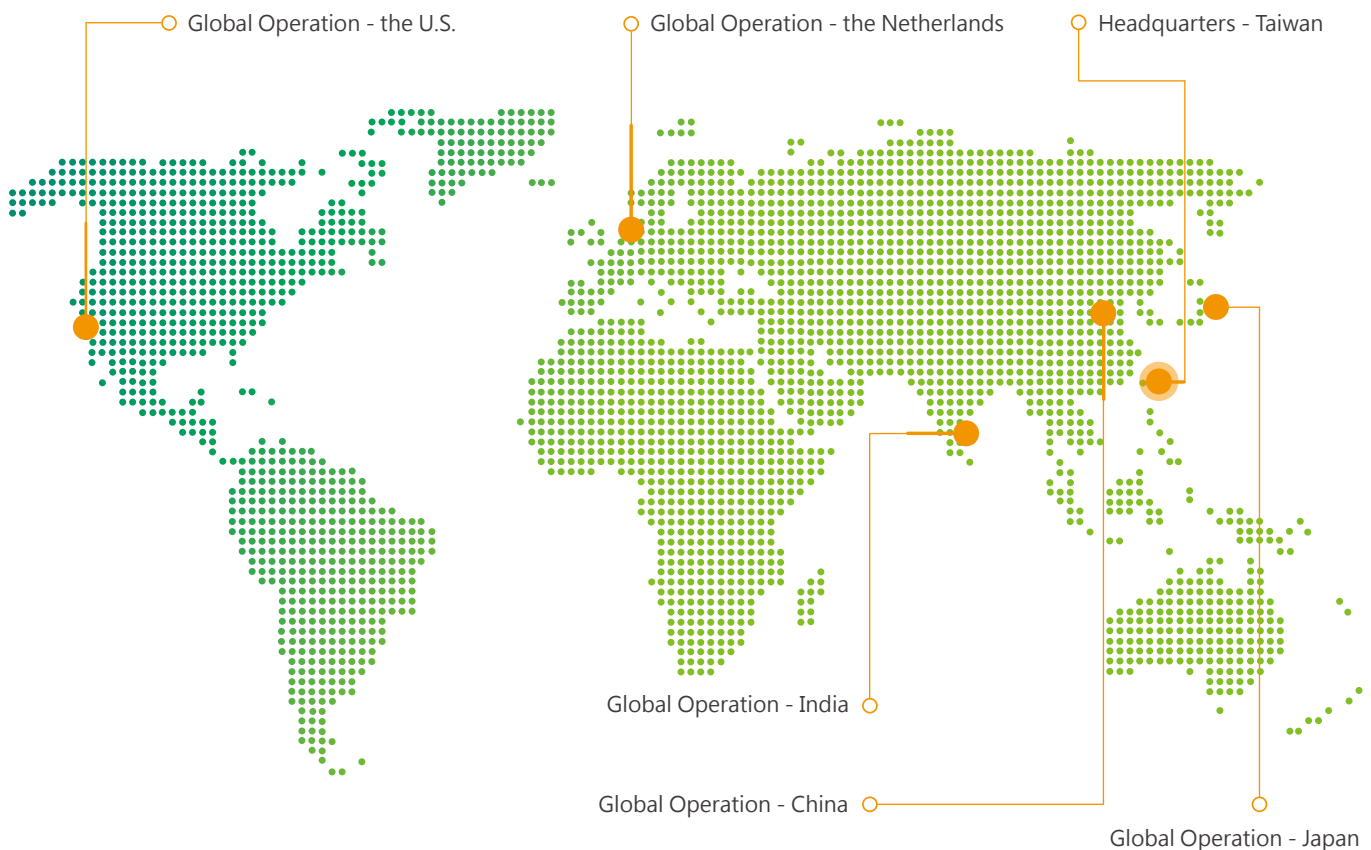
As an integrated provider of digital storage, innovative applications, and value-added services, Apacer's business scope spans industrial SSDs, consumer digital products, and memory modules. In recent years, we have actively expanded into emerging applications. Founded on our core in storage, we have expanded to applications including information reception, analysis, sharing, and control, and our business development blueprints are based on the vision of becoming a leader in integrated information service centering on digital storage. Apacer promises to continue our pursuit of growth and breakthroughs and to fulfill corporate social responsibility (CSR) in practice. We see sustainable development as the core of our business operations, and we strive to create more values for our stakeholders.

Actions		Management Procedures
Diversified product management: 1. Industrial vertical market applications 2. Consumer product applications	3. eSports applications 4. Emerging applications	The Board of Directors and Management Committee will undertake decision-making pertaining to important operations and product management matters.
1. Continuous R&D and professional customization 2. Established professional design teams 3. Implemented five patent themes 4. Implemented incentive measures		Established Patent Development Committee that reviews internal patent R&D and implements patent subjects and incentive measures.
1. Compliant with Ethical Corporate Management Best Practice Principles 2. Promotes a Code of Ethical Conduct 3. Promotes Corporate Social Responsibility		Internal Audit Department is responsible for auditing and evaluating the company's operating procedures. A reporting system has also been established to ensure that all business activities are carried out in an integral and legal manner.
1. Established a global after-sales service system 2. Established a customer service department 3. Established service centers in Taipei and in Central and Southern Taiwan		Sets target customer satisfaction rate and collects customer feedback through the annual satisfaction survey to review and to continuously improve our customer service procedures.
1. Implemented EMC testing 2. Compliant with safety regulation testing 3. Carried out compatibility testing		Apacer is compliant with international laws and undertakes product safety testing according to regulations from different regions to ensure stability and safety in product use, and to meet international environmental standards and customer needs.

About Apacer

Founded in 1997, Apacer's business scope spans industrial solid-state drives (SSD), memory modules, consumer digital products, and emerging application solutions. The company has integrated R&D, design, production, and marketing competencies, and sees "Access the Best" as our brand statement. We are a globally-renowned provider of trustworthy, innovative products, and customized integration services for software, hardware, and firmware. Apacer has been ranked as the No. 1 supplier across the globe for industrial SSDs for 5 consecutive years, has won the Taiwan Excellence Award for 9 consecutive years with our inimitable management performance. Moreover, the company also ranks among the top 8 memory module suppliers across the world and ranks among the top 35 in the 2017 Best Global Taiwan Brands. In 2017, we also won the highly sought-after Silver Medal in the IT & IC Manufacturing for the CSR Report Category from the Taiwan Corporate Sustainability Awards (TCSA).

Apacer (stock code: 8271) is a company listed on the Taiwan Stock Exchange Corporation (TWSE). Having established our global operating headquarters in New Taipei City, Taiwan, Apacer's business scope spans five continents, and we have established regional subsidiaries in the U.S., the Netherlands, Japan, China, and India. Its clientele includes global distributors, equipment manufacturers, system integrators, and retailers. The company is dedicated to cultivating our global market with its close-knit retail channels and partners through our core competence of "Reliability" and "Innovation".



Name of the Company	Apacer Technology Inc.	Company Address	1F., No.32, Zhongcheng Rd., Tucheng Dist., New Taipei City 236, Taiwan R.O.C.
Incorporated on	April 16, 1997	Stock Information	TWSE Stock Code: 8271
Capital	NT\$ 1.008 billion	Total Employees	472 persons
Major Products: Industrial solid-state drives (SSD) / Memory modules / Consumer digital products / Emerging application solutions			

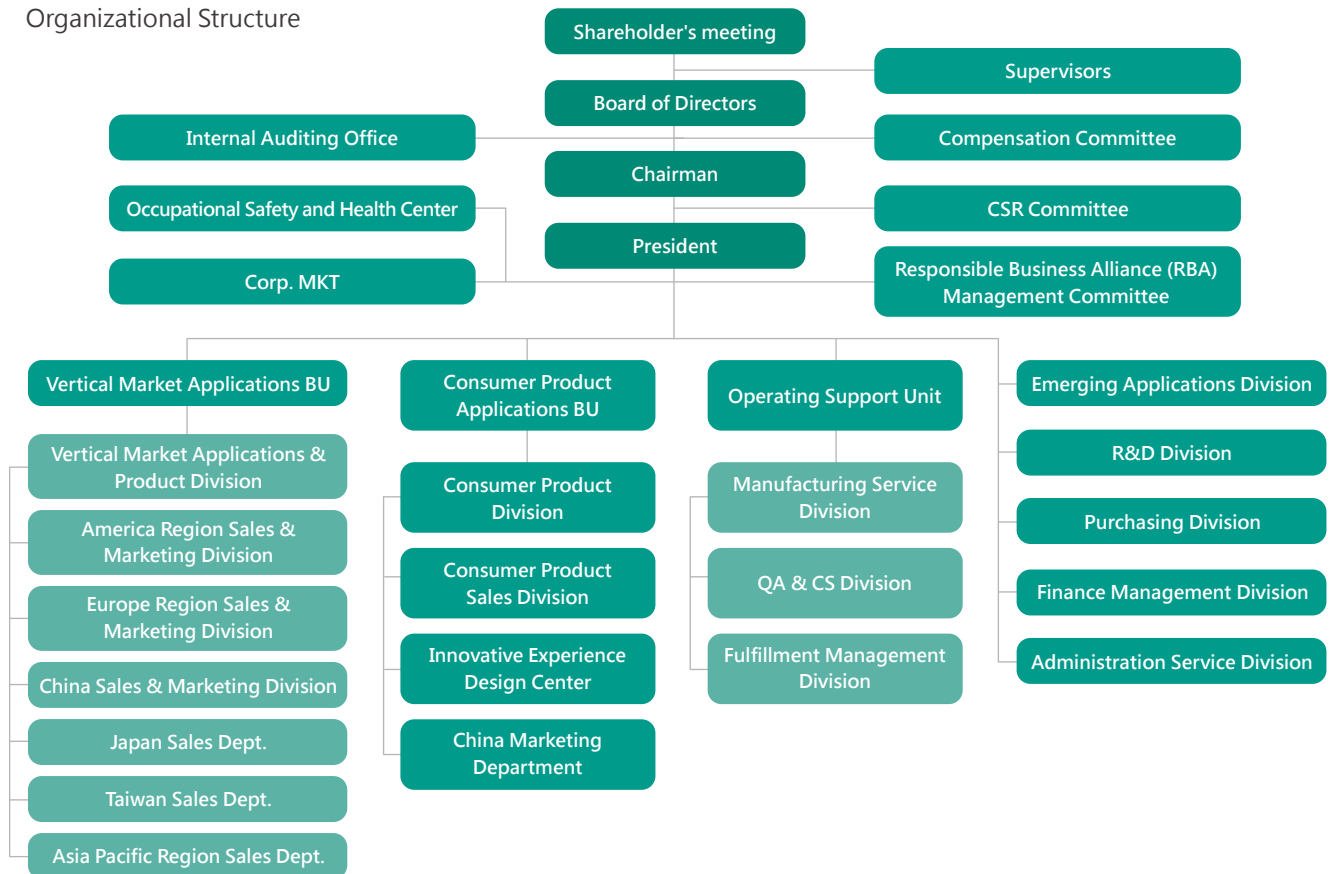
Note 1: Data taken as of December 31, 2017

Note 2: Number of total employees is calculated based on the number of employees at the Taiwan headquarters.

Corporate Organization and Culture - People-Oriented and Building a Happy Workplace

Apacer holds true to our vision of "we give back what we take from the society", and we blend corporate social responsibility into our day-to-day operations under a human-centric foundation. While pursuing long-term, stable profitability and growth in business management, we also are striving to build a humanistic management and benefits system to collectively build a happy workplace with our employees. This will help to realize Apacer's pursuit of sustainable management in practice, and to realize a corporate culture of providing the best care to our employees and giving back to the society.

Organizational Structure



Department	Roles and Obligations	Highest-ranking Manager
Chairman's Office	Proposes the company's vision and long-term strategies, and implements tasks relevant to corporate governance.	Chairman: Austin Chen
President's Office	Responsible for planning Apacer's global operations and management strategies.	President: C.K. Chang
Vertical Market Applications BU	Proposes marketing and sales strategies for B2B products.	BU Director: Mei-Hui Huang
Consumer Product Applications BU	Proposes marketing and sales strategies for B2C products.	BU Director: Hsueh-Ju Luo
Emerging Applications Division	Proposes marketing and sales strategies for emerging application solutions.	Director: Chih-Liang Lin
Operating Support Unit	Responsible for production control, quality management, and customer service as well as plans logistics services for Apacer's global products.	Vice President: Victor Lin
Financial Management Division	Responsible for the Company's global accounting, financial management, and risk control planning.	CFO and Spokesperson: Connie Lai
Internal Auditing Office	Reviews the effectiveness of the company's various systems and operations and submits reports.	Auditing Deputy Manager: Meng-Ling Cheng

Major Product Applications:

Since our beginning, the "Apacer" brand has always been the company's development focus. The revenue from our own brand accounts for as much as 90% of all revenue. For the last 20 years, we have continued to cultivate the digital storage field and continuously developed innovative products and technologies, demonstrating exceptional technical and R&D competencies as a technological information service integrator. To better realize Apacer's multidisciplinary integrative capability, we have diversified our business scope. Besides continuing to cultivate the industrial and consumer digital storage market, we have also expanded into high-end eSports applications as well as emerging applications in recent years. This will help to increase the company's overall revenue and realize our long-term business blueprint of sustainable innovations.



Vertical Market Applications

We have established a leadership position in industrial control through pioneering technology, high levels of customized software and hardware, and firmware integration services in vertical market applications.



Consumer Product Applications

In terms of consumer product applications, we strive to build an optimized user experience to fully satisfy our customers' lifestyles and entertainment needs through obtaining insights to consumer trends.



Emerging Applications

For smart IoT applications, we can cater to IoT planning needs from every industry through our Solution Ready Platform (SRP) system integration kit.



High-end eSports Applications

High-end eSports applications help to strengthen the unique characters of gamers through energy-saving, high-performing, light-up storage products.

1.2

Sustainable Development and Corporate Governance

Material Topic

"Reliability" and "Innovation" are the core values of the Apacer brand. Integral management and legal compliance are fundamental principles for our business management, as well as the basic condition to fulfill our "reliability" value. We abide by legal regulations, persist on information transparency, have integral management principles, and implement the functions of corporate governance in practice. In 2015, we actively formed a Corporate Social Responsibility (CSR) Committee, which organizes and carries out sustainable development for the Company.

Corporate Governance

To strengthen the functionality of corporate governance, Apacer is focused on the transparency, professionalism, and high effectiveness of the Board's operations. The Board of Directors comprehensively supervises the company's material decisions in regards to international situations, market observations, and financial evaluations. We protect our shareholders' rights, enhance operating performance, fulfill the supervisors' functions, strengthen risk management, and ensure information transparency through professional judgment.

Currently, the Board of Directors has 7 seats, two of which are seats for Independent Directors. The Board of Directors has convened 14 meetings from its inaugural date on June 15, 2015 to December 31, 2017, with an average attendance of 98.98%. The members of the Board of Directors will fulfill their obligations with a prudent manner, fulfill information transparency, legal compliance, and the full disclosure of material information. The members of the Board will propose opinions for operations based on their professionalism and market experiences, and respect the opinions from the Independent Directors. The Independent Directors' reasons for consent or dissent and opinions will be recorded in the minutes of the meeting. Moreover, the members of the Board will also respect the conflict of interest principles to effectively protect the interests of the company.

Structure of Corporate Governance



Attendance rate for the Board of Directors

98.98%

Job title	Name	Gender	Board of Directors Actual number in attendance	Board of Directors Number in attendance by proxy	Actual attendance ratio (%)
Chairman	Austin Chen	Male	14	0	100%
Director and President	C.K. Chang	Male	14	0	100%
Director	Li-Da Lu	Male	14	0	100%
Director	Haydn Hsieh	Male	14	0	100%
Director	Jiun-Yung Yang	Male	13	1	92.86%
Independent Director	Max Wu	Male	14	0	100%
Independent Director	S. C. Hong	Male	14	0	100%

Note: The inaugural date of this Board of Directors' term was on June 15, 2015, and the Board has convened 14 meetings from that inaugural date to Dec. 31, 2017.

Note: The following link has compiled a list of material decisions from the Board of Directors:
<http://www.apacer.com/zh/Investor/Download>

In addition, to diversify the formation of the Board of Directors so as to prevent any blind spots in corporate governance or decision-making, the Company anticipates increasing the seats of Independent Directors from the minimally required 2 seats according to current legal regulations to 3 seats in 2018. An Audit Committee has also been set up to strengthen the corporate governance system. We anticipate further enhancement of the quality of corporate governance and operating performance through external diversified perspectives and professional experiences.

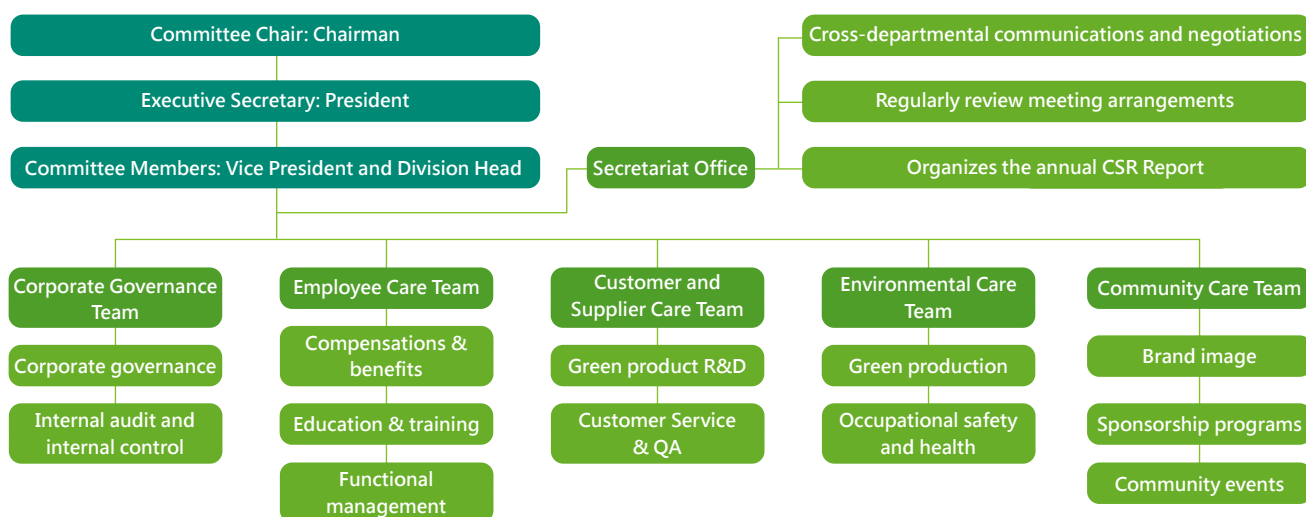
● Compensation Committee

Apacer officially set up a Compensation Committee in June 2012. The committee is formed by three members, including 2 Independent Directors, and is geared to facilitate the Board in evaluating the company's overall compensations and benefits policy. It also regularly reviews the performance evaluation and policies, systems, basis of evaluation, and structure of compensation for directors and managers. The Compensation Committee convenes meetings regularly and submits its suggestions to the Board for review. Concurrently, the committee also publicly discloses information in each Annual Report for all shareholders to publicly view and inspect according to regulations. Three Compensation Committee meetings were convened in 2017, with 100% attendance rate from all three members.

Job title	Name	Actual number in attendance	Actual attendance ratio (%)
Chairperson	Max Wu	3	100%
Member	S. C. Hong	3	100%
Member	Michael Lee	3	100%

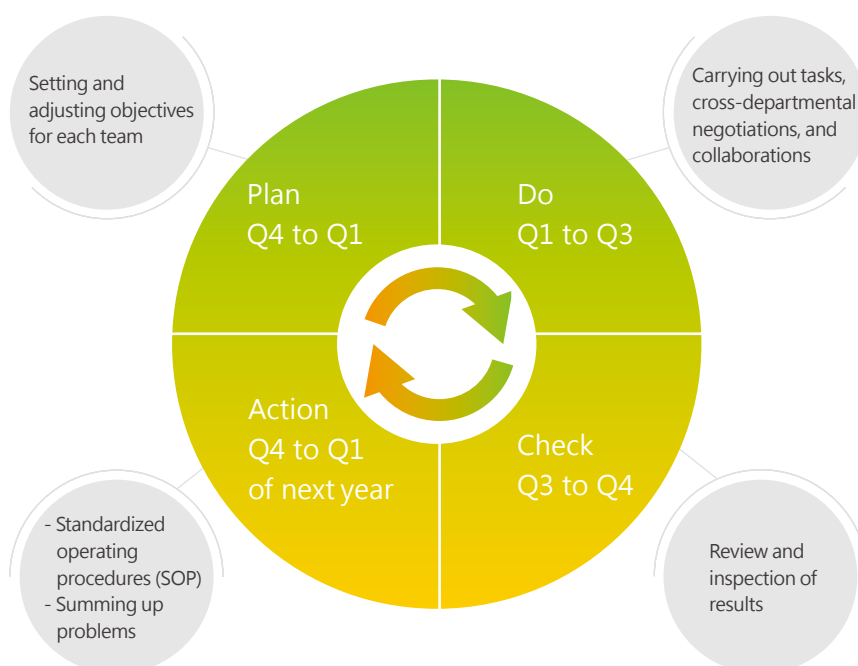
● Corporate Social Responsibility (CSR) Committee

Apacer believes that business management and sustainable actions work hand-in-hand. We established a CSR Committee in 2015 and created a formal organizational structure that is chaired by our Chairman, while our General Manager serves as its Head Secretary. The CSR Committee establishes the Company's CSR sustainable management objectives from top-down, horizontal, and vertical approaches based on the company's overall management targets, and also proposes short-, mid-, and long-term CSR goals and implementation strategies. The CSR Committee has established five working teams, which are: "Corporate Governance", "Employee Care", "Customer and Supplier Care", "Environmental Care", and "Community Care". The working teams are chaired by managers of relevant departments and are closely-tied to our CSR objectives so that the objectives can be carried out in the day-to-day operations of each department.

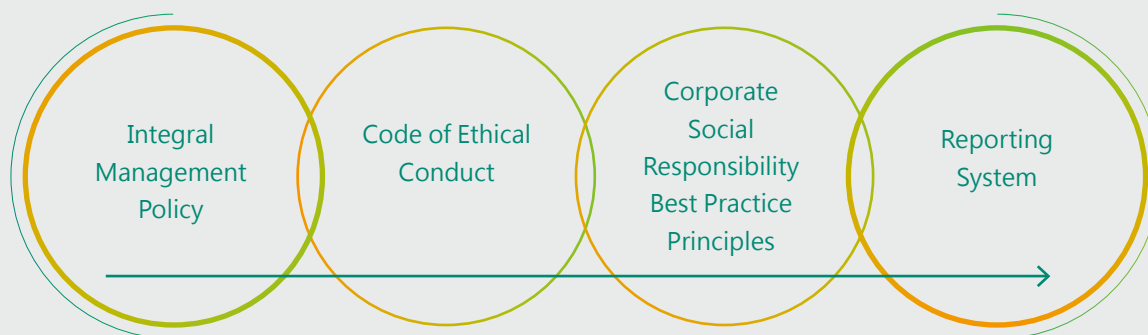


● CSR Committee Annual Management Procedures

Meetings convened by Apacer's CSR Committee during each quarter are chaired by the Chairman and the President, with the purpose of monitoring the progress of the CSR projects from each team. The quarterly committee meetings set up goals for each team, plan project tasks, cross-departmental negotiations, and review performance through PDCA systematic management procedures. The comprehensive vertical and horizontal communications facilitate Apacer's sustainable management objectives to be closely aligned with the Company's core operations.



Cornerstone of Sustainable Business - Integral Management



Apacer holds true to the principle of integral management, and undertakes all business activities in a fair and transparent manner. We actively prevent unethical behaviors in business management and have established a reporting (whistle-blowing) system to report matters that have breached the company's financial system, legal regulations, policies, and/or ethical standards, on top of any form of fraudulent activities. We have also established designated personnel to handle different issues ranging from integral management, ethical conduct, CSR practices, and said reporting system. The Ethical Corporate Management Best Practice Principles have also been disclosed on our internal website to promote and advocate relevant principles to our employees. Internal anti-corruption educational training totaling 3.8 hours was held in 2017 for all employees.

Principle	Summary
Ethical Corporate Management Best Practice Principles and Code of Conduct	Strictly requires employees to refrain from getting involved in conflicts of interest that deal with personal gain or the company's overall interest.
Code of Ethical Conduct	Guides behaviors from members of the Board of Directors and managers to be more in line with our ethical standards, and for company stakeholders to better understand Apacer's ethical standards.
Corporate Social Responsibility Best Practice Principles	Clearly requires the company to value governance, social, and environmental factors while pursuing sustainable operations and profitability, and that such factors shall be incorporated into the company's management objectives and operating activities.
Reporting System	Establishes rules and procedures on reporting (whistle-blowing) system, in which any inappropriate business conduct can be reported through relevant channels to be investigated and handled by the relevant responsible parties.

Note: Important company internal rules can be found at: <http://www.apacer.com/zh/Investor/Download>

Apacer has operations throughout the world. We strictly require each operating site to adhere to local laws and regulations, and we continue to focus on domestic and international policies and laws that may impact company operations. At the same time, we have delegated the Audit Office to evaluate and review the effectiveness and reasonableness of compliance to the internal control system. To collectively maintain a company image of integral management, all members of the Company can use the reporting system to report any matter that has breached the law, frauds, or matters that damage the Company's interests and reputation.

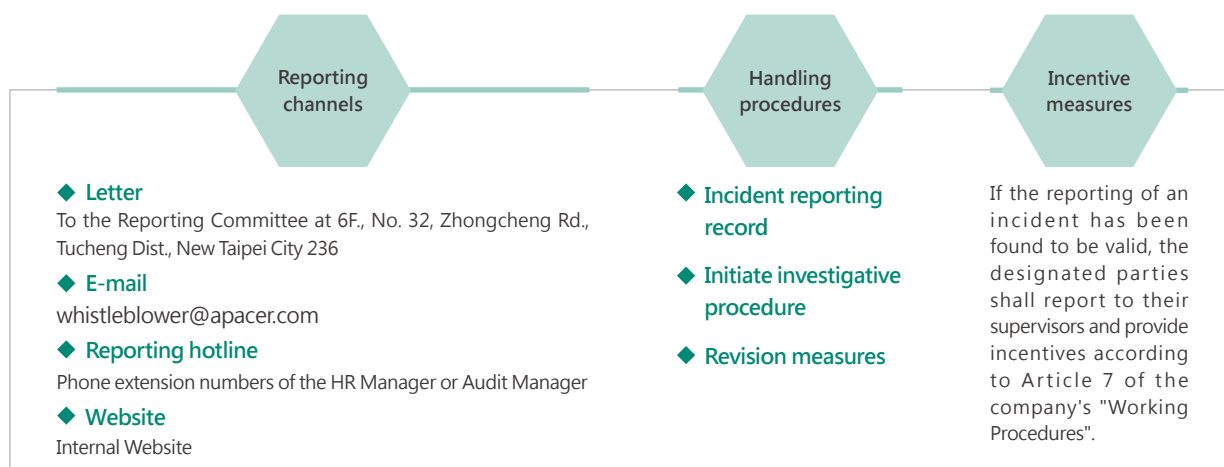
Internal Audit

Apacer has established a rigorous internal auditing system. The Internal Auditing Office has 2 designated personnel, directly under the supervision of the Board of Directors, whose responsibilities include auditing and evaluating all work procedures and internal control of the company and its subsidiaries. Also, they are to report on whether the design of said procedures and internal controls are appropriate, as well as to inspect their results and effectiveness. To effectively strengthen internal risk control, seven internal control procedures are included in internal auditing.

Note: For the organization and operation of internal auditing, please see: <http://www.apacer.com/zh/Investor/Company>

Reporting System

Apacer values all matters pertaining to corruption, fraud, and breach of the company's integral management and has thus established the 'reporting system' rules and procedures. When questionable conduct is found or observed, members of Apacer can report it through designated channels. The Audit Manager and HR Manager have been designated as the responsible parties for handling such reports through stringent work procedures. Apacer also clearly states confidentiality and protection measures for whistleblowers, and guarantees that no unfair treatment will come to said whistleblowers for reporting on an incident. No relevant matters have occurred during the disclosure period of the CSR Report.



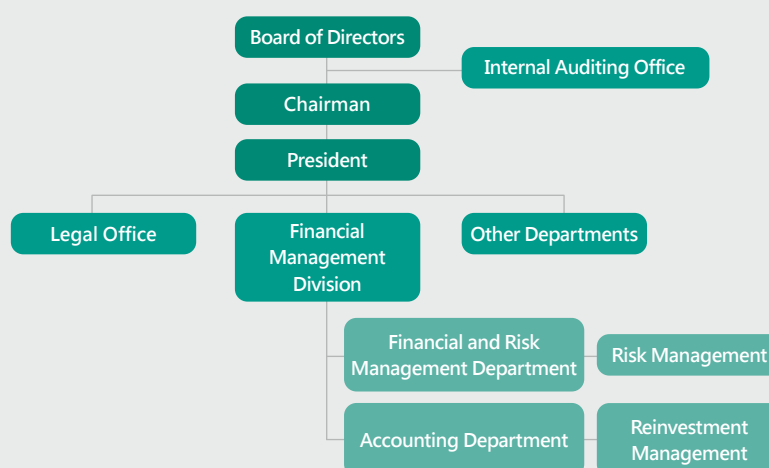
Note: For the organization and operation of the internal audit, please see: <http://www.apacer.com/zh/Investor/ImportantRegulationDownload?id=4>

Organizational Risk Management Objectives

To fulfill business risk management and strengthen corporate governance in practice, Apacer undertakes risk identification, evaluation, handling, and response mechanism systematically from two perspectives: operating risk and climate change risk. This will help to comprehensively strengthen the company's strategies and management measures for risk.

● Operating Risk Management

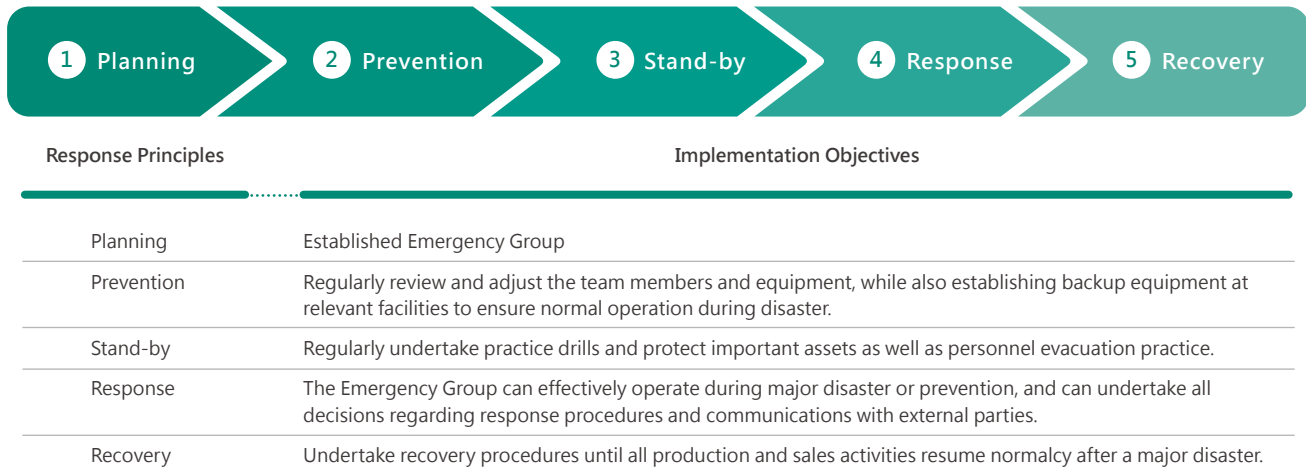
Based on the types of operating risks, Apacer clearly defines and delegates responsible management organizational units to collect information on possible international and industrial operating risks. After systematic evaluation, the units will further identify the likelihood of occurrence, level of impact, and response measures, and then regularly assess and report risk management performance to the Board of Directors for review.



Types of operating risks	Responsible unit	Explanation of responsibilities
Internal control risks	Internal Auditing Office	Regularly review and supervise the execution of each internal control procedure, and arrange the annual audit plan.
Legal risks	Legal Office	Responsible for management of legal risks, contract reviewing, and handling of law suits and litigation to lower relevant risks.
Financial risks	Financial and Risk Management Department	Responsible for planning financial hedging, and the Risk Management Department will be responsible for hedge-oriented trading.
Trading risks	Accounting Department	Responsible for confirmation of hedge-oriented trading and account verification to ensure the accuracy of transactions and financial statements.
Supply chain risks	QA and Manufacturing Department	Compliant with EICC (RBA) standards and reviews the safety of suppliers' work environments and the human rights of their employees to lower the likelihood of supply chain risks.

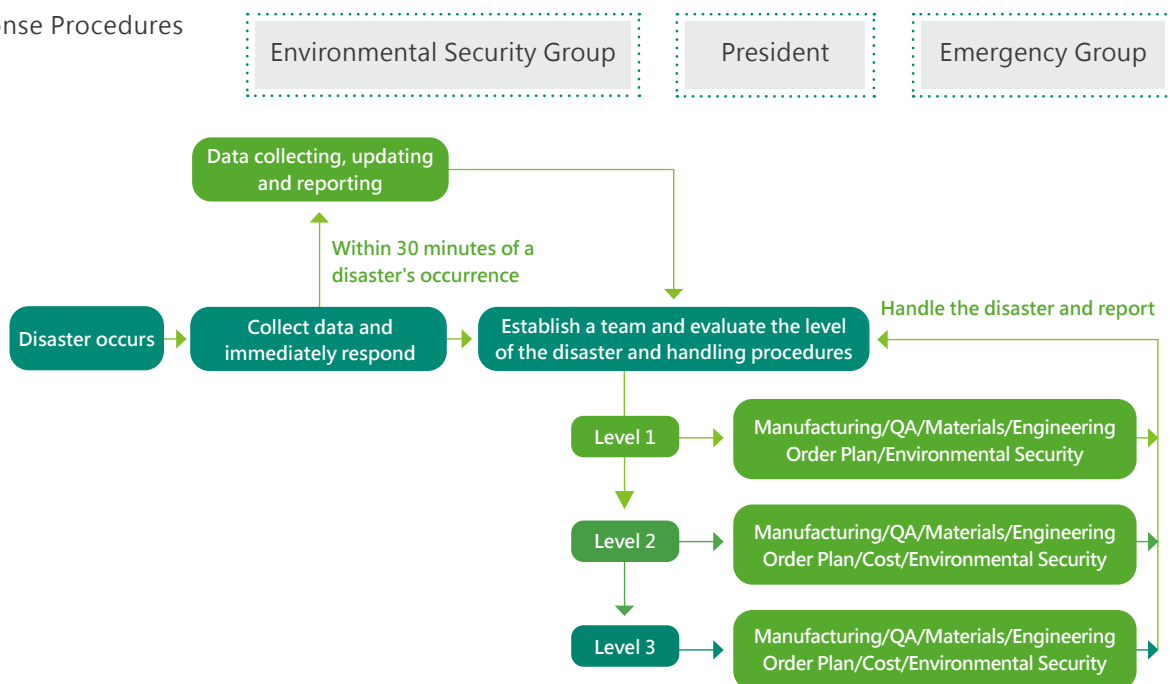
● Climate Change Risk Management

As global climate change has caused frequent abnormal weather conditions, Apacer sees natural disasters as important factors in risk evaluation. We have drafted a Business Continuity Plan (BCP) and proposed relevant backup and supporting procedures and principles after comprehensively evaluating the risk of business interruption due to natural disasters. Such measures will increase the efficiency of responsiveness during the occurrence of a disaster and lower possible losses. Apacer has planned five steps for our Emergency Response Principles:



We have clearly established disaster response procedures, and the Environmental Security Group will collect information from the frontline and continue to update and report. After having identified the level of disaster based on relevant information, the Emergency Group will immediately handle and respond to the disaster.

Response Procedures



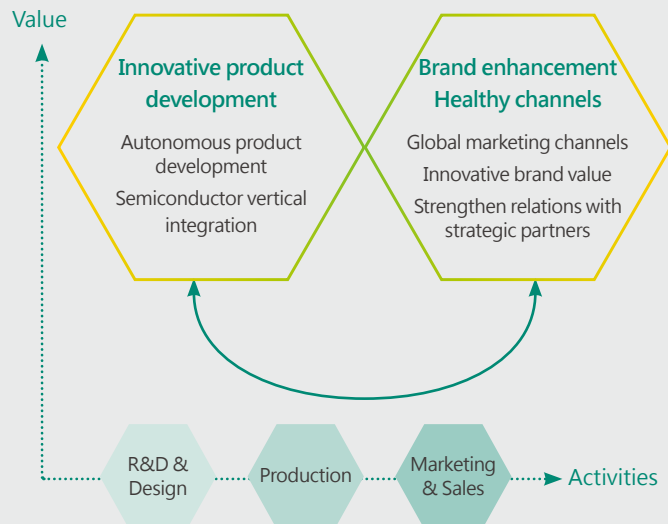
Note: Level 1: Local production site cannot proceed with normal production due to a disaster.
 Level 2: Regions on the island cannot proceed with normal production due to a disaster.
 Level 3: Production throughout the island is interrupted due to a disaster.

Operating Performance and Brand Culture

Material Topic

The Smiles on Customers' Faces are Our Greatest Satisfaction.

Founded on our core in digital storage technology, Apacer has seized the two ends of the Smile Curve, and provides diversified digital storage application products and services to our customers. We undertake software, hardware, and firmware integration through our healthy global marketing channels, comprehensive after-sale services, and by integrating strategic partners from diverse application fields. This allows us to provide customers and consumers with a fast, stable, and reliable smart storage application environment, creating optimized usage and service experiences, and enhancing our brand values of "Reliability" and "Innovation."



Financial Performance

Apacer is founded on long-term stable profitability and growth, and aims to create the most value for all our shareholders and stakeholders. Our long-term commitment to customized products and services in the industrial control market helped us reap NT\$10 billion in revenue in 2017, representing a 47% growth over the previous year. In addition, earnings per share (EPS) also reached NT\$4.02, a historical high since the company's inception.

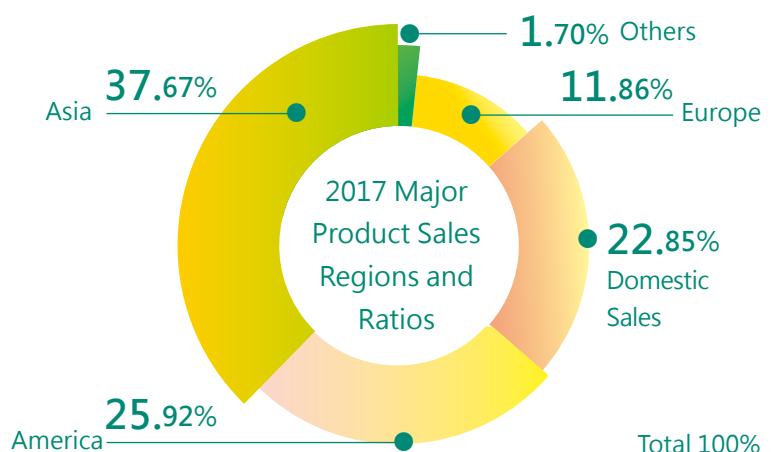
Item	2015	2016	2017	Unit: NT\$ 1,000
Revenue	7,379,728	6,822,226	10,043,476	
Gross Profit	961,243	1,156,300	1,298,790	
Net Operating Income	314,718	406,303	474,842	
Net Income After Tax	228,389	349,291	404,957	
EPS (NT\$)	1.53	2.74	4.02	

Note 1: Financial numbers are taken from the Annual Consolidated Financial Statements and have been audited by a CPA.

Note 2: Please see the 2017 Annual Report for entities included in the Consolidated Financial Statements: <http://www.apacer.com/zh/Investor/Financial>

Founded in Taiwan and Expanding throughout the World

Apacer's clientele includes global distributors, equipment manufacturers, system integrators, and retailers. Its retail network encompasses five continents. We cultivate each individual market through a sound retail system and partners, and provide high-performing, highly-stable and high-value digital storage application products and integration services with our philosophy of "Accessing the Best".



Operating Planning and Performance

Apacer's core values are "Reliability" and "Innovation", and in the short-term, besides continuing to expand the volume and profitability of existing memory modules and industrial SSD products, we also aim to actively develop digital storage applications and to integrate with Internet-based, IoT products and application services. As for our long-term operating goals, in response to the popularization of smart terminal-end devices, Apacer will develop information reception, information analysis, information control, and information sharing through our technical advantage in storage, helping to shape the blueprints of our future development. At the same time, Apacer is committed to strengthening our global retail and service network, enhancing our brand image and visibility, and establishing a talent supply chain system, helping to provide the company with high-potential talent for our mid- to long-term goals.



Strategic alliances, cultivating industrial control: form alliances with strategic partners to create a synergistic effect in the industrial chain

Cultivate in the gaming industry: launch a brand-new gaming brand targeted at the Greater China Region

Cater to the mobile trend: OTG, Type-C USB flash drive, fingerprint recognition technology products, and a total upgrade of information security

Seize upon IoT application development: highly-integrated smart cloud-based storage and application service solutions

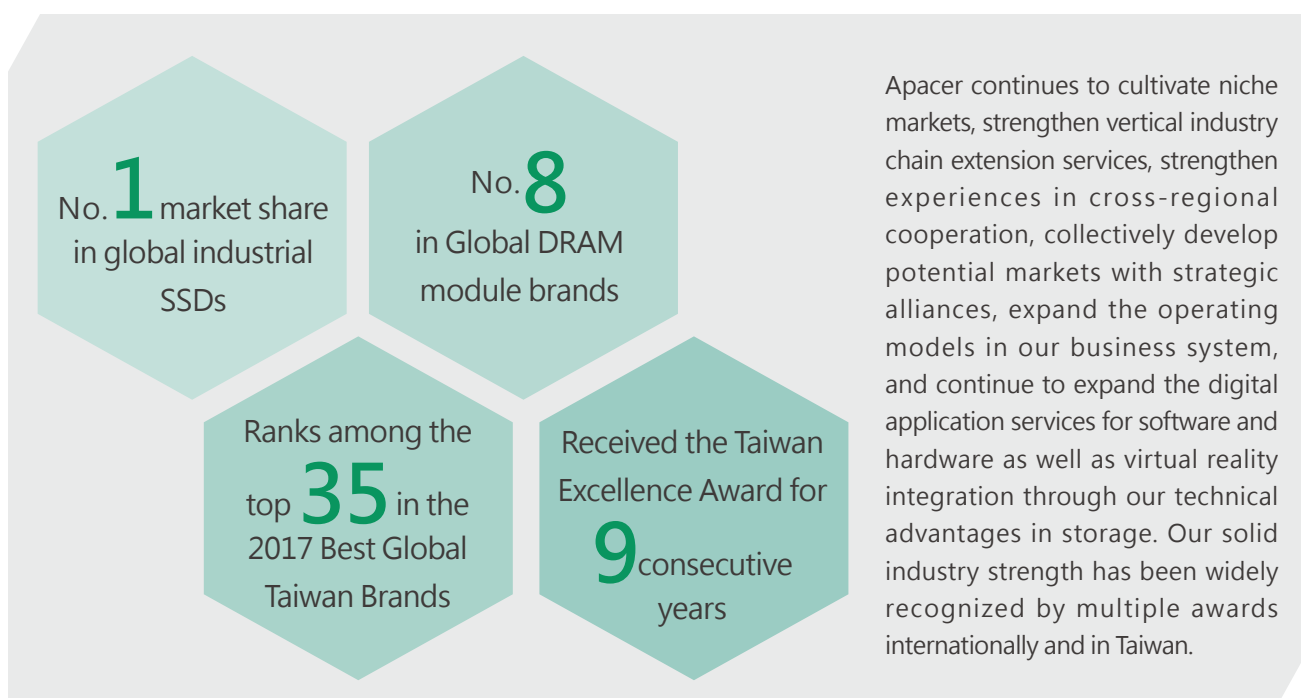
Expand into the photovoltaic testing application field: building relevant applications and products by integrating micro-optics and spectral measurement technology

Strengthen our global business layout: expand our global channels and provide even more effective sales and service network

Develop virtual-reality and software & hardware integration technologies: introduce and foster outstanding R&D talent to enhance the R&D competency for virtual reality, as well as software, hardware, and firmware integration

Global marketing strategies: establish a global marketing network to enhance our global brand image and visibility

Establish a talent supply chain system: precisely target and build a talent database in coordination with organizational strategic objectives



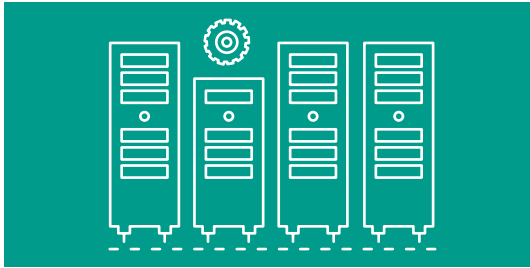
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Products and Services

Founded on our core in digital storage technology, Apacer's product types can be placed into two main categories: "B2B Industrial Soultions" and "B2C Consumer Products". In terms of industrial control products, we remain on the top of market trends at all times, actively enhancing our R&D capability in software and hardware for embedded SSDs and memory

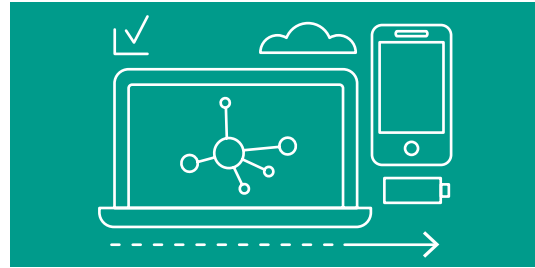
modules, and providing stable, high-performing designs and value-added services to satisfy the diversified developmental characteristics and customized needs in the vertical application market. In terms of consumer products, we design and develop our products with a consumer-oriented approach while also taking design aesthetics and safety into consideration to build the optimal user experience.

Industrial Solutions



Industrial or specialized fields such as Solid-State Drives (SSD), memory modules, and storage devices for web communications, national defense, medical, or automotive use.

Consumer Products



Computer peripheral products including memory modules, mobile hard drives, memory cards, USB flash drives, and SSDs for gaming.

The Reliable Innovator - The Leading Brand in Industrial Control

Apacer has cultivated the industrial control application field for many years. We provide trustworthy products and services with our pioneering professional technologies and integrative competency, and have built a solid partnership with our customers. Not only do we rank No. 8 throughout the world among memory module suppliers, we have also ranked No. 1 globally in the market share for industrial SSDs for five consecutive years. Apacer's industrial control vertical application products and integration services span six major fields, including cloud computing, transportation, embedded & IPC (industrial PC), defense, gaming, and healthcare, providing comprehensive solutions for our customers.



Cloud Computing

Apacer designs products of high quality, high-performing NAND flash memory and DRAM memory products with various data storage applications. These products have a higher capacity, faster data processing speed, and higher-level information security, offering customers the fastest and the most reliable service.



Transportation

Apacer's products have low energy consumption, are shock-absorbent, shock-resistant, and can function under a wide range of temperature conditions, providing storage solutions for transportation and logistics. By using the data from vehicle detectors generated by our powerful hardware design, transportation and automotive device service suppliers can obtain insights into marketing, sales, service, and product R&D, allowing them to improve and to provide customized experiences and enhance their customer relations.



Embedded & IPC (Industrial PC)

Apacer offers industrially reliable and sturdy designs as well as cutting-edge technology for embedded and IPC systems to ensure system usability and high R&D capability as well as professional customization.



Defense

As a world-leading industrial SSD and DRAM solution provider, Apacer provides customized products to satisfy the rigorous requirements for national defense applications. All products have passed independent testing and are top-notch in terms of reliability, safety, useful life, and customization.



Gaming

To satisfy the stringent safety requirements of the gambling industry, Apacer has designed highly confidential and data protection storage application products. Such products are focused on protective functions such as read-and-write protection and ATA safety directives, providing reliable, effective storage solutions.



Healthcare

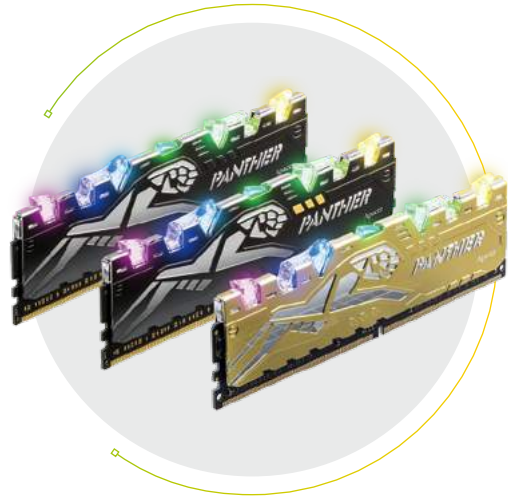
The design and production of Apacer's industrial SSD and DRAM products allow them to be highly functional, reliable, and of high quality, satisfying the extreme usage environment of the medical industry.

Access the Best - Optimized Consumer Experience

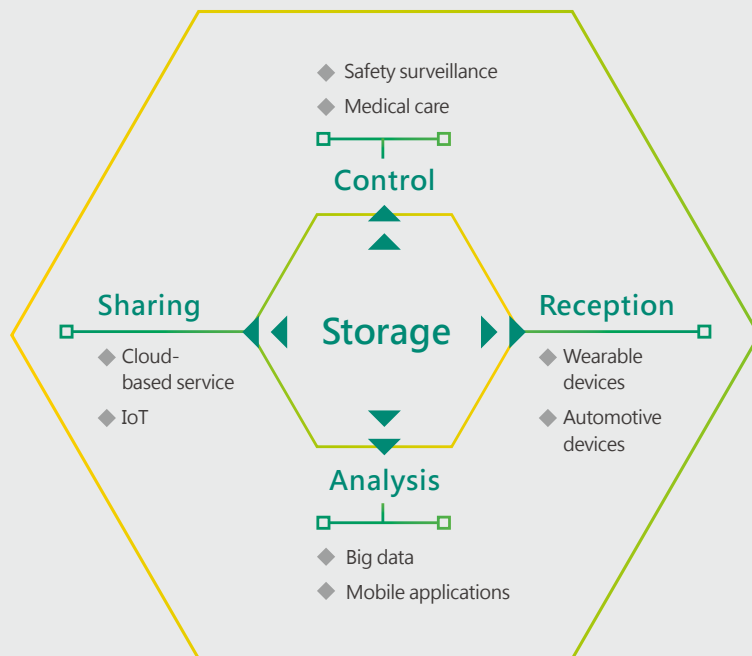


"Access the best" is the promise we make as a brand. We provide memory modules, USB flash drives, memory cards, SSDs, external storage devices, power banks, and other mobile peripherals to satisfy the digital storage and diversified mobile lifestyle needs of consumers. We have also launched customized services to build optimized individual experiences for our users.

Sharpen Your Weapon - Lightning-Fast Gaming Experience



Apacer is actively developing our brand in the gaming market. We have developed unique gaming products with our outstanding R&D team and interdisciplinary field integrative competency. These products have integrated recommendations from US-based refit players and the exterior design of European designers, and they demonstrate Apacer's comprehensive development competency in machine components, lighting control, and software development in gaming.













Looking to the Future - Technological Information Service Integration Ecology

Apacer has seized business opportunities during the cloud era through our competitive advantage in memory storage. We actively undertake cross-disciplinary resource integration and develop potential markets through integrating Internet-based and big data-relevant products and application service platform. Founded on our core in storage, Apacer has expanded to applications including information reception, analysis, sharing, and control, as well as planned business layout in technological information service integration ecology, allowing us to have a head-start in the continually developing cloud-based and IoT development trends.

Founded on "Reliability", We Achieve Greatness through "Innovation".

Apacer is committed to the development of our core business in digital storage. Based on our 20 years of experience in technical R&D competency and our industry insight, we have received widespread recognition and are actively committed to developing new products through innovative thinking. We encourage technical innovations and development, and are fully dedicated to realizing our brand philosophy of "Reliability" and "Innovation".

Awards		Products
	Taiwan Excellence Awards	Super-mini Industrial SSD SDM7 7P/180D DP SSD
	Taiwan Excellence Awards	PANTHER DDR4 Desktop Gaming Memory Module & AS330 SSD Memory modules
	Taiwan Excellence Awards	Military Grade Shockproof Portable Hard Drive AC830 Portable Hard Drives
	Taiwan Excellence Awards	USB2.0/3.1 Super-mini USB Drive AH118/AH159 USB Drives
	Taiwan Excellence Awards	Dual Interface SSD AS720 SSD (Solid State Drive)
	Taiwan Excellence Awards	Type-C Dual Flash Drive AH180 USB Drives
	Razorman Diamond Award	AS340 PANTHER SSD SSD (Solid State Drive)
	Vmodtech Best Performance Award	AS681 ARMOR SSD
	Vmodtech Best Innovation Award	AS681 ARMOR Memory Module
	Razorman Diamond Award	PANTHER DDR4 Desktop Gaming Memory Module

1.5

Innovative R&D

Material Topic

To continuously enhance the core value of Apacer's innovative spirit in all our employees, we have launched a diverse amount of educational training, seminars, and internal incentive measures, showering employees with the motivation to innovate. At the same time, we have continued to foster innovative strength through collaborations with different industries, inspiring all of our employees with different ways of thinking and building a corporate culture of innovation.

Strategic Alliances in the Industrial Chain, Creating Innovative Design

Apacer obtains insights into industry developmental opportunities through our forward-thinking mind-set. Founded on our corporate culture of innovation, we have fostered a young, professional design team, while listening to feedback from customers to provide products with high added-values. Founded on our core technical know-how in storage, Apacer has expanded into diversified fields to create sustainable growth drivers for our business.



R&D and Customization

Accelerating product development and enhancing products' added-values; increasing flexibility in product design and creating customized products for customers



A Professional Design Team

A young, lively design team with a multidisciplinary mindset that designs products that are both artistic and functional by integrating their professional competencies

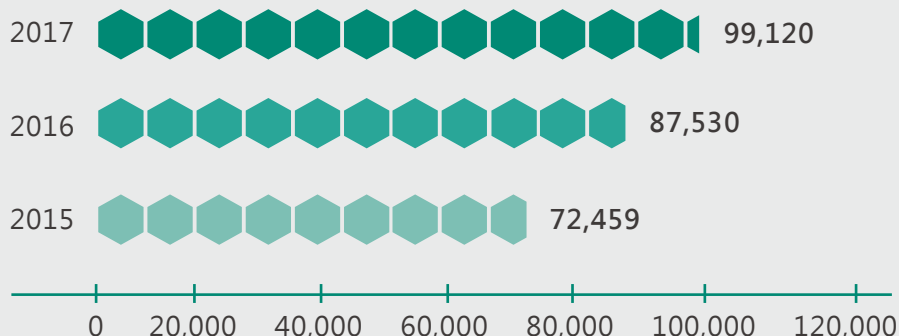


Innovative Thinking

Founded on a core of digital storage technology, Apacer is continuously developing innovative applications and accumulating intellectual property (IP) rights.

To actively plan for future strategic layouts in the industry and to achieve even higher standards, our R&D expenses have grown over the years. Compared to the previous year, such expenses rose by 13.24% in 2017.

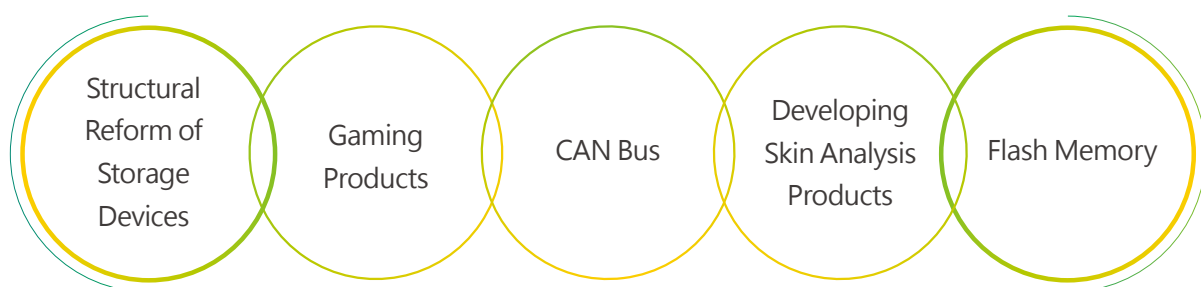
R&D Expenditures



Year	2015	2016	2017	Unit: NT\$ 1,000
R&D Expenses	72,459	87,530	99,120	
Revenue	7,379,728	6,822,226	10,043,476	
Proportion of R&D Expenses	0.98%	1.28%	0.99%	

Established Patent Development Committee

To strengthen the momentum of innovation and R&D, Apacer formally established a Patent Development Committee in May 2017. The committee is chaired by the President, and a Patent Review Team has been set up to undertake internal patent review for developments. The committee has established 5 patent focuses: structural improvements of storage devices, gaming products, CAN Bus (Controller Area Network Bus), development of skin test products, and flash memory. The relevant incentive measures have also been clearly defined. When the revenue of a commercialized product has exceeded NT\$1 million, the company immediately presents NT\$100 thousand as a bonus to award the developer's contribution for the patented product, as well as to encourage employees to actively research, develop, and innovate.



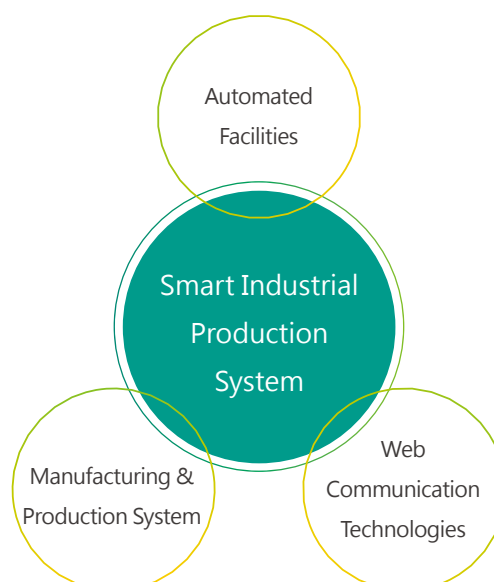
We received 16 patent certifications in 2017, far exceeding our industry counterparts, who received approximately 4 patents on average. As of this date, Apacer has filed for 238 patent applications (including those currently being applied and those that have received certificates), showing that an innovative drive already permeates throughout our company. We also actively participate in associations relevant to our industry to strengthen our understanding of market trends, thus helping us to better grasp new business opportunities.

Participating in associations	Form of participation
Taiwan Stock Affairs Association	Members periodically attend meetings and seminars
EICC	Member of the EICC-ON Platform
GS1 Taiwan	Member
SATA-IO (The Serial ATA International Organization)	Member
JEDEC (Global Standard for Microelectronics Industry)	Member
SDA (SD Association)	Member
CFA (CompactFlash Association)	Member
PCI-SIG (Peripheral Component Interconnect Special Interest Group)	Member
DRAMeXchange	Member
inSpectrum	Member
Taipei Computer Association	Member
Taiwan External Trade Development Council - Taiwantrade	Member

Smart Factory - Re-Upgrading the Production Management

Apacer has built a 'smart factory production system' through the three aspects of automated facility, web communication technology, and production system, effectively enhancing the overall production efficiency and cost-effectiveness. Our production procedures have been made more flexible through virtual-reality integration, helping us to lower the gap between quality and service, and increasing customer satisfaction.

We have built a green production environment in compliance with international standards with top-notch production facilities, autonomous R&D capability, and comprehensive factory management. Besides customizing the best production processes for our customers, we can also precisely control production costs to satisfy the aims of maximizing production efficiency and optimizing production competency.



Introduced Smart Production Software System	Production Facility Automation and Communications	Production Environment Surveillance	Established Smart Production R&D Function Promotions Work Group
Apacer precisely records every process and production data and perfectly integrates such data with production facilities to provide a comprehensive and complete production history. We also analyze relevant data to enhance our production measures.	We have strengthened the web communication capability of our production facilities, and we utilize smart production software system to undertake production management. This helps to revise parameters and prevent abnormalities.	Environmental detection equipment has been installed throughout our production environment to detect the conditions of the production area through smart technologies.	This group will promote the concept of a 'smart facility' and implement the concept of smart production throughout the company.

1.6 Quality Management and Customer Service

Material Topic

Apacer continuously develops various reliable, stable, and innovative products and services. Concurrently, we also create optimized usage and service experiences for our customers through precise customer service procedures and a complete after-sales service system. In addition, we continue to monitor and survey customer satisfaction level after a sale to understand the customer's usage experience and feedback, helping us to further improve our products and service quality.

Product Quality and Safety Evaluation

We believe that quality assurance is our most fundamental promise to our customers. Apacer implements the highest level of safety requirements for product quality. Starting from product R&D, design, usage safety, useful year and after-sales services, all products have gone through stringent and rigorous design and inspection to ensure that they are equipped with optimized efficiency and safety, as well as stable functionality.



All of Apacer's products have completed evaluations pursuant to legal requirements. We are in compliance with EU's RoHS, REACH, and WEEE recycling standards, and we aim to provide products that pose low hazards and low toxicity. We have introduced green production procedures, and promise to abide by international protocols, environmental protection laws in Taiwan, safety and health and energy laws, and are in complete compliance with international standards.

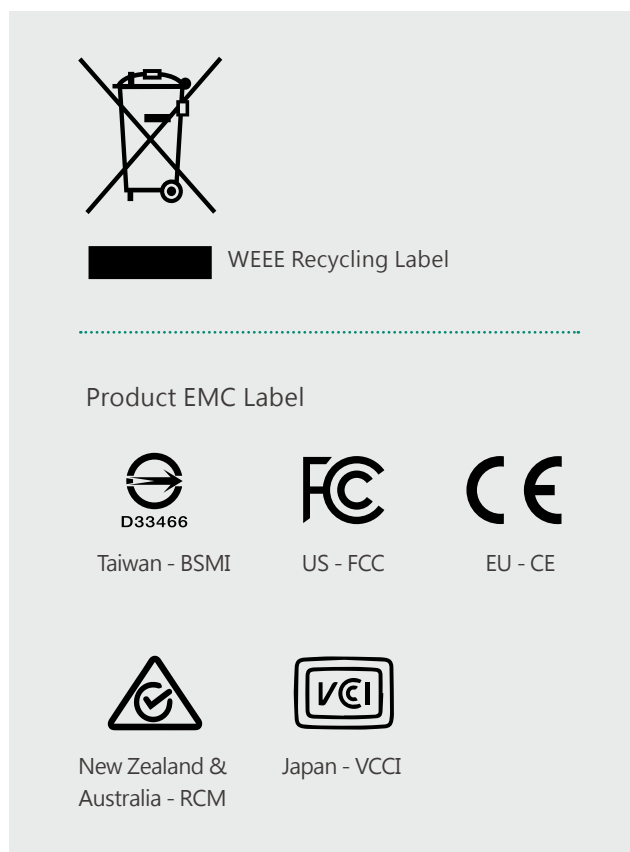
We begin to design cases with a basic functional test, a reliability test, a consecutive power on/off test, a power failure test, an environmental reliability test (operating in high/low temperature and humidity, drop test, vibration test, shock test, and storage test), an EMC test, a safety test, a compatibility test, a data retention test, and a reliability demonstration test starting from the production development stage, which allows us to comprehensively examine product quality and usability. To ensure that materials and production standards are consistent during the mass production stage, we will undertake an On-Going Reliability Test (ORT Test) right from the start of the mass production stage to monitor the quality of our mass-produced products over the long-term, ensuring the quality of each product we produce and deliver.

Product Labeling

All products of Apacer come with clear product labeling, providing complete product information such as manufacturing information, content composition, usage guide, international certifications, and EU RoHs restricted substances (lead, mercury, cadmium, chromium, PBB, and PBDEs) content information. We are in compliance with the Commodity Labeling Act, and our transparent labeling helps to protect the rights of consumers.

Our products are marked with the WEEE (EU Waste Electrical and Electronic Equipment Directive) logo, encouraging consumers to move with us toward a sustainable, responsible target of 80% recovery rate and 70% re-use and recycle rate.

We also conduct EMC tests based on the rules of different regions. To ensure the stability and safety of product use, only after passing the EMC tests will the products be permitted to be imported into each country and sold. These include tests from the BSMI of Taiwan, FCC of USA, CE of European Union, RCM of Australia and New Zealand, and VCCI of Japan. The respective logos will be marked on the products.



Offering an Optimized Service Experience for Customers

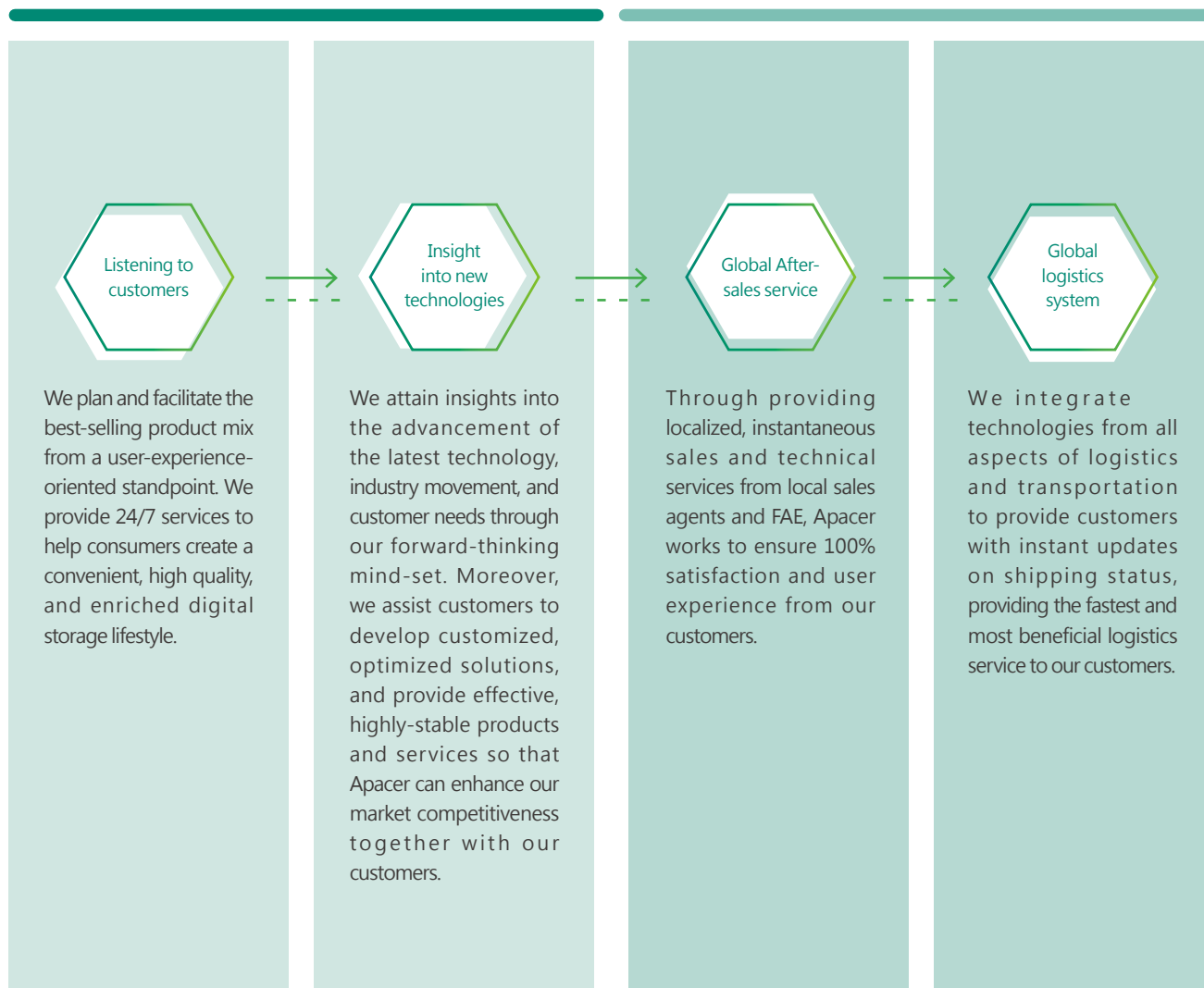
"Access the best" is the promise we make as a brand. Emphasizing user experience, we are focused on all the details throughout product design, and we view customer feedback as important cornerstones for improvement as we strive for perfection. To provide customers with an optimized service experience, we have also defined a Quality and Hazardous Substance-Free (HSF) Policy: "deliver competitive, defect-free, hazardous substance-free products and services on a timely basis to satisfy our customers".

Apacer has construed a comprehensive global after-sales service system. The Customer Service Department and Sales Department are responsible for technical support, grievance handling, and return materials authorization (RMA) procedures after a sales transaction has been made. For the Taiwan region, the company has established service centers in northern, central, and southern Taiwan. Consumers can also seek after-sales services such as product maintenance or swapping through licensed agents.

As for the rest of the world, we provide localized, immediate sales and technical service through our local sales reps and FAE. Moreover, we also provide customers with TTL professional logistics plans through strengthening our logistics management with information technology integration. This helps us to immediately understand the shipping status, effectively plan procedures, and achieve competitive costs, thus providing customers with the fastest and most convenient logistics service.

R&D and Design

After-sales Service



We regularly perform customer satisfaction survey questionnaires each year to collect opinions from our customers. Results from the surveys over the years have all reached our annual target customer satisfaction rate. The customer satisfaction rate in 2017 was further increased by 0.87% over the previous year. For customer feedback from those who have given lower points, our Sales Department has also actively reviewed, analyzed, and made the necessary improvements to provide products and services that best meet our customers' needs.

Customer Satisfaction Rate Over the Years

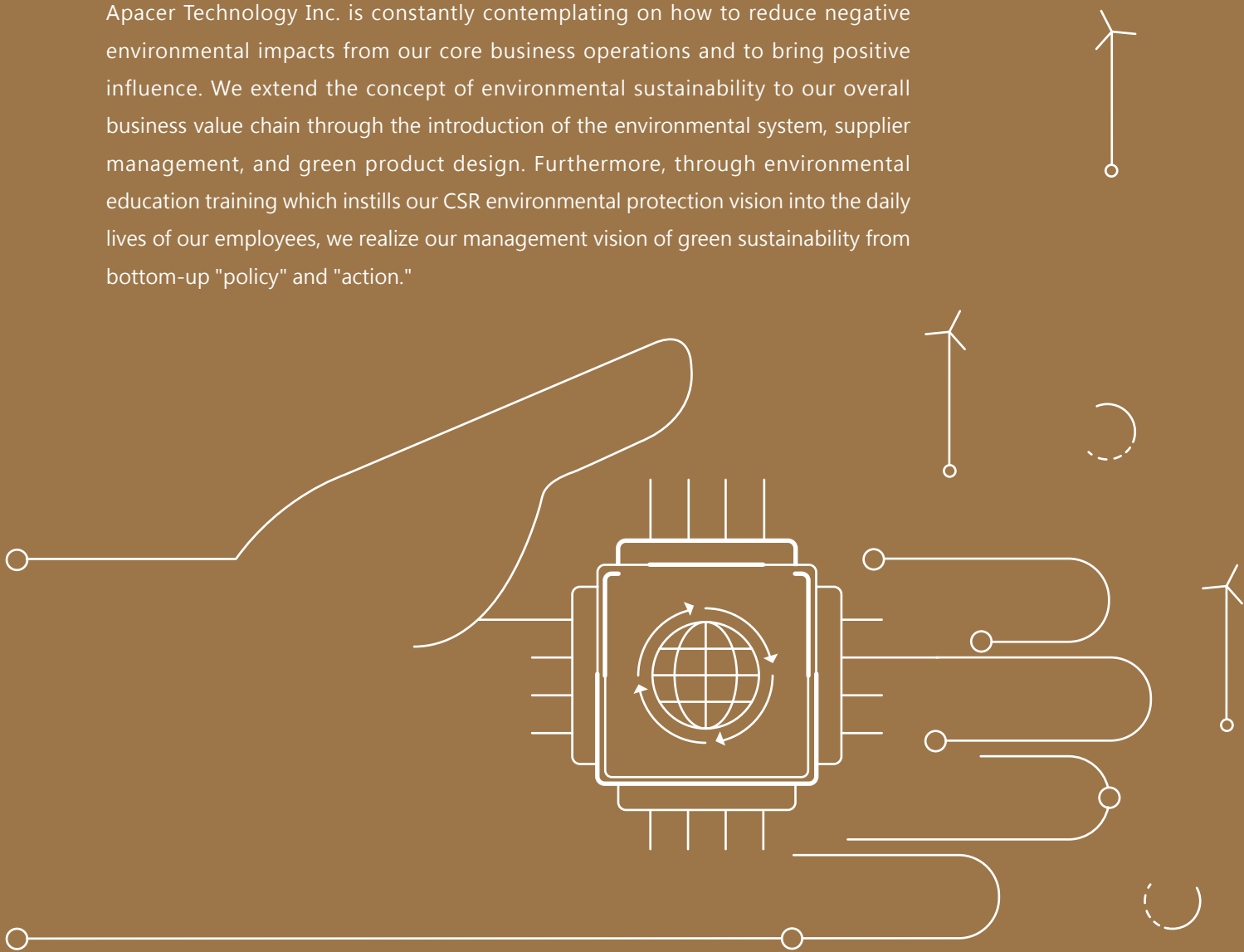
Year	2015	2016	2017
Satisfaction Rate	89.68	88.25	89.02
Target (85 points)	Target reached	Target reached	Target reached

Note: Added customer satisfaction rate from BU2 in 2017; total customer satisfaction rate is the average sum.

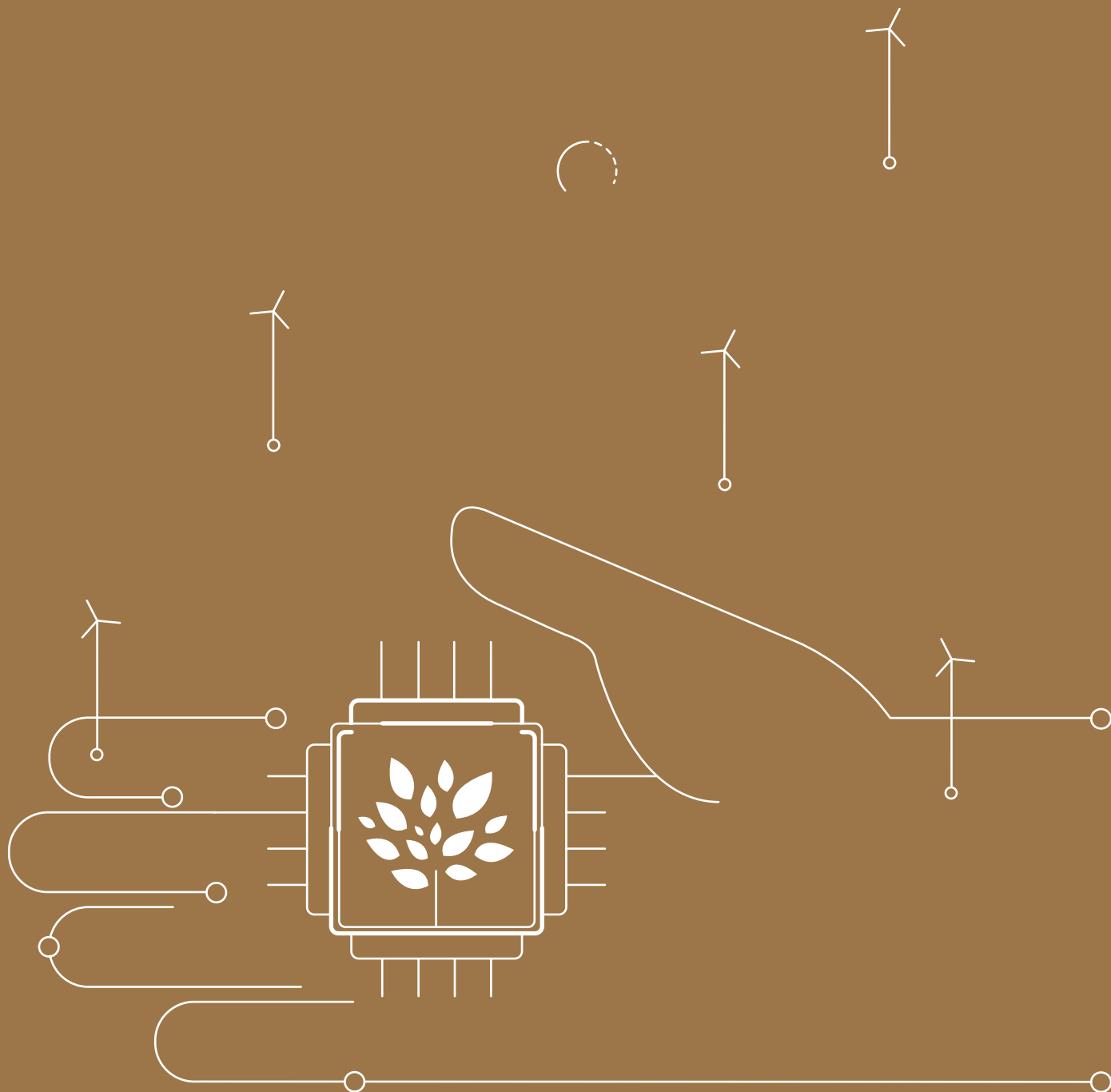
Chapter 2

Creating Green, Sustainable Processes

Apacer Technology Inc. is constantly contemplating on how to reduce negative environmental impacts from our core business operations and to bring positive influence. We extend the concept of environmental sustainability to our overall business value chain through the introduction of the environmental system, supplier management, and green product design. Furthermore, through environmental education training which instills our CSR environmental protection vision into the daily lives of our employees, we realize our management vision of green sustainability from bottom-up "policy" and "action."



Material Topic	Material Topics	Vision and Objectives
Management Policy for Material Topics	Hazardous Substance Management	Implement supplier management procedures and ensure that the quality, stability, and Hazardous Substances Free (HSF) management of company products comply with international standards.
	Customer Health and Safety	All Apacer products comply with international environmental standards and client requirements. During product design, customer health and safety are seen as priorities as we strive to build a trustworthy international brand image.
	Green Products and Services	Apacer is constantly focused on the latest international environmental standards, on ensuring the global green competitiveness of our products, and striving to realize our vision of becoming a renowned green enterprise.



Actions

1. Suppliers sign the Declaration for Environmental Protection
2. Provide RoHS testing report
3. Fill out the Candidate List of REACH Substances of Very High Concern (SVHC)

1. Our products comply with EU hazardous substance prohibition standards
2. All products are lead-free
3. Introducing a halogen-free product design

1. Introducing the environmental management systems
2. Supplier sustainability management
3. Green product design
4. Promote environmental education & training

Management Procedures

Suppliers need to comply with Apacer's hazardous substance management standards during new supplier introduction and assessment phases through supplier management procedures.

The focus is on the latest international environmental standards during product design, and ensuring that the raw materials comply with Apacer's hazardous substance management standards through supplier management procedures.

Introducing the Environmental Management Systems:

- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- QC 080000 Hazardous Substance Management System

Sustainable Supplier Management

Material Topic

Supplier Policy

Founded on a principle of localized procurement, Apacer's local suppliers account for 80.9% of all our suppliers in Taiwan, as we hope both to retain the economic benefits of our business operations in Taiwan and to reduce carbon emissions caused by the transportation of raw materials. At the same time, to ensure the consistent quality of Apacer's products and to satisfy customer requirements as well as the HSF standards, we evaluate risks based on suppliers' overall production quality, regions, timeliness of delivery, price, and green product capability.

Region	Types of Suppliers	Number of Suppliers	Ratio	Ratio by Type
Taiwan	Licensed Agent	57	23.2%	80.9%
	Outsourced Vendor	15	6.1%	
	Outsourced Buyer	7	2.8%	
	Trading Company	25	10.2%	
	Manufacturer	95	38.6%	
Non-Taiwan Region	Licensed Agent	6	2.4%	19.1%
	Outsourced Vendor	1	0.4%	
	Outsourced Buyer	9	3.7%	
	Manufacturer	31	12.6%	
Total		246	100%	

Conflict Minerals

Conflict Minerals refer to minerals extracted under conditions of armed conflicts and infringements on human rights, especially Tungsten, Tantalum, Tin, and Gold (collectively referred to as the '3TG') that are mined in the eastern region of the Democratic Republic of the Congo (DRC) and its neighboring countries. Minerals in these regions are extracted through the extortion of civilians, who are forced to work in unethical, harsh working conditions. The profits from such mining activities are put toward warfare and resource plundering, while the ongoing civil war has increased the poverty level of residents and exacerbated the security concern within these regions.

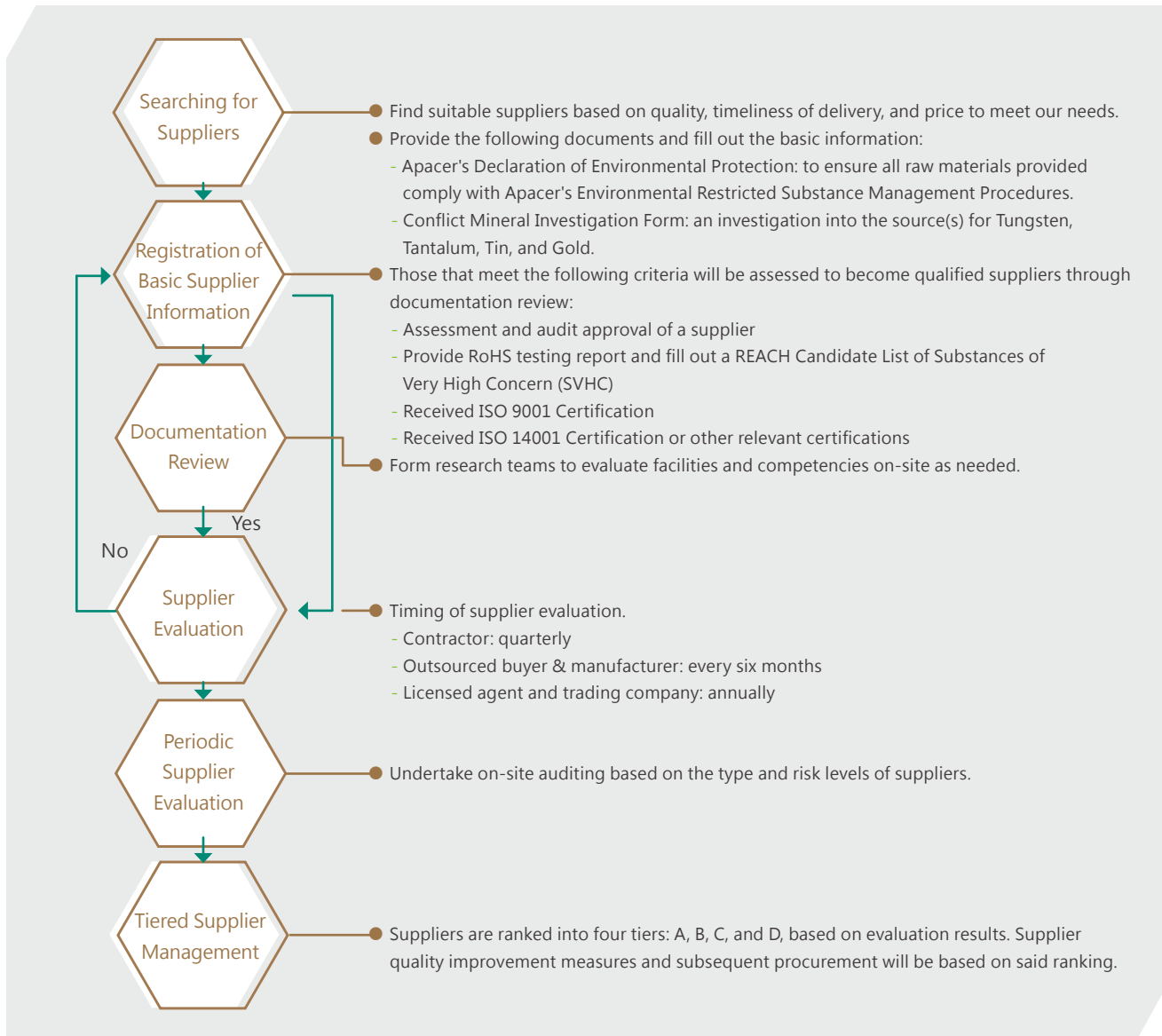
Since 2013, Apacer has undertaken 3TG mineral investigation for Tier 1 suppliers by using the Conflict Minerals Reporting Template (CMRT) developed by Conflict-Free Sourcing Initiative (CFSI). All suppliers are required to fill out a Conflict Mineral Investigation Form during basic information registration. A total of 255 suppliers were subjected to such an investigation in 2017, and results show that metals and minerals used by products relevant to Apacer were sourced from Europe, Asia, and America, and none were sourced from regions and neighboring countries controlled by non-governmental factions or illegal militia from the DRC.

Supplier and Hazardous Substance Management

Apacer ensures the quality and stability of its products and that the products' Hazardous Substance-Free (HSF) management complies with international standards and customer requirements through Supplier Management Procedures. Raw materials provided by suppliers need to comply with the EU RoHS and environmental hazardous substance and chemical substance prohibition and restriction standards from REACH (European Regulation on Registration, Evaluation, Authorisation, and Restriction of Chemicals).

At the same time, suppliers are also required to sign a Declaration to Environmental Protection, to provide a raw material testing report, and to complete the substance investigation form before they are eligible to become qualified suppliers. Apacer achieves quality and HSF policy of 'delivering competitive, defect-free, hazardous substance-free products and services on a timely basis to satisfy customers' through its Supplier Management Procedures and Supplier Environmental Standards.

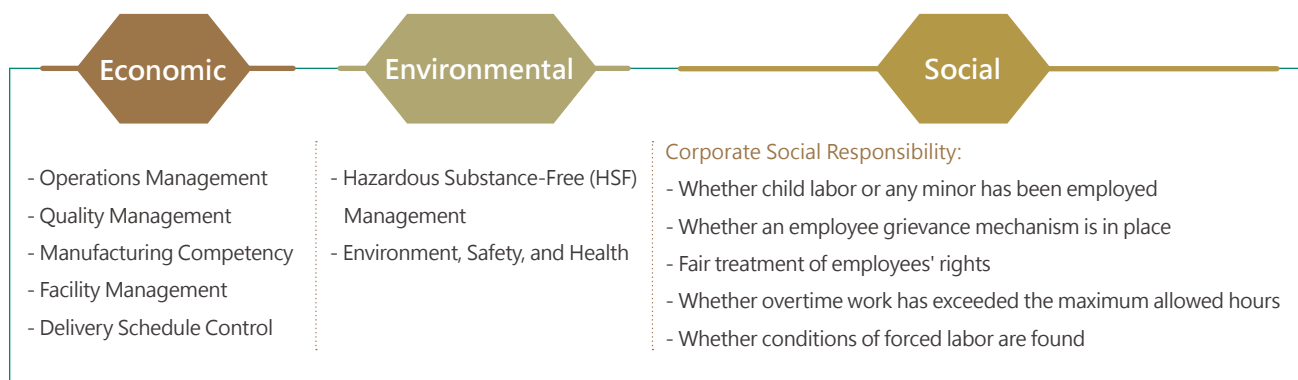
Supplier Management Procedures



Periodic Supplier Evaluation

All raw material suppliers underwent their annual evaluations in 2017. The frequency of the evaluation is determined by the type of suppliers, and suppliers may be evaluated in each quarter, every six months, or once a year. Besides competencies including quality, production, and delivery schedule, the supplier evaluation also takes environmental and social aspects into consideration. Apacer encourages the partners in our supply chain to value and to implement corporate sustainable management in practice through the supplier evaluation system. At the same time, onsite auditing is also carried out based on the types and risks of suppliers. An annual on-site supplier audit is required for raw material suppliers for electronics and packaging, outsourced vendors, and all domestic manufacturers that did not receive an "A" score on their periodic evaluation.

Aspects of Apacer's Supplier Evaluation



Supplier Tiered Management Procedures

Supplier Ranking	Evaluation Standard	Management System
A	90 – 100 points	May increase the quantity of order(s) or give incentives as Apacer sees fit
B	80 – 89 points	No incentives or disincentives will be given
C	70 – 79 points	Quantity of order(s) will be reduced and timely improvement will be required
D	Below 69 points	Supplier will be relieved of their HSF-qualified supplier status

2017 Supplier Evaluation and Ranking Results

Region of Suppliers	Type of Suppliers	Supplier Ranking	
		Rank A	Rank B
Taiwan	Licensed Agent	57	0
	Outsourced Buyer	7	0
	Trading Company	25	0
	Manufacturer	93	2
	Outsourced Vendor	10	5
Total in Taiwan		192	7
Non-Taiwan Region	Licensed Agent	6	0
	Outsourced Buyer	9	0
	Trading Company	19	0
	Manufacturer	11	1
	Outsourced Vendor	0	1
Total Outside of Taiwan		45	2

Green Supplier Ranking System

To further evaluate suppliers' management competency with hazardous substances, Apacer launched the 'Green Supplier Ranking System' in 2016 based on the existing Supplier Management Procedures. The 'approval rate' and 'timely update' of suppliers' uploaded RoHS testing reports are to be used as reference data for calculations. Procurement personnel can use this ranking to appraise the suppliers' HSF management competency and to either require revisions or to eliminate inferior suppliers based on supplier rankings during the supplier annual audit. This will help us to be better aligned with the latest requirements and standards from the global community and from our clients.

2017 Green Supplier Ranking

Ranking	Points	Number of suppliers
A	90 points or above	47
B	75~89 points	162
C	60~74 points	16
D	Below 59 points	45
Total		270

Note : certain suppliers of key components were not included in the calculations since they were not required to upload their testing reports.

Fulfill the Electronic Industry Citizenship Coalition (EICC; Currently known as Responsible Business Alliance) Code of Conduct in Practice

Apacer's global operations all comply and work in line with the five behavioral principles of the EICC (currently "Responsible Business Alliance, or RBA"). Our operations are founded on integrity and transparency, and besides building a positive work environment for our employees, we also execute our environmental policy through Supplier Management Procedures. We form partnerships with suppliers to lower the environmental impact from our business activities and to demonstrate our resolve in fulfilling corporate social responsibility (CSR). In 2017, all of Apacer's employees completed the EICC (RBA) educational training course, which helps employees fulfill EICC (RBA) Code of Conduct in their day-to-day operations.



Supplier EICC Standards (EICC; Currently Known as Responsible Business Alliance)

Apacer has implemented EICC (RBA) standards on its Tier 1 suppliers since 2017. Significant labor-intensive suppliers including raw material suppliers, contractors, agency companies, and waste disposal vendors are required to respond to the EICC (RBA) Declaration. Apacer strives to emphasize labor safety and human rights, environmental protection, and integral and transparent operations with its supply chain partners. In the future, Apacer plans to gradually expand the scope of supplier requirements and sees fulfilling corporate social responsibility as the company's long-term goal.

Total number of suppliers in 2017

246

Number of suppliers that signed the EICC (RBA) Declaration in 2017

40

Annual Supplier Conference: Communications and Mentoring

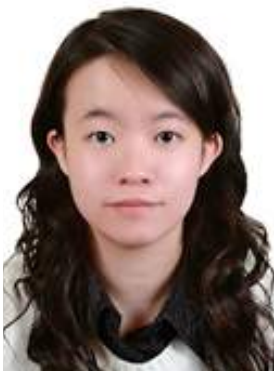
Suppliers are important partners to Apacer in becoming a green business. Therefore, we organize Supplier Conference once a year. During this conference, Apacer will explain the company's important quality and environmental policies, communicate the latest international legal requirements and standards, and invite professional consultants or auditors from accreditation companies to detail the latest trends and status of management system.



A total of 50 suppliers and 74 representatives attended Apacer's 2017 Supplier Conference. Besides explaining Apacer's CSR strategic objectives to suppliers and the latest technical standards and requirements for green products, we also introduced the concept of green design and risk management and life cycles from ISO 14001:2015. We continue to learn and to grow with our supply chain partners on the subject of environmental sustainability, as well as to foster the supply chain's management competency regarding green and environmental protection issues.



Feedback from Supply Chain Partners



Chia-Chuan Chang,
Supervisor, Sales Division,
Tripod Technology
Corporation

Tripod has collaborated with Apacer for dozens of years, and we are business partners with mutual trust. During our years of working together, Apacer has always provided us with sufficient information in terms of CSR. Besides production and quality requirements, Apacer is also focused on human rights, environmental, and green topics. Apacer hosts an annual Supplier Conference to share its social responsibility practices, which include ways to give back to society. The company stresses ways to reduce harm to the environment in the industry, and it encourages partners and suppliers to mutually develop and achieve better CSR performance.

Currently, lead-free and halogen-free materials have already been introduced to the products that we at Tripod provide to Apacer. We both abide by international laws and regulations, and have achieved significant performance in terms of hazardous substance and avoidance of conflict minerals. Apacer has also established a green product website that is constantly updated and maintained to remind its partners to regularly confirm the status of raw materials in products and to pay attention to legal regulations. We are mutually committed to honoring international conventions, environmental protection regulations in Taiwan, and other relevant legal requirements, reducing environmental impacts from products, and lowering the harm done to the environment. Apacer has also shared experiences in products and works with each partner in our supply chain to simultaneously introduce lead-free components. It collaborates with industry partners to ensure that its products are completely in line with international standards. It is rare and very commendable for a company to lead by example and to serve as a pioneer in bringing industry partners together to achieve corporate social responsibility.

In addition, Apacer has also done well in caring for its employees. It values its employees' career development, benefits, human rights, and occupational safety and health. Though there are no formal requirements in place, Apacer continues to remind its partners to provide an even more comfortable and healthy work environment for employees to the best of the partners' ability.

Therefore, Apacer's dedication toward social responsibility has won widespread recognition be it in production, employee's health and safety concerns, or its efforts toward global environmental protection. As a long-term partner, Tripod wishes to join Apacer in remaining committed to protecting our planet, to continue growing, and to share our CSR practices, as well as to collectively pursue sustainable development. Thank you !

2.2

Commitment to the Environment

Environment, Safety, Health, and Energy Policy

Apacer abides by an Environment, Safety, Health and Energy Policy of "legal compliance, energy-saving and waste reduction, consulting and communication, risk control, green design, and continuous improvement." We have reduced the consumption of substances that may harm the environment, and suitably utilized existing resources to reduce energy and resource waste through energy-saving and carbon reduction, as well as energy recycling and reuse. Apacer is committed to an operational objective of "becoming a renowned green enterprise."

- Apacer abides by the environmental protection and energy management laws in Taiwan, and has introduced environmental and energy management systems.
- The company's procurement and processes comply with international environmental standards for electronic products, and conform to the Hazardous Substance-Free (HSF) standard.
- Apacer develops green products and thinks of ways to reduce energy and resource consumption starting from the product design stage.
- In addition, the Company has also established short, mid, and long-term environmental sustainability goals, and continuously enhances its green, sustainable actions.

Introduction of the Management System

To become a green enterprise, Apacer has gradually introduced quality management and environmental management systems. The company has ensured that each stage of operation and production complies with policy standards and can achieve objectives through the Plan-Do-Check-Act (PDCA) Management Cycle. To mitigate pollution and the impact on the environment from products and production processes, we use systematic management procedures to ensure product quality and environmental protection.

In 2017, Apacer passed the verification of the updated version of ISO 14001:2015 Environmental Management System. The company established risk-oriented thinking and a life cycle perspective in terms of environmental management to ensure that environmental requirements have been incorporated into each stage of a product's life cycle, including product design and production.



Energy and Resource Management

Material Topic

Apacer has passed the ISO 14001 Environmental Management Systems, having established pollution prevention and improvement mechanisms, conserved energy consumption, and lowered the environmental impacts from our business operations. Internal energy and resource consumption is mostly from power and domestic water consumption from the operating headquarters. As our production processes do not require water, no production-related wastewater has been produced.

Apacer's water consumption is from Taiwan Water Corporation, and the source of water is from the Shimen Reservoir. Domestic wastewater is collected through wastewater pipelines and sent to the wastewater disposal company, and Apacer's water consumption and wastewater discharge do not pose significant environmental impacts. In terms of energy consumption, purchased electricity (indirect energy) accounts for over 90% of total energy consumption in factories and offices. Since productivity increased in 2017, energy intensity has shown a very minor upward trend.

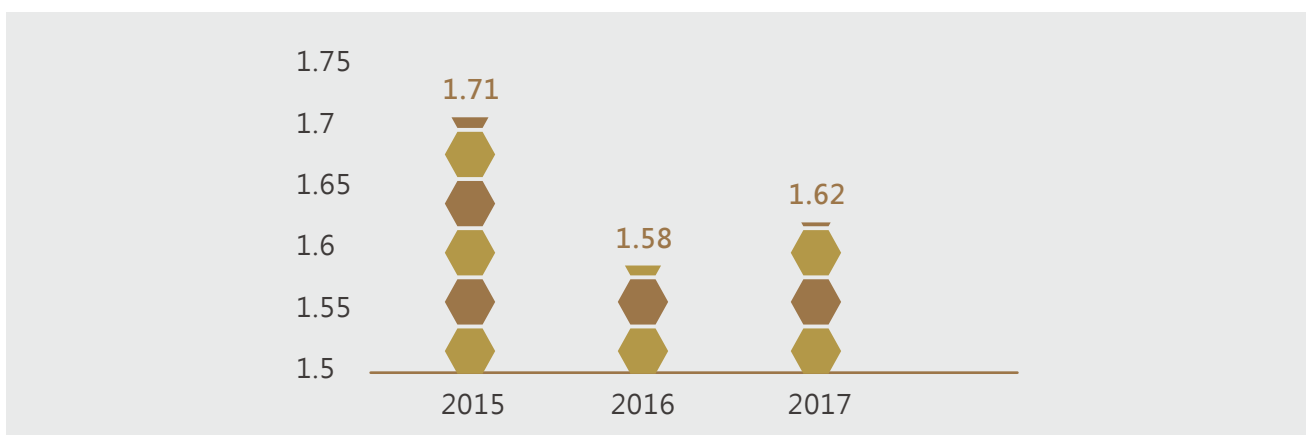
Energy Consumption over the Years

Types of energy	Direct energy		Indirect energy	
Purpose of energy consumption	Diesel-fueled fork lift truck		Factory/office power consumption	
Year	Volume of energy consumption		Volume of energy consumption	
2015	20 liters	702.24 million joules	3,350,378 kWh	12,061,360.8 million joules
2016	20 liters	702.24 million joules	3,435,484 kWh	12,367,742.4 million joules
2017	40 liters	1,404.48 million joules	3,531,621 kWh	12,713,835.6 million joules

Note 1 : 1 liter of diesel = 8,400 kcal; 1 cal = 4.18 joules (in reference to the Product Unit Calorific Value Table from the Energy Bureau)

Note 2 : 1 kWh of power = 3.6 million joules

Energy Intensity



Note : the calculation = total energy consumption volume (joules)/floor area (square meter)

Greenhouse Gases and Energy Management

To be more aware of the environmental impacts and influences from our operations, Apacer undertakes annual self-initiated greenhouse gas verification to understand the actual GHG emissions from the company. Voluntary GHG reduction targets are set based on the verification results. Completed in March 2018, Apacer's operating headquarters in Tucheng District, New Taipei City was the periphery for the Scope 1 and Scope 2 GHG verification in 2017. The sources of emissions included facilities both within and outside the factory buildings and purchased electricity.

Volume of Greenhouse Gas (GHG) Emissions

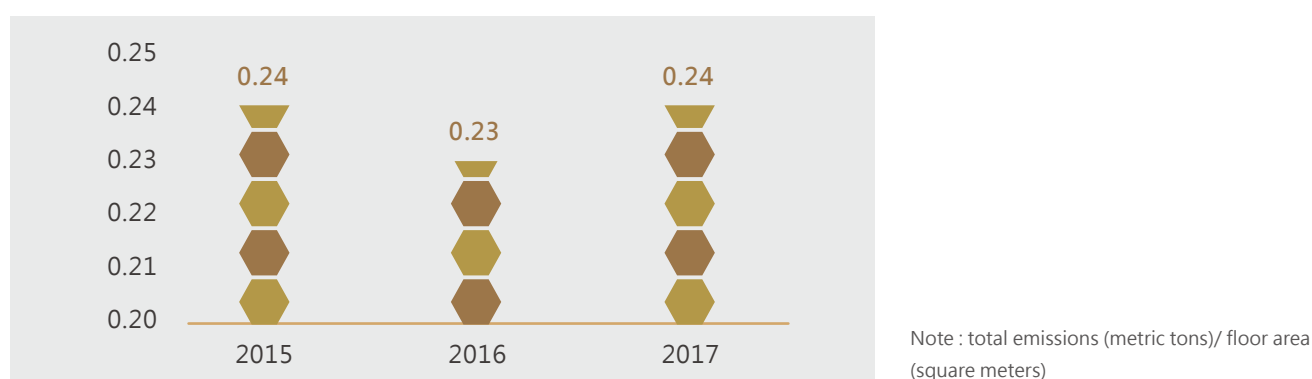
Scope	2015	2016	2017
Scope 1 - Direct emissions (Metric tons of CO ₂ e)	8.311	8.05	8.51
Scope 2 - Indirect emissions (Metric tons of CO ₂ e)	1761.71	1,813.60	1,868.23
Total volume of emissions (Metric tons of CO ₂ e)	1770.02	1,821.65	1,876.74

Note 1 : GWP refers to IPCC 2007

Note 2 : The source of carbon emission coefficient: refers to the latest power emission coefficient announced by Energy Bureau during the time of the inventory

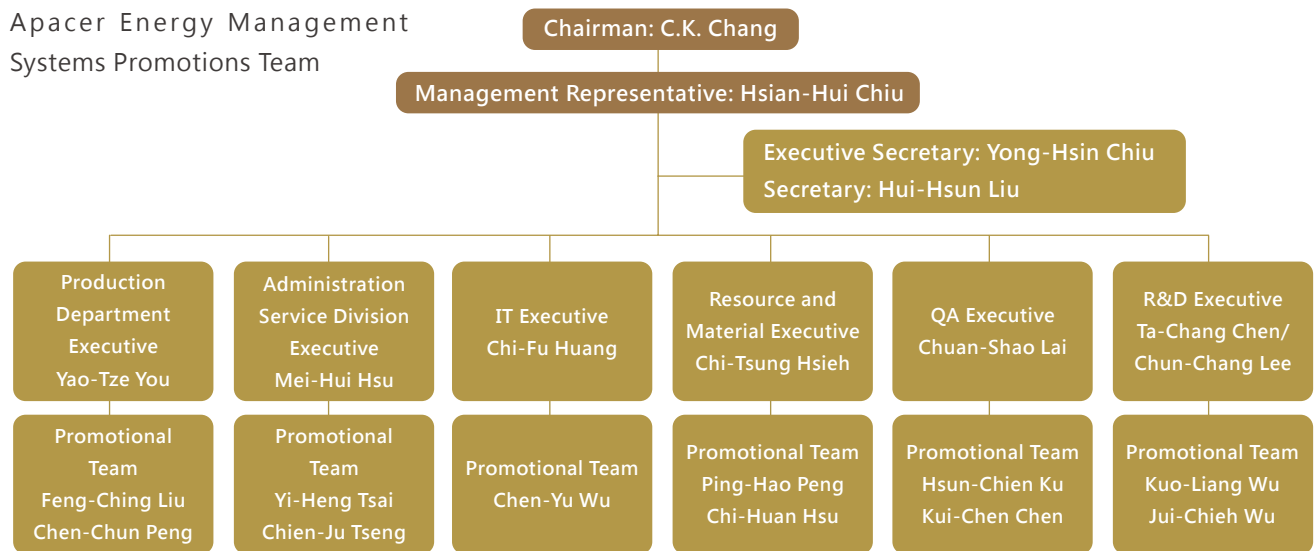
Note 3 : Interrogation boundary: Operational Control Law

Intensity of GHG Emissions



ISO 50001 Energy Management Systems

Over 99% of all Apacer's GHG emissions come from indirect energy consumption. To effectively reduce the volume of GHG emissions, the Company has introduced the ISO 50001 Energy Management Systems, in which major energy consumption is identified to find ways for improvement in order to reduce energy waste and to reduce carbon emissions. The collective effort of each department is integrated by the Energy Management System promotional team to implement our energy-saving and waste reduction environmental policy. In addition, the Company received the ISO 50001 Certification in September 2015.



Chairman

1. Decide on an energy policy
2. Approve & delegate authority

Management Representative

Responsible for tracking the progress of the energy management system and for reporting to the Chairman

Executive Secretary

1. Understand decisions from the Committee and begin P-D-C-A procedures
2. Review effectiveness of implementation
3. Ensure that follow-up improvements will take place

Executive

1. Carry out tasks assigned by the Executive Secretary
2. Collect information relevant to the energy system

Chief Executive

1. Decide on members who will participate in energy system promotions
2. Review implementation effectiveness within each department
3. Ensure that follow-up improvements will take place in each department

Administrative Services

1. Responsible for tasks relevant to power facilities at all factory sites
2. Collect and judge energy-related laws and regulations

Promotional Executive

1. Promotion, maintenance, and revision of the energy system
2. Propose and carry out each energy management program
3. Carry out decision-making for energy system management activities
4. Propose suggestions or draft feasible plans
5. Relevant systematic training
6. Supervise the implementation of the planned energy policy
7. Fulfill energy system target/target implementation effectiveness

2017 Benefits from Energy-Saving Improvement Measures

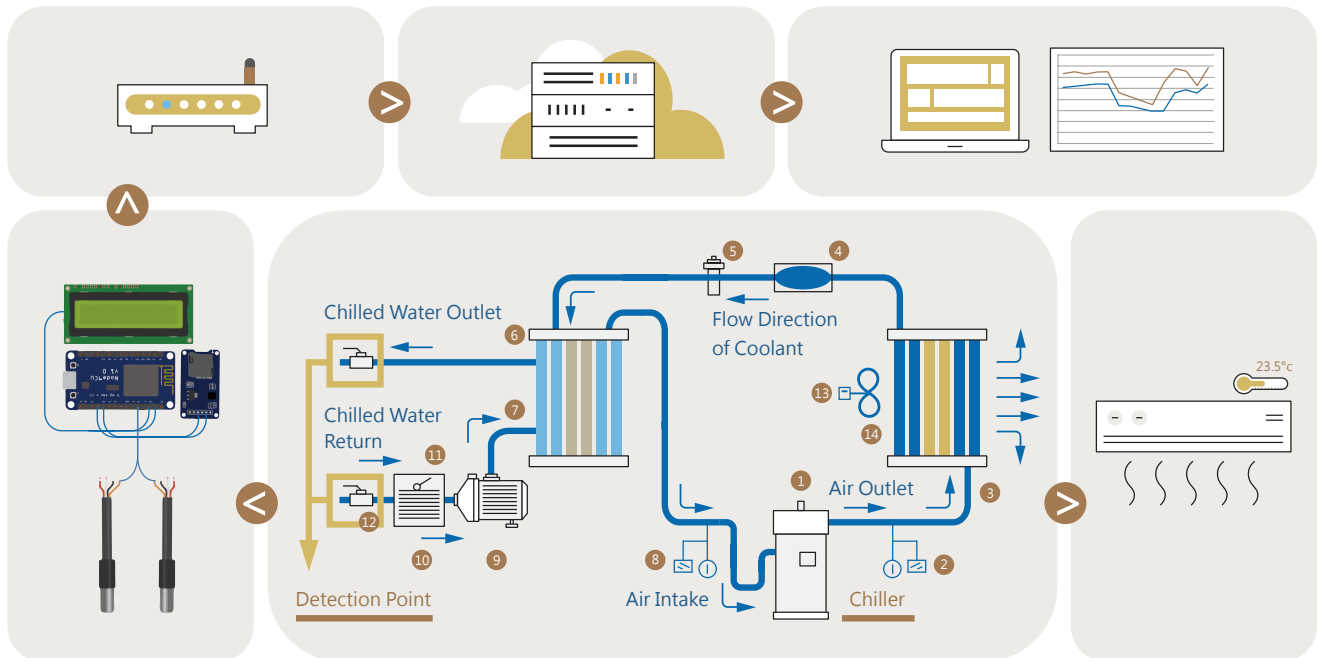
Measures for improvement	Energy-saving benefits	
Reduced power wasting in production processes: improved energy efficiency in run-in facility	Required less machines under the same productivity needs	
	Saved 19.64% of power	Saved 6,920.64 million joules/Year
Reduced power wasting in production processes: improved energy efficiency in air compressors	The inverter compressor automatically adjusted the current to achieve power saving.	
	Saved 19.35% of power	Saved 466,560 million joules/Year

Note 1 : The measurement of energy-saving benefits by run-in facility: Saved 534 Wh x 360 days x 10 hours = 1922.4 KWh = 6,920.64 million joules

Note 2 : The measurement of energy-saving benefits by the air compressors: Saved 15 KW (54 million joules) x 360 days x 24 hours = 466,560 million joules

Water Chiller Cloud Monitoring System

The water chillers are major sources of energy consumption at Apacer. The introduction of the water chiller cloud monitoring system allows us to collect data on power usage, water flow, water temperature, and the quality of the cooling water at any time to monitor long-term power consumption, avoid wasting energy, and to set energy saving targets.



Waste Processing

To effectively dispose of waste materials and to prevent waste materials from polluting the environment, Apacer is committed to reducing production waste. At the same time, the company also appropriately sorts, recycles, and commissions external vendors to process its waste materials. Common commercial waste and hazardous commercial waste are both processed by external qualified vendors, and on-site auditing will be undertaken by responsible department as needed. This will ensure the appropriateness and the legality of the waste processing, helping the company fulfill its corporate responsibility in waste management.

In order to facilitate the recycling, processing, and reusing of waste solutions, Apacer has procured waste solution processors, which reduce the impact of production on the environment and help us realize the business philosophy of becoming a green and sustainable enterprise in practice.

Types of waste		Processing measures	Volume processed (metric tons)	Ratio
Common commercial waste	Domestic garbage	Incinerate	30.53	55.4%
	Recycle	Recycle and reuse	21.50	39.0%
Hazardous commercial waste		Reclamation or reuse	3.10	5.6%

Environmental Protection Expenditures

Expense items	Amount (NT\$)
Environmental Management Systems accreditation fee	228,801
Facility improvements	2,939,400
Common commercial waste	170,100
Hazardous commercial waste processing	233,667
Working environment inspection	30,000
Environmental health within and outside of offices	1,600,000
Environmental landscaping	12,300
Green design	39,690
CSR courses	37,800
Introduction of ISO 50001 provisions and energy review	9,600
Total amount	5,301,358

Office Energy-Saving Measures

Apacer is committed to integrating energy conservation and environmental protection into our day-to-day operations. Besides reducing our environmental impact, the company is also instrumental in fostering employees to adopt environmentally-friendly behavior. To prevent wasting water resources, the company has replaced all faucets at the company with water-saving faucets to reduce water consumption. Water-saving posters have also been posted, while designated personnel are also delegated to inspect the water facilities and to undertake timely maintenance when needed.

Water Consumption Volume over the Years	Year	2015	2016	2017
Total water consumption (metric tons)		5,743	4,317	4,671

Moreover, the company uses electronic forms for all operational processes to reduce paper use. The air-conditioning units are regularly serviced, the internal windows have been fitted with blinds and thermal papers, and circulation fans have been installed to improve energy efficiency. Some public spaces also use natural ventilation, while the office air-conditioning is set to 26°C. In addition, if overtime is needed, the employees are encouraged to stay in the same area whenever possible to avoid unnecessary energy consumption. To avoid wasting energy, the air-conditioning systems in the office areas will automatically stop operations during non-working hours.



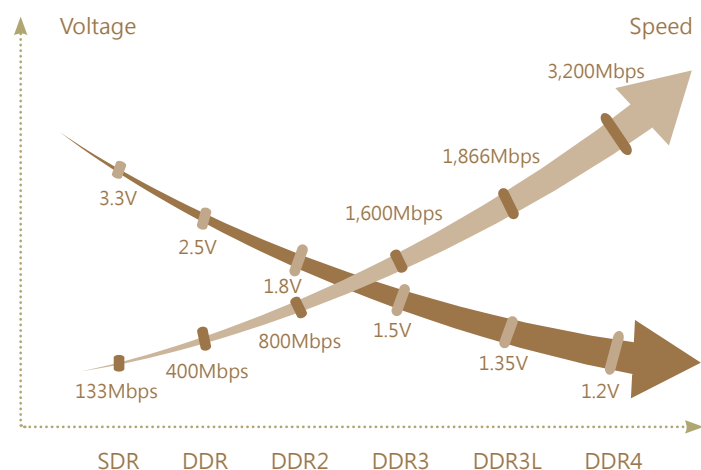
Environmentally-Friendly Product Design

Hazardous Substance-Free Products

Apacer is committed to Hazardous Substance-Free (HSF) management and avoids using substances that are harmful to the environment and human health during production processes. We ensure the raw materials of our products completely comply with EU RoHS and environmental hazardous substance and chemical substance prohibition and restriction standards from REACH (European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals) through our rigorous supply introduction and evaluation processes. Apacer's products meet the latest international environmental protection trends, and 100% of our products are lead-free. We are also working toward halogen-free product designs, and as of 2017, 40.73% of all our products are halogen-free.

Energy-Efficient Products

The R&D at Apacer continues to introduce memory made with the latest process technology and proactively develops the hardware and software to support the latest memory technology, as well as releases new generations of flash memory storage device products from every 6 six months to every year.



Using dynamic memory as an example (image to the right), the DRAM products have evolved with the advancement of interface standards from SDR → DDR → DDR2 → DDR3 → DDR4...With each iteration, the operating voltage has been lowered, the performance has increased, and the power consumption per unit of performance has also been reduced as a result of the lowered operating voltage and performance improvement. And with the advancement in process, the amount of storage that can be produced by the same wafer size has also increased, allowing us to produce more chips at a lowered cost per unit. The flash memory technology used by the company follows the same evolution.

Products Meet the Standards for Power-Saving Mode

The flash memory storage products offered by the Company can be categorized by their interfaces into PATA, USB, SATA, and PCIe. To meet our energy-saving and carbon reduction policies, the products have been designed to use main controllers that support the power saving mode of these interfaces so that these products can enter a power-saving mode with the host machines of our clients.

Green Production and Products

Material Topic

In response to the global trend for environmental protection and in order to work toward our vision of becoming a renowned green enterprise, Apacer is constantly focused on ways to bring a positive influence to the global environment from our core operations. We have extended the concept of environmental sustainability to our overall business value chain by introducing an environmental system, supplier management, green product design, and environmental protection education. We have realized the philosophy of green production and products to comply with the latest international environmental laws and regulations and to ensure the global green competitiveness of Apacer products.

Green Production

- Apacer introduces the ISO 14001 Environmental Management System, reduces waste, and reduces pollution and energy and resource consumption.
- The Company introduces the ISO 50001 Energy Management System, identifies sources of major energy consumers, and establishes carbon reduction objectives and actions.
- The Company also introduces the QC 080000 Hazardous Substance Management Systems to reduce consumption of substances that are harmful to the environment and to human health.

Green Products



- The company promotes Hazardous Substance-Free (HSF) Management, and all products comply with EU hazardous substance prohibition restriction standards.
- Since 2007, the company has introduced comprehensive lead-free production procedures, and all products are now lead-free.
- In 2017, the ratio of halogen-free products reached 40.73%.
- Apacer complies with the Directive on Waste Electrical and Electronic Equipment (WEEE) and has developed an internal WEEE management system as well as designed a platform to calculate the WEEE recycling ratio. In particular, the target recovery rate of all products is 80%, while the re-use and recycle ratio has been set at 70%.

Green Procurement



- All raw material suppliers of Apacer products completed the Declaration of Environmental Protection in 2017.
- All suppliers provided RoHS Testing Reports and completed the Candidate List of REACH Substances of Very High Concern (SVHC) in 2017.
- Apacer organizes Supplier Conference every year to communicate the latest international environmental regulations and to build a green partnership with suppliers.

Environmental Protection Education and Training

- All new recruits have completed and passed the Environmental Protection and Energy Conservation General Knowledge course, which introduces the policies and indicators of ISO 50001 Energy Management, ISO 14001 Environmental Management, and ISO 14064 Greenhouse Gas Management Systems.
- Hazardous Substance Process Management (HSPM) educational training is carried out according to employees' functional needs. In 2017, a total of 77 employees have completed the course training, and cumulatively 462 hours of educational training have been provided.
- The company introduced a Green Design course in 2017, and a total of 77 employees have completed the training, while cumulatively 154 hours of training have been provided.





Material Topic

Management Policy for Material Topics

Material Topics

Vision and Objectives

Occupational Health and Safety

Minimizes employees' work-related risks to the lowest level possible to achieve the goal of zero occupational injuries and diseases through diversified measures including introducing a management system, disaster prevention, and educational training.

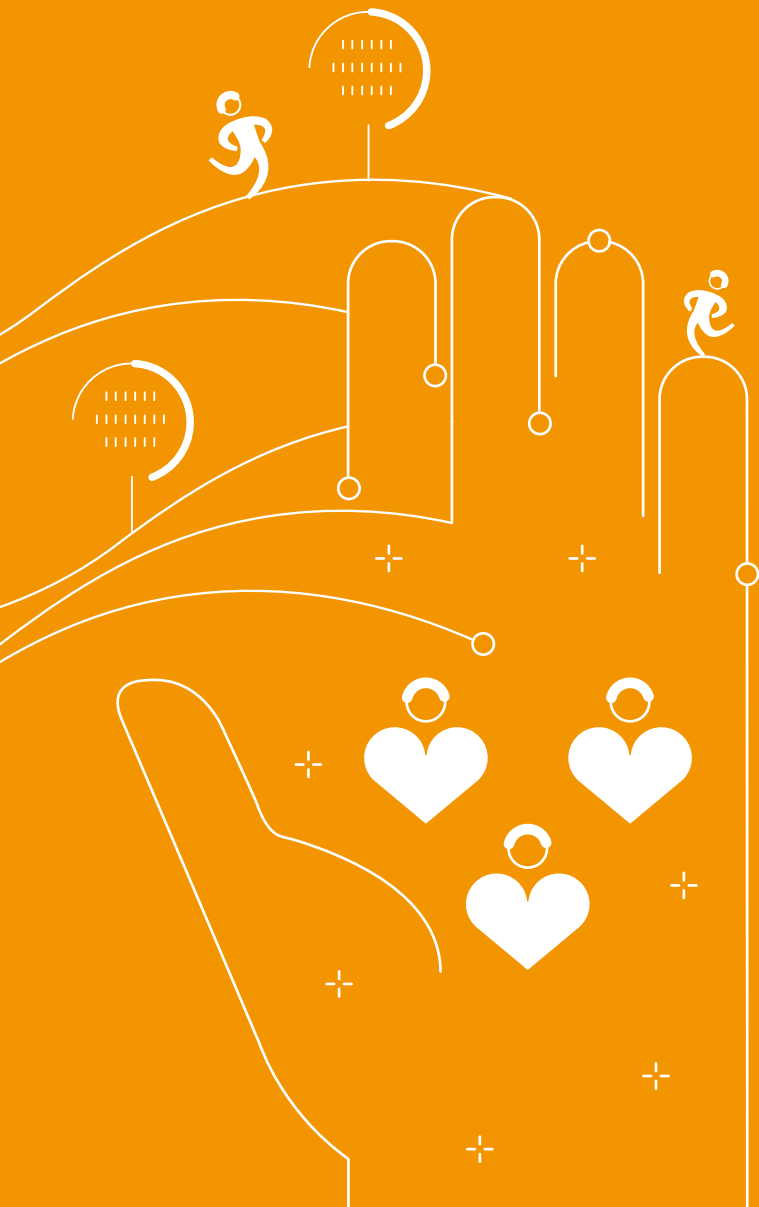
Employee Benefits

Comprehensively plans a benefits system and annual activities from all perspectives to establish a workplace environment that balances life and work.

Chapter 3

Sharing: A Happy and Healthy Workplace

Employees are Apacer's most treasured stakeholders. Our employees are not only our valuable assets, but also our business partners and family members. Therefore, we strive to provide competitive compensation and benefits system, a comprehensive educational training system, as well as a diverse amount of recreational spaces so that employees can feel more at home while at work. At the same time, we see taking care of our employees' health as a vital responsibility. Apacer is committed to building a happy workplace worthy of long-term dedication for every employee through encouraging employees to form sports clubs, reduce operating risks, and enhance employees' health through the OHSAS 18001, Occupational Health and Safety Assessment Series.



Actions

1. Received OHSAS 18001 (Occupational Health and Safety Assessment Series) Certification
2. Disaster prevention
3. Safety and health education and training
4. Implement automatic inspection
5. Employee health management

Management Procedures

Established Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. The committee is responsible for reviewing, negotiating, and proposing safety and health-related advice.

1. Our benefit system surpasses regulations stipulated in the Labor Standards Act.
2. Apacer A+ Happy Workplace Plan
3. Promotes sports and a gender-friendly workplace

Allocates bonuses in accordance to the law and established an Employee Welfare Committee, which organizes and carries out the company's various benefit measures. Employers and employees will fully communicate with one another regarding the company's benefits during the quarterly-scheduled Employee Welfare Committee meetings.

Employee Overview

Employee Policy and Declaration of Rights

Declaration of Apacer's Employees' Rights

Ensuring employee rights

- All employees are entitled to the same human rights protection. We do not discriminate on the grounds of an employee's race, gender, educational background, marital status, or other such conditions.
- To protect employees' rights, all employees will sign a recruitment contract on the date of their being hired.
- No discrimination or forced labor occurred in 2017.

Protecting freedom of association

- Apacer protects the right of freedom of association. Employees can freely form clubs and freely establish or participate in labor unions.

Prohibiting unlawful child labor

- We have never hired an employee under the age of 16, and we strictly prohibit our minor employees from participating in hazardous work.

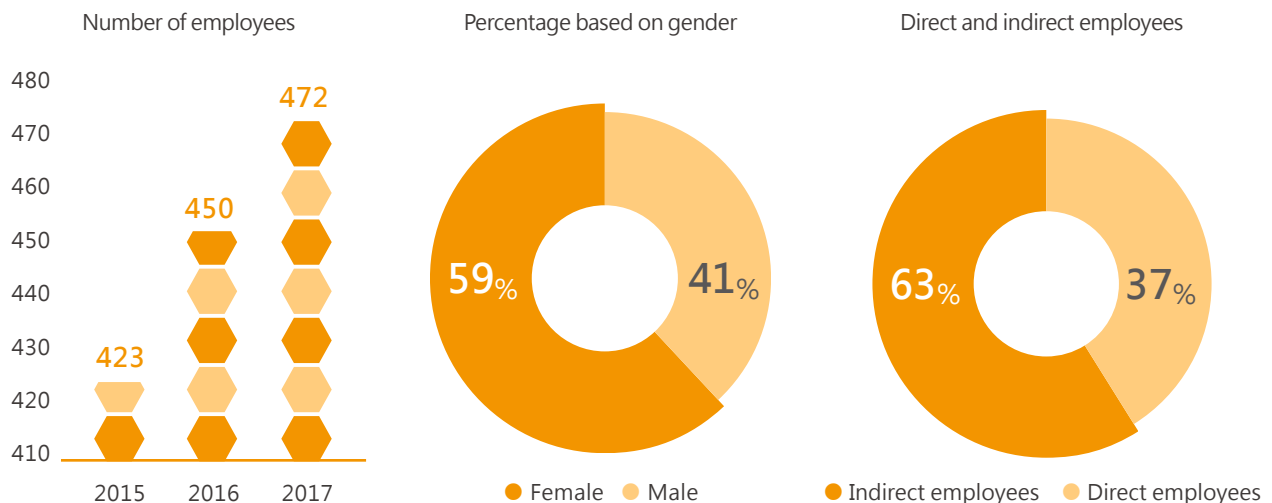
Diverse communication channels

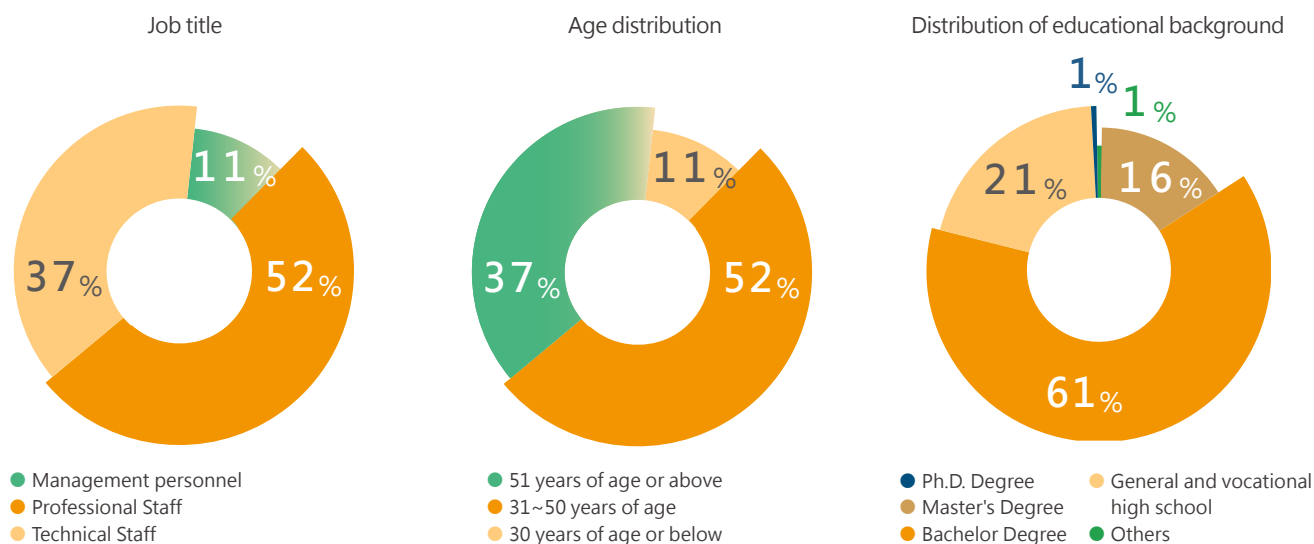
- We have clearly defined our employee grievance reporting methods to solve incidents related to employees' rights and unfair treatment.
- Regularly organizes employment relations conferences to strengthen mutual trust between employers and employees.
- Employees' creative opinion channel - the "Idea Garden"

Abstract of the Employees' Formation

Using our Taiwan headquarters as the boundary, Apacer has 472 employees as of the end of 2017. The number of employees has grown from the same period last year along with the scope of our business. Of this figure, 11% are in management roles. Those based in Taiwan account for 99% of all employees, while the remaining 1% are dispatched on overseas assignments. For the type of employees, direct employees in the production line account for 37% of all employees, or 174 persons. In terms of gender distribution, females account for 59% of all employees. In terms of academic experience and age distribution, most employees are college graduates, accounting for 63%, and most employees are within the 30~50 age bracket.

Apacer is focused on local talent cultivation within Taiwan. An Operations Management Committee was formed in 2017, whose members include the President, Deputy General Manager, Executive Assistant, and two managers from BUs. All five of these senior managers are Taiwanese citizens.





Note 1: The data above is a calculation based on formal employees. Apacer Taiwan has also recruited five part-time employees (1 male and 4 females) and 1 contractual worker (male).

Note 2: Technical staff refers to direct employees in the production line.

Note 3: All roles other than management staff and technical staff are professional staff.

2017 Statistical Data on Employees

Item	Category	Male		Female		Group Subtotal and Proportion	
		Persons	Proportion	Persons	Proportion	Persons	% of total proportion
Position	Management Staff	34	7%	20	4%	54	11%
	Professional Staff	116	25%	128	27%	244	52%
	Technical Staff	45	10%	129	27%	174	37%
Direct and Indirect Employees	Direct	45	10%	129	27%	174	37%
	Indirect	150	32%	148	31%	298	63%
Educational Background	Ph.D. Degree	1	0%	0	0%	1	1%
	Master's Degree	45	10%	32	7%	77	16%
	Bachelor Degree	129	27%	163	35%	292	62%
	General and Vocational High School	19	4%	77	16%	96	20%
	Others	1	0%	5	1%	6	1%
Location	Taiwan	194	41%	277	58%	471	99%
	Overseas	1	0%	5	1%	6	1%
New Employees and Employee Turnover	New Employees	43	9%	54	11%	97	21%
	Employee Turnover	48	47%	54	53%	102	22%
Age	30 years of age or below	27	6%	60	13%	87	18%
	31~50	159	34%	212	45%	371	79%
	51 years of age or above	9	2%	5	1%	14	3%
The Physically and Mentally Handicapped		0	0%	2	1%	2	1%
Aborigines		0	0%	0	0%	0	0%
Gender Total		195	41%	277	59%		
Total				472			

Note 1: Percentage of overseas employees and employees holding Ph.D. degrees are 0.2 and have been rounded up to 1% since the table is rounded to 1 digit.

Note 2: Percentage of mentally and physically handicapped employees are 0.2 and have been rounded up to 1% since the table is rounded to 1 digit.

Structure of New Employees and Employee Turnover

Type	Division	2017 New Employees		2017 Employee Turnover	
		Persons	% of Total Employees	Persons	% of Total Employees
Gender	Male	43	9%	48	11%
	Female	54	11%	54	11%
Age	30 years of age or below	38	8%	22	5%
	31~50 years of age	59	13%	78	16%
	51 years of age or above	0	0%	2	1%
Location	Taiwan	97	21%	102	22%
	Overseas	0	0%	0	0%
Total		97		102	
The proportion of the number of people to the total number		21%		22%	

3.2

Employee Safety and Health

Material Topic

Occupational Safety and Health

Apacer received the OHSAS 18001 (Occupational Health and Safety Assessment Series) certification in 2013. We achieve occupational safety and health management through using the PDCA principle, by measures including risk evaluation, risk control, and regular improvements. We have also installed an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. The committee is responsible for reviewing, negotiating, and proposing safety and health-related advice.

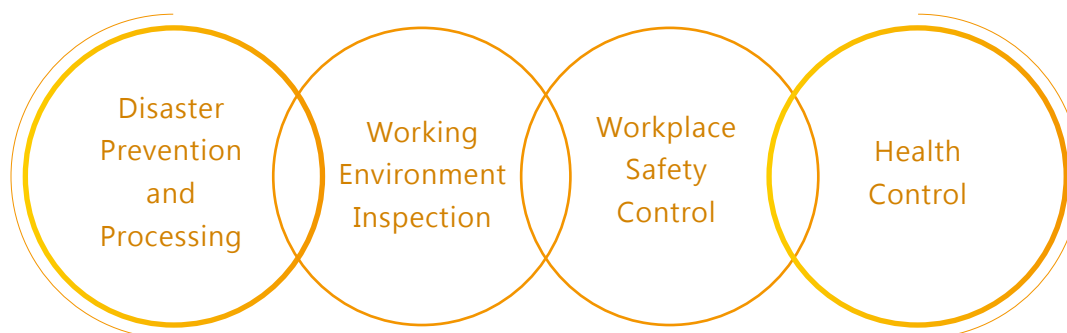
Occupational Safety and Health Committee

Apacer has formed an Occupational Safety and Health Committee in accordance with legal regulations to comprehensively care for our employees' workplace health and safety and to reduce occupational hazards. The committee is directly under the supervision of the President and convenes meetings regularly to review matters regarding workplace health and safety.

Number of representatives	Employees: 5; Employers: 4
Election method of employee representatives:	Elected by all formal employees
Term of service	2 years
Frequency of meeting	Once quarterly; 4 meetings were convened in 2017
Discussion matters in 2017	<ol style="list-style-type: none"> 1. Workplace safety improvement 2. Produced a workplace environment surveillance program 3. OHSAS 18001 certification will be renewed in March of 2018 4. Added workplace violence prevention plan

Note: Employee representatives include 1 occupational safety and health employee and 1 medical employee who services the other employees.

We have implemented occupational safety and health management through four specific measures, and we control the operation of high-risk operating procedures such as operation of overhead, open-flame, and ionizing radiation equipment. Moreover, the risk of employees' operations is minimized through disaster prevention, safety and health education programs, implementation of automatic inspections, and employee health management. In addition, no working days have been lost in all our years of operations due to an occupational disease.



● Disaster Prevention and Processing

Apacer has established the Safety and Health Management Plan and Risk Control Measures to prevent occupational hazards. At the same time, we have implemented safety and health educational training program and inspect the workplace environment in our production facilities from time to time. Meanwhile, to achieve the management goal of zero occupational hazards, all injury, non-injury, and false-alarm incidents are reported and tracked to eliminate potential hazards.

In case of an occupational hazard incident, an emergency response team will be immediately formed, and relevant response measures and procedures will be established to minimize the scope of the hazard. At the same time, the cause of the hazard will be investigated and reviewed for preventative purpose to avoid re-occurrence.

2017 Statistical Data on Safety and Health Education



Courses	Total Participants	Total Hours
General Employee Safety and Health Education Training	312	936
New Employee Safety and Health Education and Training	140	420
On-the-job Training for Safety and Health Personnel	2	18
Radiation Protection	9	27
Retraining for Medical Staff	13	55.5
On-the-job Retraining for Solvent Operations Managers	7	42

● Working Environment Inspection

Apacer regularly commissions qualified operating environment inspection facilities to measure the environment. To ensure that the workplace environment complies with the law, measurement items include dust, organic solvents, carbon dioxide, and lighting to ensure that the operating environment complies with the law. In case abnormalities are found in the measurement results, corrections will be undertaken immediately to protect employees' health.

● Workplace Safety Control

To maintain a safe workplace environment, Apacer implements special operations controls and work permits for overhead operations, open-flame and ionizing radiation equipment based on occupational safety and health laws and safety risk assessment results. At the same time, automated inspection has been implemented in accordance with the law, and all machinery equipment are inspected regularly. Machinery operators need to obtain professional qualification and undergo regular on-the-job retraining.

In terms of personal safety protection, operators need to wear protective gear based on the nature of their operations. Furthermore, to protect operating personnel from radiation, we carry out regular machinery detection procedures in practice, and require relevant personnel to wear radiation badges and undergo radiation procedural safety inspection. This helps us to fully understand the dosage of radiation the operating personnel are subjected to as well as their health conditions.

● Health Control

To fully understand employees' health conditions, maintain employees' health, and to prevent occupational diseases, Apacer requires operating personnel to undergo regular health checkup. Moreover, health checkups are classified into "general operations" and "special hazardous operations" based on the nature of the work. Special checkup items and classified management are required for personnel who come into contact with potential health hazards such as ionizing radiation or organic solvents. We evaluate and use different levels to regulate and handle health abnormalities and correlation to work. The company has commissioned onsite medical staff to fill out "personnel health risk evaluation charts" to assist individual employees in paying more attention to their health conditions. We have also planned a "workplace health promotional plan" and carry out health promotion seminars and activities to actively provide employees with information on a healthy lifestyle.

■ 2017 "Workplace Health Promotional Plan" Activities

Events Held	Number of Participants
4 rounds of health seminars: Staying Away from Hyperglycemia, Hyperlipidemia, and Hypertension; CPR & AED; Preventional Diet for Colorectal Cancer; Learning Stress Relief from a Therapist	194 persons
Mid-Autumn Hoop-Shooting Contest	147 persons
Healthy Vegan Day	60 persons
Pap smear, oral cancer screening	60 persons
Colorectal cancer screening	37 persons
Flu vaccination	119 persons

■ Statistics on Occupational Disease Rate, Lost Time Rate, Absent Rate, and Work-Related Injury Rate Over the Years

Note 1: Type of injury: temporary and complete inability to work

Note 2: Occupational Disease Rate (ODR) = (total number of occupational disease/total workdays)x200,000*

Note 3: Lost Day Rate (LDR) = (number of days lost/total hours of work)*200,000*

Note 4: Absent Rate (total absent days/total workdays)x200,000*
Absences include: sick leave, menstrual leave, work-related injuries

Note 5: Injury Rate (IR) (total injuries/total hours of work)x200,000*

Note 6: 200,000 refers to 50 weeks per year, 40 working hours per week, for every 100 employees

Note 7: There have been 0 work-related injuries from contractors.

Note 8: Since total hours of work and workdays will be calculated based on gender in 2017, the information has been disclosed as of 2017.

Year	2017	
Gender	Male	Female
Total Hours of Work	369,101	547,111
Total Workdays	46,138	68,389
Number of injuries	0	0
Number of deaths	0	0
Sick leave due to occupational diseases (in number of days)	0	0
Occupational Disease Rate (ODR)	0	0
Number of days lost	0	0
Lost Day Rate (LDR)	0	0
Total Absent Days	145	820
Absence Rate (AR)	628	2398
Total work-related injuries	0	0
Injury Rate (IR)	0	0

Employee Benefits and Communications

Material Topic

Apacer Employee Wages and Benefits

More competitive than legal requirements

- More holidays than the legally-stipulated minimum and flexible working hours for indirect personnel
- Support and encourage childbirth: provide paternity leave, pregnancy hospitalization leave, unpaid parental leave, childcare incentives
- All employees can enjoy a free annual health checkup and weekly stress relief massage

Note: Part-time workers are not eligible for certain benefits.

Benefits

Non-financial benefits

- Provision of 3 meals a day
- Free annual health checkup
- More holidays than the legally-stipulated minimum
- Family-oriented group insurance
- A+ Happy Workplace Activities
- Weekly de-stressing massages

Financial benefits

- Annual increase in wages
- Birthday gift vouchers
- Childbirth allowance
- Holiday gift vouchers
- Travel subvention
- Wedding/funeral allowance

Salaries

- Salaries on par with P100 market level
- Salaries on par with P75 industry level

Bonus

- Bonus for three major traditional holidays
- Performance-based bonuses (correlated to personal performance)
- Employee compensation and bonus (correlated to company performance)

Incentives

- Incentives for food and accommodations
- Shift incentives
- Spousal allowance
- Incentives for moving to/returning from overseas assignment
- Overseas incentives
- Childcare incentives

Compensation System

Apacer established a Compensations Committee in 2011 in accordance with the law. The committee is formed by Independent Directors and external professionals, and it regularly reviews the policies, systems, standards, and structures of the performance evaluation of directors, supervisors, and managers and their compensations, as well as the performance evaluation of the management team and the employees' compensation policy. We also have adopted compensation research reports from professional consulting firm as references to the compensation standard of the industry to ensure the competitiveness of our compensation packages so that we can attract outstanding talent to contribute toward our company.

We allocate 10% to 20% of our surplus each year as incentives to our employees based on the year's operating conditions. In addition to fixed wages, we have also established a bonus system including sales bonuses, performance-based bonuses, R&D bonus, and team bonuses to encourage employees to continuously strive for outstanding performance and to surpass themselves at work. In addition, employee stock options and profit-sharing systems are also set up to inspire and strengthen the employees' dedication and cohesion.

Annual Total Compensation Ratio by Gender

Distribution of position	Male Proportion	Female Proportion
Management staff	1.04	1.00
Professional staff	1.24	1.00
Operating staff	1.04	1.00

Male and female entry-level staff in comparison to local minimum wage

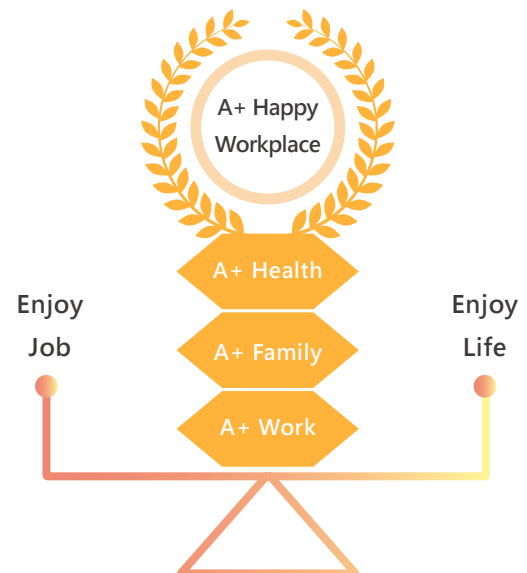
Gender	Apacer compensation	Local minimum wage	Percentage based on Gender
Male	1.13	1.00	1:1
Female	1.13	1.00	

Note: Local minimum wage is calculated based on a NT\$22,000 in monthly salary that was stipulated as of January 1, 2018.

Employee Benefits

● Apacer A+ Happy Workplace Plan

"Enjoy Your Job and Enjoy Life" is Apacer's promise to our employees. In 2017, we attempted to review and plan an internal benefits system through our "A+ Happy Workplace Plan", which coordinates the six aspects of food, clothing, housing, accessibility, education, and recreation from the three perspectives of health, family, and work. We wish that employees can be well taken care of whether they are at work or during their private lives, and that they can enjoy a happy, healthy family life while realizing a satisfying career.



A+ Happy Workplace	Food	Clothing	Housing	Accessibility	Education	Recreation
A+ Health	Vegan Day	Dry cleaning of uniforms	1. Dual certification in environmental safety 2. Medical Center 3. Fitness Center	Sports Day	Health seminars	Happy health checkup
A+ Family	Group food purchase	Exchanging secondhand goods	1. Nursing room 2. Designated seats for pregnant workers	Spousal insurance	1. Novice parents 2. Childcare incentives 3. Childcare measures	1. Family Day 2. Family Arts Gallery 3. Employee trips
A+ Work	1. Provision of 3 meals a day 2. Departmental gathering	Apacer uniform	1. Employee Lounge 2. Creativity Center	1. Flexible working hours 2. Shuttle bus	Sports Clubs	1. More holidays than the legally-required minimum 2. Massage day

● 2017 A+ Happy Workplace Activities



A+ Health: Sports Day

Organized team-based hoop shooting contest in the employee lounge to promote a healthy workplace atmosphere and family-oriented healthy lifestyle through team-based sports.



A+ Health: Vegan Day

Helping employees understand the effectiveness of simple vegetable meals through seminars and cooking lessons, letting employees enjoy a healthy and nutritious lifestyle.



A+ Family: Family Arts Gallery

We invite the children of our employees to provide their artwork ranging from paintings or photography, and in doing so promote family-oriented cultural and artistic events through family interactions.



A+ Family: 20th Anniversary Family Day

To express our gratitude to our employees and their families, Apacer has designed a variety of family activities and performances in Apacer's past 20 years, celebrating a weekend of fun with our employees and building cohesion.

Feedback from Employees



Jo Ho
SMT Production Department

Limitlessness, Positivity, and Moving Forward

11 years have gone by in the blink of an eye. Apacer is a happy workplace. I have never regretted joining Apacer. Thinking back on my first days as an engineer, I always nervously and industriously completed all my assignments, and every manager and coworker I have met along the way has helped me to grow. Different incidents will occur throughout your life, and if you don't set limitations on yourself, and try to face everything with positivity, you will learn even faster and learn so much more. This is my philosophy and attitude toward work.

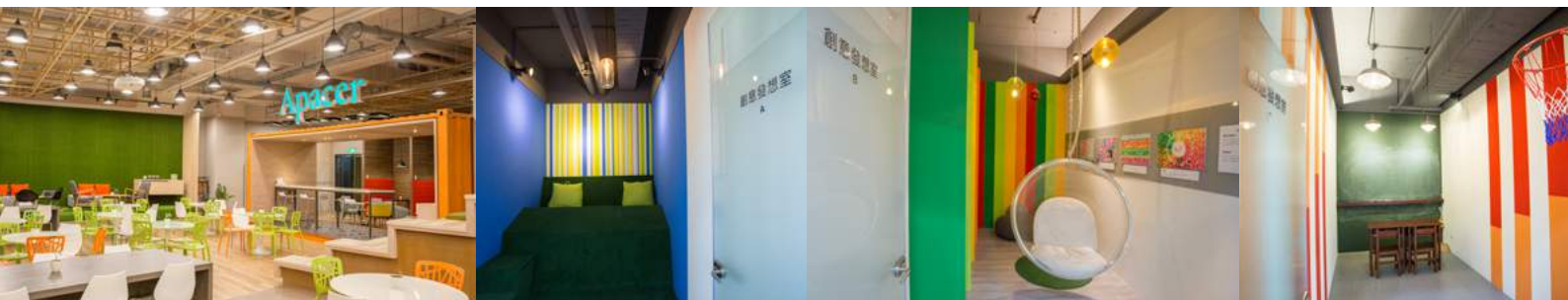
There is laughter, pressure, setbacks, and growth in our big Apacer family. We share our laughter with coworkers, and turn pressure into positive energy that propels us to grow. The process is what counts even if we don't succeed after much trying. I am very grateful for the leadership from Victor, Chi-Sheng, and Zephyr, who have inspired me to achieve even greater potential, and to understand the reasons behind every decision. I have learned to increase my productivity, lower cost, and to achieve better quality and reap greater profit through them. These have always been our goals, and we have learned to realize them one by one. Finally, I am grateful to Apacer, and I look forward to the next 11 years. I will hold on to my original intentions and my positive thinking to realize my potential to create a win-win synergistic growth with the company.

2017 Benefits Expenditure

		Employee Welfare Committee Item	Amount (NT\$)
Benefit Item	Amount (NT\$)		
Childcare Incentives	351,000	Marriage Allowance	22,000
Group Insurance	1,206,876	Funeral Allowance	22,000
Pension	1,989,400	Childbirth allowance	20,000
Total Amount	3,547,276	Hospitalization Allowance	22,000
		Travel Subvention	2,187,424
		Club Subvention	39,981
		Total Amount	2,313,405

Diverse Recreational Space

Apacer sees our employees as important business partners and members of our family. Therefore, we wish for our employees to feel as comfortable at work as they do at home, and have established an employee lounge and reading area on the first floor of our headquarters. The purpose of the lounge is to serve as a multifunctional recreational space, and an assortment of books and magazines are also provided. Individual, customized lounge areas that employees can freely utilize have also been set up in each floor to inspire their endless creativity.



A Healthy Workplace that Promotes Sports

● Set up Sports Area

To encourage employees to exercise, Apacer has set up a sports and fitness area in the first floor lobby of our headquarters. Spinning bikes, gallop machines, a foosball table, and an Xbox 360 are provided so that employees can enjoy a healthy workout at the office every day.



● Diverse Sports Clubs

Apacer wishes for our employees to actively participate in recreational activities beneficial to both the mind and body. We encourage employees to freely organize clubs, and provide club-organizing grants and subvention for activities to help support these clubs. Currently, a variety of sports-oriented clubs have been established at Apacer, including a basketball club, cycling club, boxing club, and golf club. We wish for all employees to form inter-departmental friendships with fellow employees and to enjoy healthy and enriched lives.



Gender Friendly Workplace

● Thoughtful Care for Mothers

As 59% of all Apacer employees are females, we provide designated seats for pregnant women to care for our pregnant workers and mothers in the hopes of alleviating their physical stress during their pregnancy period. Spacious nursing rooms with comprehensive facilities and equipment have also been set up in our offices. Moreover, Apacer was honored with the Excellence Award in the 2016 New Taipei City Nursing Room Contest, and we will continue to build an even better, friendlier workplace environment in the future.

Besides provisions for childbirth and childcare incentives, the company also adheres to the "Regulations for Implementing Unpaid Parental Leave for Raising Children." As the company wishes to assist employees to care for both their families and careers, all employees that have worked at Apacer for longer than 6 months are eligible to apply for unpaid parental leave.



Statistics on 2017 Unpaid Parental Leave

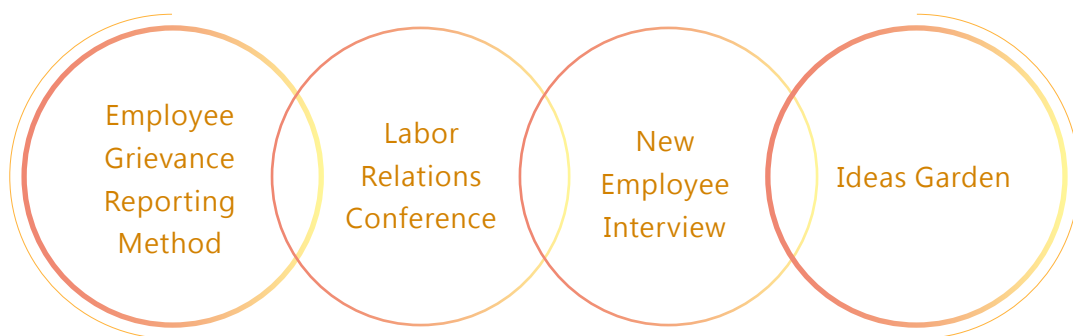
	Male	Female
A: Number of Employees Eligible to Apply for Unpaid Parental Leave	4	8
B: Actual Number of Applications for Unpaid Parental Leave	2	2
C: Number of Employees to Be Reinstated After Unpaid Parental Leave	1	2
D: Actual Number of Employees Reinstated After Unpaid Parental Leave	0	1
E: Number of Employees Reinstated After Unpaid Parental Leave in 2016	0	1
F: Number of Employees Reinstated in 2016 and Who Have Worked for More than 1 Year	0	1
Application Rate (B/A)	50%	25%
Reinstatement Rate (D/C)	0%	50%
Retention Rate (F/E)	0%	100%

● Sexual Harassment Prevention and Grievance Method

Apacer prohibits sexual harassment behavior of anyone. To protect employees' rights and uphold gender equality at work, we have established the "Workplace Sexual Harassment Grievance and Punitive Measures." The HR Department will be the point of contact for sexual harassment incidents, and incident-reporters (victims) can ask to maintain anonymity from the offenders. In terms of dealing with such incidents, the contact persons will convene a special "sexual harassment grievance-handling team" based on the incident, in which female representatives shall account for the majority of the team members. The team will be responsible for investigating and proposing punitive suggestions, and the General Manager will make the final decision. If the sexual harassment incident is found to be true, a written/oral warning, demerits, job transfer, reduction of bonuses, or termination will be issued based on the severity of the incident. The HR Department or the special team will introduce the victim to a professional institution for psychological counselling or coaching as needed. Furthermore, Apacer also provides gender equality promotions periodically for our employees in accordance with governmental policy. As of the end of 2017, no sexual grievance incident has occurred.

I Diverse and Fluent Employee Communications

Apacer values employees' opinions and has established numerous communications channels. Currently, the company has established "Employee Grievance Handling Procedures" and "Workplace Sexual Harassment Grievance and Punitive Measures." We also regularly convene employment relations conferences so that employees' thoughts and opinions can be fully heard. We also interview individual new employees to understand their working conditions, and to assist them to rapidly adapt and to grow. The Company has established an Ideas Garden online platform to spark employees' creativity and innovation.



● Employee Grievance Reporting Method

In order to provide employees with an open and unimpeded channel where employees can report unfair labor incidents or illegal activities that affect the company's operations, Apacer has clearly defined the handling of employee complaints for all employees of the company.

Company employees can file written grievance reports to the designated points of contact--the HR Department and the Audit Office. After receiving the grievance letter, the point of contact will conduct a preliminary document review and interview the relevant personnel to conduct an incident investigation. The identity of the whistleblower will be kept confidential.

The result of the investigation shall be replied to in written form within 30 days, and in case of any objection, the whistleblower may re-appeal within 10 days of receiving the investigation's result. If no opinion is found, the grievance incident may be closed.



● Labor Relations Conference

To ensure fluent communication between the company's employers and employees, Apacer holds quarterly employment relations conferences to effectively communicate issues regarding the company's various systems, policies, workplace environment, and safety and health with the employees. This helps to strengthen mutual trust and to protect the rights of all employees. Results of the conference will be listed as important references in the company's administrative and management system for continuous improvement.

Number of representatives	5 representatives from employees, and 5 from employers
Election method of employee representatives:	Elected by all formal employees
Term of service	3 years
Frequency of meeting	Once quarterly; 4 meetings were convened in 2017
Discussion matters in 2017	<ol style="list-style-type: none"> 1. Company operating status and profitability 2. Annual new product planning 3. Promotional plan for internal CSR activities 4. Discussion on employees' benefit activities

● New Employee Interview

Apacer arranges interviews with new employees to gain a deeper understanding of their needs and to help new employees adapt and integrate into the workplace environment. Employees can make suggestions on various aspects such as their functionalities, workplace environment, and company welfare, and the company will also respond to and make improvements based on these suggestions. We hope to establish positive and transparent communication channels and workplace atmosphere through face-to-face, direct communications.

● Ideas Garden

The "Ideas Garden" online platform was established in 2015 to encourage employees to be more creative. All employees can propose creative ideas and actions on the platform at any time; moreover, they can also click to like or to give feedback and to encourage others' ideas. After evaluation, highly feasible creative ideas may also be turned into real projects. This platform provides employees with even more diverse channels to speak up, and also allows employees to inspire each other.

Type of Proposals on Ideas Garden



Encouraging employee participation through a monthly lucky draw.

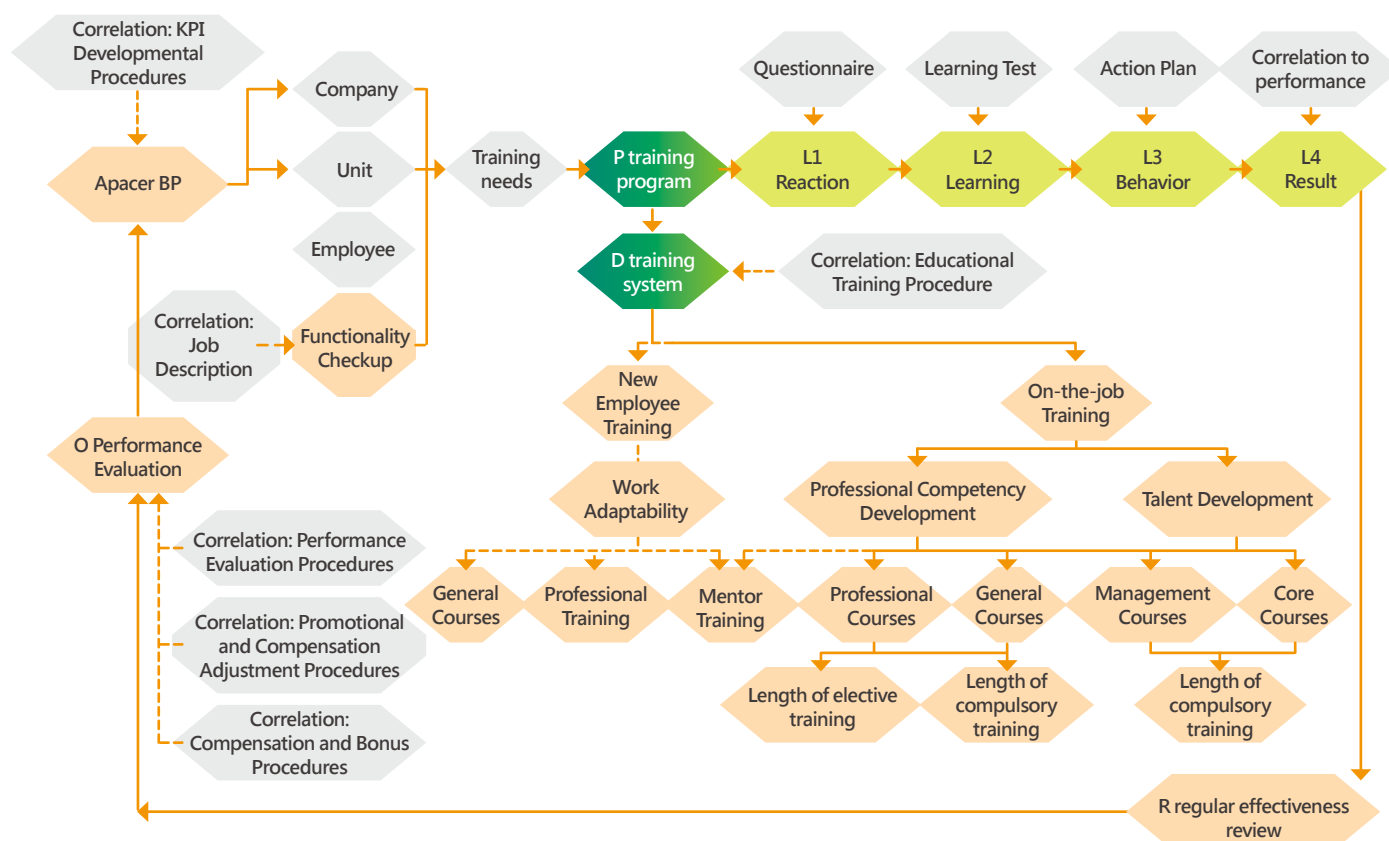


3.4

Talent Cultivation and Development

Educational Training and Learning Blueprint

Apacer is highly focused on the development of our employees' careers. We have developed a set of blueprint for education and training for employees. "New employee training" and "on-the-job" training courses have been designed based on the needs of each department and KPI. We regularly undertake learning effectiveness evaluation and review. Training and individual performance evaluation and bonuses are also directly correlated to systematically enhance employees' capability development, while enhancing their willingness to learn and its effectiveness.

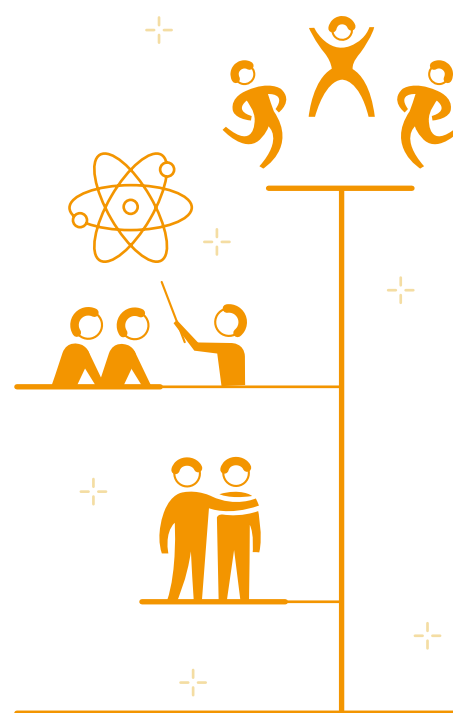


Development Plan of Education and Training

Apacer understands that our employees are the source of our growth and competitiveness, and it is an important responsibility of the company to help employees to continue to grow and develop their potential throughout the different stages of their career paths. We provide diverse educational training to enhance employees' professional competencies, preparing them to face challenges from the rapidly-changing external industry environment.

To provide curriculum that better meet the needs of employees, the Company's HR and Administrative Service Department attempt to understand the developmental objectives and training needs of each department in each year through interviewing managers and staff from each department and by an annual training needs survey.

The structure of the educational training curriculum is classified into new employee training, general employee training, entry-level manager training, mid-tier manager training, and elite training. Besides recruiting external lecturers, we also invite internal experts to serve as lecturers. Moreover, a satisfaction survey is also conducted after every training. Apacer helps our employees to achieve the company's operating and developmental goals through our comprehensive educational training curriculum, and also ensures such courses meet actual learning and competency needs.



New Employee Training

Training is focused on the company's operating objectives, developmental vision, environmental policy, management systems, company rules, and SOP. It is also for new employees to identify with the company's core values.

General Employee Training

We arrange for general training for all employees, including interpersonal relations and communications, autonomous management, innovation camp, and the professional training needed by each department. Moreover, labor safety and health and fire prevention training are also organized regularly in accordance with legal regulations.

Entry-level Manager Training

Strengthens awareness of responsibilities, work procedural planning competency, and fosters positive executive capability as well as basic awareness of financial data in employees.

Mid-tier Manager Training

The focus of the training here is on innovative capability, risk forecast, and control based on climate change, and understanding and utilizing financial information on a timely basis.

Elite Training

Employees with positive potential are scouted to receive such training from the management team. These employees are trained to become future managers through case studies aided with project management and process improvement.

Expat Professional Training

Courses include language training and cross-cultural training.

	Courses	Total participants	Total training hours	Budget proportion	Total expenditure (NT\$)
New Employee Training	4	151	247	4.0%	1,111,570
General Employee Training	177	3,868	656	66.6%	
Manager Training	19	335	26	9.4%	
Elite Training	8	133	343.5	0.0%	
Expat Professional Training	132	132	1,024	20.0%	

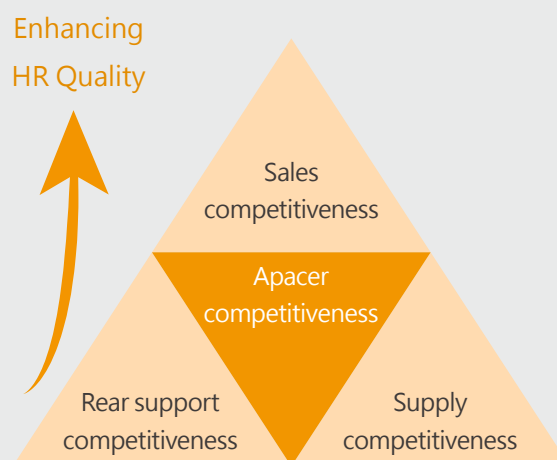
	Average hours of training received each year (male)	Average hours of training received each year (female)
Management Staff	48.2	57.1
Professional Staff	36.3	33.4
Technical Staff	5.9	5.6

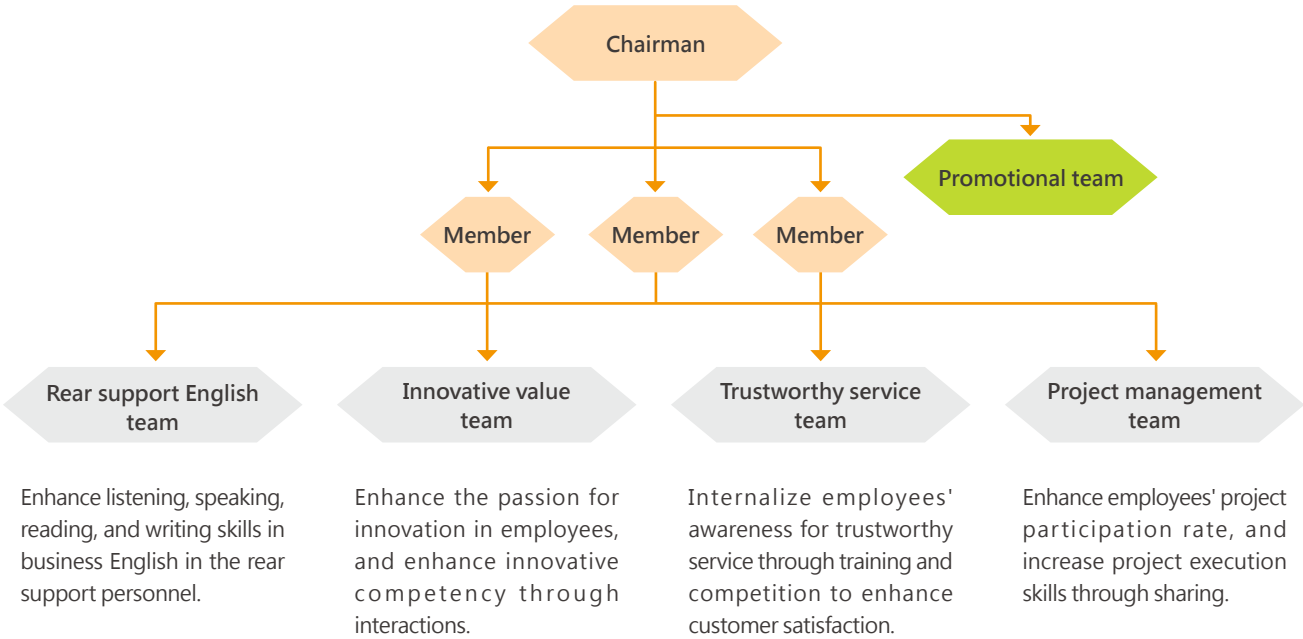
Diverse Learning and Development

In addition to the company's education and training courses, there are also other opportunities for employees to enrich their professional skills. Internally, Apacer encourages our employees to undertake work or departmental rotations, develop multidisciplinary expertise, or learn from the company's reading club. Externally, employees can participate in certification training courses, or apply for short-term training courses from professional agencies, training institutions, or colleges. The company will fully subsidize the training if the course is necessary for the employees' work.

● Rear Support HR Committee - Comprehensive Talent Cultivation

In addition to the systematic education and training curriculum planning, to comprehensively improve the quality of the company's rear support and continue to meet various challenges, Apacer has a "Rear Support HR Committee". Chaired by the Chairman and having designated the HR Department to be the promotional team for the committee, four learning teams, "Rear Support English," "Innovative Value," "Trustworthy Service," and "Project Management", have been planned. The department managers will designate employees or departments to participate in these team-based courses based on functional needs. Functional training will be provided through diverse means of classroom courses, online courses, and team-based discussions. Concurrently, learning effectiveness reports and satisfaction surveys will be undertaken annually to understand the participation and learning status of the course participants, and such data will serve as reference points for enhancing the quality of rear support personnel.





	Part1 In-class courses	Part2 Online courses	Part3 Team-based discussion
Rear support English team	V	V	
Innovative value team			V
Trustworthy service team	V		V
Project management team			V

Employee Performance Evaluation Measures

All Apacer employees, including direct and indirect personnel, will be subjected to annual performance evaluations. Company incentives and punitive measures as well as a promotional system will also be designed based on the results of the performance evaluation. This helps the performance evaluations to be effectively correlated to incentives and to employees' development plans.

● Performance Evaluation of Direct Employees

Performance evaluation of production line direct employees include five major categories: material rules, work conditions, discipline, professional knowledge, and attendance.

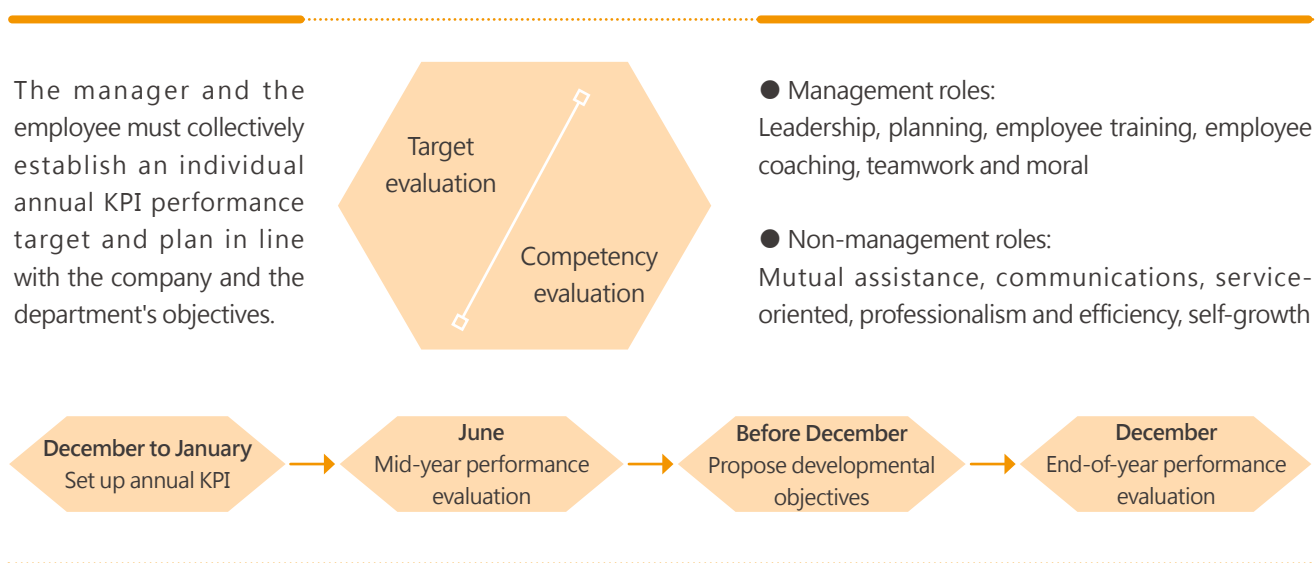
Performance evaluation will be undertaken each month, and performance-based bonuses will be awarded to encourage employees to enhance their efficiency and productivity.



● Performance Evaluation of Indirect Employees

Annual performance evaluation items for indirect employees are classified into "target evaluation" and "competency evaluation". "Target evaluation" is based on interviews with employees from departmental managers. A target objective that is in line with the company and the department's objectives will be mutually established before January each year and will be used to evaluate the employee's annual KPI performance. The "competency evaluation" will consider the company's competency and skills chart, and assess the employee's performance in terms of core abilities including communication and teamwork, efficiency, self-growth, and leadership. The overall evaluation will be based on these two categories.

The annual performance evaluation will be undertaken in mid-year and at the end of the year and will be used to evaluate an employee's work performance. It will also be used to inspect the employee's performance and the appropriateness of their individual development plan.



I Retirement System

To properly take care of our employees' retired life, Apacer has established an Employee Retirement Plan in accordance with the Labor Standards Act, specifying pensions, retirement conditions for employees, and applying for retirement and pension benefits. At the same time, the "Employee Retirement Reserve Supervision Committee" has also been established in accordance with the law, in which the employee retirement reserve is deposited in the statutory financial institution in the name of the committee. In response to the government's new retirement system put in place in July 2005, employees who opt for the new system will be required to allocate 6% of their pension into the Labor Insurance Bureau personal pension reserve. On the other hand, those who choose the old system will allocate pension reserve in accordance with the original method, as the company strives to protect the retired life of every employee through clearly defined systems.



Material Topic

Management Policy for Material Topics

Material Topics

Communications and
Giving Back to Our
Local Community

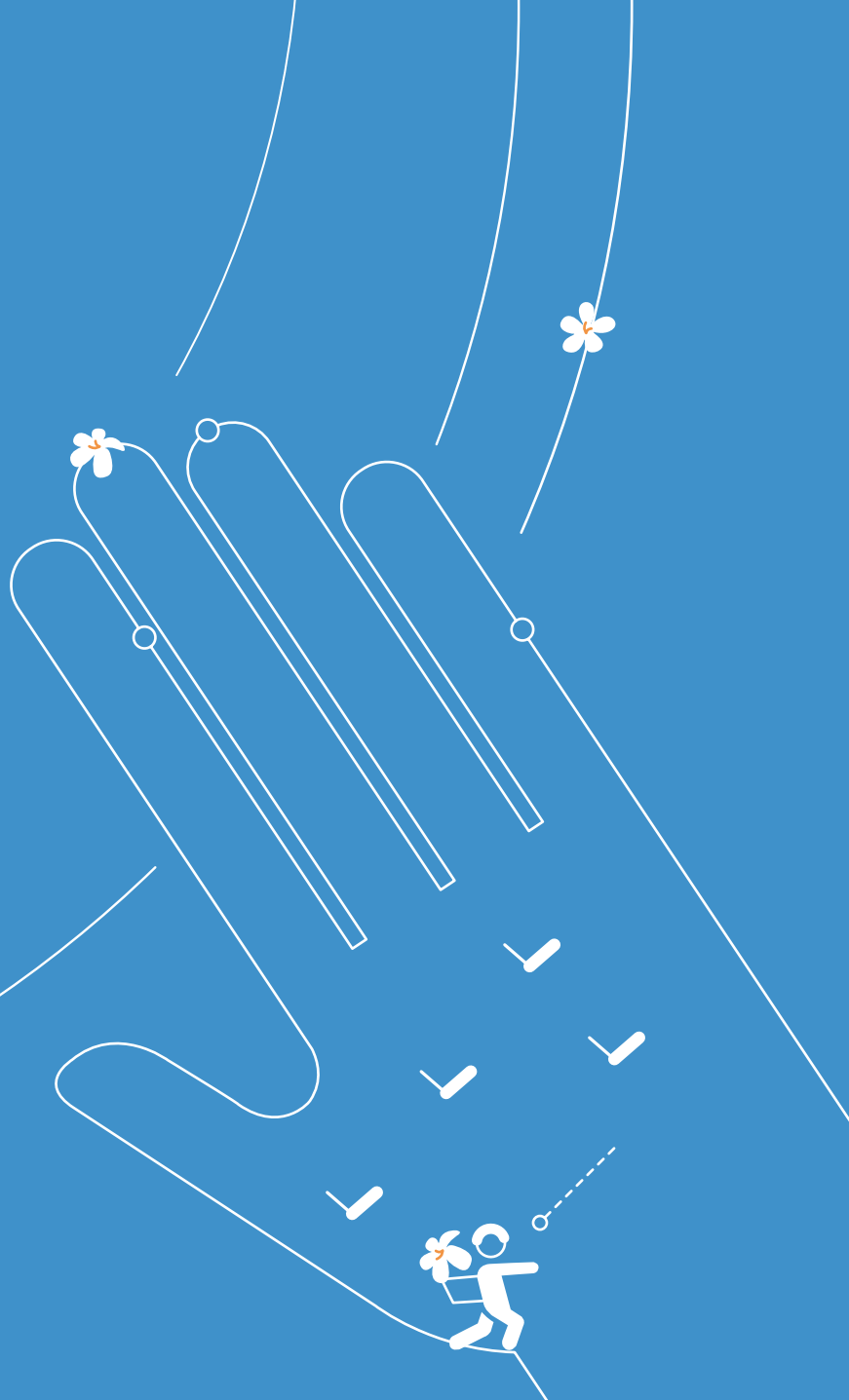
Vision and Objectives

We maintain positive, interactive relations with our local community and groups, and give back to the needs of the community with our employees as we work toward building a synergistic, habitable home.

Chapter 4

Sharing: Building A Synergistic Hometown

Communications, giving back, and action are Apacer's promises to our local community. After the company's operating headquarters was established in Tucheng District, New Taipei City, we strove to realize our plan to create an all-in-one factory and office. We encourage our employees to participate through real actions, and to build long-term partnerships with local groups. We gradually have expanded our influence, and are working toward building a synergistic, happy hometown.



Actions

1. Promoting Green Cultivation Plan
2. Supporting Local Education
3. Promoting Culture and the Arts
4. Social participation

Management Procedures

1. Understanding the needs of the local community
2. Identifying feasibility and prioritizing projects
3. Evaluating resources to be allocated and executed
4. Documenting a project's implementation status
5. Planning community projects for the next year

Localized Caring

Material Topic

Striving to realize Apacer brand's promise of "Access the Best," we continue to organize a series of CSR activities with NPOs, communities, schools, and our neighborhoods. Our CSR activities are categorized into three major categories: "Green Cultivation Plan," "Supporting Local Education," and "Promoting Culture and the Arts." And we hope our employees will be better acquainted with our local ecology, culture, and the environment while participating in these projects, and for them to receive brand-new heartfelt experiences.

Looking to the future, Apacer will continue to integrate our internal and external resources and upstream and downstream partners to realize an energy-saving, environmentally-friendly, and healthy lifestyle. We will fulfill our corporate social responsibility, and realize our sustainable management and developmental goals for our employees, the company, and for the environment.



Green Cultivation Plan - From Empowerment to Action

We believe that action can only be sparked through understanding and caring. The purpose of the Green Cultivation Plan is to strengthen our employees' awareness and connection to the natural and the local environment. Having commenced the Green Cultivation Plan in 2015, Apacer has already called on our employees to contribute toward our local community for three consecutive years.


We continued our collaboration with the Tucheng District Office and Tucheng Nature Protection Association in 2017 and organized the "Apacer One-Day Volunteer" mountain cleanup service, where we invited our employees and their families to clean up the mountain trail in order to view the beautiful Tung flowers at the Tucheng Tung Blossom Park. During the event, lecturers from the Tucheng Nature Protection Association spoke of the ecological influences from foreign species, helping Apacer employees to increase their knowledge on ecological protection. It also strengthened our emotional ties to the land of Tucheng. Furthermore, we also organized a Tung flower and foreign species exhibition within the company under the theme of "The Secret Place of the Tung Flower," so that those who couldn't participate in the mountain cleanup event could also experience the atmosphere for themselves. The exhibition also made localized ecological protection and mountain cleanup all the more meaningful.





View Clips of this Exciting One-Day Volunteer Event
<https://goo.gl/wFBz9m>

Results of the Green Cultivation Plan Throughout the Years

 Empowerment	2015	Onsite Diagnostics from Taiwan Energy-Saving Patrol Carbon Reduction Vegetarian Month Green Family Day	5 rounds of seminars were hosted and 218 employees participated. Nearly 60% of the employees stated that "the event helped to motivate them to choose a vegetarian diet." A total of 48 employees and their family members attended the event, in which all participants interviewed stated that "the event inspired them to achieve even more energy-saving and environmentally-friendly habits."
	2016	Apacer One-Day Volunteering	34 employees and their family members participated. All participants interviewed stated that they "are willing to participate in future corporate volunteer events."
	2017	Apacer One-Day Volunteering Carbon Reduction Vegetarian Day	42 employees and their family members participated, with a 100% satisfaction rate from all participants. Organized 1 session of Stamina Soup and Vegetarian Meal Experiential Workshop; 60 employees participated.

Supporting Local Education

Apacer persists in our philosophy of giving back to our local community. We began sponsoring the track team of New Taipei's Municipal Yulin Junior High School to update their equipment and supplies in 2015. In recent years, this donation has also expanded to include winter break coaching so that the 20 members of the track team can continue to strive to achieve their dreams. Apacer aspires to learn from the experience of sponsoring the Yulin track team, and to extend and increase our support toward local education.

In 2017, we participated in the "Planting the Seed of Reading - Giving Children a Brighter Future" social project initiated by Global Views Educational Foundation. Founded on the philosophy of paying more attention to children's education, we donated periodicals to the children to help them spend more happy time reading.

As of the end of 2017, Apacer donated "Global Kids Monthly" magazines to 98 libraries at junior high schools throughout New Taipei City. This one-year-long project allowed teachers to guide children to expand their horizons and visions through the enriched and diversified contents of the magazines.

Donations to **98** junior high school libraries in New Taipei City



Shu Lin Senior High School



Wan-Li Junior High School



New Taipei's Municipal Jia Lin Junior High School



Haishan High School Affiliated Junior High School

Thank You Letters from the Students

Yun-Ting Tsai, Haishan High School

I had never paid much attention to "Global Kids Monthly" while I was in the library before. But one day, I picked it up halfheartedly, and realized that it was full of interesting contents and images, and the lengths of its articles were just right. It gave me much more insight into international cultures and news around the world. Some of the content in these magazines are also linked to our classroom studies. Thank you Apacer for giving us these magazines. We are all very excited for this opportunity! They are really wonderful!

Kun-Wei Hsu, Jia Lin Junior High School

Thank you Apacer for the "Global Kids Monthly" magazines. Reading them helped us become more knowledgeable. The contents are educational and meaningful, and the stories, news, and comics are all ingrained in my mind.

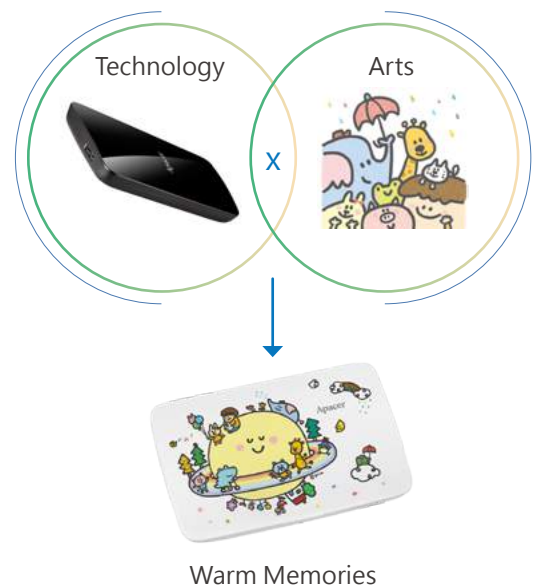


When Technology Meets the Arts - Warm Memories

As the hi-tech industry is often stereotyped to be stuffy and cold and focused on functionality and practicality by the public, Apacer aims to create warm memories by partnering with the arts industry to infuse "soft power" into our "hard technology."

In 2017, Apacer collaborated with Taiwan's original illustrator brand P714, and launched three **Apacer x P714** products, "Taking Flight," "Company," and "Support," under the concept of "dreamland." We wish to lead everyone to embark on a colorful journey to a dreamland, where you are in the company of good friends, and you will all work together to realize your dream!

Through this crossover cooperation, Apacer hopes for aspiring Taiwanese artists to attain more opportunities to realize their creative energy, while also conveying the core value of our brand, where we encourage everyone to pursue their dreams, and to store every heartfelt, fuzzy memory.



4.2

Social Participation

Material Topic

Sharing Good Thoughts - Storytelling from Apacer Employees

We believe that voluntary social participation from our employees is the greatest assistance toward giving back to our community. In 2017, Apacer launched the "Sharing Stories and Spreading Love" activity, where employees are invited to share their thoughts on the topics of "mutual assistance, accountability, caring, and sharing". All employees can provide feedback to the stories any time during the event period, and the company will count the amount of feedback that each story received and that amount will be turned into donations. Finally, the donations will be given to welfare groups including Hondao Senior Citizen's Welfare Foundation, Genesis Social Welfare Foundation, and Eden Social Welfare Foundation.

Month	Theme	Storyteller	Accumulated Donations (NT\$)	Date of Publication
2016.Oct	Thank you for being there!	Rufina	5,365	2016.10.01~31
2016.Nov	I still remember...	Kobe Kao	4,965	2016.11.01~30
2016.Dec	My dear family	Mickey Cheng	8,760	2016.12.01~31
2017.Jan	The infinite possibilities under a 5x microscope	Pei-Ju Yu	5,100	2017.01.01~31
2017.Feb	Be courageous and just do it!	Robert Wu	1,166	2017.02.01~28
2017.Mar	Simmering Memories	Desmon Lai	1,525	2017.03.01~31
2017.Apr	With great power comes great responsibility	Jeffery Tseng	1,011	2017.04.01~30
2017.May	If I had once chosen to leave, I am all the more certain of the reason why I have returned	Vincent Shieh	1,415	2017.05.01~31
2017.June	A full house of happiness	Shi-Ming Luo	1,504	2017.06.01~30
2017.July	Experience is the key to a winning resume	Ping-Hao Peng	1,563	2017.07.01~31
2017.Aug	Success isn't about your accomplishments in life, but rather about picking yourself over and over again when you falter	Isaac Lin	1,935	2017.08.01~31
2017.Sep	You only live once--finding your own pace and determination are the most important factors	Chung-Cheng Chen	1,017	2017.09.01~30
2017.Oct	Feedback from customers is the driving force to progress	Ching-Yun Chiu	1,289	2017.10.01~31
2017.Nov	Non-stop challenge	Sonny Yang	1,764	2017.11.01~30
2017.Dec	Limitlessness, positivity, and moving forward	Jo Ho	1,092	2017.12.01~31

Welfare Donations--Exerting Positive Value and Influence

Apacer believes that the value of donations isn't just their monetary value, but rather, it is a gesture that correlates to social needs, so that each donation can realize the greatest value, and exert positive influence on the society.

Year	Beneficiary	Amount of donation (NT\$)
2015	Employee donations-victims of the Formosa Fun Coast explosion incident via Sunshine	98,000
	Social Welfare Foundation	100,000
	2015 Songshan Cultural and Creative Park--expenses for the Original Festival	57,220
2016	Supporting sports-the track team of New Taipei's Municipal Yulin Junior High School	8,000
	Tucheng Nature Protection Association	60,000
	Supporting sports-the track team of New Taipei's Municipal Yulin Junior High School	8,760
2017	Zenan Homeless Social Welfare Foundation	5,100
	Eden Social Welfare Foundation	8,000
	Tucheng Nature Protection Association	300,000
	National Chiao Tung University	6,621
	Genesis Social Welfare Foundation	230,000
	Global Views Educational Foundation	60,000
	New Taipei Municipal Yulin Junior High School	

Appendix Global Reporting Initiative (GRI) Standards

The below indicators are in reference to the GRI Standards: 2016, which were used as key references in compiling the contents of this Report. As we have stated on the Declaration for External Assurance, relevant information has been reviewed and audited to ensure compliance with the requirements from the GRI Standards for external auditing.

GRI 102: General Disclosure 2016

Disclosure Item	Description	Description	Referenced Section	Note
Organizational Profile	102-1	Name of the organization	1.1 About Apacer	
	102-2	Events, Brands, Products and Services	1.1 About Apacer 1.3 Products and Services	
	102-3	Headquarters	1.1 About Apacer	
	102-4	Location	1.1 About Apacer	
	102-5	Nature of ownership and legal form	1.1 About Apacer	
	102-6	Market served	1.1 About Apacer	
	102-7	Scale of Organization	1.1 About Apacer 1.2 Operating Performance and Brand Culture	
	102-8	Information on employees and other workers	3.1 Overview of Employees	
	102-9	Supply Chain	2.1 Sustainable Supplier Management	
	102-10	Major changes to the organization and its supply chain		No material operating change has occurred.
	102-11	Precautionary principles or guidelines	1.5 Innovation, Research and Development, and Quality Management	
	102-12	External initiatives	2.1 Sustainable Supplier Management	
	102-13	Association Membership	1.5 Innovation, Research and Development, and Quality Management	
Strategy	102-14	Decision maker's statement	Words from the General Manager	
	102-15	Key impacts, risks, and opportunities	Words from the General Manager	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	1.2 Sustainable Development and Corporate Governance	
Governance	102-18	Governance Structure	1.2 Sustainable Development and Corporate Governance	
Communication with Stakeholders	102-40	Stakeholder Groups	Stakeholder Engagement :Stakeholder Communication Channels and Mechanisms	
	102-41	Group Agreement		The company currently has no labor unions.
	102-42	Identify and select interested parties	Materiality analysis: Materiality Analysis Method and Procedures	
	102-43	Policy for Communicating with Stakeholders	Stakeholder Engagement: Stakeholder Communication Channels and Mechanisms	
	102-44	Key subjects and concerns raised	Stakeholder Engagement: Stakeholder Communication Channels and Mechanisms	
Reporting Practice	102-45	The entities included in the consolidated financial statements	1.3 Operating Performance and Brand Culture	
	102-46	Defining report content and subject boundaries	Materiality Analysis: Material Topics and Boundaries	
	102-47	List of Major Themes	Materiality Analysis: List of Material Topics	

Disclosure Item	Description	Description	Referenced Section	Note
Reporting Practice	102-48	Recompilation	Materiality Analysis: List of Material Topics	Apacer No recompilation has occurred in previously published Reports.
	102-49	Report changes	About This Report	
	102-50	Reporting period	About This Report	
	102-51	Date of the last report	About This Report	
	102-52	Reporting cycle	About This Report	
	102-53	Contacts who can answer report-related questions	About This Report	
	102-54	Declaration in accordance with the GRI guidelines	Attachment: Global Reporting Initiative (GRI) Standards	
	102-55	GRI content Index	About this Report	
	102-56	External Assurance/Confidence		

GRI 103 : Management Approach 2016

Disclosure Item	Description	Description	Referenced Section	Note
Governance	103-1	Explain material topics and their boundaries	Materiality Analysis: List of Material Topics	

GRI 200 : Specific Themes Disclosed - Economy 2016

Disclosure Item	Description	Description	Referenced Section	Note
Material Topic: Economic Performance and Innovation and R&D				
Economic performance	201-1	Direct economic value generated and distributed by the organization	1.3 Operating Performance and Brand Culture	
	201-3	Defining benefit plan obligations and other retirement plans	3.4 Talent Cultivation and Development	
	201-4	Financial assistance from the government	Chapter I	No financial assistance has been received from the government in 2017.
Governance	103-2	Management policy and its elements	Creating A Trustworthy Brand	
	103-3	Management policy assessment	Chapter I	
Market Presence	202-2	Proportion of senior management hired from the local community	Creating a Trustworthy Brand	
Indirect Economic Impact	203-1	Development and impact of infrastructure investments and supported services	3.1 Overview of Employees	
Procurement Practices	204-1	Proportion of procurement expenses on local suppliers	4.1 Localized Care	
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	4.2 Community Engagement	No corruption incidents occurred in Apacer's operating locations in 2017.
Anti-competitive Practices	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.1 Sustainable Supplier Management	No relevant incidents occurred in 2017.

GRI 300 : Specific Themes Disclosed - Environment 2016

Disclosure Item		Description	Referenced Section	Note
Material Topic: Green Products and Services				
Energy	302-1	Energy consumption within the organization	2.3 Water resources management	
	302-3	Energy Intensity	2.3 Water resources management	
	302-4	Reduction of energy consumption	2.3 Water resources management	
Governance	103-2	Management policy and its elements	Chapter II Creating Green Sustainable Processes	
	103-3	Management policy assessment	Chapter II Creating Green Sustainable Processes	
Water	303-1	Total water withdrawal by source	2.3 Water resources management	
Emission	305-1	Direct (Scope 1) GHG emissions	2.3 Water resources management	
	305-2	Indirect (Scope 2) GHG emissions	2.3 Water resources management	
	305-4	GHG emissions intensity	2.3 Water resources management	
Effluents and Waste	306-2	Waste by type and disposal method	2.3 Water resources management	
	306-3	Severe leakage		No related incidents occurred in 2017.
Environmental Compliance	307-1	Violation of environmental regulations		No related incidents occurred in 2017.

Material Topic: Hazardous Substance Management

Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	2.1 Sustainable Supplier Management	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.1 Sustainable Supplier Management	
Governance	103-2	Management policy and its elements	Chapter II Creating Green Sustainable Processes	
	103-3	Management policy assessment	Chapter II Creating Green Sustainable Processes	

GRI 400 : Specific Themes Disclosed--Society 2016

Disclosure Item		Description	Referenced Section	Note
Material Topic: Employee Benefits				
Labor Relations	401-1	New employees and departing employees	3.1 Overview of Employees	
	401-2	Benefits Provided to Full-time Employees that Are Not Provided to Temporary or Part-time Employees	3.2 Employee Safety and Health	
	401-3	Unpaid Parental Leave	3.3 Employee Benefits and Communication	
Governance	103-2	Management policy and its elements	Chapter III Sharing A Happy and Healthy Workplace	
	103-3	Management policy assessment	Chapter III Sharing A Happy and Healthy Workplace	
Material Topic: Occupational Health and Safety				
Occupational Safety and Health	403-1	Workers' representation in formal joint management-worker health and safety committees	3.2 Employee Safety and Health	
	403-2	Type of injury, rate of injury, occupational disease, number of days of work lost, absenteeism, etc., and number of work-related deaths	3.2 Employee Safety and Health	

Disclosure Item		Description	Referenced Section	Note
Material Topic: Occupational Health and Safety				
Occupational Safety and Health	403-3	Workers with a high incidence and high risk of diseases related to their occupation	3.2 Employee Safety and Health	
Governance	103-2	Management policy and its elements	Chapter III Sharing A Happy and Healthy Workplace	
	103-3	Management policy assessment	Chapter III Sharing A Happy and Healthy Workplace	
Training and Education	404-1	Average Hours of Training Accepted by Each Employee per Year	3.4 Talent Cultivation and Development	
	404-3	Percentage of employees receiving regular performance and career development reviews	3.4 Talent Cultivation and Development	
Employee Diversity and Equal Opportunity	405-1	Diversification of governance units and employees	1.2 Sustainable Development and Corporate Governance 3.1 Overview of Employees	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	3.1 Overview of Employees	
Material Topic: Communications and Giving Back to Our Local Community				
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	4.1 Localized Caring	
Governance	103-2	Management policy and its elements	Chapter IV Sharing: Building A Synergistic Hometown	
	103-3	Management policy assessment	Chapter IV Sharing: Building A Synergistic Hometown	
Supplier's Societal Assessment	414-2	Negative Social Impacts and Actions Taken in Supply Chain	2.1 Sustainable Supplier Management	No political donation expenditures were made in 2017.
Public policy	415-1	Political contributions		
Material Topic: Customer Health and Safety				
Customer Health and Safety	416-2	Violations of health and safety regulations concerning products and services		No relevant regulations were breached in 2017.
Governance	103-2	Management policy and its elements	Chapter I Creating A Trustworthy Brand Chapter II Creating Green Sustainable Processes	
	103-3	Management policy assessment	Chapter I Creating A Trustworthy Brand Chapter II Creating Green Sustainable Processes	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	1.6 Quality Management and Customer Service	
	417-2	Failure to comply with product and service Incidents of non-compliance concerning marketing communications		No relevant regulations were breached in 2017.
	417-3	Incidents of non-compliance concerning marketing communications		No relevant regulations were breached in 2017.
Customer Privacy	418-1	Total number of substantiated complaints regarding breaches of customer privacy or loss of customer information		No relevant regulations were breached in 2017.
Material Topic: Compliance to Local Laws				
Social and Economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area		No relevant regulations were breached in 2017.
Governance	103-2	Management policy and its elements	Chapter I Creating A Trustworthy Brand	
	103-3	Management policy assessment	Chapter I Creating A Trustworthy Brand	

INDEPENDENT ASSURANCE OPINION STATEMENT

Apacer Technology Inc. 2017 Corporate Social Responsibility Report

The British Standards Institution is independent to Apacer Technology Inc. (hereafter referred to as Apacer in this statement) and has no financial interest in the operation of Apacer other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for Apacer only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Apacer. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Apacer only.

Scope

The scope of engagement agreed upon with Apacer includes the followings:

1. The assurance scope is consistent with the description of Apacer Technology Inc. 2017 Corporate Social Responsibility Report..
2. The evaluation of the nature and extent of the Apacer's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Apacer 2017 Corporate Social Responsibility Report provides a fair view of the Apacer CSR programmes and performances during 2017. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Apacer and the sample taken. We believe that the 2017 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Apacer's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Apacer's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI Standards(2016): the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of topics raised by external parties that could be relevant to Apacer's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers and staffs on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 11 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI Standards(2016) is set out below:

Inclusivity

This report has reflected a fact that Apacer has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Apacer's inclusivity topics.

Materiality

Apacer publishes sustainability information that enables its stakeholders to make informed judgements about the company's management and performance. In our professional opinion the report covers the Apacer's material topics.

Responsiveness

Apacer has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Apacer is developed and provides the opportunity to further enhance Apacer's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Apacer's responsiveness topics.

GRI Sustainability Reporting Standards (GRI Standards)

Apacer provided us with their self-declaration of 'in accordance' with the GRI Standards(2016): the Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosures). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Apacer's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the Apacer's CEO as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2018-05-31



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