



ARBOR

磐儀科技股份有限公司

2013 Corporate Social Responsibility Report

About ARBOR Technology Co., Ltd. Corporate Social Responsibility Report

The 2013 “Corporate Social Responsibility Report” is ARBOR Technology’s third issue. The report informs ARBOR Technology’s stakeholders on its practices and achievements in three aspects: social welfare, corporate operations management, and environmental health and safety.

Scope

The scope of information in this report is from January 1, 2013 to December 31, 2013. This report is based on ARBOR Technology Group’s corporate social responsibility and corporate governance performance in 2013; regarding environmental health and safety, only the part of Zhonghe Juguang Plant is described.

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Words from the Executive

The Chairman

2013 to me and my colleagues was a year worth remembering forever. ARBOR Technology has been operating for twenty years. The company stocks were officially listed in the OTC, and while the global economy is still in a severe recession, ARBOR Technology's revenue and profits continue to show growth. These achievements were built up by the painstaking effort and the sweat of my colleagues in the company. Thanks to my colleagues for always standing on the same side with me to enrich 2013 for ARBOR Technology.



While stepping toward ARBOR Technology's third decade, I ask myself with trepidation: What kind of new value should ARBOR Technology create? Beyond the business perspective, what can ARBOR Technology contribute to society? I deeply hope ARBOR Technology is not only a Taiwanese company but also a global enterprise. Limited by the island's limited resources and market, we must be open-minded and embrace the challenges and opportunities of the globalization trend given to us. This is also why ARBOR Technology has actively expanded the bases of sales and operations abroad in recent years.

To create a globalized ARBOR Technology, the internal transformation plan "ARBOR 2.0" has been gradually started. This is the starting point for our new record value. Setting off from "a smart city" perspective, we will use the accumulated advantages of the industrial computer field to give new value and vision. When life advances toward the direction of "wisdom" and "networking," the change of a great leap forward will appear in the human lifestyle. This is not only an opportunity for ARBOR Technology's transformation, but also where the IT industry value lies.

Regarding corporate governance, ARBOR Technology takes the three directions of "social welfare," "corporate operations management," and "environmental health and safety" as the bases and follows the existing norms of "Code of Practice for Corporate Social Responsibility" as its objectives and criteria of corporate social responsibility to implement.

In addition to dedicating itself to creating a more harmonious working environment and welfare measures, ARBOR Technology has never forgotten to uphold "take from the society, give back to the society" in its original intention to support the disadvantaged groups in society. ARBOR Technology hopes to achieve significance in social education, even though it might be inconsiderable. ARBOR Technology in the future will continue to move forward toward the road of environmental protection, humanities and public welfare, and sustainable development of the enterprise, so ARBOR Technology can make a contribution to the prosperity of society, the country, and the world.

Chairman Li Ming

Company Profile

I. Introduction

ARBOR Technology (Stock Code: 3594) was established in October 1982 and was officially listed in the OTC in May 2013. Over the years, as one of the leading manufacturers in industrial computer products in Taiwan, we have committed to application research in the field of industrial control and R&D of products; and our long-term focus is on providing solutions for the embedded computer and the Internet platform. With our advanced embedded design, rigorous testing, and rapid response to market trends, we have helped clients successfully complete many projects. We offer a full range of the industrial computer application platform, from embedded computers to a complete product line of systems integration, to meet the customers' needs in the application fields of smart medical products, warehousing logistics products, intelligent traffic products, wide temperature products, smart grid products, embedded computer products, and so on.

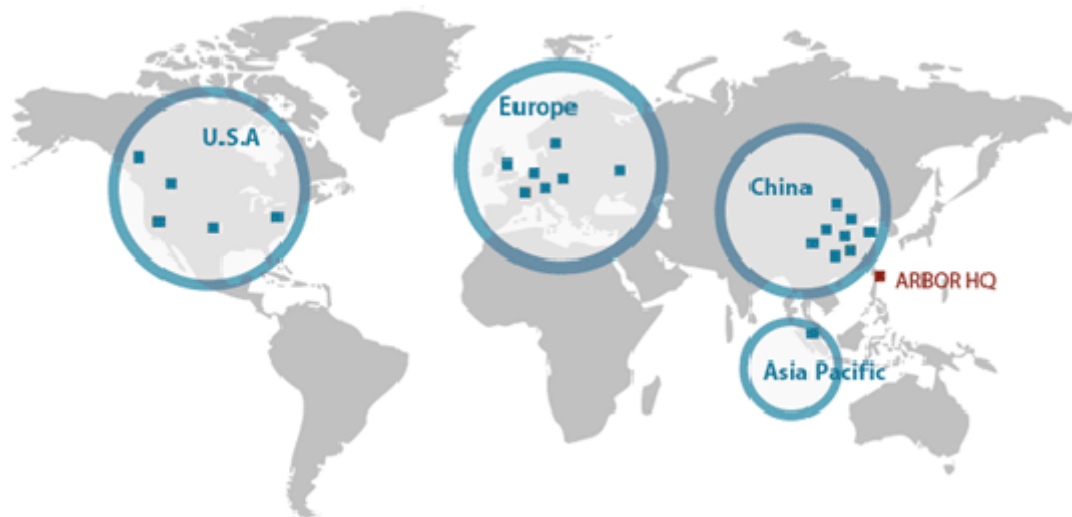
Company's full name: ARBOR Technology Co., Ltd.
Founded: October 1993
Headquarters: New Taipei City, Taiwan
Revenue: NT\$1,282,828 thousand (Domestic overseas combined)
Earnings per share: NT\$1.60
Stock code: 3594

ARBOR Technology is an ISO-9001, ISO-13485, ISO-14001, and OHSAS-18001 certified manufacturer and supplier in the R&D of industrial computers in various application areas. By international standards, it has a well-defined production process to complete high-quality products. A number of ARBOR's products repeatedly won the glory of "Taiwan Excellence Award," and smart medical computer products in three consecutive years since 2010 were recognized by winning the Best Choice Award in Computex Taipei. Warehousing logistics product G0720 and smart medical product M1040 were honorably awarded the "National Brand Yushan Award-Best Product." In addition, smart medical product M1040 at the same time won the special honor of the category's top award, "National First Prize." ARBOR technology products M1040 and G0820 also won the 2012 Taiwan Excellence Award and verified ARBOR Technology's efforts and achievements in the industrial computer industry. ARBOR Technology is also a member of "Intel Embedded Communications Alliance" to provide customers the most advanced program products with Intel's embedded computer and actively explores the global market to provide intelligent solutions to every customer worldwide.

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ARBOR Technology has set up operations bases in major cities, including Shenzhen and Shanghai of China, Silicon Valley of USA, Paris of France, Seoul of Korea, Singapore, and Kuala Lumpur of Malaysia, and so on, in order to deepen the service to customers worldwide. The manufacturing centers include Juguang factory in Zhonghe and Pan Hong Technology in Shenzhen. Production and service systems continue to expand.

【ARBOR's Global Layout】



ARBOR Technology understands that the indispensable element for introducing new embedded products must be done to accelerate the project development's time to market and to shorten the time to value. Management and production of embedded products are completely different from those of consumer electronics products.

ARBOR Technology, by virtue of flexibility and rapid response in the product design and development process, is fully dedicated to the development and manufacturing of embedded products and tablet computers. Taipei and Shenzhen are the main production bases. Among the more than 400 employees all over the world, the current proportion of professional engineers is 20%, nearly 100 people. The products designed and developed by ARBOR Technology are geared to international standards.

【ARBOR Technology's Main Production Bases】



II. Business Philosophy and Corporate Culture

(I) Business Concept and Mission

The business environment is getting increasingly severe. In the era of many competitors and rising raw materials and labor costs, companies must target market needs more precisely and provide customers more quick and perfect services to be able to differentiate themselves from their peers in order to survive in the fierce Red Sea.

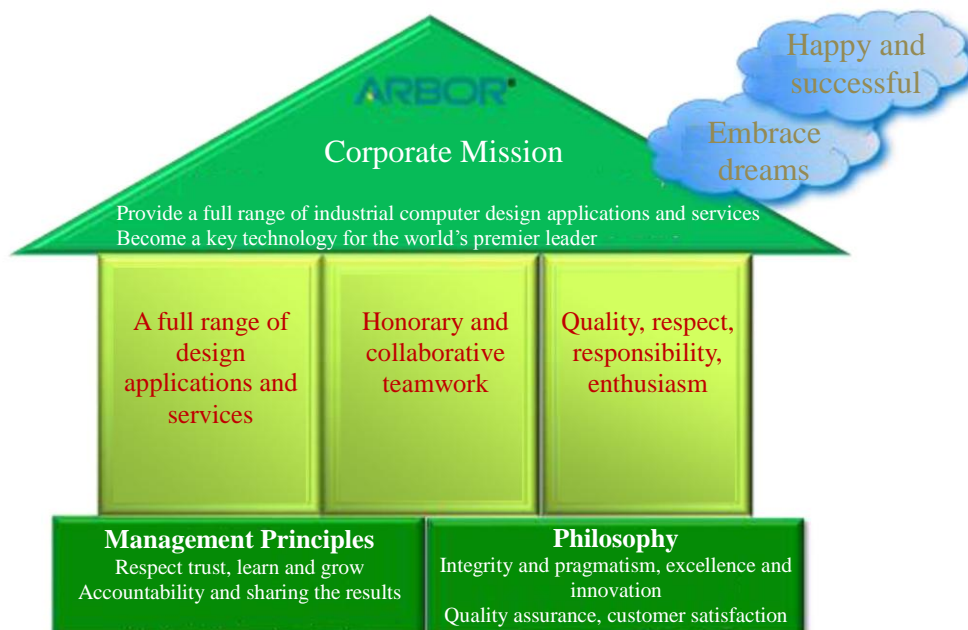
Although ARBOR Technology completed another milestone by entering the OTC last year, it only means we have completed the goal of a stage. Industry competition is everywhere. In shouldering the responsibility for operations, we feel as if we are treading on thin ice and dare not rest.



Chairman Li Ming often tells his comrades at ARBOR Technology that the easiest opportunity to win against opponents in a relay race occurs when taking over the baton and overtaking at the corners. In addition to practicing on sunny days, we also train on rainy days to simulate a variety of possible scores in order to improve the chances of winning.

ARBOR Technology's corporate culture is just like the KANO baseball team in the movie. Upholding the fighting spirit of **"Never give up, and share the good and the bad,"** we will even fight to the last moment. Only the seamless collaboration of the team can help teammates to score; reflecting on corporate governance, namely each colleague of the organization must exercise due diligence in his or her own position and use resourcefulness to hit a good shot to help companies score in games in the fierce markets.

In recent years, the concept of "destructive innovation" has been infused with the new thinking of enterprises. ARBOR Technology never stops thinking of change. Currently it has gradually stepped from being a hardware supplier toward being a solutions provider, with the hope of being able to provide customers with a more complete solution, open a new model of industrial computer applications, and provide better and more convenient technology for humanity worldwide.



(2) ARBOR Technology's Business Philosophy

◎ Integrity and Pragmatism

Adhere to the R&D of quality products and precision cultivation of marketing channels; pragmatically face the challenges; sincerely face life; work with enthusiasm.

◎ Excellence and Innovation

Gear to international standards; listen to customer needs; use flexibility and innovation to meet customer needs in different industries. Actively develop new areas of business; create an outstanding contribution to society; enhance corporate value.

◎ Quality Assurance

The devil is hidden in the details; never be satisfied with the status quo; pursue perfect design, manufacture, and after-sales service processes; only stop when perfection is reached.

◎ Customer Satisfaction

ARBOR Technology's value comes from customer complaints in order to be customer-oriented and service-oriented.



III. Company Milestones

Year	Milestones
1993	Founded ARBOR Technology Co. Ltd., and adopted “the rock of control measuring instruments industry” as its goal. Obtained the total capital of NT\$5,000,000.
1994	Self-developed the industrial embedded 386 single board computers.
1995	Increased cash capital by NT\$8,250,000, making the total capital NT\$13,250,000. Relocated to Avalon Economic Square Zhonghe Taipei for the expansion of operations; served as the agent of main domestic industrial control products; conducted marketing worldwide. Increased cash capital by NT\$11,500,000, making the total capital NT\$24,750,000.
1997	Established in Mainland China the regional subsidiary ARBOR Technology (Shenzhen) Co., Ltd.
1998	Increased the cash capital by NT\$28,515,000, making the paid-in capital increase to NT\$53,265,000.
1999	Obtained the ISO-9001 certificate of the German TUV certification company.
2000	Through the successful experience of agents’ integration of applications and marketing of products, the whole process of R&D and manufacturing company type was transformed. “ARBOR” developed as its own brand, planned a complete CIS marketing strategy, actively constructed the R&D team, expanded operational planning, and relocated to the Far East Century Plaza in Zhongzheng Road, Zhonghe. Led the global launch of the integrated Pentium III/PC133 Single Board Computer (SBC) Series products. Led the global launch of the embedded Fast Ethernet Interface Module.
2001	Founded the subsidiary ARBOR Solution Inc. in the U.S. (Silicon Valley). Launched ahead of the industry the high-end multi-display adapter. Launched a new generation of military regulations portable computer workstations. Increased cash capital by NT\$34,158,000, making the paid-in capital NT\$87,423,000. Increased cash capital by NT\$18,958,000, making the paid-in capital NT\$106,381,000. Established Guiding Technology Co., Ltd. as a three-way trade agency.
2002	R&D produced fruitful results: Four products won the 10th Taiwan Excellence Award. <ul style="list-style-type: none"> • 1U IDE RAID network server (eBase-1110ER). • Multifunction USB interface data acquisition module (Udaq-800). • Short card type PISA-bus single board computer (EmCORE-I6318). • High-performance portable computer workstations (MIL-2000/3000). German TUV certification company awarded the 2000 version of ISO9001 certification and specifically imported the “customer satisfaction” action. <ul style="list-style-type: none"> • Customer satisfaction surveys and feedback. • Created a smooth and quick multi-directional marketing information pipeline. • Actively expanded the quality test and production equipment to improve product quality. • Imported APS/SHOP FLOOR for a more flexible production function and strict quality control to meet and satisfy customer needs.

Year	Milestones
2002	<p>Published ARBOR's new CI system and became the global leader by grasping the key technology in the embedded and network application industry as the development axis of corporate vision and competitiveness in the next phase.</p> <p>Increased cash capital by NT\$24,000,000, making the paid-in capital NT\$130,381,000.</p> <p>Increased cash capital by NT\$32,000,000, making the paid-in capital NT\$162,381,000.</p> <p>Handled the capitalization of retained earnings of NT\$17,862,000, capital surplus of NT\$6,495,000, and employee bonus of NT\$2,000,000, making the paid-in capital NT\$188,738,000.</p>
2003	<p>Received recommendation by the government as an excellent SME e-manufacturer; the Korean representative of Asia-Pacific Economic Cooperation (APEC) paid a special visit to ARBOR Taipei headquarters.</p> <p>Made strategic alliances with regional distributors in France BM Technology Ltd., obtained part of its stake in order to strengthen roots in the French regional business market, and actively provided fast support for after-sales service and marketing in the pan-European region.</p> <p>Successfully developed the world's first ETX module products to support the Intel Pentium M and led technology in the world.</p> <p>Introduced the Balanced Scorecard (BSC) as the performance management monitoring system and effectively achieved the protection of core objectives of the corporate strategy.</p> <p>Introduced collaborative manufacturing concepts and established and developed the operating advantages of the business model and the modular design and rapid customization services of a global operation center.</p>
2004	<p>Established the R&D team on the mainland and became an industrial computer manufacturer with R&D/marketing/production capability on the mainland. In the same year established Beijing Eastern Wei Xin Technology Co., Ltd., in north China.</p> <p>Founded the embedded product application department and deepened the roots of the products' depth and breadth of application.</p> <p>Purchased a new building at the Far East Century Plaza located on the 10th Fl., No. 700, Zhongzheng Road, Zhonghe City, Taipei County.</p> <p>Reinvested in the processing plant Satem Technology Co., Ltd. in order to quickly meet market supply needs.</p>
2005	<p>Made an alliance with the Japanese industrial computer leader Contec.</p> <p>Introduced KM-Knowledge Management and obtained small and medium enterprise administration project grants.</p>
2006	<p>Handled employee stock options that were converted to NT\$8,000,000, and increased cash capital by NT\$50,000,000, making the paid-in capital NT\$246,738,000.</p> <p>Handled the capitalization of retained earnings of NT\$24,674,000 and employee bonus of NT\$5,418,000, making the paid-in capital NT\$276,830,000.</p>
2007	<p>Expanded production logistics to the 13th Floor, No. 150, Jianyi Road, Zhonghe City, Taipei County, and built an automated assembly line. Simultaneously established Pan Hong Technology (Shenzhen) Co., Ltd. in Shenzhen.</p> <p>Financial Supervisory Commission, Executive Yuan, approved an initial public offering on 2nd October 2007 for FSC Zheng Yi Zi No. 0960052922.</p> <p>Handled the capitalization of retained earnings of NT\$27,683,000 and employee bonus of NT\$6,056,000, making the total paid-in capital NT\$310,569,000.</p>

Year	Milestones
	<p>ROC GTSM on 29th November 2007 by Zheng Gui Shen Zi No. 0960035915 was approved for registration as emerging stock of OTC on December 10, 2007.</p>
2008	<p>Made strategic alliances with regional distributors in ARBOR Australia Pty Ltd., and obtained part of its stake in order to strengthen the roots in the Australian region's business market.</p> <p>Handled the capitalization of retained earnings of NT\$31,057,000 and employee bonus of NT\$6,770,000, making the total paid-in capital NT\$348,396,000. Reinvested in AdvanPOS Technology Co., Ltd. to increase the company's performance effects.</p> <p>The competition became increasingly severe in the mainland market. Due to Mainland China's market's shift toward adopting dealers' strategic alliances, the assessment and resolution was to sell Pan Hong Technology (Shenzhen) Co., Ltd., which originally focused on the mainland markets.</p> <p>The Biometric Access Control System Smarti won the Taiwan Excellence Award.</p>
2009	<p>The former factory site lease expired, so the location was moved to the 2nd Floor, No. 63, Juguang Road, Zhonghe City, Taipei County.</p> <p>Based on the considerations of business and management aspects, the company made resolutions to make a joint venture with Taiwan Contec Co., Ltd. and Japanese firm Contec Co., Ltd. In order to expand investment in the China mainland market, the company further invested in East China and established Contac (Shanghai) Information Technology Co., Ltd.</p> <p>Handled the capitalization of retained earnings of NT\$6,968,000 and employee bonus of NT\$1,302,000, making the total paid-in capital NT\$356,666,000.</p> <p>Originally, for French areas, the method of making strategic alliances with distributors was conducted. After the assessment, this mode was changed to establish a reinvestment company ARBOR FRANCE S.A.S. that holds 100% equity interest to conduct expansion of the regional business in France and sell equity of the original reinvestments in BM TECHNOLOGY.</p> <p>It was originally expected that the reinvestment in AdvanPOS Technology Co., Ltd would create increased performance capacity, but the actual situation was not as good as expected. In order to achieve the best use of funds of the company, the resolution was issued to sell the equity of AdvanPOS Technology Co., Ltd.</p> <p>The handheld rugged Tablet PC for logistics (G0810) won the Taiwan Excellence Award.</p>
2010	<p>In view of the prospects for economic development in Mainland China, there is room for expansion, so the resolution was made for Flourish Technology Co., Ltd., to reinvest in Shenzhen Xin Yabo Technology Co., Ltd. At the same time, the reinvestment company that was located in East China and originally belonged to Shenzhen Xin Yabo Technology Co., Ltd. was obtained as Shanghai Wei Xin Electronic Technology Co., Ltd. To increase the efficient use of company funds, the resolution was made to sell the equity of the reinvested company AdvanPOS Technology Co., Ltd.</p> <p>Handled the capitalization of retained earnings of NT\$13,255,000, making the total capital NT\$369,922,000. Sell the original shareholding of BM Technology Ltd., and invested company resources to help ARBOR FRANCE S.A.S. expand France's regional business markets.</p> <p>Portable medical monitoring terminal tablet PC (G0710) won the Computex Taipei Best Product Award.</p> <p>Portable medical care tablet PC (M1040) won the National Yushan Award's First Prize in the Best Product category.</p>
	<p>Portable car use tablet PC (G0720) won the National Yushan Award for Best Product.</p>

Year	Milestones
2011	<p>Handled the capitalization of retained earnings of NT\$10,987,000, making the total paid-in capital NT\$380,909,000.</p> <p>To expand regional operations in the Korean market, the resolution was made to establish a reinvestment company called ARBOR KOREA Co., Ltd. that holds 100% equity interest.</p> <p>Health care beds recreation education terminal (M1857) won Best Product Award in Computex Taipei.</p> <p>Embedded carrier exclusive computer controller (FPC3502) won the National Yushan Award for Best Product.</p> <p>Portable warehousing management exclusive tablet PC (G1050) won the National Yushan Award for Best Product.</p>
2012	<p>Handled employee stock options and converted them to NT\$11,660,000, making the total paid-in capital NT\$392,569,000.</p> <p>Handled the capitalization of retained earnings of NT\$11,371,000, making the total paid-in capital NT\$403,940,000.</p> <p>Portable rugged tablet PC (G0820) won the Taiwan Excellence Award.</p> <p>Portable medical care tablet PC (M1040) won the Taiwan Excellence Award.</p> <p>Portable medical tablet PC (M1042) won the Best Product Award in Computex Taipei.</p> <p>To expand the business in the Southeast Asia market, the Singapore office was established.</p>
2013	<p>Company stocks were listed OTC; stock code: 3594.</p> <p>Received ISO-14001: 2004 Environmental Management System certificate.</p> <p>Obtained verification certificate of occupational health and safety management system, in line with the standards and requirements of OHSAS 18001:2007 system.</p> <p>Clinical care information system (M1858) won the Taiwan Excellence Award.</p> <p>Mobile warehousing tablet PC (Gladius G1056) won the Taiwan Excellence Award.</p> <p>Mobile multimedia display tablet PC (Gladius G1050) won the Taiwan Excellence Award.</p> <p>Digital sidebar player (Elit 1000) won the Taiwan Excellence Award.</p> <p>In response to the rise of the Southeast Asian market, the Malaysian branch was established.</p> <p>To integrate the Internet of Things (IOT) resources, the company expanded the smart city applications and established a joint venture of Pan Xu Smart Corporation with MediaTek Inc.</p>

IV. Operating Conditions

In 2013, the U.S. economy continued to recover, and Europe's economy began to warm, but the Asian region was relatively weak. Under the impact of the international economic situation and the negative factors of the rising trend of the markets' raw materials and labor wages, ARBOR maintains its focus on the business philosophy of the industry and constantly works under the premise of seeking the best interests for shareholders to expand the different application areas of the products and to develop new technologies and new markets, so the results are still increasing, and the creation of profits has even substantially increased.

Unit: NT\$1000

	2013	2012	2011
Operating Income	1,282,828	1,207,991	1,193,649
Operating Gross Profit	480,440	438,216	387,898
Operating Expenses	404,775	381,166	327,211
Operating Net Profit	69,685	57,050	70,113
Net Profit per Share	1.60	1.01	1.63

Note: The table shows ARBOR Technology's global consolidated revenue figures.

V. Corporate Social Responsibility

To further fulfill the corporate social responsibility, at the end of 2011, ARBOR Technology founded the “Corporate Social Responsibility Committee” and took “cherish Taiwan and protect the Earth” as the purpose to implement its determination. ARBOR Technology’s commitments are as follows:

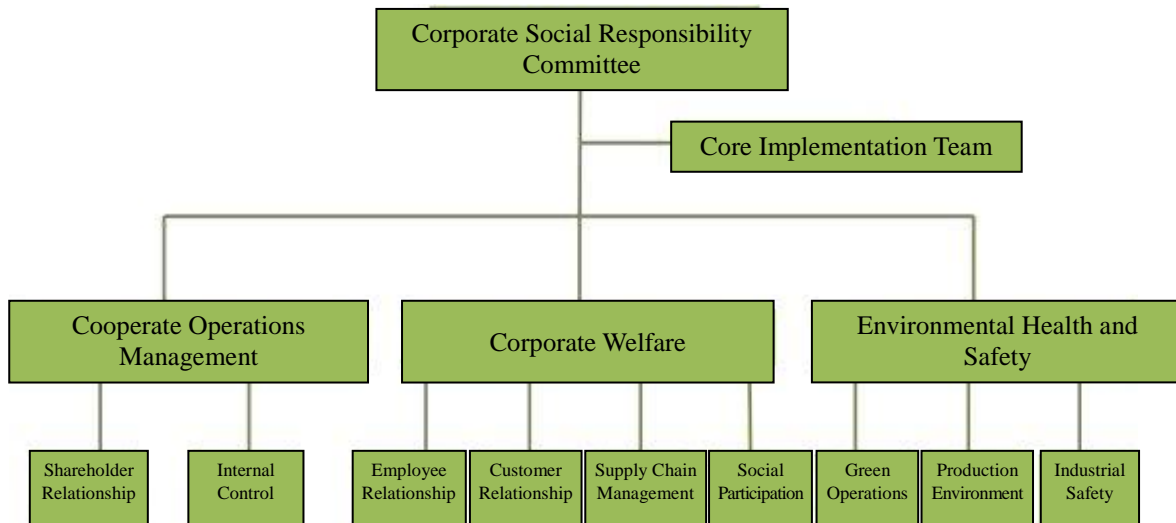
- Maintain good corporate governance and adhere to business ethics.
- Comply with legal norms.
- Provide employees a safe and healthy working environment, space to give full play to their talents, and reasonable remuneration and welfare.
- Get actively involved in the green energy education and encourage employees to participate in social welfare activities.
- Create corporate value and enhance shareholder equity.
- Promote the concept and practice of corporate social responsibility to ARBOR’s supply chain to jointly pursue better performance.
- Research and develop green energy products to reduce the impact on the environment.
- Invest in innovation and R&D and develop intellectual property rights, to endeavor for the progress of human civilization and science and technology and sustainable socio-economic and environmental development.

The “Corporate Social Responsibility Committee” adopts the task force approach in the division of labor, which is divided into three groups: “corporate operations management,” “corporate welfare,” and “environmental health and safety.” The committee is chaired by the heads of the Finance Department, Human Resources Department, and Manufacturing Department, and each group according to the responsibilities is subdivided into several working groups. Each working group is required to commence execution and return the results of the work contents undertaken. The committee chairman is appointed by the chairman. In addition, the core implementation team was set up in the committee. A full-time staff conducts the planning of the various stages of corporate social responsibility and integration across working groups.

ARBOR Technology’s exchanges with stakeholders during business activities are important. In the process of implementing corporate social responsibility, ARBOR Technology first identified the five groups of the principal stakeholders, which include shareholders, customers, suppliers, employees, and communities. ARBOR Technology continues to build good communication channels with these five groups of stakeholders to become aware as much as possible of the concerns and hopes of the stakeholders and to be engaged in social responsibility issues, so the committee conducts discussions and reports the implemented results at convened meetings.

In the future, ARBOR Technology will continue to give exposure to all stakeholders’ efforts and achievements in the implementation of corporate social responsibility and pay attention to the development of the corporate social responsibility system and changes in the business environment at home and abroad. On this basis of review and improvement, ARBOR Technology built a corporate social responsibility system to enhance the effectiveness of corporate social responsibility and endeavor to achieve the stakeholders’ expected goals.

(I) ARBOR Technology’s Corporate Social Responsibility Committee



(II) Corporate Social Responsibility Committee Working Groups’ Responsibilities

Working Group	Major Responsibilities
Core Implementation Team	Plan corporate social responsibility objectives at various stages and integrate work across the working groups.
Internal Control	Strengthen the board governance structure to implement the internal audit and risk management, and comply with laws and regulations.
Shareholder Relationship	Timely disclose financial information and increase information transparency to ensure the interests of investors.
Employee Relationship	Plan staff training programs, maintain employees’ rights, organize employees’ activities and care, and provide good workplace safety.
Customer Relationship	Provide quality services to meet customer needs and establish long-term cooperative relationships.
Supply Chain Management	Choose socially responsible suppliers and use environmentally friendly materials and a paperless management system.
Social Participation	Get actively involved in community care, educational outreach, autonomous planning of environmental activities, and various issues arising from social development trends.
Green Operations	Develop products with environmental protection concept and function, use environmentally friendly alternative materials, reduce the use of products with harmful substances, and improve product energy efficiency.
Production Environment	Develop and engage in environmental process technology, refine manufacturing to reduce waste, and reduce waste of production line materials by recycling.
Industrial Safety	Make the green factory and office environment in line with local environmental regulations.

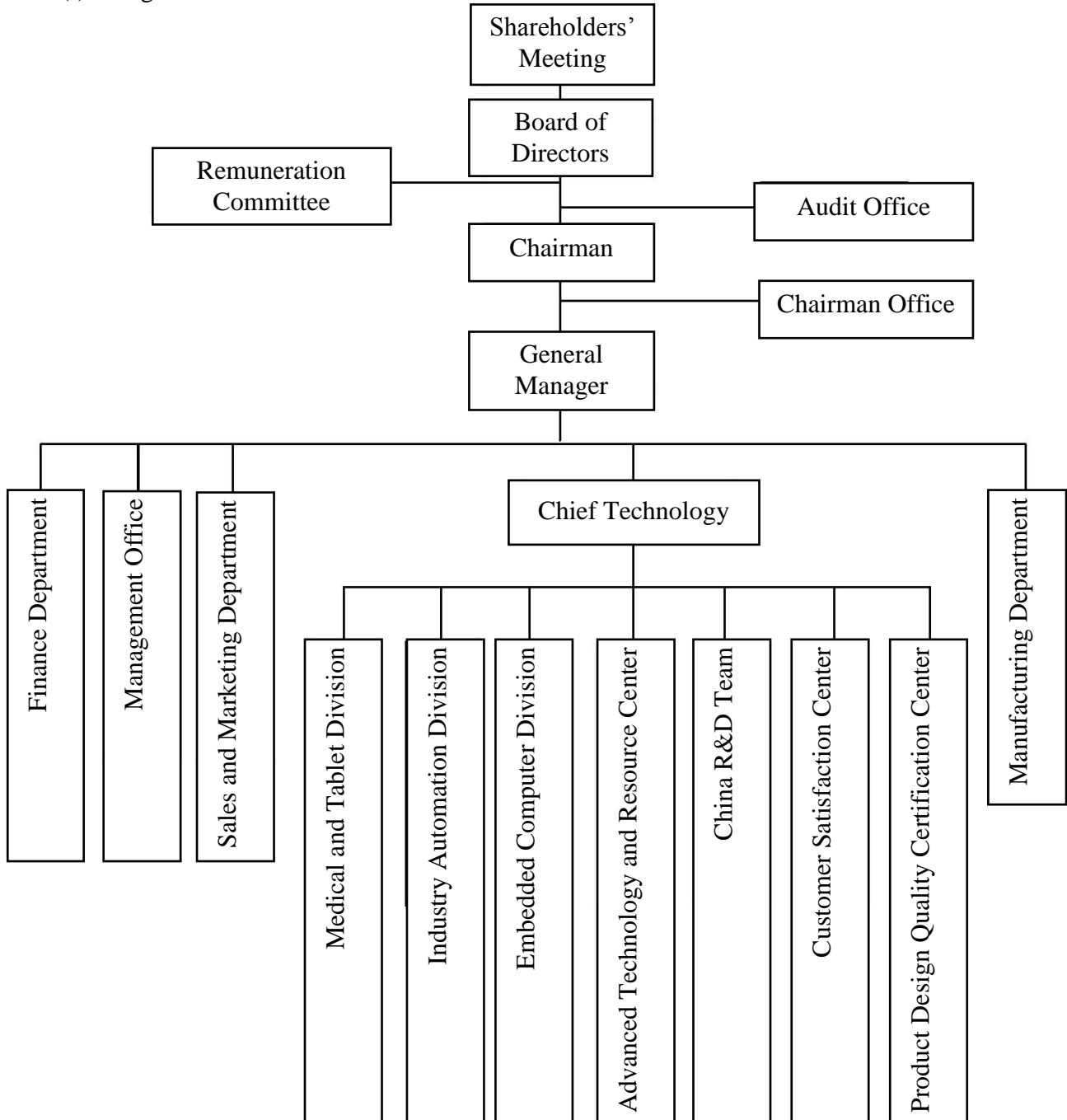
(III) Issues of stakeholders' concern

Stakeholders	Issues of Concern	Communication Channel or Method
Shareholders	Company's profit status Operating principles Operational risk management	Shareholders' meetings, company annual reports, company websites, Market Observation Post System (MOPS), etc.
Customers	Product quality Cost control Environmental regulation compliance Product production and delivery Corporate social responsibilities Supply chain management	Communicate with customers directly in the annual computer exhibition and customer on-site visit and inspection of the production process; based on the customer requirements and recommendations, conduct discussion and improvement of customer service by telephone or in writing and by website systems to collect customers' comments and reactions and provide reference for the relevant units.
Suppliers	Environmental laws and regulations compliance Domestic and foreign laws and regulations compliance Corporate social responsibility	Conduct inspection of suppliers' material quality and annual regular assessment of sample or on site.
Employees	Employee welfare In-service training Career development Work safety	Communicate with employees on the basis of equality and openness through e-mails, company's unscheduled meetings, regular meetings of the labor committee, staff interviews, staff welfare committees, and so on.
Community	Domestic and foreign laws and regulations compliance Environmental protection Community feedback	Occasionally participate in community activities and engage in social care.

Cooperate Operations Management

I. Organizational Structure

(I) Organizational Structure



(II) Business Operations of the Main Departments

Department	Business Responsibilities
Remuneration Committee	<ol style="list-style-type: none"> 1. Set and regularly review the standards and structures of performance evaluation and salary remuneration policy and the systems of directors, supervisors, and managers. 2. Regularly assess and set the salary remuneration for directors, supervisors, and managers.
Audit Office	<ol style="list-style-type: none"> 1. Be responsible for the establishment of the company's internal control and audit systems, and assess the soundness, rationality and effectiveness of various company management systems. 2. Inspect the implementation situation of the company's internal control system and provide tracking of analysis, recommendations, and improvement matters.
Chairman	<ol style="list-style-type: none"> 1. Ensure corporate profitability and maintain company operations and sustainable management. 2. Develop the company management plan and business objectives, quality policy, and objectives formulation. 3. Coordinate all departments and constantly monitor and improve projects and various internal control operations. 4. Take charge of the company's core decision-making authority and other significant business decisions.
General Manager	<ol style="list-style-type: none"> 1. Promote the company management plan and business goals. 2. Supervise the launching of projects of each department and the implementation of the review of the results. 3. Coordinate resource allocation issues between departments.
Finance Department	<ol style="list-style-type: none"> 1. Take charge of the establishment and operations of relevant accounting systems as well as the editing and planning of the financial statements and budget. 2. Management of the treasury business. 3. Fundraising and scheduling and operations management of foreign exchange. 4. Conduct the business related to shareholder equity.
Management Office	<ol style="list-style-type: none"> 1. Take charge of the human resources affairs, general affairs office administration, general procurement management, and legal affairs. 2. Be responsible for the operation and planning of each department's information system to assist in the development of application software required for the various departments in order to improve the utilization of company resources. 3. Take charge of the management planning and implementation of various types of projects.
Sales and Marketing Department	<ol style="list-style-type: none"> 1. Customer credit, order processing, accounts receivable collection, market development and sales, and production and sales coordination. 2. Global market intelligence gathering, analysis, and planning. 1. Be responsible for the formulation of product marketing and promotion plans and support of business marketing. 2. Product project assessment, confirmation, and management. 3. Be responsible for receiving customer complaints and processing and providing

	<p>response and assistance on product application issues.</p> <ol style="list-style-type: none"> 4. Customer satisfaction surveys and feedback. 5. Take charge of the corporate website management planning and maintenance.
Chief Technology Officer	Take charge of the research and development of company products, customer after-sale service and quality certification, and other related matters.
Medical and Tablet Division	Be responsible for market development of the company's medical tablet PC and rugged tablet PC product lines, R&D planning schedule management, technical documentation production, and other related matters.
Industry Automation Division	Be responsible for products research, development and sales support of related automation industries; be responsible for industries, including the digital signage, transportation, industrial control and automation, smart grids, and other related matters.
Embedded Computer Division	Take charge of embedded computers product R&D, planning, market development and technical support, and other related matters.
Department	Business Responsibilities
Advanced Technology and Resource Center	Take charge of the company's innovative technology related to product R&D, technical support, technical document management, and other matters.
China R&D Team	Develop new products, improve old products, do product design and development, etc.
Customer Satisfaction Center	Be responsible for after-sale customer services, survey and compilation of customer satisfaction, maintenance and improvement of the quality management system, and related matters.
Product Design Quality Certification Center	Be responsible for product design quality certification, system product reliability, easy- to-set improvement, helping factories improve processes, and other related matters.
Manufacturing Department	<ol style="list-style-type: none"> 1. According to the production plan, carry out manufacturing of various products. 2. Coordinate production and sales matters. 3. Manage raw materials and sending and receiving of finished products, safekeeping, and product shipment delivery issues. 4. Conduct maintenance, repairs, and management of production equipment and plant facilities. 5. Improve manufacturing techniques and processing abilities. 6. Enhance the simplification, automation, and productivity of the production process. 7. Conduct maintenance and management of health and safety and environmental protection facilities. 8. Confirm and coordinate the process quality and performance of internal quality auditing. 9. Conduct quality management and counseling for suppliers / affiliated factories.

(IV) Members of the Board

Title	Name	Educational Attainments	Major Experiences
Chairman	Li Ming	Master's Degree in Electrical Engineering from Tennessee State University, Memphis City, United States	ARBOR Technology Co., Ltd., Chairman Arbor Solution Inc., Chairman Guiding Technology Co., Ltd., Chairman Flourish Technology Co., Ltd., Chairman Arbor France S.A.S, Chairman Arbor Korea Co., Ltd., Chairman Chanco International Development Co., Ltd., Chairman Pan Xu Smart Corporation, Chairman & General Manager ARBOR TECHNOLOGIES SDN.BHD Arbor Technologies Sdn.Bhd., Director
Corporate Directors	Mega International Commercial Bank Co. Ltd.	—	—
Director	Lian Qirui	Master's Degree from the University of Leeds, UK	ARBOR Technology Co., Ltd., General Manager Pan Hong Technology (Shenzhen) Co., Ltd., Chairman and General Manager Beijing Eastern Wei Xin Technology Co., Ltd., Chairman
Director	Lai Zhongwei	Feng Chia University, Bachelor of Automatic Control	AdvanPOS Technology Co., Ltd., General Manager Collection Venture Capital Co., Ltd., Director Show Jia Technology Co., Ltd., Supervisor
Director	Guo Fenglin	Feng Chia University, Bachelor of Accounting	ARBOR Technology Co., Ltd., Director, Finance Department Beijing Eastern Wei Xin Technology Co., Ltd., Director Pan Hong Technology (Shenzhen) Co., Ltd., Director Satem Technology Co., Ltd., Director Pan Xu Smart Corporation, Director ARBOR TECHNOLOGIES SDN.BHD ARBOR Technologies Sdn.Bhd., Director
Independent Director	Qiu Chuangqian	Ph.D. in Electrical Engineering from Michigan State University, United States	Feng Chia University, Vice-Chancellor and Provost
Independent Director	Lin Huimin	National Chung Hsing University, Department of Accounting	Hui Ka Tax Consultants Limited, Partnership Accountant

(V) Operations of the Board

In 2013 (01.01.2013~12.31.2013) the Board met nine times (A). Director attendance was as follows:

Title	Name	Actual Attendance B	Attendance Commissioned	Actual Attendance Rate (%) [B / A]	Remarks
Chairman	Li Ming	8	1	88.89	
Director	Lai Zhongwei	6	2	66.67	
Director	Mega International Commercial Bank Co., Ltd.	7	2	77.78	
Director	Lian Qirui	8	1	88.89	
Director	Guo Fengling	9	-	100.00	
Independent Director	Qiu Chuangqian	5	4	55.56	
Independent Director	Lin Huimin	9	-	100.00	

Other matters to record:

1. For items listed in Article 14-3 of the Securities Exchange Act and other Board resolutions that were objected to or reserved by independent directors, a record or a written statement should be kept and should state the date, No. of series, contents of the motions of the Board of Directors, all independent directors' opinions, and the company's handling of independent directors' opinions: None.
2. In circumstances where directors implement the recusal of motions of interest, they shall state the name of the directors, motion, reasons for the recusal of interests, and situation of the participants' voting: None.
3. The target in the current year and recent years has been to strengthen the functions of the board of directors (for example, setting up an audit committee to enhance the transparency of information, etc.) and assessment of the implementation situation: None.

(V) The situation of the supervisors that participated in the Board's operations

In 2013 (01.01.2013 ~ 12.31.2013) the Board met nine times (A). The supervisors' attendance is as follows:

Title	Name	Actual Attendance B	Actual Attendance Rate (%) [B/A]	Remarks
Supervisor	Zhang Junlong	8	88.89	
Supervisor with independent functions	Wu Bingze	8	88.89	
Supervisor	Lan Ruiyuan	8	88.89	

Other matters to record:

1. Composition and responsibilities of supervisors:

- (1) The communication between supervisors and employees and shareholders of the company:

Supervisors may attend the Board, raise opinions on the company's management matters to the Board, and, if necessary, set another audit project and demand the responsible unit head to attend the meeting for description.

- (2) The communication between supervisors and internal audit head and accountants:

ARBOR Technology's supervisor may at any time investigate the business and financial condition, ask the Board of Directors or managers to submit a report, and, if necessary, contact the accountant; the internal audit head shall regularly submit the audit report to supervisors.

2. The supervisors attending the Board of Directors' meeting to present their views should clearly state the date of the Board of Directors' meeting, No. of sessions, contents of motions, results of the resolutions of Board of Directors, and the company's handling of supervisors' opinions: None up to 2013.

(VI) Operations of the Remuneration Committee:

1. ARBOR Technology's Remuneration Committee has a total of three members.
2. Tenure of members this term: June 5, 2012 to May 23, 2015.
3. In 2013 (01.01.2013-12.31.2013) the Remuneration Committee met three times (A). The members' attendance is as follows:

Title	Name	Actual Attendance B	Attendance Commissioned	Actual Attendance Rate (%) [B / A]	Remarks
Independent Director	Qiu Chuangqian	2	1	66.67	
Independent Director	Lin Huimin	3	-	100.00	
External expert	Zhang Enhao	3	-	100.00	

Other matters to record:

1. Regarding items listed in Paragraph 1 Article 14-6 of the Securities Exchange Act and resolutions of the Remuneration Committee, if a member has an objection or reservation, a record or a written statement should be retained. In addition to being recorded in proceedings, application for an announcement should be done at MOPS designated by the competent authority within two days from the date of occurrence: None.
2. In circumstances of implementing the recusal of motions of interest, members should state the names of the members, contents of the motion, the reasons for the recusal of interest, and the voting situation of participants: None.
3. The objective in the current year and recent years has been to strengthen the functions of the Remuneration Committee (for example, to enhance the transparency of information, etc.) and assessment of the implementation situation: None.

4. Remuneration Committee's Responsibilities:

Members of the Remuneration Committee as a good administrator should pay attention, faithfully perform the following duties, and submit recommendations to the Board for discussion:

- (1) Set and regularly review the performance assessment and salary remuneration policy, systems, standards, and structures for directors, supervisors, and managers.
- (2) Regularly assess and set salary remuneration for directors, supervisors, and managers.

In fulfilling the terms of reference, members should abide by the following principles:

- (1) The performance assessment and salary remuneration for directors, supervisors,

and managers should refer to the normal level of payment of the industry and take into considerations the relevant rationality of individual performance, company performance, and future risks.

- (2) Directors and managers should not be guided in the pursuit of salary remuneration or be engaged in behavior beyond the company's risk tolerance.
- (3) To determine the proportion of bonuses declared for directors and senior managers in short-term performance and the partial change salary remuneration pay time, the characteristics of the industry and nature of the business should be considered.

Regarding the former two items of said salary remuneration, including cash remuneration, stock options, profit sharing, retirement or separation benefits, various allowances, and other measures with substantial incentives, the scope should be consistent with the remuneration criteria for directors, supervisors, and managers listed in the Annual Reports of the public company.

II. Internal Audit

In accordance with the laws and regulations set up by the Audit Office, ARBOR Technology is responsible for planning and performing project audits to check the validity and integrity of the company's internal control system. The Audit Office, in accordance with the provisions of "Public company's guidelines to establish an internal control system", prepares an annual audit plan every year, reports to the Board of Directors for approval, and uploads the audit plan content and audit results to the public information website, to achieve the company public information transparency and to ensure sound and perfect implementation of the internal control system.

III. Integrity Management

Business activities are based on principles of fairness, honesty, trust, and transparency in order to implement integrity management policies and actively prevent acts of bad faith. To prevent company personnel in the course of implementing business from obtaining or maintaining an interest, or directly or indirectly offering, receiving, committing to, or requiring any improper benefit, or engaging in other acts that are in violation of integrity, illegal, or in breach of fiduciary obligations, on October 11, 2011, ARBOR's Board of Directors proposed a motion according to the relevant provisions of the "code of OTC listed companies operating in good faith" and passed the "integrity management operating procedures," which specifically require company personnel to pay attention to the matters at the time of implementing business. The contents are as follows:

(I) The Handling Process for Accepting Improper Benefits

ARBOR personnel that directly or indirectly offer, receive, promise, or request money, gifts, services, preferential treatment, hospitality, entertainment, and other benefits must meet the requirements of the "code of listed companies operating in good faith" and "integrity management operating procedures" and conduct the relevant procedures except in the following circumstances:

1. Compliance with the local law and regulations of the operation location.
2. Based on business needs, one who conducts domestic (foreign) access, receives foreign dignitaries, promotes business, and conducts communication and coordination according to the local manners, practice, or customs.

3. Participating in or inviting others for normal social activities organized on the basis of normal social etiquette, business purposes, or promotion of relationship.
4. Due to business needs, one invites customers or is invited to participate in a particular business activity, factory visit, and has expressed clearly the cost burden method, number of participants, level of accommodation, and duration of stay for activities.
5. Participation in public folk festivals that the general public is invited to participate in.
6. Reward, relief, sympathy, consolation, and so on from the relevant authority of the company.
7. A person offers or receives money, property, or other benefits with market price under NT\$50,000 from a person other than a relative or friend in frequent contact; or a person takes the majority of ARBOR Technology personnel as gift or property recipients with a total price under NT\$50,000. But in the same year in which the property is offered to the same object or the donated property comes from the same source, the ceiling for the total market value will be NT\$500,000.
8. For the property or goods received in the wake of an engagement, marriage, birth, moving, inauguration, promotion, retirement, resignation, job leave, or the injury or death of the person, spouse, or immediate family member, the price is not more than NT\$20,000.
9. Others that comply with the provisions of the company.

Apart from the above set situations, when ARBOR personnel come across circumstances where other people directly or indirectly offered or promised to give money, gift, service, favor, entertainment, social activity, and other benefits, the process is as follows:

1. When the person who makes an offer or promise has no relationship to the interest on duty, the company employee should within three days from the date of receipt report to the immediate competent person and, if necessary, inform ARBOR's dedicated units.
2. When the person who makes an offer or promise has something to do with the interest on duty, the company employee should return it or reject it, report it to the immediate competent person and notify ARBOR dedicated units; when it cannot be returned, it should be submitted within three days from the date of receipt to ARBOR's dedicated units to be dealt with.

If the preceding item has something to do with the interest on duty, refer to one of the following circumstances:

1. The person has something to do with the business dealings and directing supervision or subsidies (grants).
2. One who is seeking, carrying on, or has entered into a contract, transaction, or other deeds.
3. Due to ARBOR Technology's business decisions, implementation or no implementation, others will suffer a favorable or adverse effect.

The nature and value of these improper benefits, proposal for refund, payment receipt, going public, turning to donate to charity organization, or other appropriate recommendations will be reported for the approval of the Chairman.

(II) Handling Procedures to Prohibit Facilitation Payments

1. ARBOR Technology's personnel shall not provide or promise any facilitation payments.
2. If ARBOR Technology's personnel provided or promised facilitation payments due to threats or intimidation, they should record the course and report to the immediate competent person.

Upon receiving the notice, it should be dealt with immediately, and the relevant circumstances reviewed to reduce the risk of re-occurrence. If one is found to have been involved in illegal matters, one should immediately inform the judicial authorities.

(III) Treatment Procedures of Political Donations

ARBOR Technology's offer of political contributions should be handled in accordance with the following provisions. After it is reported for approval of the Chairman, if the amount is more than NT\$100,000, it should be reported to the Board of Directors before implementation:

1. The laws and regulations related to political donations in the country of the recipients deemed to be in line with the conditions of political contributions should be recognized, including the ceiling and the form of political donations.
2. Decisions should be made in writing.
3. Political contributions should be accounted for in accordance with the relevant regulations and accounting processes.

When providing political contributions, the company should avoid engaging in business dealings with government agencies, applying for permits, or handling other matters related to the company's interests.

(IV) Handling Procedures of Charitable Donations or Sponsorships

ARBOR Technology's provision of charitable donations or sponsorships should be handled in accordance with the following matters. After it is reported to the Chairman for approval, if the amount is more than NT\$500,000, it should be reported to the Board of Directors before implementation:

1. One in compliance with the provisions of the laws and regulations of the location of the operation.
2. Decisions should be made in writing records.
3. Objects of charitable donations should be charity organizations and should not be disguised bribes.
4. Feedback in the wake of the sponsors should be clear and reasonable and should not be a counterpart of ARBOR Technology's business dealings or people with interests related to ARBOR Technology's personnel. After the charitable donation or sponsor, it should be recognized that the purpose of money flows is in line with the donors' purposes.

(V) Establishing an Incentives, Grievance and Discipline System

1. ARBOR Technology has included "moral integrity" in the employee performance appraisal and human resource policies and established "integrity risk control mail." If it was found or a report received that ARBOR Technology personnel was involved in acts of bad faith, the relevant facts should be immediately ascertained and if

confirmed that there was indeed a violation of the relevant laws and regulations or ARBOR Technology's integrity management policies and provisions, the perpetrator should be immediately asked to stop the conduct and be penalized appropriately. If necessary, legal proceedings can be conducted to claim damages and to safeguard the reputation and interests of the company.

2. For severe circumstances of ARBOR Technology's personnel breaching fiduciary behavior, in addition to dismissal in accordance with the relevant laws or company personnel regulations, the internal site can reveal the title, name, date of violation, content of personnel's violation of integrity, subsequent handling situations, and other information.

IV. Shareholders Relations

ARBOR Technology believes that in the pursuit of alternative energy and environmental and infrastructure-related industries, such as energy-saving products, not only are the items that every government invests large sums of budget to implement, but also are the corporate mission and direction of the new product development of ARBOR. ARBOR Technology adheres to long-term R&D direction "to develop green products for the premise, to use low-power devices, and to design low-power products," so that the products developed are in compliance with the EU RoHS / REACH Act and do not contain the Act's provisioned hazardous substances; the packaging material of internal products use EPE (extruded polyethylene); and paper cartons use core paper (recycled paper), which is also a new environmentally friendly packaging material that complies with environmental requirements. ARBOR Technology uses the existing core technology and resources and, in addition to effectively expanding the field of product applications to create the overall interests of the company, will also continue to seek other possible alternative resources to maximize shareholder equity.

Public disclosure of information has always been valued by ARBOR Technology, so ARBOR Technology in accordance with the laws and regulations specified in the relevant websites discloses the company information and data to the public. In addition to setting a specific person to answer in detail questions from calls made by the individual and corporate shareholders, the company also offers investors' exclusive mail so as to know and answer immediately and reply to the shareholders' questions. ARBOR Technology also actively responds to various recommendations proposed at the annual general meeting of shareholders, such as the improvement of the content of the annual report and other statements.

Environmental Health and Safety

I. Green Operation

ARBOR Technology promotes supplier green movement in the long term, especially for product design-related responsibilities and obligations. It has developed and published as the basis for green procurement a green procurement policy that has been incorporated into the auditing and counseling project implementation.

(I) ARBOR Technology's Social and Environmental Responsibility Policy

1. Comply with environmental protection and labor health and safety-related laws and requirements.
2. Comply with international environmental regulations and energy saving and carbon reduction in a commitment to environmental conservation.
3. Reduce environmental impact and health and safety risks.
4. Comply with international regulations, meet customer demand, and use environmental protection design to make the green enterprise a reality.
5. Participate in charitable activities, and encourage partners to jointly fulfill social and environmental responsibility.
6. Full participation and continuous improvement of green management systems.



(II) Product Design for the Environment

In facing the global energy and climate change issues that are showing further deterioration, more international emphasis is placed on the reduction of carbon emissions and adaptation actions required to respond to climate change. In the low-carbon economy, science and technology will walk into every aspect of life. Although it will be a tough challenge, it also represents a new demand, new technology, and new opportunities. As part of the global society, we actively face and control climate change and specific risks and opportunities of global warming, and thus perform corporate social responsibility.

ARBOR Technology is a socially responsible supplier of embedded network computers and always keeps in mind the global environmental responsibility. In the guidance of green corporate management, the meanings and functions are caring for the environment, protecting the environment, reducing the amount of waste, effectively handling waste, and reducing environmental pollution burden.

ARBOR Technology will use a full range of perspectives to integrate internal product development and use the product design side to strengthen energy saving, resource saving, easy recovery, and careful selection of low-pollution products to reduce environmental pollution associated with production.

The processes of administration and other units work together to find a more efficient way to save energy and reduce carbon in energy applications; the company not only complies with the laws and regulation norms, but also substantially reduces its impact on the environment to construct a balanced and coordinated relationship with the environment.

(III) Products Designed to Save Energy

ARBOR Technology's own brand products must fully comply with Energy Star requirements, the important points of which are as follows:



1. Must have the sleep mode function.
2. Must have screen power-saving devices that meet the energy consumption limit of standby time.
3. Products need to have the performance of low-power operation.
4. Must meet the limit of the maximum power output.

(IV) Industrial Waste Management

To find the various industrial waste removal and disposal vendors are in compliance with the EPA's provisions, inquiries are made through the EPA's Industrial Waste Control Information Network. By getting the vendors' information from "license information queries," according to the waste type and code, qualified removal and disposal vendors of waste material can be found.

The current waste removal and disposal vendors have all been issued with waste removal and disposal permits by EPA, or the licenses for recycling vendors have been issued by the Ministry of Economy, the code projects of which are in line with the company waste category. The statistics data of ARBOR Technology's industrial waste and waste produced in production and operation processes have all been regularly uploaded to the government website in accordance with the laws and regulations and delivered to qualified vendors for processing.

(V) Conservation and Management of Water Resources

Due to the growth of the company, ARBOR Technology's employees have increased in number, along with the attendant use of water and electricity. In order to achieve energy savings and avoid excessive consumption of resources, energy conservation projects aimed at reducing environmental pollution and reducing operating costs are promoted. To enhance the overall corporate competitiveness and operating performance, this project plan includes air-conditioning energy saving, power saving, and water-saving in the hopes of strengthening the internal propaganda and achieving the effectiveness of savings by installing energy-saving equipment to conduct replacement and maintenance of machinery and consumable goods.

ARBOR Technology does not use water in the manufacturing process and only uses water for daily living. The water bills are uniformly paid by CMC, so there is no statistical data about water. Although the company does not directly pay any water bills, it still adopted a number of water conservation measures, including installation of water-saving devices to reduce water use and putting up water conservation measures posters to remind all colleagues to save water.

(VI) Maintenance method of drinking water equipment

ARBOR Technology commissions professional organizations for the maintenance processing jobs. Job content maintenance contract is entered into pursuant to the implementation. The contents of maintenance are described in detail in the “Drinking water quality testing and equipment maintenance record table,” which is set in a prominent place for checking. Water quality is tested annually. Testing items include coliform and total bacterial count in order to protect colleagues’ drinking water safety.

(VII) Promotion of Office Waste Reduction and Recycling

One of the environmental issues of great concern in recent years is global warming. The company executives continued to be concerned about the trend of global climate change and the international dynamic to respond to the climate and actively developed the control strategies for various enterprise risks. As a member of the global village, ARBOR Technology, in addition to continuing to save energy consumption to reduce carbon dioxide emissions, also voluntarily invests in the carbon emissions disclosure program to reduce the greenhouse gases arising from the production process. In response to the global green products and green economy, and to fulfill corporate responsibilities, the first step is to reveal the carbon emissions that occurred in the organization of the company and its supply chain and thus include carbon reduction into the key auditing items of the green supply chain, so as to prepare for various reduction schemes in the future. Today this issue has become one of the focuses of concern of every government, customers, and green organizations.

ARBOR Technology has been implementing waste classification and recycling for some time. The company personnel have become accustomed to classifying trash and waste generated by the company. Office supplies (e.g., copy paper, toner cartridges, waste batteries, etc.) are 100% recycled and reused. In addition to the basic classification and recycling of general industrial wastes, the domestic legal recycling vendors of Grade A waste has been commissioned for dismantling and classification of all the company’s generated hazardous industrial waste. It is hoped that the legal professional handling process will effectively treat hazardous industrial waste to achieve waste reduction.

Green spending refers to the expenses of various activities that enterprises spent in order to prevent, reduce, or eliminate contamination or public nuisances caused in the production and consumption courses, but does not include expenses for industrial safety, ecological conservation, natural resource management, maintenance funds for daily cleaning of the general environment, funds for good neighborliness, pollution damages, and environmental fines, and so on.

Although our operation is mainly based on office marketing and R&D, there are no high-pollution operations, but in order to protect the health and safety of personnel in the operating environment, and to avoid the potential risk of contamination to the environment, we continue to reduce possible hazards through internal and external inspections and ensure a safe, comfortable and clean working environment through process improvement, process changes, etc.

In addition to actively conducting the internal greenhouse management, ARBOR Technology allows the relevant stakeholders to further understand the importance of environmental protection and be able to implement the correct green environmental



awareness in product planning, raw material control, reduction of greenhouse gases, and other sectors. ARBOR Technology not only continues to communicate with employees, suppliers, and contractors of ARBOR-related requirements in the green product direction, ESH principles, and knowledge, but also provides the relevant courses or green propaganda in the internal employee education and training to help employees understand the relevant legal demands, processes, and environmental materials for green products.

In addition, ARBOR Technology also associates with customers' demands, actively participates in the global carbon emissions disclosure forum, and implements carbon reduction projects. It is hoped that by the cultivation of the internal green concept and absorption of external green experience, ARBOR's green concept can be transmitted to implement ARBOR's green commitment and assurance.

(VIII) Energy Saving Measures

Item	Measures
Lamp	The switches have reminders to turn off the lights.
	Reduce the number of bulbs on or the number of lights at places with lower illumination needs such as corridors, passageways, warehouses, etc.
	In meetings, turn on the desired lighting as needed (for example, when a light is not needed, do not it turn on).
	At lunchtime, turn off the zone lights or reduce some of the lights.
	After work, colleagues leaving the office should confirm that all lights in the department area have been turned off.
Air conditioner	Windows and doors of air-conditioning rooms should be closed tightly to avoid leakage of cold air or the intrusion of heat increasing the air-conditioning load.
	With the direction of the sunlight, windows with curtains should be opened to prevent solar heat pervading the room.
	After using the conference room or the restaurant, the air-conditioner should be turned off, and the doors of the conference room should be closed.
Power source	The computers and the electrical equipment not in use for a long time should have the power supply cut off to reduce standby losses.
	Use equipment with the Energy Label that can meet their daily routines automatically to enter the power-saving state.
	If a PC is idle for 5 minutes, the screen display and hard drive are turned off, as it enters the standby state for 30 minutes.
	Shut down computers after work every day.
	At unmanned burning test stations, turn off the screen.
Water	Save water, and do not waste.
	Find faucet and toilet leaks, and immediately report them to general affairs and plant business.
Other	Reduce the number of business machines to save standby power consumption and space.
	Use a solder to avoid segmented acquisition resulting in waste.

(IX) Carbon Reduction Measures

Item	Measures
Paper	In the business machine area, set up the paper recycling boxes, classified as “both sides can be used” and “only one side can be used.”
	Non-important official documents should be in the “two-sided copy” in order to save paper.
	Do not print out the documents that can be viewed on the PC.
	Use email as much as possible to communicate.
	Use scan to save the file, rather than copy the file.
	Use the blank side of the paper for notes or drafts.
	Two-sided waste paper can be used to pad lunch boxes.
	For educational training and various meetings, display the teaching materials on the computer as much as possible, to avoid printing.
Stationery	Reduce use of staples, and use reusable stationery such as binder clips or paperclips.
Tissue paper	Each person carries a handkerchief to reduce the use of hand dryer and paper towels.
Paper cup	Increase use of ceramic cups to reduce the use of paper cups.
Tableware	Bring your own tableware to reduce the use of chopsticks and plastic spoons.
Resource recycling	Industrial resources recycling bins are located at the aisle in front of the toilet 10F; please send recyclables there.
	The bins are divided into “paper recycling bin,” “PET bottles, aluminum cans, and iron recycling bin,” and “battery recycling bin.”
	Electronic parts wastes are concentrated in the waste recycling area and are pasted with waste identification labels.
Transport	Take the public transport system for commuting.
	Carpool to commute with colleagues to reduce fuel consumption.
	Increase use of “conference calls” and “video conferencing equipment” for synchronous meetings to improve efficiency.

(X) Restriction of Hazardous Substances Standards (RoHS)

In the use of chemical substances, ARBOR Technology holds caution, complies with all relevant provisions of norms for specific chemicals, and strictly requires suppliers to limit or ban listed harmful chemicals. ARBOR Technology defines hazardous chemicals as chemical substances that are persistent, bioaccumulative, toxic, carcinogenic, resulting in distortion, and that have toxic replicability, and environmental hormonal disturbance characteristics. In the management of hazardous chemicals, ARBOR Technology copes with the requirements of the EU RoHS directive as the primary goal, and from January 1, 2006, all new products are fully compliant with the EU RoHS directive.

ARBOR Technology aims at six RoHS specified hazardous substances, to implement control of the material without harmful substances and reduce toxic products in the operating environment of ARBOR Technology so as not to endanger human survival and development. Cooperating manufacturers in line with international trends and customer requirements are required to fill in the content of harmful substances (mainly lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr6+), polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs), in order to carry out strict checks of materials.

In addition, apart from the RoHS directive specifying lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6 +), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), and other harmful chemicals, it also sets the XRF detection device and a handheld X-ray fluorescence spectroscopy to detect the finished products' external machine parts / accessories / outer box; hazardous substances are concentrations of lead (Pb), cadmium (Cd), mercury (Hg), total chromium (Cr), and total bromine (Br).



(XI) WEEE (Waste Electrical and Electronic Equipment Directive) Management

Excessive electrical and electronic waste entering landfills is avoided, and the proportion of resources re-used is increased, in order to reduce the impact of products on the environment. Based on the local country laws and regulations and customer requirements, product recycling and reuse rate reached more than 75%, and re-use and recycling rate reached over 65%, in line with EU WEEE requirements and reduction of environmental waste.

(XII) PPWD (Packaging and Packaging Waste Directive) Management

ARBOR Technology takes into consideration the environmental characteristic of products and the optimized engineering rules at the initial stage of design to consider the possible impacts of products on the environment. The environmental design can help ARBOR reduce possible impacts of future products on the environment, thereby reducing the final waste for disposal, re-using any material packaging, recycling packaging waste, and other forms of recycling and reuse.

In the design for easy recycling of a product, it is specified that product design should think about the use of recyclable materials, reduce material types, the number of parts, and modular components, use compatible materials, consider the joining position and the dismantling direction, and use common tools for dismantling and the principles of marking the material type.

As can be seen from the global green trend, to cope with environmental protection and energy issues, advanced countries frequently strengthen laws against electronic product control, such as the new “non-tariff barriers.” There are more than 180 international environmental protection agreements, of which the Acts and norms have significant influence, such as the control of hazardous substances directive (RoHS), recycling of waste electrical and electronic equipment directive (WEEE), and the eco-design for Energy Using Products Directive (EuP), and have a significant impact on

the electronic industry of Taiwan.

Since there is only one Earth, ARBOR Technology does its utmost to promote “green design, green procurement, green manufacturing, and green marketing.” From product design origin to product terminals, each stage tries to make a contribution to the planet.

II. Industrial Safety

To establish the maintenance and management mode of labor safety and health, ARBOR Technology established the “Labor Safety and Health Room,” which is directly under the jurisdiction of the Chairman, and in 2013 passed the international occupational safety and health management system OHSAS 18001 verification to promote the ESH management system. In the import process, the existing management system was re-viewed and improved through a systematic way. In compliance with the management-formulated safety and health policy to “advocate knowledge of the ESH concept, comply with ESH regulations, prevent environmental safety and health risk, and implement ESH continuous improvement,” ARBOR Technology advances toward the direction in compliance with regulations.



Through full participation in hazard identification and risk assessment, the hazards and risks in working environment are systematically analyzed, and blocking mechanisms are established in the early stage of exploration. The work areas, operation process, equipment, machinery and equipment, and operating procedure design are clearly defined, and active prevention is taken. The control measures include the elimination of the sources of hazards, labeling and warnings, and protective equipment for personnel. Documented procedures can be referred to. In addition, the labeling at the scene was also strengthened.



The objective of safety and health is to establish conformance to cope with regulations after making the understanding of internal hazards and risks within the organization. For

different objectives, after factoring out the subject of the details, the relevant departments are to propose the implementation program and verify the status of implementation in the annual management review.

Safety and health requires ongoing educational training and advocacy. For accident prevention, emergency response, and fire safety, ARBOR Technology continuously and systematically conducts the relevant training and performance.

For fire safety, the organizational structure of ARBOR Technology's emergency response has the factory's highest person serve as the response commander and sets up the command team, contact team, safety team, evacuation guidance team, rescue team, and fire team. According to the fire protection plans, the fire task force conducts practical exercises to use the fire equipment.

In addition, every year ARBOR Technology also carries out self-defense firefighting personnel training, notification, evacuation drills, first aid training, fire safety workshops and fire fighting training in accordance with the provisions of the ordinance to implement prevention works. Each factory site is set up with complete fire-fighting facilities. The relevant authorities are responsible for the daily check of maintenance and notification of abnormality of firefighting facilities to implement prevention works.

In accordance with the provisions of the government ordinances, legal professional organizations are commissioned to conduct a comprehensive fire safety equipment maintenance report and a comprehensive public safety check of buildings. In the formulation of the fire protection program, the fire task force conducts practical exercises for the use of fire equipment, which is also the emphasis of ARBOR Technology's efforts.

For employees' health examination, in addition to the dedicated units for labor safety set up by ARBOR Technology, all new employees should carry out labor safety educational training. And activities-related monitoring was set up. Employee's health is not only a personal wealth; it is the driving force behind sustainable operations. ARBOR Technology for years has been dedicated to workplace health management. In addition to employees' annual health checks, the company implements health management to understand the physical condition of the staff, prepares emergency medicine and equipment throughout the factory to make the appropriate treatment at the time of an injury, and implements related medical education and training, so employees can have the right health care concepts.

ARBOR Technology has no dangerous workplaces. The storage, custody, and handling of materials are carried out in an orderly manner in order to achieve the effect of maintaining the quality and increasing safety. Especially for warehouse personnel, operations set the "safety code for storage and handling of materials" as follows.

1. No smoking inside the warehouse, and keep the warehouse clean.
2. Stack material in an order that is tidy and stable, but not too high, in order to prevent a collapse.
3. Stacked materials should not be drawn from the lower portion.
4. Material storage should not affect traffic, or protrude in the traffic lane, causing danger.
5. When handling rough objects, wear protective gloves.
6. When individuals lift the heavy objects with their hands, they should grasp the work objects in a squatting position and then use their leg strength to stand up, in order to jointly take on the weight. Do not stoop while lifting heavy objects, so as not to injure the

- lower back.
7. When two or more people are moving objects, they should jointly agree on the actions or listen to the commander's directions.
 8. The stacking of materials should comply with the following provisions:
 - (1) Should not exceed the maximum safe load.
 - (2) Should not affect the lighting.
 - (3) Should not obstruct the operation of machinery and equipment.
 - (4) Should not impede traffic or entrances.
 - (5) Should not reduce the effectiveness of automatic sprinklers and fire alarms.
 - (6) Should not hinder the emergency use of fire apparatus.
 9. After hours or when the warehouse is unattended, all the power should be cut off.
 10. Dangerous goods should be classified and isolated in storage.
 11. When carrying objects near wires and electrical equipment, be particularly careful not to touch power lines.

In the safety and health maintenance in the workplace, ARBOR Technology ensures the safety of life, property, and health of employees and set in particular the "Code of Practice on Safety and Health" that was jointly reviewed and formulated by members of the Labor Safety and Health Management Committee and Labor Safety and Health Management personnel.

1. The workplace should keep timely housekeeping standards and stay clean and tidy.
2. In the workplace, rubbish should not be randomly discarded, and there should be no spitting or spitting of betel nut juice.
3. Smoking should be done in the prescribed areas, and cigarette butts shall not be randomly thrown away.
4. Disposal of hazardous materials shall correctly use the relevant protective equipment.
5. Hazardous materials should be labeled correctly and should not be arbitrarily destroyed.
6. Drinking water equipment in line with drinking water standards should be set up at appropriate places in workplace and should be cleaned; the water should be regularly sent for examination.
7. Clean-up should be held regularly every year along with implementation of disinfection.

III. Production Environment

For the maintenance of environmental management and establishment of management mode, ARBOR Technology in 2013 passed the international environmental management system ISO 14001 verification. In the import process, existing management systems were reviewed and systematically improved. Following the management-formulated environmental policy, ARBOR Technology advocates the ESH concept and knowledge, complies with ESH regulations, prevents ESH risks, and implements consistent ESH improvement to move toward the direction in compliance with regulations, and strengthens the management of environmental protection through the implementation of various management directions.



(I) Committed to Promoting “6S” Policy

To create a comfortable and clean production operating environment, ARBOR Technology is committed to promoting the “6S” policy, and its meaning is to divide the work site into things that are “for use” and “not for use.” “For use” things are placed neatly using positioning marks to make them easily accessible, and “not for use” things will be ruled out or discarded in order to keep the workplace clean and free of garbage; the work site should be kept clean and beautiful. Through these activities, employees will develop good habits, so that the purpose of “make the plant your home” can be reached.

The so-called “6S” is defined as follows:

1. (Setting)
2. (Settlement)
3. (Sweeping)
4. (Shaping)
5. (Solidarity)
6. (Safety)



(II) Protection for Electrostatic Discharge (ESD)

In order to ensure the quality of products manufactured, ARBOR Technology excludes as much as possible the factors that may affect product quality and the electrostatic discharge (ESD), which is considered the main factor causing most of the electronic components or electronic systems to be subjected to electrical overstress (EOS) destruction.

Generation of electrostatic discharge damage is mostly formed by human factors or electronic components or systems in the process of manufacturing, production, assembly, testing, storage, handling, and so on. Static electricity can build up in the body, equipment, storage equipment, and even in the electronic component itself, and people unknowingly make these objects come in contact with each other, thus forming a discharge path and making the electronic components or system generate electrostatic discharge. Each link should strengthen the focus on ESD protection. And the ESD control program book should be established, advocacy and ESD personnel educational training strengthened, ESD device procurement conducted, and so on.



(III) Waste Disposal

The first step of environmental management in conjunction with environmental protection is to recycle waste generated by industry through legitimate recycling vendors. ARBOR Technology thoroughly conducts internal implementation of waste classification and recycling. Each article of waste, including CDs, plastic, and mixed waste metals, has its own recycling area, and through regular general affairs and factory services, efficacy auditing of recycling is conducted to make an effort toward environmental protection of the earth.

(IV) Future Prospects

ARBOR Technology constantly adheres to the implementation of environmental safety and health. In the future, ARBOR Technology will follow the company's policy to continue to promote and improve the environmental safety management and operational practices; consistent determination across the company will achieve the goal in great strides.

Social Welfare

I. Supply Chain Management

Environmental protection, energy saving, and love the earth are no longer mere slogans. In recent years, the weather has become abnormal. Extreme weather around the world is a warning sign. Whether humans can leave future generations a pure land is really an urgent issue. ARBOR also does its part and requires suppliers not to set up factories in water source areas to avoid water contamination. Production methods are also required to save power and reduce carbon; products are also designed to be energy-saving, carbon-reducing, and easy to recycle and reuse, to reduce the impact on the environment and make earth continue to be evergreen and sustainable.



(I) Principle of Integrity

Integrity is also the main condition that ARBOR Technology seeks in a green supplier. ARBOR Technology believes that only with similar corporate cultures can the partnership last long. ARBOR Technology requires that all suppliers must faithfully implement the trading and transactions without prejudice to the company interests and corporate image of the ARBOR Technology. The manufacturers have also promised not to conduct transfer of benefits or any non-officially specified lending, leasing, investment, and so on to individual or relatives of ARBOR Technology's employees.

(II) Coordination between Suppliers

Competitive quality, technology, delivery, and price are also the necessary conditions for suppliers of ARBOR Technology. By means of the information platform to connect end customers and suppliers, information about the expected future demand and technical requirements is provided, so that manufacturers can prepare materials and plan the capacity in advance, enhance technical capabilities and quality, meet the demand for flexible interactions, and provide the appropriate materials and timely delivery to downstream customers. In addition, ARBOR Technology's mass production of products for manufacturers includes shared parts and body parts. When the design can be shared by many types of machines, it will do so to facilitate both sides in preparing materials, increase flexibility, and reduce inventory.

(III) Requirements of Environmental Protection and Management of Environment-Related Substances

The issue of environment-related substances (i.e., restricted hazardous substances) is one of the main projects of ARBOR's purchasing department. Combined with quality assurance and factory production units, joint discussions are conducted on the environment-related substance issue to establish management systems and management standards. At the same time, the material admitted processes are reviewed to enable suppliers to follow them, so ARBOR products can comply with the relevant regulatory requirements.

To make the company comply with related substance specifications, ARBOR clearly

announces to suppliers the requirements for compliance with environment-related substance specifications and asks suppliers to promise not to let materials in violation of this provision directly or indirectly flow into ARBOR's company through a third party. In addition to issuing advocacy, the company requires suppliers to sign and return an undertaking to guarantee its products fully comply with this requirement. In case of the violation of this provision, ARBOR Technology will start the elimination mechanism to have it eliminated in order of priority.

For the introduction of new suppliers, manufacturers with ISO14000 or green supply chain certificate will be listed as qualified suppliers in priority. For introduction of new materials, suppliers are required to provide relevant documents to prove that their materials meet RoHs and REACH specifications.

(IV) Corporate Social Responsibility ARBOR Technology Suppliers Must Do

On corporate social responsibility issues, the company needs the cooperation and participation of the entire supply chain to achieve maximum synergy. There is a legal number of working hours, no child labor, and compliance with government relevant labor regulations, and workers should be given rights.

II. Customer Relationship

(I) Customer Service

ARBOR Technology provides a full range of the industrial computer applications platform, from embedded computer to a complete product line of systems integration, to meet customers satisfaction in the application fields of smart medical computer products, warehousing logistics computer products, intelligent traffic computer products, wide temperature products, smart grid products, embedded computer products, etc. Customer satisfaction is the core value of ARBOR, and ARBOR is committed to high standards of quality and environmental services to meet customer needs.

In each of the world's markets, ARBOR Technology has a dedicated customer service team that is responsible for business undertaking, product R&D and manufacturing, quality, delivery, cost and after-sales services, and customers' questions and feedback and correctly and quickly provides a response and overall solution.

Product design services, in addition to continuing to strengthen the technical team, sets the complete design and standard operating procedures (SOP) for individual products, and the company strictly enforces them to ensure the integration of the customers' special requirements and views into the design process.

To provide real-time delivery to meet customers' requirements, ARBOR Technology continues to computerize procurement, operations research, logistics, cash flow, and other processes and, based on the operation of electronic information, integrates data exchange of external suppliers and each endpoint of the customer to ensure the correct management information and smooth real-time delivery. In addition to shortening the technical support, transportation, and delivery, as well as after-sale service time, ARBOR Technology set subsidiaries around the world in order to progressively get closer to customers and meet customer needs.

(II) Quality Commitment

Quality commitment lies in that we really listen to our customers, understand the real needs of customers, and turn them into Critical to Quality (CTQ) factor of products to strengthen the management and control in order to achieve the highest customer satisfaction.

When issues in protecting the global environment resources around the world continue to spread, the customers' quality needs and expectations for the environmental protection and energy conservation programs get higher and higher. ARBOR Technology uses superior technology to design low-energy products, which are combined with the compliance with EU RoHS / REACH Ordinance, excluding ordinance-provisioned materials of harmful substances, to provide customers with cleaner and more efficient energy solutions, while reducing the earth's resources consumption and greenhouse gas emissions, and create greater value for customers.

(III) Customer Satisfaction

ARBOR has been in compliance with the principle of "customer satisfaction" and derived customer-orientation as the core value; and customer satisfaction rating and response has become an important basis of the company to continue process improvement.

ARBOR Technology's Purchasing Department regularly (quarterly, semi-annual or annual) issues the supplier rating scorecard as a monitor for customer satisfaction. The contents include technical capability, delivery, price, quality, message feedback, and other aspects. The Purchasing Department develops an improvement plan for the appraisal results and specifically sets performance indicators for the improvement of customer rating points of each relevant unit.

ARBOR Technology issues each year the "Customer Satisfaction Survey" to major customers to ensure that customer needs are understood and properly handled and to provide an improvement direction of the annual plan. Customers also regularly or irregularly come to the factory to implement the auditing score, which is also an important basis for improving customer satisfaction.

In order to achieve the commitments to customers, in addition to making an in-depth understanding of customers' needs, ARBOR Technology constantly seeks the possibility to improve and actively collects customer feedback and market demand as the basis for improvement in technology research and development, system design, and ideas of solutions. In order to exceed customer expectations of the overall solution, the company simultaneously seeks opportunities to develop new products and also actively establishes long-term relationships with retail customers. In addition to helping build the capacity of after-sale services, it also provides the necessary support in advertising and marketing activities in order to enhance customer service.

(III) Customer Privacy

While enhancing the customer service ARBOR Technology pays more attention to maintaining customers' privacy and intellectual property and signs a confidentiality agreement with the customers in order to protect customers' confidential information and ensure confidentiality when business-related colleagues perform business dealings. In 2013 the company neither violated the privacy of customers nor damaged customers'

interests due to a loss of customers' data.

(IV) Follow the Regulations

ARBOR Technology is committed to complying with all applicable national and international laws and codes of ethics and generally accepted practices for company's operations in the region, including promotion of fair competition, offering customers safe products and services, compliance with labor laws and practices, Universal Declaration of Human Rights, international standards and protection of copyright, and corporate assets and intellectual property rights of any kind. ARBOR Technology respects local traditions and values in all operational areas.

III. Social Participation

ARBOR Technology upholds the spirit of “take from society and give back to society” and continues to feedback to the society and actively participates in social welfare in order to be able to bring more warmth to the disadvantaged groups of society.

(I) Concerns about Healthcare for the Global Aging Population

To improve health care quality, advanced countries have reached the high level of paperless medical centers and digitization. A series of clinic intelligence systems that include registration, call numbers, medical records, and prescription has also brought along the needs for nursing carts, medical information stations, and bedside care systems. Chairman upholds the business philosophy of “The global eyes of Taiwan.” On April 9, 2014, the company held a demonstration before being listed in the OTC and displayed a range of products developed for the medical market in recent years, with the focus on bedside care systems, nursing stations, nursing carts, etc. Last year the medical applications accounted for up to 38% of revenues.



(II) Distribution and Promotion of Kanner Cookies

The medical name for autism is “Kanner’s Syndrome.” A child with Kanner’s looks normal but cannot successfully communicate with the outside world. Parents must take care of them year-round, so the city and county governments are encouraged to set up around bakeries offers for Kanner children to make handmade biscuits and snacks, so that they can rely on their own strength. ARBOR Technology also joined this love at the demonstration, press conference, and the Dragon Boat Festival in 2013 and separately purchased Kanner cookies for meetings and as gifts to employees, fully demonstrating that loving behaviors have not fallen behind.



(III) Cooperative Education (Summer Work-Study) with Feng Chia University

In response to the industry-university cooperation, in summer 2013, ARBOR Technology signed a cooperative education case with Feng Chia University and provided equipment and venue for the school to nurture students and to provide appropriate employment opportunities. During this period, four Feng Chia University students came to study in the technical research and development departments. The students benefited a lot.

Time: July 1, 2013 to August 31, 2013

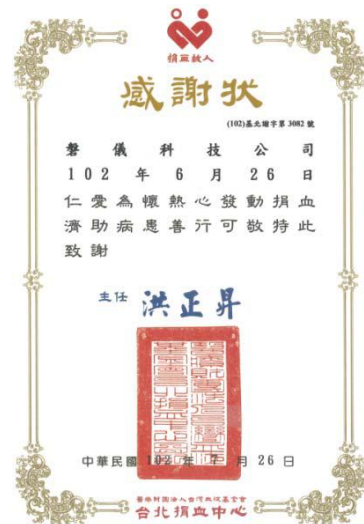


(IV) Blood Donation

In 2013, in response to the blood donations organized at the Far East Century Plaza, many colleagues at ARBOR Technology enthusiastically participated and rolled up their sleeves to donate blood.

Location: Far East Century Plaza courtyard Time: 6/26/2013





IV. Employee Relationship

Employees have been the company’s largest and most important asset. The company attaches importance to suiting the development of their competent employees and at the same time contributing to the company. In addition to building value for themselves, employees work together to create a surplus for the company. We attach great importance to employees’ work environment, development, and care and hope through the nurturing and welfare measures for employees at all levels to establish a “happy and successful” work environment and retain and attract talent to ensure business continuity.

(I) Human Employment Policies and Equality of Work Rights

1. ARBOR Technology strictly complies with the provisions of labor laws.
2. Employees shall be free from harassment and discrimination. Any employee or applicant shall not be discriminated against or receive different treatment because of race, religion, color, national origin, age, gender, political affiliation, disability, or other factors irrelevant to the legitimate business interests of ARBOR. All conditions of employment, during the notice period, and other operating procedures and systems to appoint and lift relationships comply with the laws and regulations of local countries and regions.
3. ARBOR Technology recruits through various channels all parties of talents based on the business strategy and employee career development, including the industry/university cooperation programs and special classes in well-known departments/institutes. In the Taiwan area, the company also provides summer work-study internships and government programs to promote employment. And in accordance with local ordinance, the company never employs child labor and strictly prohibits forced labor or minor employees from engaging in hazardous work. In addition, ARBOR Technology builds IT information systems to manage well the labors’ working hours and vacation dates in order to protect employees’ physical and mental balance.
4. The company regularly holds consultation meetings for employers and employees in accordance with the period specified by law to ensure access to effective discussions of issues of employers and employees. The company holds various meetings

irregularly to keep a smooth communication mechanism at all times.

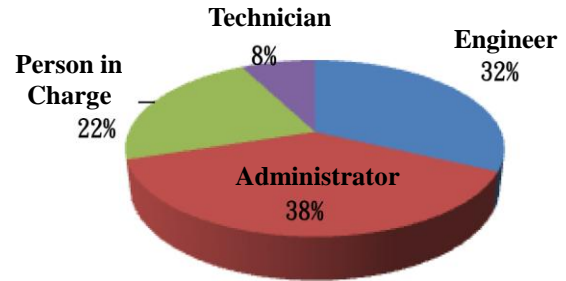
(II) Analysis of Global Manpower

1. By late December 2013, ARBOR Technology's global workforce had a total of 441 people, of which 237 employees are in Taiwan, and the remaining 204 people are spread in Mainland China and other overseas factories, of which 94% are in Asia.
2. The company in overseas regions begins with the principle of giving priority to employing local staff. In the Taiwan area, the number of assistant managers (or higher) accounted for 15% of the number of employees in Taiwan; 100% are local residents. In Mainland China, the number of assistant managers (or higher) accounted for 10% of employees; 95% are local residents. In other areas, 100% are local residents.

(1) Number of employees

Categories of Personnel	Taiwan	China	Other
Engineer	76	31	8
Administrator	90	78	15
Person in Charge	53	17	4
Technician	18	51	0
Total	237	177	27

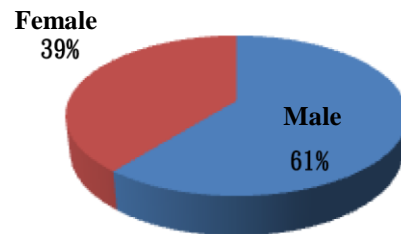
December 2013 Number of employees



(2) Gender ratio (%)

Gender	Taiwan	China	Other
Male	61%	47%	70%
Female	39%	53%	30%

December 2013 Gender ratio



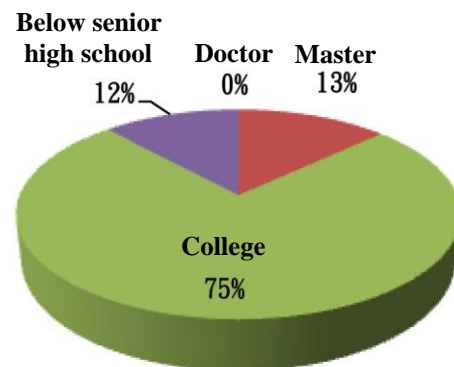
(3) Average age

Region	Taiwan	China	Other
Average age	37	29.79	39.63

(4) Education distribution ratio (%)

Level	Taiwan	China	Other
Doctor	0%	0%	4%
Master	13%	1%	22%
College	75%	42%	56%
Below senior high school	12%	58%	19%

December 2013 Education distribution ratio



(5) Years of service

Year	Taiwan	China	Other
Average years of service	3.49	3.06	2.93

(III) Educational Training and Talent Nurturing

In ARBOR, educational training in addition to being an important tool to enhance the ability of employees is also the medium for the communication of concepts. In addition to professional training, we are also planning a number of different aspects of the curriculum with the hope of passing the company's core values and gathering together the team consensus, so that employees can grow with the company.

1. Training Course Planning

In 2013, the total training hours reached 3,184.8 hours, with a total of 1,511 people. Diversity of training is one of our priorities. The educational training in 2013 according to the different functional categories is described item by item as follows:

(1) New Personnel Training

In order to allow new colleagues to quickly integrate themselves in ARBOR, on the day they report for duty, new colleagues are arranged to attend the "newcomers' guide" program. The contents include an introduction of the company provisions, a living environment tour, etc., so new colleagues will have a sense of belonging on the first day they join the ARBOR people. In addition, the system of guiding seniors that we have performed over the years is also one of the features. Guiding seniors lead new colleagues to understand the work content and how the department operates and to adapt to the new environment. After the trial period for newcomers, guiding seniors can apply for company dinner costs to learn about the situation of new colleagues' adaptation by dining with them and to reward the guiding seniors for their hard work.

(2) Labor Safety and Health Training

In accordance with the government ordinance, the company, on a regular basis, plans the labor safety and health training for colleagues and invites colleagues holding a relevant license to lectures that teach the basic knowledge of health and safety, fire management, etc., to prevent any industrial accidents.

(3) Professional and Technical Training

To enhance the professional competencies of colleagues, the company regularly arranges introduction of new products, technology introduction, work processes, and work practices courses and invites internal lecturers to teach colleagues, simultaneously enhancing the expertise of every department. In addition to internal training courses, the company also encourages colleagues to participate in external courses or seminars to readily absorb new knowledge; furthermore, through internal rotation and travel to subsidiaries abroad, we also provide a variety of training opportunities for colleagues to accelerate the transfer of professional knowledge.

(4) Priority Training Programs - Business Training Courses

For the annual training priorities, the company cooperates with management consultancy companies and hires professional teams and external lecturers to open classes for colleagues. The content of priority training programs for the year 2013 was "Business Course." The two themes are "B2B sales techniques" and "business negotiation skills," which respectively started in August and September. To enable colleagues to apply what they have learnt in the practical work, the company also tailored homework after school to this end to let trainee colleagues rethink the curriculum and produce results. This type of course is close to the actual needs of the trainees, and professional lecturers' teaching

content is rich and vivid and therefore received considerable acclaim.

- (5) Management Capacity Training
To strengthen the management capacity of each unit head, the company collaborated with external professional consultancy companies and well-known college professors to plan the management courses for the needs of the unit heads. This year the company specially hired Professor Han Zhixiang from Chengchi University's Department of Business Administration to lecture for competent persons. The lecture's theme was "leadership and motivation." Professor Han sought trainees' common management problems from surveys of students' opinions before class and addressed these issues in an in-depth inquiry for competent persons to find the best solution.
 - (6) Internal Audit Personnel Training
In response to the import of various certification systems, the company assigned colleagues to an external training institution for training to become internal seed lecturers; the company hired a professional team of consultants to assist in training internal auditors.
 - (7) Book Club
The company regularly subscribes to various types of specialized books and magazines for colleagues to borrow at any time. Through the book club, the company promotes the exchange of knowledge to achieve the purpose of self-learning. In 2013, the first round of book club was held. The first members shared experiences of the specified books through interactive discussions to make a deeper discussion of the knowledge in the book.
2. Training Results and Evaluation
- (1) After-school questionnaire: An after-school questionnaire is used to do a preliminary investigation of colleagues' degree of satisfaction and gather feedback. The results serve as a reference for the future curriculum planning of course contents, lecturers' arrangements, venues, etc., in order to enhance the degree of contribution of education training courses for the colleagues.
 - (2) Training records: The training records of all colleagues will all be registered in ARBOR's personnel information system for checking at any time.
 - (3) Learning feedback: Colleagues' learning situations are evaluated in classroom tests, homework assignments, exercises, and other methods.

(IV) Remuneration Security

1. At ARBOR Technology, the Remuneration Committee based on the industry's competitive environment and market benchmark determines the remuneration policy of the company hierarchy. Then according to personal potential and future performance of value and results, the committee carries out a differentiation with a view to attracting, retaining, and encouraging outstanding colleagues.
2. ARBOR Technology adopts a competitive remuneration and benefits policy. Employees' salaries are determined based on their attainment and experiences, technical expertise, professional seniority and experience, and personal performance, not because of employees' gender. New employees do not have any difference in the starting salary due to race, religion, political affiliation, gender, or marital status.
3. ARBOR Technology's remuneration policy is developed based on the following principles:
 - (1) Grasp and follow the relevant local ordinance to create harmonious industrial relations within the legal norms and thus move toward sustainable

development.

- (2) Based on the supply and demand in the labor market, the profitability of a product line is developed and adjusted, with a view to having a certain level of competitiveness in the labor market.
 - (3) The basis is the market value of each professional function and contribution created by the employees in accordance with the duties undertaken. This basis is combined with the performance management system to pay the appropriate remuneration, which achieves the effect of motivating employees.
 - (4) In order to motivate employees, according to the company's annual operating performance situation and individual performance, ARBOR releases performance bonuses to reward employees' contributions and motivate employees to continue their efforts. The mounts obtained by each employee are subject to the post, contribution, and performance.
4. The retirement welfare system of ARBOR Technology is in accordance with the relevant provisions of the local ordinance. For example, according to the provisions of Taiwan's Labor Standards Act pension system, employees in Taiwan are required to periodically set aside a pension reserve into statutory accounts.

(V) A Fair Performance Management System

The purpose of ARBOR Technology's performance management and development system is to enhance the overall performance of individuals and organizations. A two-way communication and employee development plan is implemented. A fair and reasonable performance assessment procedure is used for assessment as the basis for rank promotion, salary adjustments, bonuses granting, employee development, training needs, and other operations. If the situation does not fit the employee, ARBOR Technology will consider appropriate counseling or assistance to transfer it to suitable units. If the partnership between enterprises and employees is not yet met, under the circumstances of compliance with the relevant ordinance provision, the appropriate severance costs and other measures are paid to ensure the working interest.

(VI) Stirring "Passion Accompanying" Games to Celebrate the 20th Anniversary



On October 23, 2013, to celebrate the milestone of the company reaching its 20th anniversary, the “Passion Accompanying ARBOR 20th Games” were specially held on Saturday (19) at Jinhe Sports Park in Zhonghe. More than 220 employees enthusiastically participated and increased the company’s cohesion. Chairman Li Ming led the employees in putting on the vibrant customized sportswear for the challenging series of general assembly activities. The process was lively and energetic.



“Employees are the greatest asset of the enterprise. ARBOR Technology has been actively encouraging employees to challenge their abilities, and employees must also have a sound mind and body and keep a warm attitude in work and life,” said ARBOR Technology Chairman Li Ming, “I am delighted ARBOR is moving toward the 20th anniversary. This time the Games not only celebrate ARBOR’s birthday, but also let colleagues a chance to stretch themselves.” Most importantly, it is expected through the Games that all employees can know better about team collaboration and together with the company continue to grow, letting ARBOR Technology echo the axis of core activities this time.



The Games kicked off with the eight teams entering and holding the team pennants, which was followed by each team, led by team captain, shouting the creative team slogans. The day activities had fun competitions, including the three-legged race, pulling mountains and rivers, you fall and I rise, and the walking brigade. All ARBOR people temporarily put aside the work pressures of weekdays and muster their efforts to participate in activities. The whole process was full of laughter and cheers, and the atmosphere was quite inspiring.



[Taiwan's Miracles – Bicycle travel]



[You Come, I go – Table tennis]



[Yang Qi Life–Qigong courses]



[Clarion Call–Stair climbing sport]

To celebrate the 20th anniversary, before the games were held, various activities, including Right to Life (weight loss program), Clarion Call (stair climbing sport), Yang Qi Life (Qigong courses), You Come, I Go (table tennis), and Taiwan's Miracles (bicycle travel), already received the enthusiastic participation of all employees. At the same time, all subsidiaries, including the United States, Europe, and Asia, initiated the games or walking exercises to express support for ARBOR Technology's 20th anniversary through actions.



[ARBOR's 20th Anniversary Games victory photo]

(VII) Comfortable ☉ Safe ☉ Caring work environment

1. An internal website was set up, so employees can obtain information through the Internet. The company constantly updates the internal electronic bulletin board, regularly advocates the company's philosophy, announces operating conditions, and conveys information about the outside world to let employees keep abreast of the company's operations and developments.
2. ARBOR Technology strives to create a comfortable and user-friendly space and atmosphere to let employees develop a balanced work and life:
 - (1) The Human Resources Department during the various festivals will send e-cards, gifts, and gift vouchers to the families of colleagues to express good wishes.
 - (2) The Human Resources Department set up a bulletin board that irregularly provides health articles and fun articles and shares information on all kinds of cultural activities in the current month in Taipei City and New Taipei City to enrich the lives of colleagues.
 - (3) The health of employees is a focus. In addition to regular health checks each year, a smoke-free workplace environment is also implemented.
 - (4) Emphasis is placed on gender equality. Sexual harassment is prohibited. The development of a sub-culture is prohibited in order to ensure harmony in the workplace.
 - (5) The Human Resources Department updates the music from time to time to let employees relax with 20 minutes of light music every afternoon.
 - (6) In collaboration with the Arts Foundation for many years, the company established the arts corridor. Every two months, the works of contemporary artists are replaced for employees to cultivate their mind after a busy day of work.
 - (7) Employees are family members. When employees or their family have an accident, the company gives timely assistance, care, and concern.
 - (8) The company organizes various seminars to enrich employees' knowledge beyond the work. For example, legal seminars: help employees understand legal knowledge related to their life and personal interests; gender relations talks: help employees understand how to get along and interact with the other gender; investment talk: help employees understand how to plan their own financial allocation and management.



[Retirement Planning Seminars _20131122]

- (9) The company regularly organizes fire workshops / first aid knowledge to enhance colleagues' relevant knowledge and environmental safety awareness.
- (10) The company provides irregular care for foreign workers, concern, care of daily well-being, and welfare care on New Year's Day.
- (11) The company attaches importance to the experience and value of long-working employees. Employees who have served for two years or more will be especially selected by the HR Department to receive a set of two-meal vouchers the following year; furthermore, indirect colleagues enjoy a birthday leave in the month of their birthday as an encouragement.
- (12) To practice corporate social responsibility, company colleagues are encouraged to actively participate in the environmental, educational and emergency relief and other volunteering activities and provide actual care and assistance to socially vulnerable groups. In order to provide the necessary assistance to relevant groups or objects and to fulfill the corporate social responsibility, ARBOR Technology set up the "incentives method for employees to participate in charity," so the company colleagues can participate in the company's actual activities.
- (13) Employees are family members. Even the children of employees are valued by ARBOR. To reward employees' children for studying hard, as long as employees work in ARBOR, if the academic performance of their children is excellent, based on "Outstanding Children of Employees Scholarship Application Procedures," they can apply for scholarships for their children as a reward; children will be self-motivated in their studies. ARBOR Technology's employees can wholeheartedly strive for excellent performance at work. ARBOR Technology hopes that excellent employees will have excellent children.
- (14) The welfare committee provides employees all kinds of casual associations, art lessons, family day activities, films, domestic and overseas travels, and other

mind cultivation activities.



[Cycling Club_20131026 Bitan Cycling Club]



[Basketball Club_20131031
Friendship Tournament]



[Yoga Club _20130716]



[Hand-made Happiness Amulet _20130417]



[ARBOR Ilan one-day tour 20130518 - National Arts Centre photo]



[2013 Employees' travel 20130724-28 -Guilin Yangshuo Tour]



[2013 Employees' travel -20130725-29 Malaysia / 20130720-22 -Hualien Ocean Park]



[2013 Christmas party]



[2013 ARBOR Technology's annual year-end party to reward employees for a year of hard work]