# 2016 Nan Ya Printed Circuit Board Corporation

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Corporate Social Responsibilities Report



台塑関係企業 FORMOSA PLASTICS GROU

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#### **About The Report**

#### **Overview**

This report is the fifth corporate social responsibility report that Nan Ya Printed Circuit Board Corporation (hereinafter referred to as the Company or NYPCB) has published. The report was published in June 2017, which includes the company's profile, governance, environmental sustainable development, employee wellness programs, and charity work that took place at or involved NYPCB Plant No.1, 2, 5, and 6 (Address: No.338, Sec. 1, Nankan Rd., Luchu Township, Taoyuan County) and Plant No. 8 (Address: No. 57, Weiwang St., Shulin District, New Taipei City) from January 1st 2016 to December 31st 2016. In December 2016, based on consideration for centralized production, Plant No. 8 halted production and redistributed its human resource to Plant No. 1, 2, 5 and 6. Therefore, the previous corporate social responsibility report was published in June 2016.

All data and statistics divulged in this report have come from the statistical analysis and investigation of the Nan Ya Printed Circuit Board Corporation. Financial data were specifically countersigned by an accountant and transmitted in accordance with relevant laws. Some data have been taken from government websites and stated in a more colloquial way for description purposes. Exceptions are otherwise noted throughout the report.

We will publish the CSR report regularly and the next report will be published in June 2018.

#### **Report Guideline**

The report content structure adopts the fourth-generation guiding principle G4 standard (GRI G4 core option) of Global Reporting Initiative (GRI) as the reference, compiled in accordance with the listed guiding principle and framework. In order to reinforce the performance comparability and report sustainability, all the information published in this report are checked by the well-established British Standard Institution (BSI), and conform to AA1000 and GRI G4.0 grade. The "GRI G4 Check Independent Opinion Statement" of British Standard Institution (BSI) can be found as an attachment. The statement presented its findings with the International General Index, and any estimation will be mentioned in the respective chapters.

- Global Reporting Initiative, GRI, ver. G4.0(2013)
- AA 1000 Materiality, Inclusivity and Responsiveness of Accountability Principles (2008)



#### Methods

To integrate and promote corporate social responsibility, NYPCB has established a "corporate social responsibility team," (hereinafter referred to as the CSR team) led by General Manager Tang, Ann-De in 2012. General Manager Tang and Deputy General Manager Lyu, Lian-ruei, who is the Company's Management Representative, have been responsible for the strategic planning, monitoring, and evaluation of the Company's performance in terms of corporate social responsibility. The organizational chart is presented as above.

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#### **Contact Information**

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#### **Message from The President**

The Corporate Social Responsibility (CSR) policy of Nan Ya Printed Circuit Board includes the areas of corporate governance, environmental protection, and social welfare. We have continuously strived to meet the responsibilities of our long-term commitments to our shareholders, customers, employees, suppliers, nearby communities, government units, media organizations, and non-profit organizations. As a subsidiary of the Formosa Plastics Group, NYPCB has followed the Group's CSR policies and focused on five different strategies, which are corporate governance, environmental protection, procurement policy, labor and ethics, and social welfare.  $\circ$ 

#### 1. Corporate Governance

- (1) Abide by all laws and business ethics, and establish a comprehensive corporate system to maintain positive corporate governance.
- (2) Adopt international standards and practices, continuously improve and enhance competitiveness to benefit our shareholders.
- (3) Steadily supply high quality products at a low price and help our downstream customers to develop new products and increase their competitiveness.
- (4) Provide employees with a safe and healthy working environment, quality training programs and systems, and clear targets that they can follow so they can reach their full potential.

#### 2. Environmental Protection

- (1) Continuously improve production processes to reduce energy consumption and carbon emissions.
- (2) Introduce lead-free technology and comply with the RoHS Derivative (Restriction of Hazardous Substances Derivative) of EU, pertaining electrical and electronic products.
- (3) Financial impact and risk opportunity of climate change to organization
  - The climate change would much more likely cause the extreme climate, including the average atmosphere temperature rising and drought time extension, to cause the risk of electricity and water supply shortage, therefore, the Company continuously promotes the energy saving improvement to reduce the resource and energy consumption, to improve the industrial competitiveness while enhancing the friendly environment, and achieve the multiple benefits.

#### 3. Procurement Policies

- (1) Procure green materials and reduce resources consumption in order to increase rate of recycling and reusing of resources.
- (2) Enforce strict inspection on raw material supplies to prevent conflict minerals from entering production processes.

#### 4. Labor and Ethics

- (1) Provide employees with a safe and healthy working environment, and have high quality training programs and systems, and clear targets that they can follow so they can reach their full potential.
- (2) Abide by laws and business ethics, establish and improve the enterprise system to maintain a sound corporate governance system.
- (3) Strive to attain perfection and do good deeds. Make continuously improvements, enhance competitiveness and give back to the society.

#### 5. Social Welfare

- (1) Address various social issues, and participate in appropriate community and social welfare activities to foster a kind and compassionate society.
- (2) Use our corporate spirit of striving for perfection to create efficiency and success in our social welfare endeavors.

To honor our commitments in corporate social responsibilities, Nan Ya Printed Circuit Board upholds a principle of giving back what we gain from society. The Company strongly believes that such responsibilities are part of our valuable assets, an everlasting brand, and a cultural beacon. The Company pledges to shoulder more social responsibilities, take part in more social welfare activities, help minority and disadvantaged groups, promote environmental protection and strive to achieve zero pollution, zero carbon emission, and zero accident target as well as establish a diverse and convenient communication with stakeholders to create the greatest benefit to the Company's investors, employees, society, and country.

Tang Ann-Dee President

## Nan Ya Printed Circuit Board Corporation (NYPCB) Overview

- **1.1 Company Profile**
- **1.2 Market Position**
- 1.3 Prospects, Opportunities and Challenges to The Industry
- 1.4 Major Products and Research & Development
- 1.5 Awards and Recognitions
- 1.6 Participating Organization and Standard
- 1.7 Stakeholder Dialogue
- 1.8 Identification of Major Issues

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#### 1. Nan Ya Printed Circuit Board Corporation (NYPCB) Overview

#### **1.1 Company Profile**

Nan Ya Printed Circuit Board Corporation began operation in 1985. It was a printed circuit board division of Nan Ya Plastics Corporation, belonging to the Formosa Plastics Group, before being separated from the Nan Ya Plastics Corporation. Nan Ya Printed Circuit Board Corporation became an independent company in 1997. The firm has specialized in researching, developing, manufacturing, and selling printed circuit boards and IC substrates (Wire Bond Substrates and Flip Chip Substrates).

In its business operation, NYPCB has focused on improving manufacturing processes and conducting research and development in order to meet customers' needs for high quality products. The Company has gone through a vertical integration in order to reduce production costs and enhance productivity. It also firmly believes that a company cannot meaningfully exist without generating reasonable profits and contributing to the society. Therefore, NYPCB has contributed to social welfare activities for minority and disadvantaged groups while continuously expanding its scale to enhance quality and profits, and upholding corporate responsibilities.

NYPCB has built factories in two locations in Taiwan. The Jing Hsin factory is located in the Luchu Township of Taoyuan County while the Shulin factory is located in the Shulin District of New Taipei City. As of December 31st 2016, the company had a total of 5,703 employees, of which included 324 managers and executives, 894 supervisors, 3,703 general staff, 186 service staff, and 596 foreign workers. Employees in management positions totaled 1,218, which made up 21.3% of all employees.

Nan Ya Printed Circuit Board Corporation is a member of the Formosa Plastics Group. It has stringently upheld its founder's ideas and protected shareholders' interests. The Company believes a stringent and effective governance mechanism ensures that its operations are lawful, financially transparent, and efficient. To achieve this mechanism, NYPCB's organization has been designed as follows:



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Name	Nan Ya Printed Circuit Board Corporation			
Establish	October 28,1997			
Address	Headquarters: 3F., No.201-36, Dunhua N. Rd., Songshan Dist., Taipei City Tel:02-2712-2211 Jing Hsin factory: No.338, Sec. 1, Nankan Rd., Luchu Township, Taoyuan County Tel:03-322-3751 Shulin factory: No.57, Weiwang St., Shulin Dist., New Taipei City Tel:02-2680-6311 NTD 6.462 billion			
Paid-in capital	NTD 6.462 billion			
Number of common shares in the market	646,165,487 shares			
Employees	5,703 employees (as of December 31, 2016)			
Products	Manufacture and sell conventional PCB, HDI board, Rigid-Flex board, Flip Chip Substrate and Wire Bond Substrate			
Production bases in Taiwan	Jin Hsin factory / Shulin factory			

#### **1.2 Market Position**

Regarding the IC package substrate market, since the semiconductor industry is developing toward the multifunctional, high-density and small-size chip trend, this kind of product is in a higher technology field with fewer competing firms despite the fact that competitors continue to enter the IC package substrate market. Therefore, pricing is not overly competitive in the IC package substrate market compared to that of the printed circuit board market.

- 1. USA / San Jose
- 2. USA / Los Angeles
- 3. USA / Phoenix
- 4. Mexico / Guadalajara
- 5. USA / Indianapolis
- 6. USA / New York
- 7. Belgium / Jinluo Yi
- 8. Malta / Ke Kapu 9. Malaysia / Muar
- 10. Malaysia / Penang
- 11. China / Kunshan (Shanghai)
- 15. Taiwan / Taoyuan
- 13. Philippines / Calamba
- 14. Korea / Seoul
- 15. Japan / Tokyo



NYPCB continues the research and development in the three main products, and gains much in the market. The Company has successfully mass-produced the high-end HDI, high-layer board and high-end substrate, and successfully entered the supply chain of world-level customers. On account of the rising of big data analysis, internet of things, wearable device and automotive electronics, and the high demand to high-end HDI, Wi-Fi Module, SiP substrate and high-end CPU substrate, the Company shall continue the research and development aiming at this trend, in the expectation of bringing the stable turnover for the Company. Besides, NYPCB also actively breaks through in the flip chip substrate processing technology, to make the main products matching with the rapid growth of network and communication equipment and the continuous shrinking trend of IC processing, to the production of high-profit substrate, for the further improvement on the company profit.

#### 1.3 Prospects, Opportunities and Challenges to The Industry

NYPCB business development plan can be divided into short term and long term plans. In the short-term business plan, due to the increasing demand for solid state disk, memory module, and network device application products, NYPCB must put more emphasis on developing technical capacity for high-density, thin circuit, IC substrate products as well as developing potential customers to meet market acceptance, adjust product combinations, expand production capacity of high value added products, and increase output values and business profits.

While according to the future market development trend, the long-term business development plan is still primarily the internet of things and vehicle used electronic application products. The Company adheres to the operation principle of improvement, innovation and sustainable operation, dedicates to the research and capacity expansion of environment-friendly products, and continues to develop the new customers, with the leading quality technology as the advantage, to be the principal axis of long-term business development.

#### (1) Supplies and demands and market growth

Looking back on 2016, despite the gradual economic recovery in the US and the increasing purchasing power of end user customers, the market purchasing power still remains weak due to continued economic slowdown in Mainland China, weak market demand in other emerging markets, and the UK's retreat from European Union, which all added a greater uncertainty to global economic recovery. Under this circumstance, total sales for personal computers, smart phones, and other electronic products have plummeted. Although our Company has been dedicated to promoting product diversification in 2016, overall business operation was still deeply affected. In 2017, with the gradual recovery of the economy in the US, big data analysis, virtual reality, and increasing demand for automobile electronic products, we expect improved business performance in the near future.

#### (2) Competitive Advantages

As a member of the Formosa Plastics Group, NYPCB has undergone a vertical integration with the group, which has made the Company not only an upstream substrate supplier but also obtains the ability to supply other even higher-upstream PCB raw materials such as epoxy, copper foil, and glass fiber materials. They have become the foundation of support in NYPCB's growth in the printed circuit board industry. The Company has also completed its construction projects in Taiwan and China. They will not only provide flexible capacity and balanced product development, but also meet customers' needs for a wide range of printed circuit boards. With its profound experiences and advanced technologies, NYPCB has increased its competitiveness through product price and technology advancement.

#### (3) NYPCB's Competitive Edge of the Future

- NYPCB's three long term competitive edges include:
- A. Outstanding technologies, quality, and ability for mass production:

NYPCB is one of the first few companies to produce IC substrate and has accumulated significant experience in product development. Its capability in producing quality products and mass production has been recognized by major global manufacturers. As such, NYPCB has become one of few main global suppliers of comprehensive printed circuit boards. B. NYPCB has built a large customer base:

The Company's quality products have earned the trust of many multinational electronics producers. Thus, many of them have cooperated with NYPCB in new product development in order to help themselves meet the productivity targets and expand market share.

C. The stringent and sustainable management system from Formosa Plastics Group:

NYPCB is a member of the Group and has inherited its superior management system, style, and philosophy. The Company has maintained stringent management and control on production and costs, and has achieved stable supply of raw materials through resources integration and workforce collaboration in with the Group as well as the ability to negotiate procurements with external parties.

#### (4) Disadvantages and Obstacles

NYPCB has continued to offer high quality products and technologies to its customers. However, since the printed circuit board industry has matured, competition has intensified and the electronics market is changing rapidly. The Company has implemented the following policies to generate reasonable profits and secure sustainable development:

- A. Enhance yield rate and technologies, help customers to produce various niche products, and carry out improvement projects to reduce costs and increase margin. The Company also has increased its efforts in research and development to streamline manufacturing processes and increase capacities to maintain NYPCB's competitive edge in technologies and costs.
- B. The future goals of the company should be continued investment in the development of advanced technologies, timely expansion of production capacity to compete for niche products, and an increase in new customers and opportunities in order to elevate capacity utilization.

#### 1.4 Major Products and Research & Development

NYPCB has conducted extensive research and development. The Company has achieved multiple patents but continue developing new products. The following are products successfully developed by NYPCB and their uses:

#### (1) Printed circuit boards:

A. High Density Interconnect Substrate:

The Company has developed high-level blind holes and buried holes, Any layer Via-on-via and via filling electroplating technology and produced various materials used to produce substrates. These products are applicable on handheld devices such as tablets, smartphones, handheld game consoles, and high-end laptops.

#### B. Multilayer PCB:

Technologies to pair multiple layers of PCB and perform high aspect ratio electroplating and impedance matching have been developed. These technologies can be used to produce servers and workstations.

#### (2) IC packaging substrate

The Company has produced Wire Bond and Flip Chip Substrates through various packaging methods, which all aims to produce substrates with finer wires and thinner and higher number of layers.

A. Wire bonding:

The mass-produced wire bond substrates of the fine bonding finger pitch are actively leading the high-level stacked package substrates as FC + WBCSP (flip chip substrate + Wire Bond Chip Scale Package), FC + WBCSP + PoP (Flip Chip substrate +Wire Bond Chip Scale Package + Package on Package), SLP (Single-layer Package substrate), embedded products, and coreless substrates, and the ultrathin PoP (Package on Package) substrate has been developed for application in smart phones, tablet computers, television chips, and logistic operation chips.

B. Flip Chip:

This product has been developed with a light, thin, short, and small design, and the main product types include the FCCSP (Flip Chip Chip Scale Package), FCBGA (Flip Chip Ball Grid Array), ETS (Embedded Trace Substrate). This year, the emphasis is on the mass production of high speed net working devices with high layer count  $\$  larger form factor & low losss material. In order to develop the precise counterpoint technology of the high-layer board and move toward the high-speed I/O number and fine bump pitch  $\mu$ -ball technology. In addition to the establishment of short, medium and long-term key processing research projects to ensure being a continuous technology leader in the future, the Company shall also lead the market in new material development regarding high reliability performance  $\$  low roughness & low loss substrates.to meet future product demands.

#### (3) Major products and their usage:

#### A. Printed circuit boards

The board is a key component in electronic products and is the carrier of a wide range of electronic parts that serves as an interconnection to facilitate communication between parts. It is widely applicable on desktop computers, laptops, workstations, servers, smartphones, tablets, and game consoles.

As the demand for portable devices increases, printed circuit boards (PCBs) are becoming more sophisticated with more layers, high density and finer lines. Therefore, the end products are also becoming sleeker, further increasing the demand for portability. However, the low criteria to enter the PCB market and the high number of manufacturers have made competition intense, especially with regards to 4-10 layered boards for computers and communication devices. Although HDI requires a high level of manufacturing technology, prices have gradually declined because of manufacturers' expansion of production capacity.

This product has been developed with a light, thin, short, and small design, and the main product types include the FCCSP (Flip Chip Scale Package), FCBGA (Flip Chip Ball Grid Array), ETS (Embedded Trace Substrate). This year, the emphasis is on the mass production of high speed net working devices with high layer count  $\$  larger form factor & low losss material. In order to develop the precise counterpoint technology of the high-layer board and move toward the high-speed I/O number and fine bump pitch  $\mu$ -ball technology. In addition to the establishment of short, medium and long-term key processing research projects to ensure being a continuous technology leader in the future, the Company shall also lead the market in new material development regarding high reliability performance  $\$  low roughness & low loss substrates.to meet future product demands.



#### **1.5 Awards and Recognitions**

NYPCB has followed the Formosa Plastics Group's corporate spirit in conducting final analyses and improving continuously until accomplishing perfection. We face problems head on and resolves them using practical solutions, and believe in hardwork, sincerity and honesty, society contribution, and sustainable development. This is the reason that we have continuously made improvements in corporate governance, environmental protection, and public welfare, and upheld our commitments to make the society better. NYPCB's efforts have been recognized by the Taiwanese government as well as by non-governmental organizations. The following certifications and awards have encouraged the Company to keep streamlining its management and emphasizing environmental protection and reservation.

Recognitions						
Items	Date	Certification				
1	1993	ISO9001 Certification(Note1)				
2	1996	ISO14001 Certification				
3	1998	UL-QS-9000 Certification				
4	2001	OHSAS-18001 Certification				
5	2002	TL-9000 Certification				
6	2003	Green Product/RoHS Certification				
7	2004	TS-16949 Certification(Note2)				
8	2009	CNS15506 Certification				
9	2010	ISO-14064-1 Certification				
10	2010	EICC Certification (Grade: yellow)				
11	2011	A bronze medal from the Taiwan Training Quality System				
12	2012	EICC Certification (Grade: green)				
13	2013	ISO9001 Certification(Note3)				
14	2013	TS-16949 Certification				
15	2013	Awarded Authorizes Economic Oprrators(AEO) by Customers Administration, Ministry of Finance				
16	2014	EICC Re-Certification (Grade: green)				
17	2016	Awarded Authorized Economic Operators (AEO) by Customers Administration, Ministry of Finance				

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Note 1: In 1993, Product Type PCB/WB passed ISO 9000 certification and will be recertified once every 3 years.

Note 2: In 2004, Product Type PCB/WB passed TS-16949 certification and will be recertified once every 3 years.

Note 3: In 2013, Product Type ABDS passed ISO 9000 / TS-16949 certification and will be recertified once

every 3 years.



Items	Date	Awards
1	1998	Obtained an Award from Intel for obtaining Secc certifications
2	1999	Honored by Xerox as one of its world-class certified suppliers
3	1999	Obtained a Preferred Quality Suppliers Award from Intel
4	1999	Obtained the Supplier Continuous Quality Award from Intel
5	1999	Obtained an Award from Intel for obtaining Secc certifications
6	2000	Obtained the Strategic Supplier Award from Jabil
7	2000	Obtained a Preferred Quality Suppliers Award from Intel
8	2003	Obtained AsusTek's Environmental-friendly Management System Award
9	2003	Obtained Outstanding Substrate Supplier Certification from Intel
10	2004	Obtained as a Sony Green Partner
11	2004	Obtained an Award from Intel for contributing to the development of Calexico
12	2005	Obtained an Outstanding Service and Support Award from AMKOR
13	2005	Obtained a Preferred Quality Suppliers Award from Intel
14	2005	Recognized as a Sony Green Partner
15	2008	Received the Taiwan Ministry of Economic Affairs award for achieving the fastest export growth in Malaysia, one of the key markets selected by the Ministry
16	2008	Received the Taiwan Ministry of Economic Affairs award for achieving the second fastest export growth to South Korea, one of the key markets selected by the Ministry
17	2008	Received the Taiwan Ministry of Economic Affairs award for rapid export growth in key markets
18	2010	Obtained a Corporate Social Responsibilities award from Taiwan's Global Views magazine
19	2010	Obtained the Taiwan Executive Yuan's Entrepreneurship Award in Q1 2010
20	2011	Obtained the Taiwan Executive Yuan's Entrepreneurship Award in Q4 2010.
21	2012	Ranked in the Top 100 Taiwanese Technologies in 2012 by BusinessNext Magazine
22	2012	Ranked among the Top 5000 for Taiwan's Large Enterprises in 2012 by China Credit Information Service
23	2012	Named Trader of Excellence by Taiwan External Trade Development Council
24	2014	Named an ASESH Continuous Improvement Supplier of Substrates in 2013
25	2014	Named ASECL's Best Supplier of Substrate in 2013 Through Taiwan Ratings Corporation's rating, enterprise long-term credit rating: twA+, enterprise short-term credit rating: twA-1, rating prospect: stable
26	2015	Through Taiwan Ratings Corporation's rating, enterprise long-term credit rating is A+, enterprise short-term credit rating is twA-1, and rating prospect is stable
27	2016	The company was awarded CSR Practice Awards issued by the British Standards Institution.

#### **1.6 Participating Organization and Standard**

To enhance its technologies and competitiveness, NYPCB has actively participated in various major industrial organizations in Taiwan such as the Taiwan Printed Circuit Association (in which NYPCB took posts as Executive Director and Director ever since 1998) and the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA). The Company has also attended major seminars held both domestically and overseas in order to keep it updated with the latest global trends and to seek opportunities for further exchange and cooperation. The Company promises to follow the Electronic Industry Code of Conduct (EICC), to provide the safe working environment for the staff, and ensure to provide the respect and dignity, as well as assuring the environmental responsibility and abiding by the moral rule in the enterprise operation process.

#### 1.7 Stakeholder Dialogue

Since globalization has significantly changed the society, environment, business, and economy, and has profoundly affected the lives of people across different sectors and from all pace of life such as agriculture, transportation, economy, trade, finance, safety, hygiene, and gender equality, NYPCB believes that establishing a friendly and convenient environment for communication is the responsibility of an outstanding corporation.

To create such an environment and show the Company's determination, we provide a variety of simple channels of communication and sets Stakeholders Engagement sector on NYPBCB's website for its stackholders in order to better understand their thoughts, demands, and issues of concern. Their voice provides not only an additional reference for this report, but also important suggestions regarding strategy and goal planning for the company's future development of social responsibilities. Based on attributes, the proposal of feedback sent to Stackholder Engagement will be assessed by the functional teams of President's Office and determined whether the issue causes significant impacts to our stakeholders. After the assessment, the case will be classified by the level of impact and delivered to the board meeting. Later chapters will provide the detailed responses to the issues of concern. The table sets forth the issues of concern and the channels of communication between the company and its stakeholders.

Stakeholder	Communication Channels	Meeting Frequency	Issue of Concern	
	1. Internal announcements	Irregularly, at least once a year	Harmonious labor relations / compensa- tion and benefits / training and promotion /communication	
Employees	<ol> <li>Representatives from the Human Resource Department</li> <li>Regular meetings such as union core members seminars/education seminars/safety conferences /various training seminars/cafeteria quality review conferences</li> </ol>	Once a month		
	<ol> <li>Irregular meetings</li> <li>The Administration Department has established communication channels such as suggestion boxes. Medical professionals stationed at the factory provide emergency medical assistance.</li> <li>Internal publications, online platforms and questionnaires (e.g. questionnaires on training satisfaction).</li> </ol>	Irregularly, at least once a year	safety management/ healthcare for better employment security	
Investors (Shareholders )	NYPCB has appointed a spokesperson and deputy spokesperson system, and a specialized unit for handling investors' affairs. The Company has also communicated with its shareholders and corporate shareholders by setting up the following communica- tion channels:	-	Operating conditions /	
	<ol> <li>Shareholders</li> <li>Annual shareholders' meetings</li> <li>Published annual financial reports as requested and provided them to shareholders during the annual shareholders' meetings</li> </ol>	Once a year	governance / shareholder services / risk control and management/ Industry Prospect	
	(3)Shareholders can make inquiries through phone calls and emails.	Irregularly		
	<ul> <li>2. Corporate shareholders</li> <li>(1) Investment seminars in Taiwan and overseas</li> <li>(2) Investor forums held by securities companies (not held regularly)</li> </ul>	Irregularly		
Customers	<ol> <li>Audited by customers</li> <li>Meeting with customers and dealers</li> <li>Regular technological support</li> <li>Surveyed client satisfaction</li> <li>Provided educational training for customers</li> </ol>	Irregularly, at least once a year	Product quality / post-sale services / green products	

#### **Stakeholder Communication Channels**

Stakeholder	Communication Channels	Meeting Frequency	Issue of Concern
Suppliers	<ol> <li>Established an information platform for suppliers</li> <li>Held meetings and reviewed reports face to face</li> <li>Conducted supplier surveys through question- naires, and provided audits and consulting services</li> <li>Reviewed material supply stability and quality</li> </ol>	Irregularly, at least once a year Irregularly, at least once a year	Supply chain management / safety and health manage- ment / partnerships
Nearby Communitie	Communicated and informed communities through NYPCB's website	Irregularly, at least once a year	Social welfare contributions / community involve- ment / corporate volunteer services / environmental impact of transportation
Non-Profit Organizations1. Established charity clubs and participated in community volunteering activities2. Held donation campaigns and provided assistanc- es in light of major natural disasters in Taiwan		Irregularly, at least once a year	Social welfare contributions / corporate volunteer services
Media	1. Shareholders will visit after the annual shareholders meeting	Once a year	Operating status / dividend distribution / corporate governance
	2. News interview	Irregularly, at least once a year	/ risk control / industry outlook
	1.Official documents	Irregularly, at least once a year	Environmentel
Government	<ol> <li>Meetings introducing and explaining new laws</li> <li>NYPCB's financial statements</li> </ol>	Irregularly Once per quarter	accounting / compliance with laws
Units	<ol> <li>Provided reports and information as requested by the government, authorities, and regulations.</li> <li>Communicated with government or authorities through industrial associations</li> </ol>	Irregularly, at least once a year	and regulations / environmental protection

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#### **1.8 Identification of Major Issues**

#### (1) Stackholder identification and communication

Along with the social environment change and climatic environment change, the world changes variously, and influence our lives of all aspects, such as the agriculture, transportation, economy, trade, finance, safety, sanitation, and gender equality. How to construct a friendly environment is the duty of an enterprise to keep in mind at any time.

In order to provide a friendly environment, NYPCB starts from the practice of stakeholder relationships, including the connections with external supply chains, shareholders / investors, and customers as well as internal company staff. We expect that external partners could cooperate with NYPCB to contribute to the entire environment and society, while internal staff could be treated with respect and dignity. To ensure that all production process and product pose no harm to the environment, NYPCB established a working group to promote corporate social responsibility, closely working with the internal and external stakeholders and exchanging the opinions and thoughts on a timely basis. The working group shall identify the stakeholder according to the work feature of each unit, incorporate issues of concern into the routine work and annual plan, and cooperate with relevant unit depending on the issue of concern.

A. Stackholder identification

Based on global trend, industrial feature, experiences generated from daily interactions with stakeholders, and degree of impacts stakeholders pose on corporate operation, NYPCB CSR working group has identified a total of 7 stakeholder categories (investor / stakeholder, customer, employee, supplier, nearby community, government sector, media, and non-profit organization) according to specific features such as responsibility, impact, intimacy, representativeness, and strategic intention.

B. Major Topic Identification Procedure

In addition to multiple daily communication channels, significant issues of 2016 were selected from the screened list based on the priority, confirmation, and review process of different significant issues. CSR working group is responsible for integrating the initial list of significant issues before distributing questionnaires to collect different voices from the stakeholders.

#### NYPCB Stakeholders



Step 1 Select topics and related parties	Step 2 Make a prioritized list	Step 3 Identify	Step 4 Verify
<ul> <li>Consider according to company policies</li> <li>List related parties</li> <li>GRI G4 consideration aspects</li> <li>Nan Ya Pcb CSR related department's plan</li> </ul>	<ul> <li>Essential analysis: addition-multiplication of impact degree and concern degree</li> <li>Impact degree investigation: Nan Ya Pcb's each department evaluation</li> </ul>	Evaluate the scopes, boundar- ies and time-his- tories of	Verify whether the report is complete and save it as the prepara- tion reference for next annual report

#### C. Sustainable topic collection:

To identify the critical issues that concern our stakeholders, we successfully issued questionnaires to a total of 141 employees (with a questionnaire return rate of approximately 95%). Through intensive discussion from internal meetings, we can determine the impact that these issues have on our corporation. According to "Stakeholders' Level of Concern" and "Impact on the Company", each category is analyzed and classified according to its level of impact and arranged in sequential order. With a total of 15 items, the area on the upper right signifies topics with the greatest significance and on the lower left those with the least significance. We will discuss the significant issues and items that need improvement later in this report.

We will discuss the significant issues and items that need improvement later in this report. By making such improvement, we seek to maintain effective communication channels and partnerships with all of our respective stakeholders.

Degree of Stakeholder Concern	High	23 Salary and Welfare	<ul> <li>18 Employee Welfare</li> <li>3 Risk Management</li> <li>19 Labor Relations</li> <li>14 Air Pollution Control</li> <li>8 Environmental Accounting</li> <li>7 Supply Chain Management</li> </ul>	<ol> <li>2 Corporate Operation</li> <li>1 Corporate Governance</li> <li>5 Product Quality / Technology</li> <li>20 Occupational Safety and Health</li> </ol>		
	Middle	4 Privacy Policy	<ol> <li>15 Waste Management and Recycling</li> <li>9 Green Product</li> <li>13 Greenhouse Gas Emission</li> <li>16 Hazardous Substance Management</li> </ol>	<ul><li>22 Recruitment</li><li>6 Customer Service Management</li></ul>		
	Low	<ul><li>24 Management of Vendors' ESH</li><li>10 Energy Management</li></ul>	21 Training and Promotions 12 Traffic Impacts	<ul><li>11 Water Resource and Wastewa ter Discharge</li><li>17 Community Welfare</li></ul>		
	-	Low	Middle	High		
	Impact on Corporate Operations					

- 1. Corporate Governance
- 2. Corporate Operation
- 3. Risk Management
- 4. Privacy Policy
- 5. Product Quality / Technology
- 6. Customer Service Management
- 7. Supply Chain Management
- 8. Environmental Accounting
- 9. Green Product
- 10. Energy Management
- 11. Water Resource and Wastewater Discharge

- 12.Traffic Impacts
- 13. Greenhouse Gas Emission
- 14. Air Pollution Control
- 15. Waste Management and Recycling
- 16. Hazardous Substance
  - Management
- 17. Community Welfare
- 18. Employee Welfare
- 19. Labor Relations
- 20. Occupational Safety and Health

- 21. Training and Promotions
- 22. Recruitment
- 23. Salary and Welfare
- 24. Management of Vendors' ESH





#### Identified Material Aspects and Boundaries

	Issue / Aspects	Internal		External			Disclosure of	
Category		NYPCB	Shareholder /Media	Supplier	Community / Government	Customer	Management Approach (DMA)	Chapter
	Corporate Governance	•	٠				G4-1~2	Message from the President
	Business Operation	•	•	•		•	G4-8	1.3 Prospect, Opportunities, and Challenges to the Industry
Governance	Risk Management	•					G4-14 G4-EC2	Message from the President 2.1 Governance Overview 3.2 Environmental Accountability 3.3 Water and Energy Conservation and Greenhouse Gas Reduction 3.4 Protecting the Environment around Factories
	Product Quality / Technology Development	•				•	G4-4	1.2 Market Position 1.4 Major Products & R&D
	Customer Service Management	•				•	G4-PR5	2.5 Customers
	Supply Chain Management			•		•	G4-12	4.7 Crisis Manage- ment
	Environmental Policy / Management System (Legal Compliance)	•			•		G4-EN29	3.1 Commitments to Environmental Sustainability
Fouriermontol	Water Consumption & Wastewater Control	•			•		G4-EN8~10,22	3.3 Water and Energy Conservation and Greenhouse Gas Reduction 3.4 Protecting the Environment around Factories
Protection	Air Pollution Control	•			•		G4-EN15~ 16,18~19,21	3.3 Water and Energy Conservation and Greenhouse Gas Reduction 3.4 Protecting the Environment around Factories
	Hazardous Substance Control	•			•		G4-EN27~28	1.4 Major Products and R&D 3.4 Protecting the Environment around Factories
	Community Engagement and Feedback	•					G4-SO1	5.1 Neighborhood Relations
	Employee Equity	•					G4-LA12	4.1 Employment
	Labor Relations	•			•		G4-LA4	4.6 Human Rights
Society	Occupation Safety & Health	•					G4-LA5-7	3.1 Commitments to Environmental Sustainability 4.5Employee Wellness Program
	Recruitment and Retention	•					G4-LA9~11	4.3 Training System
	Salary & Welfare	•					G4-LA2,3,13	4.2 Salaries and Welfare

## Governance

- 2.1 Governance Overview
- 2.2 Financial Performance
- 2.3 Internal Control
- 2.4 Shareholders
- 2.5 Customers

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2.6 Supplier and Contractor

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Management

#### 2. Governance

#### 2.1 Governance Overview

#### (1) Operation of board of directors

Under the corporate governance structure, the board of directors is the highest governance unit responsible for setting operational strategies. Entrusted by the shareholders, the board of directors is mainly responsible for ensuring legality and transparency in the business's operational information, designating business managers to integrate operational affairs, drafting profit distribution plans (so that shareholders can share in the business's operational results), and supervising and guiding daily business operations. The board of directors carries out its operations according to relevant regulations stipulated by the domestic "Company Act", "Articles of Association", and "Rules & Procedures of Board of Directors Meetings". The "Moral Standards for Members of the Board, Supervisors, and Managers" and "Business Integrity Guidelines" have also been stipulated to ensure that relevant personnel consider moral standards while performing their duties, which in turn prevents corporate and shareholders' benefits from being damaged.

The Nan Ya Printed Circuit Board Company's board member selection process shall follow Company Law, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Nan Ya Printed Circuit Board Company's 'Board Member Selection Procedures' and other regulations. Current term board members are appointed by shareholders at the shareholders meeting in June 2014, and consist of eight members (one board chairman, four directors and three independent directors) whose appointment periods are from June 2014 to June 2017. The present Board Chairman, Mr. Wu Chia-Chau, General Manager, Mr. Tang Ann-De, and the rest of the board all come from diverse professional backgrounds with rich experience. At present, the Company is without female directors, and the average age of board members is seventy. The education and work experience of the board members are listed below:

Title	Name	Education	Concurrent positions in NYPCB or other companies
Chairman	NYPCB representative Wu Chia-Chau	National Chengchi University, Department of Business Administration	Chairman of Nanya Plastics Corporation and Nanya Technology Corporation
Director	NYPCB representative Wong Wen-yuan	Industrial engineering, University of Huston	Chairman of Formosa Chemicals & Fibre Corporation, Formosa Taffeta and Formosa Advanced Technologies
Director	NPC representative Tzou Ming-Ren	Taipei Tech Chemical Engineering Department	General Manager of Nanya Plastics Corporation
Director	Chang Chia-Fung	Automatic control engineering, Feng Chia University	NYPCB Deputy General Manager
Director	Tang Ann-De	Electrical engineering, National Taiwan University of Science and Technology	NYPCB's President
Independent director	Wang Cheng-I	MA in Public Finance, National ChengChi University	None
Independent director	Hou Bei-Lieh	Applied Economics, National Chung Hsing University	None
Independent director	Jan,De-Ho	Master of Public Administration, University of Southern California	None

Note1: Mr. Chang Chia-Fung, who was elected as the General Manager at the board meeting held on December 22, 2016 has resigned from his position effective January 1, 2017. Deputy General Manager Tang Ann-De has taken the position of General Manager. This case was approved by the Ministry of Economic Affairs on January 5, 2017 (Reference Number 10601000780).

Note2: Mr. Tang Ann-De was elected as the General Manager at the board meeting held on March 24 2017.

There totally held 6 Board of Directors meetings in 2016, and the assessment to the target and execution condition of Board of Directors function is as below:

- A. The operation of Board of Directors is according to the laws, and the provision of Articles of Association and resolution of shareholder meeting decide the executive authority, that all the directors shall create the maximum benefit for the shareholders in the principle of loyalty and good faith, except for the necessary professional knowledge to fulfill the duty.
- B. For the selected and appointed independent directors, and in order to construct the good governance system of Board of Directors for the Company, it has formulated the discussion specification for Board of Directors depending on the provision of security authority, including the major discussion content, operation procedure, items to be stated in the minute, announcement and others to be followed, which shall all be handled according to this code.
- C. Except the Company shall periodically handle the self-check for the operation of Board of Directors, to reinforce the function of Board of Directors, the internal auditing personnel shall make the audit report for the operation condition of Board of Directors, to meet the authority requirement.

#### (2) Shareholders/employees can provide suggestions for business operations to management teams through the following channels:

A. Shareholders

NYPCB has established a spokesperson system to facilitate communication between the Company and its shareholders. The system allows shareholders to communicate with the Company's legal representative face to face. Their suggestions and questions to the Company would receive a detailed response, and be handled by specialists who document and forward the issues to senior managers. The system makes the Company's operation and financial status more transparent to shareholders and increases communication between them and the Company.

#### B. Employees

NYPCB values harmonious employer-labor relations and respects the rights of employees to express their opinions. The Company has installed suggestions boxes in areas frequented by employees and set up online ones on the intranet. These boxes are managed by specialists who are responsible for facilitating a smooth communication channel. They would seek information to understand more about questions from employees before replying. Employees can submit their questions or suggestions on the Company's regulations or systems if they have any by filling out a Management System Suggestion Form. The form will be forwarded to their supervisors to the most senior management team, facilitating an effective communication channel between employees and the Company.

#### (3)Corporate Management Structure

NYPCB's governance is designed in accordance with its organization chart and their responsibilities are outlined as follows:

Departments		Responsibilities					
Auditing Office		Review internal control systems and regulations to ensure the system has been effectively enforced.					
Presic	Human Resource Unit	Organize human resources, establish articles of association, handle employee transfers, and perform employee evaluation, recruitment, education, and training. Ensure fair management, access employees' needs, respond to employee opinions, and compile the corporate social responsibility report.					
	Management Analysis Unit	Organize board meetings and annual general meetings. Plan and implement tax exemptions. Review and compile data. Evaluate performance and analyze costs.					
	Management Unit	Oversee production, sales, and operation.					
	Investor Relations Unit	Collect industry information. Analyze the market competitiveness of NYPCB. Analyze IPO and investments. Engage with investors and organize institutional investor conferences.					
lent	Equipment Unit	Establish and implement maintenance systems.					
's Office	Material Procurement and Management Unit	Plan the usage of raw material. Purchase raw material and control inventory. Ensure the usage of raw material is reasonable and cost-effective. Manage inventory and warehouses.					
	Projects Unit	The construction and expansion of plants in China. Plan and arrange new production and install new equipment, conduct trials, and manage production.					
	Production and Sale Unit	Oversee the expansion of the flip chip project, mass production, trial production, and delivery. Estimate the consumption of jigs and raw materials.					
	Legal Affairs Unit	Manage the Intellectual Property Rights and legal affairs of NYPCB. Apply for patents.					
	EHS Unit	Implement and manage measures to prevent pollution. Organize required training on workplace safety, environmental protection, and hygiene.					
Accounting Department		Establish, plan, supervise, and implement an auditing system. Review the legality and legitimacy of transactions. Handle daily accounting reports, file taxes, and analyze the profit and loss of products.					
Information Technology Department		Oversee the Management Information system, establish an intranet, and manage Company websites. Evaluate and develop information systems, manage the intranet, and develop applications.					
Research and Develo- pment Department		Establish and review production regulations, new materials, and technologies. Establish and review new product production processes. Evaluate and execute plans to satisfy customer requirements for processing technologies and tests. Conduct trial production for new products before entering mass production.					
Product Design Department		Design, produce, and improve jigs. Integrate and review production technologies. Manage and execute trial production of films and screen plates. Compile new customer data.					
Sales Department		Carry out marketing initiatives and analyze the market. Plan and implement sales plans. Expand the customer base. Responsible for customer service. Analyze markets for new products.					
Quality Assurance Department		Establish a quality control system, audit customers, obtain UL certification, conduct reliability tests, analyze quality, and make timely improvement. Make quality control plans and review resu					
Construction Department		Plan and analyze engineering projects. Manage parts and materials for construction. Supervise construction projects. Develop competitive products. Subcontract, examine, and verify expansion projects.					
Utility Department		The utilities, wastewater treatment equipment fault management, statistical analysis, betterplanning, power system operation execution, operation management.					

#### (4) Follow Corporate Regulation

NYPCB has stipulated the "Principles and Codes of Conduct for Board Members, Supervisors, and Management" and requires that its management abide by the code in operations and avoid unethical behaviors that may damage both the Company and the interests of its shareholders.

The Company has adopted an online platform for procurement, which increases efficiency as well as ensures a fair and reasonable procurement process that could avoid malpractice. The platform provides a win-win situation for both NYPCB and its suppliers. In addition, a comprehensive auditing system has been established to maintain financial transparency and legality. Audit reports are submitted to the board. The Formosa Plastics Group Headquarters, formed by the subsidiaries of Formosa Plastics Group, is an independent auditor and thus increases the profession and efficacy of the auditing system. The independent auditing facilitates the effectiveness of supervision.

NYPCB firmly believes in honesty, accountability, and abiding laws, and as such, its management, operations and strategies have been made in accordance with domestic and foreign laws, regulations, and policies. The Company has held irregular law-related trainings and seminars for employees and has established a regulation to obey anti-trust laws. A list of summaries and prohibited conducts for each regulation has been produced, and Company requires employees to read and sign it which is the principle of all business activities. NYPCB strictly requests employees, management, and board members to obey all regulations.

Furthermore, NYPCB consults legal opinions from both Department of Legal Affairs of FPG Headquarters internally and Formosan Brothers Attorney-At-Law and Lee and Li Attorney-At-Law externally regarding to the Company's ethics and lawful behaviors along with organizational integrity. NYPCB has established a "Stakeholder Engagement" on its official website to provide a communication channel for stakeholders to propose opinions, raise questions, or give suggestions online. Designated personnel handle and pass those comments according to their characteristics to a specific person, who is in charge, replies and takes all necessary actions.

The Company also strives to ensure all commercial activities and sales strategies in compliance with the laws, trade conventions, and social norms to against any illegal, unfair and injustice affairs. The Company has never sold the products that had been prohibited or arguable and been punished for violating any regulations. NYPCB never involves in any political activities and maintains neutral and objective political stand.

#### (5) Commission of Salaries

NYPCB established the commission in December 27, 2011 and appointed an independent director, Wang Jheng-yi, to be the convener and chairman of meetings, as well as appointing Hou, Bo-lie and Jhan, De-he as commissioners. The appointment is in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission. The Commission has made suggestions for the salaries of the Company's chairman, supervisors and managers, and board directors. This approach prevents the chairman and managers from exposing the Company to risks from salary disputes. Discussion bills from Compensation Committee, such as salary adjustment and annual bonus related topics shall be all put forward to Compensation Committee for a second discussion after a consensus has been reached by the personnel department and labor union.

The Remuneration Committee of this term fully complies with the one reelected in 2014. For the director and supervisor terms that expired and were reelected in 2014, on June 24, 2014, the Board of Directors appointed the independent director Wang Cheng-I as the convener and meeting chairman and Hou, Bei-Lien and Jan, De-Ho as NYPCB remuneration committee members, whose term is from June 24, 2014 to June 23, 2017. Three remuneration committee meetings were held in 2016.

#### (6) Internal Audits

The Company has established an internal auditing unit, reporting exclusively to the board of directors, with the task of hiring professional internal auditors. Recruited staff members have to attend auditor training programs held by professional auditing institutions every year to continuously improve their auditing skills.

Internal audits are not the sole responsibility of the independent audit unit. Every department has to conduct audits for specific items and regularly audit their operations. The independent audit unit reviews their audits and conducts additional regular and irregular audits to ensure that the department has conducted the audit effectively.

2016 Annual Audit Plan items: 39. Completed: 39. Rate of Completion: 100%.

A. Normal item(s): 37 (94.8%).

B. Item(s) that required improvement: 2 (5.2%), improved.

#### (7) Employee Behaviors and Code of Ethical Conduct

NYPCB has defined employees' and employer's rights and obligations to maintain order in the workplace. Pursuant to the law, a code of conduct has been established and was published after having been reviewed by relevant authorities. The Code has acted as the guideline for employee management. It has specified clear regulations regarding employee transfers, working hours, salaries, regulations and punishments, dismissal, severance pay, retirement, training, performance appraisals, and compensation for occupational injury and disease, and social welfare.

In order to ensure staff members following the Code of conduct, NYPCB has required that engineers, managers, and the management team sign a statement that specifies the operational policies that NYPCB employees should follow. The policy summary is as follows:

A. Illegal competition is banned (Antitrust policy):

Employees must abide by all regulations of the Fair Trade law. They should always gain profit through honest means and ensure their conduct is in compliance under the law.

B. Conflict of interest policy:

Employees should avoid damaging the interests of the Company during operation. They should never directly or indirectly request or accept gifts, entertainment, or any form of personal gain from the customers or competitors of the Company.

C. Data security policy:

Employees handling the Company's data should not reveal confidential data or other information that has not been published without NYPCB's written permission. They should not use the information for personal gain or use it for any purpose that is not relevant to the Company's operation. Employees should hand over all technological information that they worked on leaving the Company.

D. Participation in political activities

Employees should not directly or indirectly donate money, provide services, or give valuable items to any candidates or political parties. They should not conduct any behavior forbidden by the law or give any ill-gotten gain to legislators, political figures, or government officials that may prevent them from performing their duties.

E. Integrity business code

The Company reached the solution to draft the "Corporate Good Faith Business Code" on the Board of Directors meeting on November 11, 2014, which modified a little according to the Company practice, but the stipulated code agrees with the spirit of "Listed Company Good Faith Business Code".

#### (8) Anti-corruption

The company upholds the spirit of diligence and sincerity synonymous with the Formosa Plastics Corporation and has established rigorous ethical standards. Employees are expected to be responsible in both their speech and behavior not only in their work but also in their daily lives by observing all common behavioral and ethical standards. The company has always employed rigorous standards to prevent employees from leaking trade secrets, misstating facts, starting rumors, sabotaging work or violating gender equality principles in the workplace. Specific actions that have been taken in the past include establishing labor and ethical management policies and advocating the company philosophy "Create Values, Honest Business, Teamwork and Shared Prosperity". Furthermore, the company has advocated for anti-corruption practices. Such advocacy will continue to be held annually during holidays. The company has also arranged annual staff ethics cross assessment. A number of members of every department are chosen to be interviewed according to the size of the department. These interviews will emphasize on-site management, staff leave management, work hour management, etc. for staff rights and anti-corruption practices.

#### 2.2 Financial Performance

NYPCB is a professional circuit board manufacturing company with 2016 revenues totaling NT\$ 29,171 million, operating costs totaling NT\$ 29,769 million, operating expenses totaling NT\$ 1,746 million, retained earnings totaling NT\$ 5,362 million, dividends totaling NT\$ 0.8 per share, business income tax paid totaling NT\$ 170 million, and donations and community investments totaling NT\$ 430,000. Additionally, in 2016, the liability / total asset rate was 22%, demonstrating a stable financial situation. NYPCB staff salaries in 2016 are presented on Page 174 of the 2016 annual report.

To maintain a stable operation, NYPCB has appointed supervisors to oversee its operations and conduct financial audits. Professional external auditors have been brought in to conduct financial auditing to ensure the financial status remains transparent. In addition, NYPCB's monthly revenue report is published by the 10th of each month on the Market Observation Post System as required by law. The information is also updated onto NYPCB's website at the same time. The Company holds an annual general meeting in Q2 every year to inform shareholders of its operational and financial status, and show the Company's commitment to safeguard the interests of its shareholders.

#### 2.3 Internal Control

#### (1)Prevent insider trading

NYPCB's board of directors, supervisors, managers, employees, and consultants, have upheld their obligations and ethics as prudent administrators. They have signed non-disclosure agreements to keep crucial internal information in confidence prior to official Company announcements. If any leak of information is discovered, the abovementioned personnel should immediately report it to internal auditing department. Upon receiving such reports or after personally discovering a leak, the audit department would prepare a response policy under legal advisement and help from the finance department. The incident would be documented for future reference.

In order to avoid leaked information affecting stock prices and to ensure all employees follow the regulations against insider trading, NYPCB has followed Article 8 of the Regulations Governing Establishment of Internal Control Systems by Public Companies to establish an anti-insider trading regulation, and has included it in its internal control system to ensure it is effectively enforced.

#### (2) Establish a Complete and Effective Accounting System and Internal Control Mechanisms

NYPCB's management can be categorized into the following six management mechanisms: human resources, finance, operations, production, materials, and engineering. After on-site personnel inputs basic data into their computers, the data is then delivered and repeatedly applied. Respective mechanisms mutually retrieve and connect to each other's data, with a checkpoint arranged between any two pieces of data. Through computer logic, data can be automatically articulated and debugged.

NYPCB has also established an internal auditing structure, which can be separated into three major aspects, with the first aspect executed by the Auditing Office under the Board of Directors, the second aspect routinely and professionally audited by FPG Headquarters, and the third aspect voluntarily and routinely audited by the Company's respective department.

#### 2.4 Shareholders

#### (1) Shareholders

- A. Annual general meeting
- B. Compile annual financial report and distribute it to shareholders during the annual general meeting
- C. Shareholders can make inquiries through phone calls and emails.

#### (2) Corporate shareholders

- A. Participate in investment seminars in Taiwan and overseas.
- B. Participate in investor forums held by securities companies (not held regularly).

#### 2.5 Customers

#### (1) Customer satisfaction surveys

NYPCB regularly conducts customer satisfaction surveys to investigate aspects such as technology, quality, response, delivery, and cost. Each individual department would communicate with customers regarding items that scored poorly and propose improvement plans to customers based on the analysis results in order to raise customer satisfaction. Please refer to the questionnaire results over the past three years, in which the average score of 2016 reached more than 4 points, which indicates that our customers are satisfied with the performance of our company.



#### **Customer Satisfaction Questionnaire**



We dedicate the improvements of internal production process and operations as well as customer satisfaction with PDCA (Plan, Do, Check and Action) management model in all activities to ensure all departments have a common principle to follow.

#### **O** Customer Satisfaction Process



#### (2) Customer Service

NYPCB has always been a trustworthy business partner who has grown side by side with its business partners. To enhance customer service, we are not only providing products with quality that exceeds customer expectation, but also establishing an outstanding communication system to provide timely responses to customer requests, and to ensure on time delivery of shipments.

Furthermore, in the aspect of understanding customers' valuable evaluation, the sales visit customers regularly to communicate and exchange opinions to obtain information about the latest product application in the market. Such communications with customers are valuable information which will be taken into consideration of the company's operation.

NYPCB has strived to maintain good relations with its customers with the aim to increase its competitiveness along with the customers, raising customers' loyalty, developing potential customers, and achieving final goal- enlarge the company's profit.

#### (3) Fair and reciprocal principles

Based on our business values of integrity and reciprocity, our company is personally led by the senior management. From contract establishment, qualification manufacturing, marketing, customer service to customer complaint handling, we apply this principle to all our customers. At the same time, we also strictly follow the international quality standards to provide our customers with fast service and good quality. Actual measures taken are provided below:

- A. Provide educational training to staff regularly so to ensure understanding of customer needs and related regulations. Before selling any product, our staff should communicate with our customers on product content and relevant risk to provide the most suitable products.
- B. Business and customer service units are required to collect information related to customer satisfaction on TQRDC (technology, quality, response, delivery, and cost). These units are also asked to discuss such issues and improvement measures with the relevant manager. Through a dedicated counseling window, the company's official website and multiple complaint channels, our customer's rights are fully secured.
- C. Internal and external supervision and control operations are regularly carried out to ensure the implementation of company policy as well as fair and reciprocal principles.

#### 2.6 Supplier and Contractor Management

#### (1) Supplier Management

NYPCB executes procurements through "public bidding" via the Formosa Plastics Group's online platform, where suppliers can request quotes and make offers, place orders, and make deliveries.

The Company considers its suppliers as important partners, and therefore, it strives to facilitate long-term cooperation with them to establish a stable and sustainable supply chain. Except to ensure the supplied product quality, delivery time, and price, the Company shall also urge the environmental protection, safety and sanitation improvement, emphasis on human rights, to jointly perform the corporate social responsibility, and require the supplier signing the "Letter of Commitment of Supplier of Formosa Plastics Group for Corporate Social Responsibility", and make the risk management and business continuity plan.

NYPCB positively implements and practices material purchasing localization in order to reduce unnecessary air transportation and ocean freight costs as well as the related carbon footprint generated from transportation. The local raw material purchasing rate increased from 53.6% in 2015 to 66% in 2016 (note: the raw materials for primary customers' appointed high-level products are still imported from abroad).



Note: Among the company products that use raw materials from the upstream supply chain, copper foil accounted for about 30% of the volume, build up film accounted for about 10-15% of the volume, and the rest belongs to related chemicals and consumables.



#### Supplier Insourcing/Outsourcing Proportion

Fig. 2.8 Supplier Purchasing Amount Proportion



A. Quarterly Operation Evaluations

Before introducing new materials and developing corresponding products, NYPCB evaluates its operations with the senior management of key suppliers every month and discusses the supplier's performance with regard to technology (T), quality (Q), response (R), delivery (D), costs (C), environment (E), and finance (F). Meanwhile, new suppliers are also required to receive ISO9000 or ISO14000 certificates. The company evaluates suppliers through these qualities and requires that they make continuous improvements to meet NYPCB's supplier requirements. The suppliers are evaluated and published in quarterly evaluation reports every year, which leads to the replacement of unsuitable suppliers and ensures maintenance of long-term partnerships with outstanding suppliers. Suppliers are required to make improvements based on NYPCB's evaluation reports and are regularly audited by the Company to ensure that necessary improvements have been made. The reports are reviewed by the procurement department for future reference.

B. Management System Certification

NYPCB requires that its raw materials suppliers follow the TS 16949 standard. Suppliers are also required to achieve ISO 9001 and other international certifications.

C. Evaluation

NYPCB visits its major suppliers every year according to its annual plan and review supplier quality. As a result, suppliers are required to make improvements if non-compliances are found. The suppliers would be given a clear schedule and target to make improvements.

In accordance with EICC audit standards, the audit rate of the past two years has been greater than 80%. The Company listed 11 significant manufacturers for auditing in 2016, of which a 100% audit rate was achieved. In addition, all audit shortfalls have been successfully addressed.

The company regularly audits and evaluates its suppliers and requests its suppliers to comply with EICC requirements and other relevant environmental regulations, as well as to carry out self-assessments and on-site audits. On-site audits emphasize quality systems, human rights and working conditions, environmental safety, green partnerships, etc. of actual operation status. Any of the aforementioned issues that do not meet the established criteria will be asked to create an improvement plan. The company will also provide suppliers with necessary assistance in order to promote corporate social responsibility.

D. Suppliers and labor rights (EICC)

The Electronic Industry Citizenship Coalition (EICC) has been promoting labor rights in the electronic industry and suppliers in recent years. NYPCB has adopted the EICC Code of Conduct and requires its suppliers to meet the code's requirements in environmental protection, health and safety, labor rights, and labor conditions.

E. Conflict minerals management

NYPCB requests its suppliers to promise not to use mineral and metals mined from conflict zones. Suppliers must disclose the information of its smelters to obtain a new material certificate prior to commencement of supply. Suppliers who do not provide complete information or work with illegal smelters shall be replaced. Smelters are encouraged to participate in the Conflict-Free Smelter Program (CFS) as a way of achieving third party certification.

#### F. AEO (Authorized Economic Operator) Supply chain management

The Company applied for AEO certification from Customs Administration in order to ensure that the supply chain environment of the Company can swiftly pass through customs during trading operations, thus providing customers with rapid delivery. The Company became an official AEO member on December 20, 2013.

#### (2) Contractor Management

NYPCB establishes the following systems for regarding the company's contractors to enforce safety management measures, monitor contractor quality and construction, and avoid occupational injury and illness. The general management office bidding & contracting center is responsible for collecting information about contractors and audit their workshops, equipment and workplace safety measures, techniques and previous projects to rate their capabilities and performances according to three levels: A, B and C. The cost of safety and health management is also included as a compulsory item when the engineering budget department setting budgets. Contractors must make a list of equipment they used to ensure safety and maintain health. The list will be included in their contracts with NYPCB to ensure the costs will not be left out of the budget. NYPCB's computer system monitors and controls budget planning would automatically include the safety and health management costs into its budget. When the bidding & contracting center inquiry the price , they set the cost lower than NYPCB's budget are not accepted in order to prevent contractors from sacrificing safety and health for the sake of winning a bid.

#### (3) Contractor Safety

Contractor safety is an important part of corporate safety and health management. NYPCB values its contractors as if they were its own employees, and appreciates and admires their professional skills, their equipment, and their assistance in construction and maintenance projects. In order to ensure trouble-free construction, NYPCB has paid extra attention to quality, construction progress, and workplace safety, and has promoted and established a construction contract management system, an evaluation system on contractors' safety management, and held construction safety training. The Company also evaluates workers' mental and physical states before construction begins, and to ensure workers follow workplace safety regulations to reduce the chance of disasters and accidents.

NYPCB has adopted the Formosa Plastics Group's methods and regulations for contractors, and requires its contractors to meet the same safety and health standards as its own employees. Computers are used to control and manage construction from planning and designs, budgeting, contract, and operations. Excellent contractors are selected to take part in expansion projects or annual maintenance. Contractors are also required to take professional tests and training to enhance their skills and raise their work safety awareness to reduce occupational illness and injury. NYPCB also informs contractors of safety and health measures they must take during construction and at the workplace, and requires contractors to implement the measures effectively. Toolbox talks are held before construction begins every day to remind workers of the regulations and measures. Construction is not allowed to proceed if workplace safety cannot be ensured at any time. Temporary safety and health facilities used during construction, pollution prevention measures, and the disposal of wastes and waste construction soil should be dealt with following relevant laws and corporate regulations. Contractors are not allowed to proceed if accidents occur due to non-compliance of regulations by the contractors.

Outsource	<ul> <li>Place order</li> <li>Provide a construction safety checklist. Establish workplace safety measures and identify potential risks</li> </ul>
Budget	<ul> <li>Include safety measures into construction plan and budget</li> <li>Construction safety notice and engineering facilities safety and health of the chedule upload system</li> </ul>
contract out	<ul> <li>Provides construction safety tells and engineering facilities health and safety details, quotes for manufacturers and construction basis</li> </ul>
Inform contractors NYPCB s safety requirements	Inform contractors NYPCB's requirements for safety after finalization
Apply entry permit	<ul> <li>Contractors who has digitized their systems can apply permit online</li> <li>Those who have not fill out application forms. Their information would be digitized in computers by construction management unit</li> </ul>
Issue entry permit	<ul> <li>Provide contractors a construction safety notification form (contract number) construction personnel signed.</li> <li>Computer verification hold safety education training for contractors (Employee number)</li> </ul>
Construction Application and Approval	<ul> <li>Apply for occupational safety.</li> <li>Designate supervisor and safety supervisor.</li> <li>Toolbox meetings are held to promote construction safety.</li> </ul>

## **Environmental sustainability**

- 3.1 Commitments to Environmental Sustainability
- **3.2 Environmental Accounting**

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- 3.3 Water and Energy Conservation
- and Greenhouse Gas Reduction
- 3.4 Protect The Environment around Plants

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3.5 Greening and Tree-Planting Activities Around Plants

#### 3. Environmental Sustainability

#### 3.1 Commitments to Environmental Sustainability

#### (1) Environmental protection policy

NYPCB is aware of the importance of the environment for human beings. It believes the environment is as important as the economy, and has actively participated in and promoted various environmental protection programs. Measures such as procurement of green raw materials, green product design, production process improvements, factory management, the process of packaging and shipments, and so on have been implemented. Through setting up performance evaluation indicators, annual targets, and a strict monitoring system on energy and resources consumption, NYPCB has continuously made improvements and upheld its founder's philosophy to strive for good deeds and perfection. To fulfill social responsibility, control risks, reduce energy consumption and emission, and protection of the environment, NYPCB has established the following environmental, safety and health policies:

- 1. cherish resources,
- 2. reduce pollution and wastes,
- 3. ensure safety and health,
- 4. prevent accidents.
- 5. abide by the law,
- 6. follow standards,
- 7. facilitate communication,
- 8. consult and maintain good neighborly relations.
- 9. shoulder responsibility,
- 10. prepare for crisis,
- 11. discover the truth,
- 12. make improvements continuously.
- A. Organization Chart and Responsibility of the EHS Unit

To ensure safe, healthy, and environmentally friendly management and sustainable development, the Company has established a SHE unit that reports directly to the President's Office. In 2009, the SHE unit was evaluated by the Council of Labor Affairs (Executive Yuan) as the first-tier Labor SHE Management Unit. On the other hand, the general manager is responsible for integrating and stipulating company policies and standard operating procedures, while providing relevant services to external parties. Each plant has established an environment and safety department responsible for the plant's internal safety, sanitation, and promotion of environmental protection through the monthly "safety and sanitation management meeting", monthly "environmental protection and energy saving meeting", quarterly "safety and sanitation committee meeting" (the required rate of labor representatives is at least 1/3 and we have reached 47%), and the annual "SHE Management Review Meeting" shall be held to discuss and review workplace safety and health, with the goal of eliminating potential accidents and hazards and achieving zero pollution.



B. Environmental, Health, and Safety Management System

NYPCB has strived to protect the environment and ensure the safety of employees, and promote their health. The Company has achieved the ISO 14001 certification of the environmental management system in November 1996, and passed the OHSAS 18001 assessment in 2001. Since then, NYPCB has established an EHS Management System to promote and manage the environment and occupational health and safety within the company. In 2007, the Company consulted the TOSHMS regulation and integrated it into its existing Environmental, Health, and Safety Management System. The TOSHMS certification has also been achieved, and continues to enhance its comprehensive care and management methods to its stakeholders.

NYPCB' Jinzing Plant received ELECTRONIC INDUSTRY CODE OF CONDUCT (EICC) certification in November 2010, and the Shulin Plant received certification in November 2012, as of 2014, the third audit has been completed, and the highest certification was obtained, which reflects the efforts that we made on environmental and social topics.

NYPCB formulated the Environment, Safety, and Health Management Manual pursuant to the content of ISO 14001, OHSAS 18001, TOSHMS, and EICC, and implemented it after training to ensure that all of its employees possess the proper knowledge and skills to carry out the environment, safety, and health policies of the Company.

#### C. Management review operation procedure

In order to reinforce the company constitution, promote its administrative and operation capacity, establish a reasonable environment, safety, and health management system, and effectively develop activities related to environment, safety, and health targets, NYPCB continues making improvements to ensure the applicability, applicableness, and effectiveness of environment, safety, and health management.

NYPCB annually holds the "environment, safety, and health management review meeting" to review and assess the environment, safety, and health management plan of the previous year (tracking measures), the performance of target and object implementation, and target achievement degree, as well as set the annual environment, safety, and health management targets, target values, and the environment, safety, and health management plan, and the ESH team shall supervise the relevant implementation departments. We shall manage the effects of industry on the environment with strict management methods to fulfill our social responsibility and create a win-win situation.



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#### OHSAS 18001 and TOSHMS Certificate (Chinese/English) ale TM1500051 Taiwan Occupational Safety and Health **Management System Certificate** NAN YA PRINTED CIRCUIT BOARD CORP., LTD. This is to certify that SHU LIN PLANT NAN YA PRINTED CIRCUIT BOARD CORP., LTD. JING HSIN PLAN NO. 57, WEWANG ST., SHULIN DIST., NEW TAIPEI CITY 238, TAIWAN, R.O.C. NO. 338, SEC. 1, NANKAN ROAD, LUCHU DIST., TAOYUAN CITY 338, TAIWAN, R.O.C. OHSAS 18001:2007 tes an Occupational Safety and Health Mana nt Syst Feetball which complies with the requirements of CNS 15506:2011 ring of Printed Circuit Board Certificate No.: CB05-105004-00 Originally Registered: 07 January 2009 20 January 2016 Date of Approval: Valid Until: 18 January 2019 Certification Bodies: SGS Taiwan Ltd

#### (2) NYPCB environmental protection history

NYPCB has implemented various relevant environmental protection jobs in pollution prevention, operation management, monitoring management and reporting. No violation of any environmental protection regulation has been made, nor has any major leakage that damages the environment occurred in 2016. The Company has participated in the government's environmental improvement programs, promoted waste reduction, reuse of resources, and reduced green house gas

emissions. Furthermore, the Company has been developing eco-friendly products and managing them to follow the growing eco-friendly trend.

#### (3) Environmental problem complaint mechanism

NYPCB has set up a feedback mailbox on its global website and stipulated an external complaint and suggestion box in the public relations section, thus allowing for complaints to be delivered to the corresponding functional team for handling depending on the complaint type. The statistics show that no complaints were made regarding external environment problems of the Company in 2016. NYPCB has also set up a mailbox on the internal website to receive employee feedback. The statistics show that no complaints were made regarding internal environment problems of the Company in 2016.

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Internal / External Feedback Mailbox

#### **3.2 Environmental Accounting**

NYPCB has computerized its management and operations system. To computerize its environmental management, the Company has integrated Environmental Accounting to its systems and to control relevant expenses and evaluate costs, analyze the cost effectiveness of environment protection measures, and inform stakeholders of NYPCB's contributions to environmental protection accurately and clearly.

The accounting system identifies and quantifies the impact of corporate operations on the environment as well as the cost of measures undertaken by corporate operations to alleviate, reduce or prevent their environmental impact. NYPCB adopted the accounting system in 2008, and has divided its environmental expenses into six categories per the diagram below in accordance with environmental accounting.

According to the data, the Company demonstrates having the following environmental protection expenses from 2014 to 2016. In 2016, investment in environmental protection totaled NT\$ 210,388,000, including the installation of sludge dewatering equipment to reduce water content from sludge and achieve better solid waste reduction results.





#### Statistics of Environmental Protection Expenses in Recent Years

#### 3.3 Water and Energy Conservation and Greenhouse Gas Reduction

#### (1) Environmental Data

NYPCB's total input (raw materials and energy and water resources) and total output (greenhouse gases, air pollution wastes, and wastewater) for 2016 are shown in the following diagram.

#### **Material Analysis Flow Chart**

Energy			Water			Materials		
LPG	15.02	ton	Tap Water	2,427,666	ton	Substrate	4,677	ton
Gasoline	3.40	kl	Externally	943,815	ton	Sulfuric acid	3,577	ton
Diesel Fuel	32.50	kl	purchased water			Hydrochloric acid (HCI)	3,048	ton
Electricity	345,966	MWh				Nitric Acid	1,649	ton
Steam	102,189	ton				Plastic film (Underlay board)	1,203	ton
Copper Balls 1,089								ton
Hydrogen peroxide (Hydrogen Perox)							741	ton
Sodium Persulfate (Micro-corrosion agent)								ton
						Copper Clad Laminate	462	ton
Sodium Carbonate 293 ton (developer)								ton
(Main Raw Material Usage)								

Greenhouse Gases					
Directly Emissions	22,285	ton	Treat		
Indirectly Emissions	358,812	ton	Efflue		
Air Pollutants					
VOCs	25.95	ton			
Sulfuric Acid Mist	1.52	ton			
Hydrogen Chloride	1.04	ton			
Nitric Acid	3.18	ton	r		

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	Wastewater		Waste			
Treated Water	4,135,962	ton	Total Waste	14,426	ton	
Effluent Water	2,918,879	ton	Sodium Persulfate (Micro-corrosion agent)	3,033	ton	
Recovered Water	1,217,083	ton	Recyclable Waste	11,393	ton	

Note 1: VOCs stands for Volatile Organic Compounds 2. No exhaust emissions of nitrogen oxides, sulfur oxides and ozone-depleting substances.

#### (2) Improve energy management and reduce energy consumption

#### A. Energy management

Greenhouse gas emissions have become one of the most important issues on Earth. Since energy use generates carbon dioxide and causes global warming and climate change, effective management of energy use has become NYPCB's priority. The Company's energy usage includes fossil fuels, and purchased steam and electricity, we also keep track of usage.

B. Direct energy consumption

Most of the fossil fuel consumed by NYPCB in 2016 was used for the emergency power system, forklift trucks, company cars, firetrucks, and the cafeteria (kitchen). Gasoline, liquefied natural gas, and diesel fuel accounted for 7%, 29%, and 64% of total fossil fuel consumption, respectively.



C. Indirect energy consumption

NYPCB's production focuses on printed circuit boards, which are mostly powered by purchased electricity and steam. The two energy sources are also the biggest source of the Company's greenhouse gas emissions (over 94% in 2016) and are purchased from Nan Ya Plastics Corporation's Jing Hsin and Shulin plants. The overall steam consumption was slightly lower in 2016 than in 2015 due to the improvements made in humidity control in air-conditioned rooms.



#### Out-purchased Electric Power and Steam Usage Amount Statistics in Recent Years

#### D. Reduce energy consumption

NYPCB has strived to reduce energy costs and increase energy efficiency. Annual environmental management targets and incentives have been established to encourage employees to review and improve the efficiency of their energy usage. In addition, an energy management unit has been established to manage and implement measures, as well as hold monthly energy management meetings to examine whether employees have reduced their energy usage or not.

In 2016, the Company completed a total of 79 energy saving projects, with a daily reduction of 15,148.5 kilowatt hours and an annual benefit of NT\$ 13,169,000, which is equivalent to reducing 5,302.9 tons of carbon dioxide emissions per year. The emission coefficient conversion is provided by the NYPCB public utility plant instead of the Bureau of Energy (Ministry of Economic Affairs).

#### Direct Energy Usage Amount and Proportion
#### Environmental management targets in 2016

Туре	Items	Targets	2016 Completion rate
Water	Water consumption per unit of output (ton/NT\$ million)	Decreased by 2% each year based on the 2013 standard.	86.6%
conservation	Effluent recycle ratio	Increased by 1% each year based on the 2013 standard.	92%
Energy conservation	Greenhouse gas emissions per unit of output (ton/ NT\$ million)	Decreased by 2% each year based on the 2013 standard.	92%
Waste reduction	Waste produced per unit of output (kg/ NT\$ million)	Decreased by 1% each year based on the 2013 standard.	99.8%

#### Power saving implementation completed in 2016

Plant	Improvement	Energy saving amount	CO <sub>2</sub> restraint amount	Improved benefit	
Fiant	improvement	(KWH/day)	(ton/year)	(NTD 1,000/ year)	
	Processing energy use reduction	2,134.0	762.7	1,851	
Jinxing Plant	Energy management	6,130.0	2,181.8	5,318	
	Public utility efficiency promotion	5,740.5	2,047.2	5,008	
Shulin Plant	Processing energy use reduction	444	118.6	385	
Shuim Plant	Energy management	700	192.6	607	
	Total	15,148.5	5,302.9	13,169	

Note: 1.The improved benefit is determined after deducting the improvement equipment investment cost.

2. CO2 suppression volume is calculated based on the emission coefficient conversion as provided by the Jinxing Plant, which is the power supply unit of Nan Ya Plastics.

#### (3)Water resource management and water conservation

#### A. Water resource management

The Company's plant uses water categorized as processing water, whose main sources include tap water, recycled water, and other externally purchased water, but no underground water. Since NYPCB does not use groundwater, it has strived to reduce water consumption by reducing water used during production and recycle the water used in cleaning during production process. The Company has also invested heavily on an effluent recycling and treatment system, and has reduced waterwater in all of its plants. Recycled water that is neutral or alkaline is reused in pollution prevention. Purified recycled water is directly reused by plants and stored at pure water storage reservoirs to reduce water recharge. Water-saving devices have also been installed on the faucets in offices to reduce office water use and cultivate water-saving culture.

NYPCB has established policies to mitigate impact from potential short-term, mid-term, and long-term drought, and to respond to insufficient water supplies, water price hikes, and water conflicts with stakeholders. Water-saving measures have been implemented to reduce consumption and secure water supply. As a result, costs associated with purchased water have reduced in recent years.

Water conservation	Reduce water consumption during production Reduce office water use
Increase water sources	Recycle wastewater and purify water Recycle alkaline waste water and reuse it on acidic scrubbers Recycle waste water that is neutral and reuse it for toilet flushing



#### Water Consumption Statistics in Recent Years

Note: Externally purchased water is provided by the Jinxing Plant of Nan Ya Plastics.

#### B. Water conservation policies yield positive results

We are yet to achieve our goal of 2016 due to the halted recycled water supply resulted from changes in the water measuring permit, increased demand in unit vehicle testing, annual maintenance of existing facilities and the installation of an effluent water monitoring system. In 2016, the Company continued to promote water saving improvement measures and completed a total of 21 water consumption deduction projects throughout the year, amounting to a daily reduction of 307 tons and an annual benefit of NT\$ 1,834,000.



Trend Chart of Water Consumption of Unit Output Value

#### **Discharged Wastewater Recovery Rate Trend Chart**



Note: Our goal is a 1% increase each year based on the 2013 standard. Discharged Wastewater Recovery Rate = (Recovered Volume) / (Discharged Water Volume + Recovered Volume)

Note: Our goal is a 2% decrease each year based on the 2013 standard.

#### Completed water saving improvement activities in 2016

Plant	Improvement	Water consumption saved amount (ton/day)	Improved benefit (NTD 1,000/ year)
.linxing Plant	Waste water recovery and reuse	123	532
Jinxing Flant	Processing water consumption deduction	127	1,056
Shulia Blaat Waste water recovery and reuse		46	198
Shuim Plant	Processing water consumption deduction	11	48
Total		307	1,834

Note: The total benefit equals the summation of pure water and tap water savings.

# 3.4 Protect The Environment around Plants

### (1) Air pollution prevention

The main source of air pollutants generated in NYPCB's plant came from the use of neutral, acidic, alkaline chemicals and volatile organic compounds during production processes. These chemicals have been separated by collecting exhausts during the processes. Specific equipment such as scrubbers, bag filters, and activated carbon towers has been installed to handle each type of exhaust. To enhance air quality and eliminate odors around the plant, NYPCB purchased a UV-C reactor and VOC treatment system in 2011, pH monitoring alarm systems for packed towers in 2012 and a high notification frequency continuous pH monitor facility for packed towers to increase the efficiency of exhaust reduction. The Company also ensures the equipment are maintained regularly so that they can effectively prevent pollution per the following chart. If new equipment is installed or if existing equipment is upgraded, NYPCB has Environmental Protection Administration-certified companies to test air pollutants in their stacks to make sure air pollution prevention is effective. Past test results show NYPCB's air pollutant emissions are far lower than national emission standards.



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**Bag Filter** 



#### Activated Carbon Adsorption Tower



**UVC Reaction Tower** 



#### (2) Water pollution prevention

NYPCB considered the characteristics of wastewater and the stability and accessibility of wastewater treatment when designing its wastewater treatment procedures and facilities. A comprehensive treatment process, treatment facilities, and wastewater piping system were designed for production lines to effectively treat, recycle, and purify wastewater. Wastewater is stringently and immediately categorized when produced by production equipment and machinery. The water is collected through distribution channels and sent to specific water treatment facilities. The Company tests effluents daily to ensure that the quality of treated water is far lower than national standards. Due to the long-term drought that persisted in the first half of 2015, water restrictions were enacted in Taoyuan District from March to May. With the restricted water supply, the Company internally agreed to postpone the annual repair and maintenance of its wastewater purification and recycling system. Through system overloading operations, the wastewater recycling rate was increased while wastewater effluent was decreased in order to reduce the overall wastewater discharge.

The company's factories are located in or near class B industrial land set aside for industrial purpose only and thus are not within any ecological protection zones. NYPCB pledges to persistently improve its production processes and equipment to reduce wastewater discharge and enhance wastewater treatment to reduce its impact on the environment. In 2016, the wastewater discharge volume increased due to the halted recycled water supply resulting from changes in the water measuring permit, increased demand in unit vehicle testing, annual maintenance of existing facilities, and the installation of an effluent water monitoring system.

Plant Item	Factory location	Drinking Water source andwater conservation area	Dams and reservoirs	Nationa parks	Wildlife conservation areas	Nature reserve	Protected coastline zone
Jinxing plant	Downstream sections of Nankang River	х	Х	х	Х	х	х
Shulin plant	Downstream sections of Dahan River	X	Х	x	X	x	X



#### 2016 Wastewater quality evaluation results

	Testilion	11	Regulations		Test Results			
	Test item	Unit	Standards	Minimum	Average	Maximum	with Water Quality Standards?	
	рН	-	6~9	6.7	6.9	7.1	Yes	
Jing Hsin No.1 Wastewater	COD	mg/L	<120	32	49.8	63.3	Yes	
Treatment Plant	Suspended Solids	mg/L	<50	5.5	6.9	8.6	Yes	
	Copper lons	mg/L	<3	0.138	0.6	1.63	Yes	
	pН	-	6~9	6.7	7.3	8.2	Yes	
Jing Hsin No.2	COD	mg/L	<120	12	21.9	36.3	Yes	
Treatment Plant	Suspended Solids	mg/L	<50	3.5	4.8	5.6	Yes	
	Copper lons	mg/L	<3	0.461	0.7	0.943	Yes	
Shulin	pН	_	6~9	7.1	7.5	8.2	Yes	
	COD	mg/L	<120	13.6	24.4	36.8	Yes	
Treatment Plant	Suspended Solids	mg/L	<50	N.D	10.5	16.3	Yes	
	Copper lons	mg/L	<3	0.032	0.04	0.05	Yes	

#### **Biological Treatment Systems**



#### Water Recycling Systems

# Chemical Processing Systems



#### (3) Waste management

NYPCB has established multiple waste collection points within its plants to reduce wastes and make the best use of its resources and materials. The Company also continuously improves its production processes and operations for this purpose. For the first is reducing wastes from the beginning of the process. Second is considering reused. And the last, categorizing and renew them to recycle for the resource.

Certified Taiwanese recyclers have been commissioned to handle its wastes, which are mostly treated at certified waste treatment plants in Taiwan. Only a few of them have been treated abroad. Regarding domestic waste management contractors, the company follows up the hired contractor to ensure that they properly manage the waste. Those that have been transported to other countries have obtained legal permission from those countries and treated in accordance with local laws.

#### Waste Treatment Methods and Quantity

Treatment Methods	General Busine	General Business Waste (Tons)		ess Waste (Tons)	Total		
Recycling	2,876.4	19.9%	8,516.5	59.0%	11,392.9	79.0%	
Physical Treatment	133.7	0.9%	111.8	0.8%	245.5	1.7%	
Incineration	1,519.4	10.5%	11.6	0.1%	1,531.0	10.6%	
Heat Treatment	1,091.9	7.6%	-	-	1,091.9	7.6%	
Landfill	165.0	1.1%	-	-	165.0	1.1%	
Minor Sum	5,786.3	40.1%	8,639.9	59.9%	14,426.2	100.0%	

Note: There was no waste output in 2016

Regarding resource recovery effect, through the continuous promotion of relevant waste reduction measures, the amount of unrecovered waste in terms of the unit output value of the Company (kg / NT\$ 1 million) has reached the target for three consecutive years as of 2016. We shall continue to promote various waste reduction and resource reuse measures in order to reach our targets to reduce the waste occurrence amount.

#### Non-recycled Waste Disposal per Unit Of Product



Note: Our goal is a decrease of 1% each year based on the 2013 standard.



#### (4) Examination and reduction of greenhouse gas emission

Global warming and climate change has become a key obstacle for sustainable development. Increase of greenhouse gases raises temperatures around the world and causes abnormal climate changes and unpredictable impact on the

environment. NYPCB has recognized the importance of these issues and has conducted comprehensive examinations and evaluation of its greenhouse gas emissions since 2005 in accordance with the principles of ISO 14064-1 to reduce its greenhouse gas emissions and achieve sustainable development. As an electronic processing industry, over 97% of NYPCB's greenhouse gas emissions were generated by the indirect discharge of its purchased electricity. Reducing electricity consumption thereby is the most effective way to reduce greenhouse gas emissions. The Company also adopted the Plan-Do-Check-Act management model to improve its facilities and reduce its emissions continuously and increase competitiveness.

#### A. Evaluation

The main source of greenhouse gas emitted by NYPCB came from indirect discharge of electricity use at its plants. To reduce greenhouse gas emissions, alleviate global warming, and fulfill its responsibilities as a global citizen and abide by the Kyoto Protocol that became effective in 2005, the Company has planned and promoted the reduction of greenhouse gas emissions and controlled its greenhouse gas source. It has also set reduction targets based on the plan every year, implemented measures to reduce energy consumption, and reviewed the results on a monthly basis. NYPCB also inspects the amount and quality of its direct and indirect greenhouse gas emissions (Scope 1 and 2) in accordance with the ISO 14064-1 standard. Scope 3 is only examined for its quality since it involves employee transportation between home and work and for business. NYPCB has also established a ridesharing system for business trips, encouraging the use of video conferencing and production support to reduce the exhaust generated from the vehicles employees used for transporting goods or commuting.

Note: Scope 3 refers to the exhaust generated by employee commuting and business trips, outsourced waste treatment, and contractor vehicles.

Diagram of Greenhouse Gas Emission Category

#### **Diagram of Greenhouse Gas Emission Category**



#### B. Emission analysis

According to ISO 14064-1 standards, the total GHG emissions of the entire Company in 2016 totaled 381,097 tons of CO2e, of which 22,285 tons of CO2e were Scope 1, occupying 5.8% of total emissions, and 358,812 tons of CO2e were Scope 2, occupying 94.2% of total emissions. The emissions load statistic data is calculated based on the coefficient of 2015, and it is estimated that the emission load statistic data will be verified by a third-party external verification organization before September 2017. As shown in the following table, out-purchased electric power and steam utilization is the main emission source, and the electric power and steam used in NYPCB are both purchased from NPC Jingxing Plant and Shulin Plant. Therefore, in order to effectively restrict CO2e, the Company should start by saving electric power.

Currently, the unit output of GHG emissions (ton/NT\$ million) of our Company is still falling behind the target value, which is due to testing of manufacturing process expansions on our new products. NYPCB pledges to continue implementing various measures to reduce energy consumption and increase energy use efficiency in order to reduce its greenhouse gas emissions.



#### 2016 Total Greenhouse Gas Emission Intensity

Gas Type	CO2	CH4	N2O	HFCs	PFCs	SF6	Total
Emission Quantity (tons of CO₂e)	357,104	538	1,755.25	17,832	3,868	0	381,097
Percentage	93.70%	0.14%	0.46%	4.68%	1.01%	0	100%

#### **Total Greenhouse Gas Emissions in Recent Years**



Note: In 2014 and 2016, the GHG emissions load statistic data was verified by a third-party external verification organization. In 2016, the GHG emissions load statistic data was verified by our Company.

# Greenhouse Gas Emission Trend Chart of the Unit Output Value

Greenhouse Gas Emissions per Unit of Production(ton of CO<sub>2</sub>e/NT\$ million)
 Total Electricity Consumption per Unit of Production (MWh/NT\$ million)
 Target Of Greenhouse Gas Reduction



Greenhouse Gas Emission Trend Chart of the Unit Output Value

#### (5) Green supply chain

Nanya PCB Corp. takes client health and safety very seriously at every stage from the procurement of raw materials to the sale of products. In order to meet the demands of both market trends and downstream customers, the company is moving towards manufacturing non-toxic green products that conform to EU RoHS regulations. Nanya PCB Corp. has also met the requirements of product statement and third party assessment report from the top 20 suppliers in order to ensure that new generation circuit boards are used in green appliances, thus further reducing the environmental burden.

#### A. Management of green products

NYPCB introduced a hazardous material management system in 2001, and has been promoting the concept and certification of Green Partners. The Company has since conducted internal audits for this purpose. To promote the concept of Green Partners, the Company established a Green Partner standard procedure and began implementing waste reduction plans and developing a hazardous materials management system in 2004, and regularly reviewed their enforcement.

2001- introduced the concept of Green Partners and defined hazardous materials.

2004- established Green Partner SOP and updated relevant information.

2005- achieved Green Partner certification. (2005-2007)

2006- the EU established Restricted of Hazardous Substances (RoHS) Directive

2008- achieved Green Partner certification. (2008-2010)

2009- Developed and adapted a RoHS management system

2010- achieved Green Partner certification. (2010-2012)

2011- installed x-ray fluorescence devices to detect hazardous materials in products

2012- achieved Green Partner certification. (2012-2014)

2013- The company passed the EICC Audit Standards (Product Content).

2014- received the customer's green partner certificate (2014 - 2016).

2015- The company passed the EICC Audit Standards (2015-2017).

2016- received the customer's Green Partner certificate (2016-2018)

NYPCB has been promoting green procurement and has required its raw material suppliers to provide written assurances to ensure their products do not contain hazardous materials. They are also required to provide annual test reports to prove their products meet the requirements of customers and are in compliance with relevant laws.

B. Restrict use of hazardous materials

NYPCB has produced documents and designed management principles for its green partners and effectively monitored the sources of its raw materials and other relevant materials to make sure they are in compliance with RoHS, REACH, international laws, customer requirements and the standards of green products, and to reduce their impact on the environment.

C. Hazardous Substance Free policies

NYPCB has established a Hazardous Substance Free system and required its green partners to comply and enforce it:

The Company has set up groups and specified their responsibilities to manage green partners effectively. Its environmental safety and quality assurance units are responsible for promoting green products and ensuring they comply with relevant laws and customer requirements. Other relevant departments were required to integrate the system into their operations in compliance with NYPCB's HSF management target.

D. XRF Analysis Process

#### **Azardous Substamces Management Process**



E. XRF system can detect and measure hazard element accurately

The XRF system can accurately measure hazardous substances such as Cd, Pb, Cr,Hg, Br, and Cl. The system helps NYPCB to meet customer requirements to include such data in shipment reports, in order to be in compliance with EU RoHS regulations.

#### Hazardous Material Elemental Table

	Analysis type			
Hazardous Materiais	Shipment Analysis	SGS analysis		
Cadmium				
Lead	X-ray Fluorescence Spectrometer	Inductively Coupled Plasma - mass Spectrometry Analysis		
Mercury				
Hexavalent Chromium	X-ray Fluorescence Spectrometer	Use UV/VIS Spectroscopy to Measure Absorbance of Liquid Samples		
Halogens – Chlorine Halogen - Bromine	(analyzes chrome)	Ion Chromatography Analysis		

F. RoHS regulations and product packaging

### (A) Raw materials produced in compliance with RoHS regulations

All raw materials used by Nanya PCB Corp in the manufacturing of all its products (ABFS, PCB, PPS) conform to RoHS regulations through the management of suppliers.NYPCB has monitored its suppliers to ensure the raw materials they supply are RoHS compliant. The elements that RoHS bans are cadmium, lead, mercury and mercury compounds, Chromium VI and Chromium compounds, and PBB and PBDE. Furthermore, RU published RoHS 2.0 instructions on December 17, 2014, adding four phthalates (DEHP, BBP, DBP, and DIBP) to the banned substance list, and the Company has listed them in its control scope.

#### (B) Packaging of Green Products

NYPCB uses a specific label on RoHS-compliant products to show customers they are green products. The trays that the Company use to carry shipments are made of recyclable materials. NYPCB has evaluated and tested a tray recycling management system as well as procedures to recycle the trays. NYPCB and its customers have jointly assessed and tested the establishment of a chip tray recovery management process to fully reuse the chip tray. The tray recovery rate was 45.1% in 2016, demonstrating that the improvement is effective and shall continue to be promoted.

Year	2013	2014	2015	2016
Recycle Tray (%)	18.10	28.50	49.12	45.1

Notes: Recycling rate(%)=Total used tray recycling volume/ Total tray volume

RoHS Labels					
P/N: 845PP01669A002. IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	1 / 3				
DOM:         2016/11/22           PO:         4500068553-1           IIII         IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	SHEPPING Data 2016/11/22 RoHS/HF				
RT ND;	Hordwing Kooston, (10)				

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G. SGS product testing (Frequency:Once per year)

All of NYPCB's products are in compliance with SGS standards and do not contain materials hazardous to the environment.

Compliance Certifications 測試報告 就碼(No.): CE/2017/11937 日期(Date): 2017/01/17 頁數(Page): 2 of 22 **Test Report** 南亞電路板股份有限公司 INCOLOUS DE LA COMPLETE DE NAN YA PRINTED CIRCUIT BOARD CORPORATION 桃園市蘆竹區南崁路一段338號 NO. 338, SEC. 1, NANKAN RD., LUJHU DISTRICT, TAOYUAN CITY 338, TAIWAN 测试结果(Test Results) 测试部位(PART NAME)No.1 : 绿色基板 (GREEN SUBSTRATE) 结果 方法侦测 测试项目 單位 测试方法 限值 極限值 (MDL) (Result) (Test Items) (Unit) (Method) (Limit) No. 1 参考IEC 62321-5 (2013),以成應耦合 鐍 / Cadmium (Cd) 100 ng/kg 2 n. d. 電漿原子發射光譜儀檢測. / With reference to IEC 62321-5 (2013) nd performed by ICP-AES. 翁 / Lead (Pb) 条米1EC 62321-5 (2013),以成原稿合 n. d. 1000 ng/kg 2 電浆原子發射光譜儀檢测。/ With reference to IEC 62321-5 (2013) nd performed by ICP-AES. 汞 / Mercury (Hg) 参考IEC 62321-4 (2013),以底應耦合 電漿原子發射光譜儀檢測. / With 2 n. d. 1000 ng/kg reference to IEC 62321-4 (2013) and performed by ICP-AES. 参考1EC 62321 (2008),以UV-VIS榜 <債務 / Hexavalent Chromium Cr(Vl) ng/kg 2 n. d. 1000 [30]. / With reference to IEC 62321 2008) and performed by UV-V1S. 全兼辛烷磺酸 / Perfluorcoctane 參考US EPA 3550C (2007),以液相層 n. d. ng/kg sulfonates (PFOS-Acid, Metal Salt, 析/賞譜儀檢测。/ With reference to US EPA 3550C (2007). Analysis was (mide) performed by LC/MS. 参考US EPA 3550C (2007) ·以液相層 全氣辛酸 / PFOA (CAS No.: 335-67-1) 10 n. d. mg/kg 析/質譜儀檢測. / With reference to US EPA 3550C (2007). Analysis was performed by LC/MS. on.新北市古田国新北南市新石橋七路21楼 SGS Taiwan Ltd: 合灣倫驗科裁從倚有限公司 25 Wu Drvan 7h Road New Taipe Industrial Park, Wu fa Battet, New Taiper City, Tav 1+8891 0212299 3909 1+8851 0212299 3207 weiwy sps tw Member of the SGS Group

# 3.5 Greening and Tree-Planting Activities Around Plants

NYPCB has designed a comprehensive greening plan for its limited land resources. The plants and flowers planted in the Company include tropical foliage such as Chinese Banyans, Royal palm, Formosan Nato Tree, Chinese rain tree, weeping fig, Buddhist Pine, Blackboard tree, Indian rubber bush, Madagascar Almond, Common Garcinia, Sea Fig and cotton tree, and shrubs such as Pink Ixora, Rhododendron, Golden Dewdrop, Chinese hibiscus, China rose, umbrella tree and Golden Banyan tree as well as seasonal plants such as Impatiens walleriana, scarlet sage, Wax Begonia, petunia, New Guinea Impatiens, Torenia, and Egyptian Starcluster.

The greening plan divided the Company into three zones, the administrative zone, production and plant zone, and the dormitory and living zone. The 30-year-old Chinese Banyan trees in the plants and the habitats of wild birds such as wild quail, Chinese Bulbul, and Japanese White-eye have been preserved and protected. The production and plant zone has been afforested. Chinese Banyan trees were planted alone Nanjing 1st Road and Nanjing 2nd Road. The gardens along lanes, according to their sizes and characteristics, were planted with Hoop Pine, Terminalia mantaly H. Perrier, weeping fig, Common Garcinia, and round banyan trees. Seasonal plants and flowering shrubs were planted

in front of the plant gate, improving surrounding landscape. To make the three men and women's dormitories in the dormitory and living zone more hospitable and more homely, the plants around these buildings were specially selected. Large tropic foliage such as the blackboard tree and Formosan Nato Tree as well as seasonal flowers and shrubs such as Impatiens walleriana, Bougainvillea, viola and China Rose were planted around these buildings. During their blooming seasons, their flowers are not only pleasant to employees' eyes but also help them to relax.

NYPCB's greening plans at its plants and on its land are as follows:

#### (1) Greening

- A. The Chinese Banyan trees that have existed since 1983 when the plants were built will be preserved. The areas that have been left untouched will be planted with blackboard trees, Hoop Pine, and Indian rubber bush depending on the characteristics of the gardens there.
- B. Offer free tree seedlings through government departments such as the department of agriculture and forestry bureau.
- C. The gardens that became barren because of heavy shade will be planted with groundcovers such as the Singapore Daisy and boat lily to increase NYPCB's ratio of green cover.

#### (2) Gardening

- A. NYPCB has been growing its own seedlings since 1995 and has produced plants and flowers that are used in the gardens across its plants and buildings. The Company has made its plantation entirely self-sufficient, saving costs of purchasing flowers and plants every season.
- B. The lawns and gardens in the administrative zone were specially designed and are gardened carefully and planted with seasonal flowers and plants.
- C. The miss-planted rate of seasonal flowers and plants cultivated across the Company is kept below 10%. The percentage of flowers that blooms every season reach 80% and above. Physical and metal strengths are much-needed in technology industry. The strengths work its best in a workplace that is beautiful, full of culture, leisure, and relaxation. NYPCB's greening management will continue to focus on creating a beautiful environment that values quality of life and nature of the future.

In 2016, the Company autonomously nurtured more than 81,000 seasonal flowers and grasses with daily maintenance costs totaling NT\$ 1,054,000.



Factory production area of seasonal flowers



Chinese Banyans near the Offices



Plant within the South Kam Road, a corner of the flower bed



# **Employee welfare**

- 4.1 Employment 4.2 Salaries and Welfare
- 4.3 Training System

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- 4.4 Employee Relations
- 4.5 Employee Wellness Program
- 4.6 Human Rights
- 4.7 Security Control Dynamics

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# 4. Employee Welfare

## 4.1 Employment

Employees are the most important asset of a company. Every company should strive to ensure every employee can work safely and are willing to contribute his/her talent. To recruit talented employees, NYPCB offers stable and competitive salaries and benefits, comprehensive training, and promotion system.

NYPCB selects candidates for positions under the principle of fairness, justice, and equality. Every candidate has equal opportunity to apply for a job. The Company also ensures the personal qualities and ability of its newly-recruited employees fit the requirements of his/her position. Taiwan's Labor Standard Act specifies that employers are not permitted to hire workers aged below 15. Child labor and workers between the ages of 16 and 18 are not permitted to carry out heavy or hazardous work. NYPCB has complied with the EICC code of conduct and pledged not to hire workers below the age of 16.

#### (1) 2016 NYPCB Human Resources Structure

In 2016, the Company's human resources department consisted of 99.9% official staff and 0.1% temporary staff (all 5 staff were on contract), with no part-time employees. The department consisted of 89.5% domestic employees and 10.5% foreign employees (all from Vietnam). The ratio of male and female employees was 2:1, and the average age was 37.7. The average years of service was 12.8 years.

							Unit: person
		1	Female		Male		Percentage
Category	Group	Number of People	Percentage	Number of People	Percentage	Total	
	Managing Directors and Above	-	0.0%	9	0.2%	9	0.2%
Desition	Executives and Managers	13	0.7%	302	7.9%	315	5.5%
Position	Supervisors and General Staff	1,666	89.5%	3,527	91.9%	5,193	91.0%
	Service Staff	186	9.8%	-	0.0%	186	3.2%
Location	Taoyuan	1,858	99.6%	3,808	99.2%	5,666	99.4%
	Shulin	7	0.4%	30	0.8%	37	0.6%
	<29	448	24.0%	575	15.0%	1,022	17.9%
	30~39	812	43.6%	1,698	44.2%	2,510	44.0%
Age	40~49	486	26.1%	1,289	33.6%	1,776	31.1%
	50~59	114	6.1%	259	6.8%	373	6.5%
	>60	5	0.3%	17	0.4%	22	0.4%
	<10	755	40.5%	1,758	45.8%	2,512	44.0%
Years of	11~20	823	44.2%	1,639	42.7%	2,463	43.2%
Service	21~30	278	14.9%	405	10.6%	683	12.0%
	>30	9	0.5%	36	0.9%	45	0.8%
	Doctorate	-	0.0%	6	0.2%	6	0.1%
Academic	Master's	46	2.5%	198	5.2%	244	4.3%
Degree	Bachelor's	62	3.3%	415	10.8%	477	8.4%
	Other	1,757	94.2%	3,219	83.9%	4,976	87.2%
Si	ubtotal by Gender	1,865	100.0%	3,838	100.0%	5,703	100.0%

#### (2) New employees by age and region

			·
Category	Group	Female	Male
	<29	88	130
	30~39	2	5
By age	40~49	1	0
	50~59	0	2
	>60	0	1
Duranian	Domestic	91	138
By region	Foreign (Vietnam)	0	0
Tota	al new employees	0	91 138
Service employees		1,865	3,838
Percentage (%)		4.9%	3.6%

\* Statistics based on employees who started work between 2016.1.1 and 2016.12.31

#### (3) Local supervisory proportion

In order to develop stable working opportunities, local residents are given priority in the recruitment of new general employees. Furthermore, the Company trains local residents to become competent leaders. In 2016, the percentage of local residents holding senior supervisory roles was approximately 9.0% (the percentage of senior supervisory roles is defined as the proportion of employees working as a supervisor or above, who have held the position for at least five years and have the same household registration as the factory).

#### (4) Number of physically & mentally disabled recruitments

In order to safeguard the rights and interests of physically and mentally handicapped individuals, our Company protects their equal participation in social, political, economic, and cultural activities to promote their self-reliance and personal development. According to Article 38 of "People with Disabilities Rights Protection Act", a certain number of job vacancies shall be opened to physically and mentally handicapped individuals. By the end of 2016, a total of 54 physically and mentally handicapped individuals (35 male and 19 female) were recruited, among which 10 have severe disabilities, 8 have moderate disabilities, and 36 have mild disabilities.

# 4.2 Salaries and Welfare

#### (1) Employee salaries

NYPCB not only complies local labor laws but also joins local associations that survey salaries and welfare to ensure its salaries are competitive. In addition, it is ensured that employee salaries are not gender biased,

		Unit: %
Position	Female	Male
Manager and above	100	103.50
Supervisor and below	100	117.60

therefore, the salaries of male and female workers are equal. The company advocates the idea of the "same pay for the same work". The base salary ratio between male and female employees with the same position and rank is 1 : 1. Once hired, employees will have their salaries adjusted annually and may be promoted based on their performance.

#### (2) Employee welfare

The Company values its employees, respects their rights to work, and offers reasonable salaries. It also strives to alleviate employee concerns and burdens in their lives so that they can fully develop and utilize their talents and thereby enhance the Company's performance. In order to ensure that all employees feel secure in their work and utilization of their profession, the company advocates the idea of "treating employees as family" and has set up excellent facilities for food, accommodation and leisure. Furthermore, the company has taken into consideration the long-term benefits of its employees and has planned various comprehensive benefit systems. Furthermore, a variety of benefit measures have been provided for our employees:

Unit: person / %

- A. Year-end bonus and dividend
- B. Indemnity
- C. Wedding and funeral subsidies
- D. Medical cost discounts for employees and their family members seeking medical services at Chang Gung Memorial Hospital.
- ai Hospital.
- ${\sf E}.$  Labor and health insurances
- F. Uniforms
- G. Accommodation for employees who are single or married with children
- H.Employee stock option
- I. Funds and subsidies for the employee year-end dinner party
- J. Relief payments for employees hospitalized due to illness, gold coins and recognitions for senior employees.

			Unit: NT\$ '000
Item	2015	2016	Growth Rate
Expense on Employee Welfare (salary / labor& health insurance /pension / other)	5,346,742	5,481,369	2.5%

# **Basement Dinning Area**



# **Movie Theater**



## **Table Tennis Room**



**Billiard Room** 





# Library



# **Counseling Room**





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#### **Basketball Court**



The company offers a variety of employee benefits and incentives based on Formosa Plastics Group and goes above and beyond many legal standards. Such benefits include:

#### A. Leave benefits

The company provides its employees with special leave, marriage leave, bereavement leave, official leave, work-related injury leave, paternity leave, maternity leave, sick leave, physiological leave, personal leave, family leave, transfer leave, quarantine leave, reunion leave for employees stationed overseas, etc., of which, the pay standards for sick leave, certain types of funeral leave and typhoon leave are higher than required by labor law standards. B. Insurance benefits

In addition to helping employees with their labor insurance and national health insurance, the welfare committee member of each factory provides accident and medical insurance or provides employees with discounted group insurance (accident, medical, cancer) so that employees have more comprehensive insurance freedom.

#### C. Retirement benefits

The company will pay monthly labor pension and retirement reserve fund. When an employee meets retirement criteria, the company will pay his/her pension according to the law, in addition to a retirement gift.

#### D. Marriage and childbearing benefits

- D1. In the occasion of a marriage or funeral of the employee or a family member of the employee, the company will provide an incentive (funeral offerings) and subsidize managers at all levels for the incentive (funeral offerings).
- D2. The company offers nursing rooms for employees to use during work hours.
- D3. According to relevant laws, in order to provide parental leave, employees that meet the required criteria must adjust their work hours according to childcare needs.
- D4. To provide unpaid maternal or paternal leave, employees who have served in the Company for half a year and have children under 3 can file their application depending on their needs. In the past three years, 477 employees (female 363, male 114) applied for unpaid maternal or paternal leave. The return rate was 66%, and the retention rate was 75%. Furthermore, in 2016 alone, 90 employees (female 70, male 20) applied for unpaid maternal or paternal leave, with a return rate of 62% and retention rate of 66%.

#### Parental-leave application, return rate and retention rate for the past three years

Unit: person

		2014		2015		2016		Total				
NYPCB (Jinxing + Shulin)	Male	Female	Total									
Actual number of employees that applied for parental leave	46	166	212	48	127	175	20	70	90	114	363	477
Number of employees that should have returned (A)	27	67	94	19	89	108	17	72	89	63	228	291
Number of employees that applied for return (B)	17	57	74	16	48	64	13	42	55	46	147	193
Return Rate (B / A)	63%	85%	79%	84%	54%	59%	76%	58%	62%	73%	64%	66%
Number of post-parental leave employees who stayed for at least one year (D)	13	67	80	12	46	58	13	29	42	38	142	180
Retention Rate (E=D / B) (%)	76%	79%	78%	71%	81%	78%	81%	60%	66%	76%	75%	75%

Note: "Retention Rate" is defined as the percentage of post-parental leave employees that returned and stayed for at least one year.

#### (3) Staff evaluation

All NYPCB employees shall be periodically evaluated according to the "Evaluation Method", and the year-end performance grade shall be determined according to the periodic evaluation, attendance, reward and punishment, and case disposal time to serve as a reference for salary adjustment and year-end bonus, as well as for future development, promotion, and transfers. Employees with evaluation results of grade B or C shall be interviewed periodically by their supervisor to track the abnormality improvement plan and results.

#### (4) Good work protection

In order to adapt to the rapidly changing business environment and constantly innovated technology, the company continues to rationalize management and keep its organization simple. However, even in the most difficult economic times, the company prioritizes the working rights of its employees. The company has established human resources integrative mechanisms to replace paid leaves with transfers. The resignation rate of the company has been around 1.1% for the past five years. Compared to the Taiwanese electronic components manufacturing industry, this company's resignation rate is considerably lower. This reflects the effectiveness of employee care and work protection provided by Nanya PCB Corp., and the strong trust in company management and the sense of identity of the employees.

# Comparison of Resignation Rate between NYPCB and the Electronic Components Industry over the Past Five Years

	2012	2013	2014	2015	2016
NYPCB	1.0	1.0	1.1	1.1	1.3
Taiwanese Electronic Components Manufacturing Industry	2.1	2.0	2.2	2.0	2.0

Unit: %

Unit: person

Source: Accounting and Statistics (time series data search – quit rate)

#### 2016 Resigned Staff by Age and Region

Category	Group	Female	Male
	Under 29	226	253
	30~39	110	251
By Age	40~49	13	65
	50~59	9	20
	Over 60	1	2
By Dogion	Taoyuan Factory	239	460
by Region	Shulin Factory	120	131
Total o	lismissed employees	359	591
Se	ervice employees	1,865	3,838
Percentage (%)		19.3%	15.4%

# 4.3 Training System

#### (1) Training

NYPCB has established a comprehensive training system with quality working and learning environment, aimed to inspire employees' proactive attitudes and innovative views. In addition, a comprehensive training plan for different stages of each employee's career has been created to facilitate gradual improvement, allowing him/her to excel and become outstanding and practical professional. NYPCB's training program includes the College Management Association Program, basic training, professional training, manager training, and middle and senior management training. This program is integrated with online courses, job rotations, external training, and irregular seminars with guest speakers. NYPCB provides its employees with a working environment full of opportunities for continuous learning and development.

The Company also organizes management classes for its employees as well as the College Management Association Program, basic training, professional training, manager training, English and Japanese language courses, and external training courses to foster a high-quality learning and working environment to develop active and innovative talents. NYPCB has created a comprehensive training plan for different stages of each employee's career to facilitate gradual improvement, allowing employees to excel and become outstanding professionals and managers.

#### (2) Employee training and advanced courses

In 2016, NYPCB's employee training courses, including those held by individual units and professional and manager training courses organized by the President's Office, were conducted 1,939 times and attended by 5,102 employees. The total duration of the training was 130,794 hours (an average of 27.0 hours for each individual), and the cost of the training was NT\$ 1,876,164.

Unit: person

Mana	Position Executive		Man	Manager		Supervisor		al Staff	Average	
Year	Gender	Number of People	Total Hours	Hours						
	Male	86	1,740	252	10,697	819	35,463	3,453	71,878	
2014	Female	1	0	11	109	205	6,614	2,150	39,014	23.7
	Average	20	0.0	41	.1	41	.1	19	9.8	
	Male	81	1,104	245	6,734	769	29,896	3,145	75,292	
2015	Female	1	46	10	345	178	6,441	1,897	41,498	25.5
	Average	14	4.0	27	7.8	38	8.4	23	8.2	
	Male	78	1,609	224	6,477	677	23,516	2,559	63,957	
2016	Female	1	0	12	308	78	2,980	1,473	31,947	27.0
	Average	20	).4	28	3.8	35	5.1	23	3.8	

#### Photos taken during training



# 4.4 Employee Relations

#### (1) Negotiations between employer and employees

- A. Establish a complaint system to improve employer and employee relations.
- B. Establish clear regulations and a human resource management system to specify employees and employer obligations and administrative matters so that employees can understand and protect their rights.
- C. Organize regular physical examinations in accordance with labor safety and health law, assign a labor safety and health coordinator, and set up relevant management systems and regulations to avoid accidents and protect employees.

#### (2) Care for employees

Organize campaigns to encourage employees and improve their welfare. Encourage employees to seek a balance between work, health, and life.

- A. Diverse employee welfare: Provide medical fee discounts for employees and their family members at Chang Gung Memorial Hospital, scholarships for employees' children, encouragement bonus for stock purchasing, birthday coupons, wedding and funeral subsidies, holiday gifts and coupons, and comprehensive living facilities. The Company offers paid sick leave and indemnity that exceeds what is required by law. It also organizes various leisure activities such as sports game, domestic travel, and a variety of clubs.
- B. Salary: Offer reasonable salaries and bonuses that are competitive. Set up a regular salary adjustment system. Provide bonuses during the Dragon Boast Festival, Lunar Festival, and at the end of a year depending on the Company's overall performance.
- C. Communication: Hold regular management meetings and publish an internal magazine every quarter. Set up recommendation boxes, hot lines, and sexual harassment prevention hot lines for employees. In 2016, 5 complaints related to human rights infringement were made through the official complaint channel, 3 of which have been properly handled while the other 2 are still under the first and second review stage of the Taoyuan District Court.
- D. Encourage innovation: Offer incentives for good suggestions and encourage employees to report excursions at work and offer their improvement advises. Incentives are provided if the suggestions have made significant improvement. In 2016, a total of 1,207 improvement suggestions were made and a total of NT\$ 374,600 were given out as rewards. The Company have set up an online platform for its employees to discuss and exchange ideas, and rewards those who provide innovative ideas.
- E. Employee Assistance Program(EAPs): Resources can be sought through the county's health bureau mental health center to senior managers and employees if they have management, psychological, family, or relationship problems. The Company offers services to reduce the damage caused by man-made, natural factors, or inappropriate treatments.

# 4.5 Employee Wellness Program

#### (1) Improve the health and wellness of employees

Since parts of the NYPCB workplace uses various chemicals, including sulfuric acid, manganese, plumbum, nickel, potassium cyanide, and sodium cyanide, while some processes use non-ionizing radiation related devices or make considerable noise, in order to maintain employees' health, the Company shall stipulate a sampling plan depending on the current situation of each processing area and carry out environmental detection every six months. Furthermore, NYPCB cooperates with Chang Gung Hospital to periodically provide its staff with health examinations and yearly provide special operation personnel with special health examinations, with an emphasis on screening for common cancers depending on the personal demand.

In addition to organizing health examination for employees, NYPCB's plants also offer breast-feeding rooms for female employees. Other workers can enjoy medical services and a smoking quitting assistance at the healthcare center in campus. Since NYPCB has partnered with the Chang Gung Medical Foundation, it is able to provide medical center-level services and health care. Employees and their family members can also enjoy discounts if they seek medical services, health examinations, or services not covered by health insurance at the Chang Gung Medical Foundation. The Company's welfare committee also organizes irregular leisure activities to help employees relax and promote health. Group insurance has also been purchased for employees to offer financial support if employees suffers from serious illness or injuries due to accidents.

#### **Health Education Activities**





## NYPCB Health Care 2016 Health Promotion Schedule

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Theme	Season	Health Promotion Content	Туре	Time	Lecturer	Participant
		Lecture: Donate Your Blood to Save Lives	Activity	January	Hsinchu Blood Donation Center	54
Preventive		Column: Zika Virus Infection	Column	February	Healthcare Center	46
Healthcare	First Quarter	Lecture: Four Major Cancers Prevention	Lecture	March	Public Health Center of Luzhu District	38
		Column: Introduction to Scrub typhus	Column	April	Healthcare Center	28
		Activity: Annual Physical Examination	Activity	May	Healthcare Center	2236
Health Promotion	Second Quarter	Health Education On High Blood Cholesterol, High Blood Pressure and High Blood Sugar		June	Healthcare Center	405
		Introduction to AED and the Right Way to Operate.	Activity	June	Healthcare Center	17
		Lecture: Laughter Yoga	Lecture	July	John Tung Foundation	50
		Lecture: Fragrance Therapy	Lecture	August	John Tung Foundation	52
Pressure Relievina	Third Quarter	Lecture: Zentangle	Lecture	September	John Tung Foundation	24
		Lecture: Office Exercises	Lecture	October	John Tung Foundation	50
		Activity: Donate Your Blood to Save Lives	Activity	October	Hsinchu Blood Donation Center	63
Life Care	Fourth Quarter	Lecture: Who stole our health?	Lecture	November	Pojen General Hospital	26
		Activity: Influenza Vaccination	Activity	December	Public Health Center of Luzhu District	125
Total Participants: 3214						



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#### (2) Contingency plan for infectious diseases

NYPCB has established comprehensive reporting and preventing systems for infectious diseases:

1. Prevention of infectious diseases -

Increase employee awareness to infectious diseases prevention and educate employees about the preventative measures against infections through air, droplets, and contact.

#### Infectious Disease Contingency Procedures

2. Reporting of infectious diseases

Report occurrence of infectious disease to local health bureaus and persuade the infected employees to receive medical attentions or have them hospitalized if necessary.

3. Preventative measures Provide medical control and preventative leave, imple-

ment preventative measures on employees and visitors, and effectively separate infected patients from others.





#### (3) Health and safety education and contingency response training

A work safety training class was offered in 2016, as detailed below:

- A. Manufacturing process or hazardous material usage: 24 sessions were offered, with a total of 731 participants for 2,193 hours.
- B. Ionizing radiation personnel on-the-job training: 4 sessions were offered, with a total of 159 participants for 477 hours.
- C. First-aid personnel on-the-job training: 4 sessions were offered, with a total of 63 participants for 189 hours.
- D. Supervisor on-the-job training for specific chemical substances: 3 sessions were offered, with a total of 66 participants for 396 hours.
- E. Contractor pre-entry training: 22 sessions were offered, with a total of 935 participants for 1,870 hours.

NYPCB views contractors as one of its own employees; therefore, the Company organizes regular pre-work trainings for contractors. The Company holds daily toolbox meetings to promote pre-work employee protection ware inspection and physical and psychological health checks. Through the toolbox meeting, the Company will notify and remind workers about the specific dangerous of construction, process, and environment of the work on the day. Construction and maintenance departments need to coordinate and collaborate with each other to achieve the goal of zero incidents.

The Company has also established detailed contingency response policies and has held drills in preparation for various emergencies such as earthquakes, fires, chemical spills and leakages, and other natural disasters. The Company has trained its employees to be familiar with contingency response measures such as reporting, reaction, and containment of incident, and medical aid.





#### (4) Statistic of occupational disasters and accidents and the effect of health and safety management

In 2016, a total of 2 significant injury causing incidents occurred in the Jinxing Industrial Complex and Shulin Industrial Complex, with an injury frequency rate of 0.17 (0 and 0.24 for female and male respectively), an injury severity rate of 2.33 (0 and 3.45 for female and male respectively), and a frequency-severity indicator of 0.019 (0 and 0.028 for female and male respectively).

However, to prevent similar disabling incidents from happening again in the future, our corporation has carried out a series of management activities that enable our workers to identify, evaluate, and control potential hazards in their respective work environments. Furthermore, cases involving occupational hazards have been integrated into the teaching materials to raise occupational safety awareness among our employees. Our employees are also provided with SHE suggestion channels, instant responses, and appropriate countermeasures to achieve the ultimate safety management goal of "zero disasters and zero industrial injuries".

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_		Date	20	14	20	15	20	16
		Items	Jinxing plant	Shulin plant	Jinxing plant	Shulin plant	Jinxing plant	Shulin plant
	Units (Incide	Serious Injury Frequency Rate ent/per 1,000,000 hours worked)	0.24	0	0	0	0.17	0
	S (Working da	erious Injury Severity Rate ays lost/per 1,000,000 hours worked)	501.25	0	0	0	2.33	0
	Fre	equency-Severity Indicator	0.35	0	0	0	0.019	0
		1. Death	1	0	0	0	0	0
	Number of	2. Disaster and accidents that caused more than three people injured	0	0	0	0	0	0
Unit	major occupational disasters and accidents	3. Spills and leaks of Ammonia, Chlorine, Hydrogen fluoride, Phosgene, Hydrogen sulfide and Sulfur dioxide that resulted in hospitalization of more than one person	0	0	0	0	0	0
	Number of se occup	Number of serious injury incidents(excluding major occupational disasters and accidents)		0	0	0	2	0
	Number of	Occupational Diseases Reported	0	0	0	0	0	0
Working days lost		6174	0	0	0	28	0	
	Absence rate		0.87	0	0.73	0	0.89	0
	Severe occupational hazard mortality rate per 1000 persons			0	0	0	0	0

Notes: 1. Absence rate=Total absence days during reporting period/(total persons during reporting period\*255 work days)

2. Disabling injuries frequency=Disabling injuries cases\*1,000,000/Total experienced work hours

3. Disabling injuries severity=Disabling injuries days not worked\*1,000,000/Total experienced work hours

4. Comprehensive injuries indicator=√disabling injuries frequency\*disabling injuries severity/1,000

5. Death rate per 1,000 people related to significant occupational disasters= Employee death toll/Total employees\*1,000

6. In 2017, there were two injuries, namely, electric shock and chemical exposure.

## 4.6 Human Rights

NYPCB believes employee should be respected and treated equally. The Company provides equal job opportunity to every jobseeker and employee and protects individual's basic human rights. The Company does not discriminate employees due to their race, skin color, age, gender, sexuality, disability, pregnancy, religious beliefs, political stance, club members, or marital status at work in terms of compensation, promotion, training or hiring. Employees are not forced to accept discriminatory medical examinations. In addition, recruitment is always conducted in a public way both internally and externally, and the firm does not restrain its employees or recruit forced labor through coercion, debt, fees, or contract. NYPCB also provides sexual harassment training to its managers and employees to prevent sexual harassment.

New recruits are provided with labor and ethics training so that newcomers will understand their rights and obligations. Such training is conducted to ensure that all employees are treated fairly and are able to uphold a responsible attitude in following the moral codes and ethical standards of the Company.

The Company has met all local government laws and regulations regarding employers and employees. The Company Employee Handbook has also been reviewed and certified by the Taipei City Government before distribution to all NYPCB employees. The Company has over 5,700 employees and has strived to do its best to peacefully resolve any labor disputes through fair, just, reasonable, and humane measures and to maintain a harmonious employer and employee relationship.

The company's labor employees have the option to freely participate in a union and run for representative without the fear of harassment, threats or retaliation. The company's labor employees can openly discuss issues regarding work with management.

The total people participating in the collective bargaining agreement of the Company in 2016 were 67.4% of total employees. The Company's labor union also holds regular director and supervisor meetings, and, to avoid colleagues' doubts, the Company does not intervene in the union's practical operations and member lists. Furthermore, it will give full play to the labor union under legal and reasonable scope in order to make wide discussions on labor issues and shall implement policies after reaching an agreement and making an agenda, which considerably helps to improve employee-employer relations and the planning of labor welfare.

NYPCB closely adheres to the line of national labor specifications and international Declaration of the Rights of Man and of the Citizen, and seeks fair treatment to and respect of all employees, including:

(1) Providing work conditions in accordance with the government's labor related laws and regulations.

(2) Offering equal work opportunities for all job seekers according to the Employment Services Act.

- (3) Setting up complaint channels for employees when their legal rights are damaged or inappropriately handled.
- (4) Setting up an "Employee Rewards and Punishment Review Committee" for reviewing employees to received significant rewards or punishments.

(5) Providing "Sexual Harassment Prevention, Complaint, and Punishment Measures in the Workplace" to prevent employees and job seekers from a sexual harassment work environment and to respond to any related issues.

Furthermore, no significant investment agreements or contracts relating to human rights were made in the company in 2016.

# 4.7 Security Control Dynamics

#### (1)Personnel safety

- 1. To ensure personnel safety in campus, NYPCB has requested it employees to wear uniforms and carry ID cards to enter and exit its campus in accordance with its factory entry and exit regulations. In addition, workplace safety training is provided to contractors to help them become familiar with NYPCB's security control system. Visitors are escorted within the campus by staff members of the unit they intended to visit.
- 2. All security personnel shall be strictly selected through safety investigations and pursuant to stringent conditions and shall pass the administrative methods related to personnel, vehicle and article factory entering, human right policies (such as: labor ethical policies), and other training.
- 3. To prevent burglars and criminals from entering the Company's premises and endangering employee safety, emergency response drills are regularly held in the campus. Security monitoring system has also been installed around the plant gates, perimeter, and key areas. The system can monitor employees and detect abnormalities in a timely fashion and respond appropriately.

#### (2) Supply chain safety

As a key parts supplier, NYPCB has ensured all raw materials used in production processes such as gold, tantalum, wolfram, tin and cobalt are in compliance with the Policy for Conflict-free Materials. The Company has required its suppliers to investigate the place of origin of materials supplied to ensure they are not obtained by non-government warlords or criminal rings, or excavated from conflict zones in the Democratic Republic of Congo or through illegal methods or smuggling. Metals exported from the Democratic Republic of Congo, Rwanda, Uganda, Burundi, Tanzania and Kenya are considered to be conflict minerals by the Policy of Conflict-free Materials. NYPCB has completed its examinations on its raw material supplies and plans to enhance raw material control within the Company to prevent conflict minerals from entering its production processes in the long run. The Company will continue protecting customer rights, abiding by the EICC code of conduct and striving to fulfill its corporate social responsibilities.

Under the backdrop of globalization, major natural disasters or accidents occurring anywhere in the world could affect NYPCB. The Company thereby pays extra attention to potential risks of its supply chain and offers timely and proactive assistance to its suppliers. NYPCB has taken the following factors into account:

A. Business continuity management plan

NYPCB has requested its main suppliers to set up contingency policies and standard reaction procedures for potential natural disasters or man-made threats that may damage their operations in order to reduce the impact from such major incidents to NYPCB.

B. Risks exposed to natural disasters

NYPCB has identified the geographical connections between its suppliers around the world with past major disasters and accidents. The Company has reviewed and designed risk reduction plans with its suppliers and has requested them to increase the numbers of their plants. Suppliers have also been required to prepare contingency reaction policies such as making production in other countries and increasing inventory to reduce the impact of disasters and accidents.

C. Risks from the suppliers' suppliers

NYPCB requires its suppliers to manage the risks of their own supply chain and suppliers and helps them to establish a business continuity management policy to secure the stability of NYPCB's supply chain.

D.Manage IT disruption risks

NYPCB requires its suppliers to set up a remote backup system and ensure standard protection measures have been implemented on their data centers in order to reduce the impact of disasters and accidents.

In order to meet the international requirements of ISO 28000 in security management systems for supply chains and achieve the Taiwan Customs Authorized Economic Operator Certification, NYPCB has set up guidance and principles to ensure supply chain security and has provided written directives to its departments to follow. The requirements are implemented to ensure supply chain safety from receiving orders, raw material procurement, producing, processing, packaging and shipping as well as customer-related transportation, information, and logistic safety. The Company has also established a comprehensive and effective supply chain safety management system.

#### (3)Information security

No instance of personal information leakage, violation of privacy or leakage of client information occurred in the company in 2016. NYPCB views protecting the communication and information exchanges with its customers and partners as its most important task and has implemented a management system for confidential information for a long time. Depending on the levels of confidentiality of the information, the Company's management system preserves, views, authorizes, distributes, retrieves, and destroys its confidential information regarding R&D, production, sales, technological cooperation, business, outsourcing, and operation and management in order to protect customers and partners.

The Company has also continued enhancing and upgrading it information security technologies and has ensured the security of information, computer systems, and websites depending on their confidentiality, completeness and values. NYPCB also raises employee awareness in the importance of confidential information and relevant regulations through audits, consulting and educational training to ensure confidential information protection measures have been integrated into daily operation.

# Charity

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5.1 Neighborhood Relations
5.2 Charity Plans
5.3 Promotion of Medical Services
5.4 Commitments to Education

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# 5. Charity

The creation of company culture occurs over the long term and is developed by operation principles, and, in summary, Formosa Plastics Group's operating concept is to pursue the rationalization of everything with a "diligent and simple" attitude and with "strive for perfection" as the ultimate goal. Since the objective environment is changing and nothing can ever actually reach "perfection", but through the endless pursuit of all, these principles have become the original drive force for the Company to constantly improve business performance and competitive conditions, thus achieving the purpose of "sustainable operation" and "contribution to society" based on the aim of "Take from society, and give back to society". The Formosa Plastics Group founder said "one can only hold so many things in his/her hands but if one opens the hands, he/she can hold the world." The remark stressed the importance of contributing to society which appears to be a one-way action; but in fact, people who can give more to the society will get more in return. The more they can contribute to the society, the more they can achieve. Therefore, the founder has helped many people in need with the same passion and zealousness he had while leading the Company. NYPCB has been contributing to society and engaging positively with neighboring communities. NYPCB believes that people are depending on each other, and that the one who is strong should help the weak, and the rich should help the poor. If people contribute their strengths, society and the world would be a better place to live in day by day.

# 5.1 Neighborhood Relations

To create a prosperous and prosperous future with the community, the Company will take the initiative to understand local people through daily visits, environmental protection and arts activities, care for disadvantaged groups in the factory area And upholds the concept of "attaching equal importance to both the environment and the economy" to promote environmental protection and



#### (1) Building a bridge of mutual trust

To be a good neighbor, our corporation has organized good neighbor teams and volunteer teams at respective business offices of our industrial complexes. The teams are assigned to local government, environmental protection groups, local organizations, village offices, nearby households, and local residents on a regular or occasional basis to get feedback from local residents and quickly respond to the questions they raise. We make sure to answer every question in detail and take the initiative to promote our policies to our neighbors. This not only helps them to understand our intentions but also helps build harmonious relationships of mutual trust and assistance.

#### (2) Bringing traditional culture to remote townships

We feel that continuing and promoting traditional art is very difficult due to an uneven distribution of cultural resources. In order to carry forward traditional arts and the features of local culture, we have collaborated with the "Paper Windmill Theater" to promote art through high-standard visual performances free of charge at local villages. As of today, more than 3,000 audience members have attended these performances, all of which were successful.

#### (3) Enhance relationships between our industrial complexes & local village

To build a bridge of mutual trust between our industrial complexes and local villages, we are committed to participating in local activities in order to fully realize our business philosophy of giving back to society. Our corporation provides assistance to villager self-empowerment activities, religious activities, festival celebrations, and visits to the poor. Furthermore, aid supplies are also given to nursing homes, orphanages, and solitary seniors. In 2016, the Formosa Plastics Group and its members donated a total of NT\$ 3,934,838. In the future, we will continue to pay attention to local needs and feedback to the local community.

Paper Windmill Theater Live Performance





#### (4) Hiking and mountain cleaning activities

Hiking is a great opportunity for NYPCB employees to enjoy beautiful scenery and to release stress as well as enhance relationships with coworkers and their families. Such activities have helped raising people's awareness to environmental protection and strengthening neighborhood relations.

#### (5) Organize an environmental protection day and adopt a garden and river program

The Jing Hsin campus has organized an environmental protection day since 2007. It gathers volunteers in a morning of one of the last ten days in a month to clean up the roads around the campus. In 2016, a total of 276 members participated in the 12 sessions held during the year. NYPCB employees wore vests and cleaned the streets around the campus including the front end of Nankan Road, and other roads around nearby communities. Some local residents have also taken a part in the cleaning day. The activity has been well-received by nearby communities and has helped promote the Company's corporate citizen image. NYPCB also adopted a triangular park in Changrong Road near the campus in 2003 and continued to adopt the Nankan River Clean Air Zone Wetlands in 2016. The Company regularly cleans, maintains, and performs other gardening activities in the park so that local residents can enjoy a clean and beautiful environment; thus, creating a harmonious atmosphere among the communities.

#### (6) Benevolent service

The operation of our corporation is built on the foundation of giving back to society. To promote the ethics of volunteering within our corporation, we have been providing volunteer services to local communities since our corporation was first established. We worked with certified government welfare organizations either announced by the Ministry of the Interior (MOI) or recommended by the Social Affairs Bureau (SAB) to organize welfare activities, such as providing care to underprivileged families, donating aid supplies to local seniors, providing services to educational institutes for the mentally-impaired, volunteering at nearby orphanages, participating in extracurricular school programs, and supporting early intervention plans for patients with mental and/or physical impairments. All of this has been done to ensure that those in need are provided with appropriate care. We also help vulnerable groups to apply for emergency relief and aid subsidies from the FPG Ching Pao Charitable Fund. For example, we have assisted low-income families near Linkou, Shulin, Gongsan, and Jingxing Plant to apply for the FPG Ching Pao Charitable Fund since they were unable to afford their medical bills or funeral expenses. In 2016, a total of NT\$ 663,600 was successfully applied.

#### Environmental Protection Volunteers Participate in Street Cleanups



# 5.2 Charity Plans

#### (1) Charity club

In 2016, the NYPCB Love Club provided their services at 4 institutions for the mentally disabled (TINFUN, SHIANGYU, ARK, CANDY'S). A total of 257 employees and their family members participated in these charitable activities to serve a total of 250 mentally disabled people. Furthermore, employees have taken the initiative to recommend some new disadvantaged groups and help the Love Club expand their volunteer services. About 40 employees participated in each service. The club has also donated laundry detergent, tissues, books, and mineral water to these institutions. The heads of these institutions have expressed their gratitude and awarded NYPCB with appreciation certificates. They have also introduced their services and success. NYPCB employees have also participated in various activities, such as dumpling making, a charity haircutting service, nail art, and cleanup of the facilities, fans, and windows.

Love Club members and institution students taking photo together



Colleagues and institution students making dumplings together





Colleagues help cutting the institution student's hair



(2) Care for disadvantaged groups

Colleagues help cleaning the institution environment



Colleagues help cleaning the institution dormitory



Since November 2007, NYPCB's union has encouraged its members to donate money to help pay for the lunches of elementary school students from disadvantaged families in Taoyuan County. About 760 students and 17 elementary schools (such as Jing-xing Elementary School, Tong An Elementary School, Nan-Mei Elementary School, Shan jiao Elementary School, Feng Shu Elementary School) have benefited from the donations, which totaled NT\$ 1,270,000. The charity has increased the number of donors and become a perfect example to draw more people to participate in charity activities.

#### (3) Public benefit activities and second-hand items marketplace

In association with local public welfare organizations and nearby community activities, NYPCB plant in the northern district actively organizes charitable flea markets to raise funds for charitable foundations, spreading seeds of love and hope to every corner of the world.



#### Winter warm event



# 5.3 Promotion of Medical Services

#### (1) Chang gung medical system

Alerted to the lack of medical resources in Taiwan during the 1970s, the two founders of Formosa Plastics Group dedicated themselves to promoting social welfare donations and decided to establish a non-profit teaching hospital, thus officially establishing the Chang Gung Memorial Hospital in March 1973. In December 1976, Taipei Chang Gung Memorial Hospital began to provide medical services, and Linkou, Keelung, Kaohsiung, Chiayi, Taoyuan, and Yunlin Chang Gung Memorial Hospitals were formed one after another through 40 years of effort. Furthermore, these hospitals provide preventive, emergency, chronic, Chinese medicine, long-term, and community medical care. With vertical and horizontal specializations, we provide our communities with an integrated healthcare system. To take better care of cancer patients, the best proton radiation therapy center in Asia was established at Linkou Chang Gung Memorial Hospital. After completing human subject research, medical services began to be provided on October 15, 2015.

Since the establishment of Chang Gung Hospital, we have proactively recruited excellent medical care talents to nurture potential talents, continuously introduced advanced medical equipment, led public and private hospitals to expand physical facilities and updated medical equipment, and provided patients with high-quality and safe standards of care. We have had many record-setting and pioneering management achievements, including the guarantee to cover medical expenses incurred during hospitalization, doctors rejecting red envelopes, lowering the cost of dialysis, and further improving the overall quality of medical services in Taiwan. Due to the efforts of Chang Gung Memorial Hospital, the average number of hospital beds for every ten thousand citizens has increased from 19 to 69 (Source: statistics from the Ministry of Health and Welfare). The effects have even surpassed some advanced countries, such as Great Britain and the United States.

The Chang Gung Memorial Hospitals have evolved into one of Taiwan's largest scale hospital networks, and their extraordinary medical equipment and service are the equal of first-tier hospitals around the world. As of 2016, they are operating 9,000 open beds, with 23,000 employees, and have served more than 9.1 million emergency and outpatient visitors, as well as over 295,000 in-patient admissions (average patients: 31,000 / day), proving that Chang Gung Memorial Hospital has become one of the most trustworthy hospitals in Taiwan.

#### (2) Local and overseas medical care

#### A. Emergency Medical Services

Chang Gung Memorial Hospital assists the government by providing medical preparedness and responses to major disasters. All facilities have been designated by the government as area disaster response centers in order to facilitate local disaster response and training. Over the years, they have participated in many rescue operations and have been designated by the Ministry of Health and Welfare as vital emergency aid hospitals. For example, on the night of June 27, 2015 where the Formosa Fun Coast explosion took place, Linkou Chang Gung Hospital immediately launched a large-scale wounded mobilization mechanism while dispatching emergency medical aid to save and hospitalize a total of 63 victims, giving full play to the emergency rescue capacity.

#### B. Medical Assistance to the Underprivileged

Chang Gung Memorial Hospital provides necessary medical aid to regions where medical resources are largely deprived. Long-term medical assistance to rural areas are fully listed below:

Branch	Year of Participation	Region Assisted	Medical Assistance Provided
Linkou Chang Gung	From 2013 till today	Kinmen	In association with Kinmen Hospital and Ton-Yen General Hospital, some medical staff were stationed in Kinmen District to reduce the medical referrals from Kinmen to Taiwan over the years.
Memorial Hospital	From 2003 till today	Fuxing District, Taoyuan City	In association with Saint Paul's Hospital, the Public Health Center in Fuxing District has dispatched a number of medical personnel to provide medical services at the 24-hour outpatient clinic and emergency department.
	From 2001 till today	<ul> <li>Liugui District, Maolin District, Neimen District, and Sanmin District, Kaohsiung City</li> <li>Mudan Township, Sandimen, and Xiaoliuqiu, Pingtung County</li> <li>Wang-an Township, Penghu County</li> </ul>	Regular free medical clinic and health promotion.
Memorial Hospital	From 2009 till today	8 medically-deprived villages located in Jiaxian District and Shanlin District, Kaohsiung City	Providing medical service tours, holding health education seminars, and performing cancer screenings.
	From 2011 till today	Communities in remote or indigenous villages.	A long-term community healthcare center was established so that medical practitioners specializing in integrated rehabilitation, family medicine, Chinese medicine, nutrition, nursing, physical therapy, and occupational treatments can provide fixed and home-based integrated medical services.

Branch	Year of Participation	Region Assisted	Medical Assistance Provided
Keelung Chang Gung Memorial Hospital	From 2009 till today	Medically deprived villages such as Meifeng Village in Gongliao District and Shulang Village, Nanshan Village, Baishi Village and Coastal Tribes in Pingxi District, New Taipei City.	On a regular basis to send physicians to the clinic, the cumulative service visits of more than 3,000 people
	From 2012 till today	Medically deprived villages such as Budai Township, Chiayi District	Roving medical service.
Chiayi Chang Gung Memorial Hospital	From 2016 Alishan Township, Chiayi till today District		Support the establishment of holiday emergency medical stations to provide local residents with medical services, health education services, and disease prevention educational services. Emergency medical services were also provided to wounded tourists.
All Branches	From the first foundation till today.	All districts around Taiwan.	<ul> <li>Neonatal referral center</li> <li>Providing care services to special underprivileged groups. For example, providing tattoo removal services to juvenile under protection penalty, assisting youngsters who have gone astray to return to society, providing health management and life care services to orphans at the orphanage, visiting solitary seniors who live alone in the community, recruiting mouth and foot painters, and setting up blind massage stations to increase job opportunities for the physically or mentally handicapped.</li> </ul>

# (3) International medical assistance and diplomacy

Branch	Targeted Countries	Service Content	
	Burkina Faso	In 2015, professional maternal and childcare medical services were provided.	
Linkou Chang Gung Memorial Hospital	Nepal	From 2012 to 2015, post-earthquake emergency medical aid, free medical clinics, and Doctors Without Borders (MSF) emergency medical aid were provided.	
	Malaysia, India, Thailand	A total of 14 training sessions and surgical demonstrations were held and agynecological endoscopic surgery training center was established in both Thailand and Malaysia.	
	74 countries around the world	From 2012 to 2015, a total of 974 foreign medical personnel were trained 15 underdeveloped countries around the world A total of 139 craniofacial medical group personnel were trained.	
	Cambodia, China, the Philippines, and 5 other Countries	Assisted in the establishment of 16 craniofacial medical centers.	
	Guatemala	Since 2010, we have been training doctors from different departments as well as liver transplant physicians. In 2012, a "National Organ Transplant Center" was officially established.	
Kaohsiung Chang Gung Memorial Hospital	Vietnam	From 2014 to 2015, free clinics serving a total of 2396 patient visits were carried out.	
	Nepal	In 2015, disaster relief medical services, health education, and free clinics were provided to approximately 2000 residents and patients.	
Keelung Chang Gung Memorial Hospital	Vietnam	In 2015, medical group promotional programs, free medical examina- tions, free medical consultations, health education seminars, and medical case study & exchanges were carried out.	
	Myanmar	Free clinics and health education were provided to the general public and school students (with a total of 900 persons served in 2016).	
Chiayi Chang Gung Memorial Hospital	Cambodia, Indonesia, Myanmar	In 2011, the "International Medical Volunteer Platform" was officially established so that our staff members could provide local residents and school students with health examinations, free clinics, and health education services out of their own pocket during holidays.	

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#### (4) Welfare services and medical subsidies

Chang Gung Memorial Hospital sets aside a fixed portion of its monthly revenue and donations from the community to its social charity funds for community welfare services, including the donation of cochlear implants, an umbilical blood bank subsidy, deep brain stimulation treatments, and so on. Medical subsidies are given to the poor and disabled to provide them with equal access to medical services. Many lives have been saved among the indigenous population. Meanwhile, patient forum activities, community services, and organ donation campaigns are held in order to promote the welfare of the larger community. In 2016, medical subsidies surpassed NT\$ 550 million. As of today, the figure has reached NT\$ 7.58 billion.

#### (5) Health promotion - community services

Since the number of people with chronic illness has increased in our country, Chang Gung Medical Hospital has acted according to national policies and conducts various free health counseling sessions, preventive services and screenings, and health promotion events every year. These community events help local residents to identify health issues prior to experiencing advanced complications and thus allows them to seek treatment at an early stage.

Year Item	2012	2013	2014	2015	2016
Number of Activities	1,928	1,846	1,345	1,373	1,088
Number of People Served	132,561	116,939	106,321	117,418	185,961
Expense (in NT\$ 10,000)	1,061	1,163	1,426	2,138	3,159

#### Community health promotion and lecture activities

#### (6) Plant health promotion activities

In association with the Chang Gung Medical Care System, our Company makes good use of the hospital resources and arranges several health promotion activities at our industrial complexes so that our colleagues are updated with the latest healthcare and medical information to help them maintain their good health. By striving for a perfect balance between daily work and personal health, our employees are leading better lives in terms of safety and quality.

- A. Physical examinations for our employees(once a year)
- B. Four major cancers screening for our employees (once a year)
- C. Professional nutritionists from Chang Gung Memorial Hospital were invited to design healthy menus for our employees (once a month).
- D. Medical physicians from Chang Gung Memorial Hospital were invited to be stationed at our industrial complexes to provide our employees with medical consultation services (4 times each week).
- E. Public health education information from Chang Gung Memorial Hospital was provided to our employees to ensure their healthy habits.
- F. Chang Gung Monthly Medical Journal was printed every month to provide our employees with the latest health information (1 journal per month).
- G. Lectures about the '4 Major Cancers Screening' and '3 Highs' (high blood pressure, high blood sugar, and high blood cholesterol) prevention were delivered at our industrial complexes.


# 5.4 Education Undertaking

# (1) Founded three schools

In order to cultivate the special talents in the industrial field, FORMOSA Plastics Corporation established Ming Chi Technical College (Ming Chi University of Technology now) in 1963, and established Chang-Gung Medical University (Chang-Gung University now) and Chang-Gung Institute of Nursing (Chang-Gung University of Technology now) in 1987 and 1988 successively along establishment of Chang-Gung Medical University in 1976 in order to cultivate the outstanding medical talents. Three universities take "Be diligent and plain" as motto and implements cooperative education and work-and-study internship system to cultivate the independence and hardworking of the students and achieve the objective of theory combining with practices while training the special talents having outstanding knowledge and skills.



## (2) Help the native young people to receive education and find the jobs

In order to care for the native vulnerable groups, FORMOSA Plastics Corporation has been sparing no effort to help the native students to receive education to acquire the professional skill since 1995. Chang-Gung University of Technology recruits native young girls to receive the courses with major of nursing in order to train the professional nursing personnel, then Ming Chi University of Technology starts the technical training class for native people and special technical and vocational class for native people to help the native young people not continuing their study in school to train their employability and offer the opportunity to receive education to the students wanting to continue study. Moreover, in order to make the native students to study wholeheartedly, two founders donate to pay all tuition and incidental fees during the students' school years; at the same time, the two founders offer the work-and-study internship opportunity in order to lighten their financial burden; and the total number of students receiving the benefit has exceeded 5400 so far, and the total amount of grant money has also exceeded TWD1.7 billion.

School	Class type	Number of people receiving the benefit	Amount of grant money	
Chang-Gung University of Technology	Professional nursing class for native people	3,596 persons	About TWD1.27 billion	
	Technical training class for native people			
Ming Chi University of Technology	Professional class of five-year program for native people	1 783 persons	About TWD4.3billion	
	Professional class of high-level industrial program for native people	1,700 persons		
	Professional class of four-year technical college for native people			
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# Appendix

Appendix 1 Global Reporting Initiative (GRI) **G4 Indicator Comparison List** Appendix 2 ISO 26000 Comparison Table Appendix 3 United Nations Global Compact Principles Comparison Table Appendix 4 Assurance

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# Appendix 1 Global Reporting Initiative (GRI) G4 Indicator Comparison List

The following standards refer to the Global Reporting Initiative (GRI) Version G4.0, and this criteria's corresponding contents in the Report are described below:

• Complete disclosure O Partial disclosure

Aspect	Content description	Discl- osure Reference chapter status		Page	Comments
General	standards disclosure				
1. Strateg	gy and analysis				
G4-1	Organization's top decision-maker's relevant declaration on its organization and strategy's sustainability	•	Message from The Chairman	03	
G4-2	Organization's simple statement on key impact, risk and opportunity	•	1.3 Industry Future Outlook, Opportunities, and Challenges	07	
2. Organi	ization introduction				
G4-3	Organization name		1.1 Company Introduction	05	
<u> </u>	Major brando, producto, and convisoo		1.1 Company Introduction	05	
64-4	Major brands, products, and services		1.2 Market Overview	06	
			1.4 Major Products and R&D	08	
			2.1 Governance Overview (3) Company management structure	18	
G4-5	Location of organization headquarters		1.1 Company Introduction	05	
G4-6	Organization business located countries number and names	•	1.1 Company Introduction	05	
G4-7	Ownership nature and legal form	1.1 Company Introduction		05	
G4-8	Service markets provided by the organization	•	1.2 Market Overview	06	
			1.1 Company Introduction	05	
G4-9	G4-9   Description of organization scale   •   1.2 Market Overview		1.2 Market Overview	06	
			2.2 Financial Performance	22	
G4-10	Description of any significant changes to total employee and regular employee numbers, employ- ment figure	•	4.1 Employment Overview	48	
G4-11	Total employee number proportion under the protection of the collective bargaining agreement	•	4.6 Human Rights	61	
G4-12	Description of organization's supply chain	•	2.6 Supplier and Contractor Management	24	
G4-13	Major changes that happened on a company scale, organization structure and ownership during report period	•	About The Report	01	The Company has no major changes in 2016
G4-14	Description of whether organization has a relevant forewarning policy or principle	2.1 Governance Overview (4) Follow corporate regulation (6) Internal audits (7) Employee behaviors an code of ethical conduct		20	
G4-15	Economic, environmental, and social regulations, principles, or other proposals formulated outside the organization and approved by the organization	•	1.6 Participating Organization and Standard	11	
G4-16	List the organization's participated associations (such as industry associations) and national or international promoted organization's member qualification and methods of participation	•	1.6 Participating Organization and Standard	11	

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Aspect	Content description	Discl- osure Reference chapter status		Page	Comments
3. Identif	y major consideration aspects and boundaries				
G4-17	Related organizations in the consolidated annual report	٠	1.1 Company Introduction	05	
G4-18	<ul> <li>a. Define report content and consideration aspect boundary process</li> <li>b. How can the organization obey the "Principles for defining report contents"</li> </ul>	•	1.8 Identification of Major Issues		
G4-19	List all major consideration aspects identified during the report contents definition process	•	1.8 Identification of Major Issues	14	
G4-20	Description of internal organization's boundaries on such aspects specific to every major consideration aspect	•	1.8 Identification of Major Issues	14	
G4-21	Description of internal organization's boundaries on such aspects specific to every major consideration aspect	•	1.8 Identification of Major Issues	14	
G4-22	Influence and cause of any information provided in previous reports	•	About The Report	01	The Company does not have this influence in 2016
G4-23	Significant changes on scope and consideration boundaries as compared with previous reports	•	About The Report	01	
4. Interes	sted party participation				
G4-24	Interested party group list		1.7 Stakeholder Dialogue	12	
G4-25	Interested party identification		1.7 Stakeholder Dialogue	12	
			1.8 Identification of Major Issues	14	
G4-26	Interested party's participation mode		1.7 Stakeholder Dialogue		
G4-27	How can the organization respond to issues proposed by an interested party; and interested party category for proposing such issues	1.7 Stakeholder Dialogue		12 14	
5. Report	toverview				
G4-28	Report duration	•	About The Report	01	
G4-29	The last report date (if applicable)	•	About The Report	01	
G4-30	Report duration	•	About The Report	01	
G4-31	Contact information	•	About The Report	01	
G4-32	GRI disclosure indicator, compliance basis, and external declarative statement	•	Appendix 1 Global Reporting Initiative(GRI) G4 Indicator Comparison List	73	
 G4-33	Policy and practice for obtaining external verification conducted by the organization for reporting	•	Appendix 4 Assurance About The Report	01	
6. Manag	ement				
G4-34	Business corporation's management structure, including members that are responsible for the upper management unit's strategy formulation and company supervision and other specific jobs (which can be categorized according to gender, age, minority groups, etc., upper management level member proportion)	•	2.1 Governance Overview (1) Operation of board of directors	18	
G4-36	Whether appointing senior supervisor to be responsible for economic, environmental, and social issues, and whether he/she reports directly to the upper management unit	•	About The Report		

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Aspect	Content description	Discl- osure status	Discl- osure Reference chapter status		Comments
6. Mana	gement				
G4-37	Consulting processes of interested parties and upper management unit with respect to economic, environmental, and social issues. If authorized, please describe the authorized object and upper management unit's feedback procedures	•	1.7 Stakeholder Dialogue	12	
G4-38	Upper management unit and its committee's composition	•	2.1 Governance Overview (1) Operation of board of directors	18	
G4-39	Whether upper management unit's chairman has an additional post in an administrative unit	•	2.1 Governance Overview (1) Operation of board of directors	18	
G4-40	Whether upper management unit's nomination and selection, as well as nomination conditions, involve diversity, independence, ability and experience, and whether interested parties participate	•	2.1 Governance Overview (1) Operation of board of directors	18	
G4-41	Whether upper management unit's methods for preventing conflicts of interest are disclosed to interested parties	•	<ul> <li>2.1 Governance Overview         <ul> <li>(4) Follow corporate</li> <li>regulation</li> <li>(7) Employee behaviors and</li> </ul> </li> </ul>		
G4-48	Supreme committee or position responsible for formal review and sustainable report authorization	•	2.1 Governance Overview		
G4-52	How salary process flow is decided, and if having salary consultant intervention, whether it is independent from the management level. Describe whether salary consultant has any other relation with the organization	4.2 Salary and Welfare		49	
G4-53	How can salary policy take interested party's opinions into consideration	•	• 4.2 Salary and Welfare		
7. Comm	ercial ethics and honesty				
G4-56	Moral values, principles, standards, specifications, and behavior principles of the organization	standards, specifications, f the organization Message from The President		03	
G4-57	Internal and external mechanisms for seeking moral and legal behavior suggestions, as well as affairs related to organization honesty (e.g. consulting/service hotline)	•	2.1 Governance Overview	18	
G4-58	Internal and external mechanisms for reporting illegal and immoral behaviors	•	2.1 Governance Overview	18	
Specific	standards disclosure				
1. Econo	mic aspect				
Econom	ic outcomes				
	Direct economic value generation and distribution,		2.2 Financial Performance	22	
G4-EC1	including operating revenue, business costs, employee treatment, donations, other community	•	4.2 Salary and Welfare	49	
	investments, reserved surplus, and loan payment		5.2 Charity Plans	66	
			Message from The President	03	
G4-EC2	Financial burdens and other risks and opportunities caused by climate change	•	3.2 Environmental Accountability 3.3 Water and Energy Conser- vation and Greenhouse Gas Reduction	32 33	
			<ul><li>3.4 Protecting The Environment around Factories</li><li>(4) Examination and reduction of greenhouse gas emission</li></ul>	41	

Aspect	Content description	Discl- osure status	l- re Reference chapter us		Comments
Economic	outcomes				
G4-EC3	Scope of commitment for the organization's welfare plan	٠	4.2 Salary and Welfare	49	
G4-EC4	Major financial supports obtained from the government	•			The Company has complete financial status and receiv- ed no financial su- pport from the gov- ernment in 2016
Market sta	atus				
G4-EC6	Local employment procedure and senior manage- ment level proportion employed from local residents at major operating footholds	•	4.1 Employment (3) Local supervisory proportion	49	
Indirect e	conomic impact				
G4-EC7	Investments in infrastructure, service development support, and impact	٠	5.1 Neighborhood Relations	64	
Procurem	ent				
G4-EC9	Major operating areas' purchasing costs sourced from local suppliers' secondary materials	•	2.6 Supplier and Contractor Management (1) Supplier management	24	
2. Enviro	nmental aspe				
Supplies					
G4-EN1       Weight or volume of adopted raw materials       2.6 Supplier and Contractor Management         3.4 Protect The Environmer Plants       5) Green supply chair		<ul> <li>2.6 Supplier and Contractor Management</li> <li>3.4 Protect The Environment around Plants (5) Green supply chain</li> </ul>	24		
		F. RoHS Regulations and Product Packaging		44	
G4-EN2	Secondary materials and supplies usage percentage	•	•		The Company did not use any secondary materials in 2016
Energy					
G4-EN3	Energy consumption within the organization	•	<ul> <li>3.3 Water and Energy Conservation and Greenhouse Gas Reduction</li> <li>(1) Environmental data</li> <li>(2) Improve energy management and reduce energy consumption</li> </ul>	33 34	
G4-EN5	Energy intensity within the organization	•	3.3 Water and Energy Conservation and Greenhouse Gas Reduction (2) Improve energy management and reduce energy consumption	34	
G4-EN6	Energy decrease results, practices, base year, and computing methodology	•	3.4 Protect The Environment around Plants (5) Green supply chain	42	
Water res	ources				
G4-EN8	Describe total water consumption volume according to water source	•	<ul><li>3.3 Water and Energy Conservation and Greenhouse Gas Reduction</li><li>(3) Water resource management and water conservation</li></ul>	35	
G4-EN9	Water source subject to significant influence due to water taking	•	<ul><li>3.3 Water and Energy Conservation and Greenhouse Gas Reduction</li><li>(3) Water resource management and water conservation</li></ul>	35	
G4-EN10	Circulating and recycled water's percentage and total volume	•	<ul> <li>3.3 Water and Energy Conservation and Greenhouse Gas Reduction</li> <li>(3) Water resource management and water conservation</li> </ul>	35	

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Aspect	Content description	Discl- osure status	Reference chapter	Page	Comments
Biodivers	sity				
G4-EN11	Operating places or their purlieus owned, rented, or managed by the organization that are located in environment protection zones or other typical ecotones with a high biodiversity value	•	<ul> <li>3.5 Greening and Tree-Planting Activities around Factories</li> </ul>		
G4-EN12	Describe the organization's activities, products, and services' significant impacts on environment protection zones or other typical ecotones with a high biodiversity value	•	<ul> <li>3.5 Greening and Tree-Planting Activities around Factories</li> </ul>		The Company's factories are not located in ecological
G4-EN13	Protected and repopulated habitats	•	3.5 Greening and Tree-Planting Activities around Factories	45	preservation areas
 G4-EN14	According to the degree of endangered species risk, it states that the habitats affected by the organiza- tion's operation have been included in IUCN (protection zone's management category system) Red List and national protection list of species.	•	3.5 Greening and Tree-Pplanting Activities around Factories	45	
Emission	substances, polluted water, and wastes				
G4-EN15	Direct greenhouse gases emission volume (Category 1)	٠		41	
 G4-EN16	Direct greenhouse gases emission volume (Category 2)	•	3.4 Factory Environment Protection (4) Examination and	41	
G4-EN18	Greenhouse gases emission identity	•	reduction of greenhouse gas emission	41	
G4-EN19	Greenhouse gases volume reduction	•		41	
G4-EN20	Ozone depleting substances (ODS) emission volume	•	<ul> <li>3.4 Factory Environment Protection         <ul> <li>(4) Examination and reduction of greenhouse gas emission</li> <li>B. Emission analysis</li> </ul> </li> </ul>		
 G4-EN21	Nitrogen oxide, sulfur oxide and other major gases emission volume	•	3.3 Water and Energy Conserva- tion and Greenhouse Gas Reduction (1) Environmental Data		
Water pol	lution and wastes				
G4-EN22	Total polluted water emission volume categorized by water quality and emission purpose	٠	<ul><li>3.4 Protect The Environment around Plants</li><li>(2) Water pollution preven- tion</li></ul>	38	
 G4-EN23	Total waste amount categorized according to sort and disposal method	•	<ul><li>3.4 Protect The Environment around Plants</li><li>(3) Waste management around plants</li></ul>	39	
G4-EN24	Total count and volumes related to serious leakage	•	<ul> <li>3.4 Protect The Environment around Plants         <ul> <li>(2) Water pollution prevention</li> </ul> </li> </ul>		
G4-EN25	The weight of hazardous wastes judged by the terms of the Basel Convention after transportation, import, export, or processing	•	<ul><li>3.4 Protect The Environment around Plants</li><li>(3) Waste management around plants</li></ul>	39	
G4-EN26	Water sources and relevant habitats' location, size, protected status, and biodiversity value that are severely affected by the organization's drainage	•	<ul><li>3.4 Protect The Environment around Plants</li><li>(2) Water pollution preven- tion</li></ul>	38	

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Aspect	Content description	Discl- osure status	iscl- sure Reference chapter tatus		Comments
Products	and services				
G4-EN27	Plans for reducing products and services' environmental influences and outcomes	•	<ul> <li>1.4 Major Products and R&amp;D</li> <li>3.4 Protect The Environment around Plants         <ul> <li>(5) Green supply chain</li> </ul> </li> </ul>		
G4-EN28	Sold products and their package materials percentage	•	<ul> <li>3.4 Protect The Environment around Plants</li> <li>(5) Green supply chain RoHS regulations and product packaging</li> </ul>		
Regulato	ry compliance				
G4-EN29	Total amount of huge fines from violating environ- mental laws and the sanction number in addition to monetary sanction	•	3.1 Commitments to Environmental Sustainability (2)NYPCB environmental protection history	31	
Transpor	tation				
G4-EN30	Significant environmental impacts generated from product transportation for organization operations, other commodities, raw materials, and employee transportation	•	<ul><li>3.4 Protect The Environment around Plants</li><li>(4) Examination and reduction of greenhouse gas emission</li></ul>	41	
Overall p	erformance				
G4-EN31	Description of the total environmental protection costs and investments according to category	•	3.2 Environmental Accountability		
Supplier	environment (impact) evaluation				
G4-EN32	New supplier ratio screened out according to environmental standards	2.6 Supplier and Contractor Management		24	
G4-EN33	Important practical significance and potential negative influence from suppliers on environment and adopted measures	2.6 Supplier and Contractor     Management		24	
Environm	nental complaint mechanism				
G4-EN34	Environmental influence complaint number that were submitted, handled, and solved by the formal complaint mechanism	•	3.2 Environmental Accountability	32	
3. Social	aspect				
Labor co	nditions				
Employn	nent				
G4-LA1	Newly employed employees and dismissed employees group number and proportion categorized according to age group and region	•	<ul><li>4.1 Employment</li><li>(2) New employees by age and region</li></ul>	49	
G4-LA2	Benefits that are only provided for full-time employees instead of temporary or part-time employees categorized according to major operating places	•	4.2 Salaries and Welfare	49	
G4-LA3	Rate of return to work and survival rate after maternity/paternity leave, categorized by gender	•	4.2 Salaries and Welfare	49	
G4-LA4	Minimum notice period(s) regarding operational changes	•	4.6 Human Rights	61	No latest date has yet been set
Occupati	onal safety and health				
G4-LA5	Employee representative percentage in occupa- tional safety and health committee	•	3.1 Commitments to Environmental Sustainability (1) Environmental protection policy A. Organization Chart and Responsibility of the EHS Unit	29	

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Aspect	Content description	Discl- osure status	Reference chapter	Page	Comments
Occupatio	onal safety and health				
G4-LA6	Proportion of occupational injuries, occupational diseases, lost labor, and absence, as well as the death toll on business categorized by region and gender	•	4.5 Employee Wellness Program (4) Statistic of occupational disasters and accidents and the effect of health and safety management	60	
G4-LA7	Employees engaged in high-risk occupations	•	<ul> <li>4.5 Employee Wellness Program         <ul> <li>(1)Improve the health and wellness of employees</li> <li>(2)Contingency plan for infectious diseases</li> </ul> </li> </ul>	56 58	
G4-LA8	Subjects related to health safety in agreement with the labor union	•		-	No health or safety-related topics can be fou- nd in the NYPCB union agreement.
Education	n training				
G4-LA9	Calculate the average training hours of individual employees according to employee title and gender	0	4.3 Training System (2)Employee training and advanced courses	55	
G4-LA10	Enforce employee's continuous employment ability and assist in employee's job transfer skill management, as well as lifetime learning projects and curriculum	us employment ability transfer skill ime learning projects     4.3 Training System		54	
G4-LA11	Reveal employee percentage of receiving regular evaluations and career development reviews divided by gender	•	4.3 Training System		
Diversific	ation and equal opportunity				
G4-LA12	Divide management unit members and each kind of employee composition according to gender, age, ethnic minorities, and other diverse indicators	<ul> <li>4.1 Employment         <ul> <li>(1) 2015 Nanya PCB Corp.</li> <li>Human Resources Structure</li> </ul> </li> </ul>		48	
Equal pay	for equal work				
G4-LA13	Basic salary and remuneration rates between men and women divided by employee's category and major place	•	4.2 Salaries and Welfare     (1) Employee salaries		
Supplier'	s labor condition evaluation				
G4-LA14	Use guidelines for working conditions to select new supplier ratio	•	2.6 Supplier and Contractor Management	24	
G4-LA15	Important practical significance and potential negative influence from supplier on labor and adopted measures for this	٠	2.6 Supplier and Contractor Management	24	
Labor cor	ndition complaint				
G4-LA16	The submitted, processed, and solved number of labor condition complaints through the formal grievance mechanism	•	4.4 Employeee Relations (2)Care for empolyees	56	
Human rig	yhts				
Investmer	nt				
G4-HR1	Provisions carrying human rights or total number and percentage of major investment agreements and contracts that have carried out human rights selection	•	4.6 Human Rights	61	The Company has no provision for human rights contained in the Company's major investment agreements and contracts in 2016
G4-HR2	Total training hours of employees receiving operating related human rights policy and training employee percentage	•	4.6 Human Rights	61	
Anti-discr	imination				
G4-HR3	Total discrimination events and adopted corrective actions	•		61	The Company had no discrimination events in 2016

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Aspect	Content description	Discl- osure status	Discl- osure Reference chapter status		Comments
Freedom	of association and collective bargaining				
G4-HR4	Identify whether there is a risk that endangers collective bargaining rights and actions for eliminating such risks	<ul> <li>2.6 Supplier and Contractor Management</li> <li>4.6 Human Rights</li> </ul>		24 61	
Child labo	r				
G4-HR5	Whether the company or major suppliers employ child laborers, or has a workplace that endangers child laborers. Measures adopted by the company to abolish child labor.	•	<ul><li>2.6 Supplier and Contractor Management</li><li>4.6 Human Rights</li></ul>	24 61	
Forced la	bor				
G4-HR6	Identify whether forced labor risks exist and actions for eliminating such risks	•	4.6 Human Rights	61	
Safety pra	ictice				
G4-HR7	Percentage of securities receiving training on operating related human rights policies	•	4.7 Security Control Dynamics	62	
Aborigine	s' rights				
G4-HR8	Total events related to aborigines' rights infringe- ment and measures adopted by the organization	٠	4.6 Human Rights	61	The company had no related to aborigines' rights infringement and measures adopted by the organization
Supplier's	human rights evaluation				
G4-HR10	Percentage of new suppliers receiving audits	•	2.6 Supplier and Contractor Management (1) Supplier management	24	
G4-HR11	Important practical significance and potential negative influence from suppliers on human rights and countermeasures adopted	•	2.6 Supplier and Contractor     Management		
Complain	t mechanism for human rights				
G4-HR12	The submitted, processed, and solved human rights complaint number through a formal grievance mechanism	•	4.4 Employee Relations (2) Care for employees	56	
Social asp	pect				
Local con	nmunity				
G4-SO1	Operating footholds percentage that have already implemented local community discussion, impact assessment, and development plan	•	5.1 Neighborhood Relations (1) Building a bridge of mutual trust	64	
G4-SO2	Operating footholds with significant or potentially negative influence on the local community	•		-	The Company had no significant or potentially negative influence on the local community in 2016
Anti-corru	iption				
G4-SO3	Total number and percentage of public institutions that have carried out corruption checks and the identified significant risks	•	2.1 Governance Overview (4)Follow Corporate Regulation	20	
G4-SO4	Anti-corruption policy and procedure communica- tion and training	•	2.1 Governance Overview (7)Employee behaviors and code	21	
G4-SO5	The number of confirmed corruption cases and the actions that have been taken	•	of ethical conduct     (8) Anti-corruption		

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Aspect	Content description	Discl- osure status	scl- ure Reference chapter atus		Comments
Public pol	licy				
G4-SO6	Gross political contributions in accordance with nation and receiver/beneficiary	٠	<ul> <li>2.1 Governance Overview         <ul> <li>(4)Follow corporate regulation</li> <li>(7)Employee behaviors and code of ethical conduct</li> </ul> </li> </ul>		The Company is free of political contribution donations in 2016.
Anti-com	petitive behavior				
G4-SO7	Total amount of legal actions and results focused on anti-competitive behavior, anti-monopoly, and antitrust practices.	<ul> <li>2.1 Governance Overview</li> <li>(7)Employee behaviors and code of ethical conduct</li> </ul>		21	The Company did not have any lawsuit related to anti-competitive behavior, antitrust, and monopoly behavior in 2016
Regulator	y compliance				
G4-SO8	Fine amounts due to violation of laws and regulations and number of non-monetary sanctions.	<ul> <li>2.3 Internal Control</li> </ul>		22	The Company did not have any sanctions due to violation of laws or regulations in 2016
Supplier	community (impact) evaluation				
G4-S09	Proportion of new suppliers that received audits.	•	2.6 Supplier and Contractor     Management		
G4-SO10	Supplier's important practical significant and potential negative influence on the community and the adopted measures.	•	<ul> <li>2.6 Supplier and Contractor Management</li> </ul>		
Commun	ity (impact) evaluation				
G4-SO11	Number of the submitted, processed, and solved community impact complaints through a formal grievance mechanism.	0		-	
Product	aspect				
Custome	r's health and safety				
G4-PR1	Assess the impact of the life cycle in different stages on safety and health in order to improve products and services and the percentage of major products and services that are going to receive this assessment.	•	<ul><li>3.4 Protecting The Environment around Factories</li><li>(5) Green supply chain</li></ul>	42	
G4-PR2	Number of violation of laws and voluntary codes related to health and safety during the life cycle of products and services in accordance with results.	•		-	The Company had no violation in 2016

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Aspect	Content description	Discl- osure status	Reference chapter	Page	Comments
Product a	nd service label				
G4-PR3	Information type of product and service required by the program and the percentage of the important products and services required to meet this information.	•	<ul><li>2.5 Customers</li><li>3.4 Protecting The Environment around Factories</li><li>(5) Green supply chain</li></ul>	23 42	
G4-PR4	Number of violation of laws and voluntary codes related to regulatory product and service information label volume in accordance with results.	•		-	The Company had no violation in 2016
G4-PR5	Practices related to customer's satisfaction degree, including the investigation results of customer's satisfaction degree	•	2.5 Customers	23	
Marketing	communication				
G4-PR6	Prohibit the sales of products under dispute	•	2.1 Governance Overview (5) Commission of salaries	20	
G4-PR7	Total number of violation of laws and voluntary codes related to marketing promotion (including advertisement, promotion and sponsoring) in accordance with results.	•		-	The Company had no violation in 2016
Client priv	vacy				
G4-PR8	Total actual complaint number related to violation of customer privacy and loss of customer's information.	•		-	The Company had no violation in 2016
Adhering	to Regulations				
G4-PR9	Total amount of violation of laws/regulations related to the supply and use of products/services.	•		-	The Company had no violation in 2016

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# Appendix 2: Comparison Table for ISO 26000 Articles

	Major issue	Corresponding section in 2016 report	Page	Comments
Organization management	Decision-making and implementation system for target delivery	2. Governance	17	
	Conventional check	2. Governance	17	
Human rights	Risky position of human rights	4.6 Human Rights	61	
	Prevent accomplices	2. Governance	17	
	Solve complaints	4.6 Human Rights	61	
	Discrimination and disadvantaged group	4.6 Human Rights	61	
	Citizen and political rights	4.6 Human Rights	61	
	Economic society and cultural rights	4.5 Employee Wellness Program	56	
	Basic work rights	4.5 Employee Wellness Program	56	
	Employment and employment relations	4.1 Employment	48	
	Work conditions and social protection	4.5 Employee Wellness Program	56	
Labor practice	Social dialogue	1.7 Stakeholder Dialogue 1.8 Identification of Major Issues	12 14	
	Work health and safety	4.5 Employee Wellness Program	56	
	Labor development and training	4.3 Training System	54	
	Pollution prevention	3. Environmental Sustainability	28	
Environment	Sustainable resource utilization	Message from The President	03	
	Climate change relief and adaptation	Message from The President	03	
	Natural environment protection and restoration	3.4 Protecting The Environment around Factories	37	
	Anti-corruption	2.1 Governance Overview (4) Follow corporate regulation	20	
	Responsible political participation	-	-	Not involved in any political activity
Fair business	Fair competition	<ul><li>2.1 Governance Overview</li><li>(4) Follow corporate</li><li>regulation</li></ul>	20	
produce	Promote influence circle's social responsibility	2.5 Customers 2.6 Supplier and Contractor Management 5 Charity	23 24 63	
	Respect intellectual property rights		-	The Company respects intellectual property rights
	Fair marketing, information, and contract practice	2.1 Governance Overview (4) Follow corporate regulation	26	
Consumer	Protect consumer's health and safety	-	-	Does not provide any final product to consumers
issues	Sustainable protection	-	-	Does not provide any final product to consumers
	Consumer service, support and complaint settlement	2.5 Customers	23	

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Major issue		Corresponding section in 2016 report	Page	Comments
Consumer	Consumer data protection and privacy	-	-	Does not provide any final product to consumers
issues	Provide necessary service	1.4 Major Products and R&D	08	
	Education and new knowledge	1.4 Major Products and R&D	08	
	Community participation	5. Charity	63	
<b>O</b>	Education and civilization	5. Charity	63	
Community	Employment creation	Message from The President	03	
participation	Science and technology development	5. Charity	63	
ano	Create wealth and revenue	5. Charity	63	
development	Health	4.5 Employee Wellness Program	56	
	Responsible investment	5. Charity	63	

# Appendix 3: Comparison Table for United Nations Global Compact

Category	Ten principles	Corresponding section in 2016 report	Page	Comments
Human rights	Business circles shall support and respect internationally recognized human rights	4.6 Human Rights	61	
	Guarantee and does not associate with violators of human rights	4.6 Human Rights	61	
Labor standards	Business circles shall support freedom of association and actually recognize the right of collective bargaining	4.6 Human Rights	61	
	Eliminate all forms of forced labor	4.6 Human Rights	61	
	Actually abolish child labor	4.6 Human Rights	61	
	Eliminate employment and occupational discrimination	4.6 Human Rights	61	
Environment	Business circles shall support the adoption of preventive methods to protect the environment	3. Environmental Sustainability	28	
	Act on their own initiative in promoting the most responsible things to do for the environment	3. Environmental Sustainability	28	
	Encourage the development of and promote environmentally friendly technology	3.4 Protecting The Environ- ment around Factories (5) Green supply chain	42	
Anti-corruption	Business circles shall try their best to fight again all forms of corruption, including extortion and bribery	2.1 Company Management (8) Anti-corruption	21	

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### Appendix 4 Assurance

# INDEPENDENT ASSURANCE OPINION STATEMENT

Nan Ya Printed Circuit Board Corporation 2016 Corporate Social Responsibility Report The British Standards Institution is independent to Nan Ya Printed Circuit Board Corporation (hereafter referred to as Nan Ya PCB in this statement) and has no financial interest in the operation of Nan Ya PCB other than for the assessment and assurance of this report.

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

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

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

#### Scope

The scope of engagement agreed upon with Nan Ya PCB includes the followings:

 The assurance scope is consistent with the description of Nan Ya Printed Circuit Board Corporation 2016 Corporate Social Responsibility Report.

2. The evaluation of the nature and extent of the Nan Ya PCB's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement

and therefore, the information/data disclosed in the report is not verified through the verification process. This statement was prepared in English and translated into Chinese for reference only.

#### **Opinion Statement**

We conclude that the Nan Ya PCB 2016 Corporate Social Responsibility Report provides a fair view of the Nan Ya PCB CSR programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Nan Ya PCB and the sample taken. We believe that the 2016 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Nan Ya PCB's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assures in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Nan Ya PCB's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI G4 guidelines: the Core option were fairly stated.

#### Methodology

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

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

#### Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G4 guidefines is set out below:

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# Appendix 4 Assurance

#### Inclusivity

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

#### Materiality

Nan Ya PCB publishes sustainability information that enables its stakeholders to make informed judgements about the organization's management and performance. In our professional opinion the report covers the Nan Ya PCB's material issues.

#### Responsiveness

Nan Ya PCB has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Nan Ya PCB is developed and provides the opportunity to further enhance Nan Ya PCB's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the Nan Ya PCB's responsiveness issues. However, the future report should be further enhanced by the following areas: — Encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the

— Encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.

#### **GRI-reporting**

Nan Ya PCB provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Nan Ya PCB's social responsibility and sustainability issues.

#### Assurance level

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

#### Responsibility

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

#### **Competency and Independence**

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

For and on behalf of BSI:

Peter Pu Managing Director BSI Taiwan 2017-06-02



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