FORMOSA TAFFETA CO., LTD.
福懋興業股份有限公司

2016
企業社會責任報告書
Corporate Social Responsibility Report

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I Corporate Culture and Governance

(I) Commemorating the Corporate Founders

Founders Wang, Yung-Ching & Yung-Tsai Brothers

"Find out factors through detecting each regarding detail"

"There is neither impossible thing nor simple thing in the world."

Be diligent, simple and practical

Keep advancing till the perfect end

Sustain businesses development

Make contributions to society.

By Wang, Yung-Ching

(II) Business Philosophy

- **Harmony**

  With integrity, individuals, departments, our Company, clients, subcontractors, the community, industries, and local society are developing in harmony.

- **Innovation**

  To enable the Company to achieve excellence and users to enjoy more utility, we motivate talents' potential and develop products with better intentions by proactively providing

- **Service**

  The Company is a service provider with rapid cycles, which is beneficial for getting a foothold in the industry, and we require all employees to be accommodating and altruistic to meet clients' needs with thoughtful services.

- **Contribution**

  We endeavor to align goals of the Company with social humanitarian needs across borders so as to establish a connection with the world by providing quality products, promoting industry prosperity, improving quality of life, and continuing reaching out to society.

(III) Vision

We can provide solutions to clients' various requirements and create an excellent research and development site to produce high-tech products. Through innovation, we will continue growing, satisfy the demands of stakeholders, and earn the loyalty of product users and the respect of society.

We emphasize good qualities and virtues of employees and hope them to be enthusiastic about efficient working and revolution and to value the protection of life, ecology, and environment. At last, the Company will become a famous brand for sustainable development in the industry and clients' first choice.

(IV) Common Values

- **Corporate Goals**

  To make both clients and the Company grow and be mutually beneficial, to satisfy clients, users, stockholders, and employees, and to win all of their respect,

- **Corporate Mission**

  To provide quality products, relevant information, and services to respective users fast and reliably.

- **Quality Policy**

  To surpass the improvement speed of the same trade, and share profits of growth with clients.

- **Client Policies**

  To satisfy clients by serving them in a proactive manner.

- **Cultural Image**

  Our Company is a professional and continuously running manufacturer, which means that our Company has an established history, philosophy, systems, organization, experience, technology, previous performances, integrity, responsibilities, and intellectual property. Our Company has formed strategic alliances with many global corporations, and kept clients' needs and trends in mind so as to pursue the growth of intelligence of our personnel and improvements to our product quality.

(V) Sustainable Development

- **Sustainable Development Policies**

  To follow what the vice chairman announced in 2013 Sustainability Development Report for the economic, social and environmental policies

- **Sustainable Development Strategies**

  To create green processes and products through enabling FTC people to do themselves justice with environmental protection in mind, and to continuously grow and meet stakeholders' expectations through the promotion of lean production, advances in effectiveness of resource usage, the utilization of environmentally friendly materials and green equipment, and the supply of ecologically safe products

- **Sustainable Development Matrix**
  - For FTC's long- and short-term business development, please refer to of the 2016 annual report\V. Operational Overview\(I) Business Status section\iv. Long- and Short-terms Plans (on pp. 107-110 of http://www.ftc.com.tw/doc/ftc_105_annual_report.pdf).
  - For achievable work items for execution in long-term business development plan, please refer to the following matrix on sustainable development in the next 10 years.

Matrix on Sustainable Development in the Next 10 Years **Since 2013**

Sustainable Development (Evergreen)

	Economic Aspect	Environmental Aspect	Social Aspect
Vision **Purpose** **Mission** **Quality Policy** **Client Policies** **Sustainable Development Policies**	● Standardize emerging processes ● Continue to seek certification by ISO, international bodies, and renowned brands ● Overachieve various KPIs ● Make hazardous products, unfruitful equipment, services, or organizations exit or transform ● Develop strong global market connections. ● R&D on and consolidate innovative green processes and products. ● Provide clients complete and sustainable solutions ● Become renowned brands and items of choice for products in their respective industries. ● Develop multiple advantageous strategic alliances, achieving simultaneous growth and mutual benefits with clients. ● Earn profits constantly ● Develop supply chain for green strategic alliances.	● ISO 14001 certification in environmental management ● ISO14064 verification in organization level GHG inventories ● ISO 50001 certification in energy management ● Carbon-footprint certification of PAS 2050 ● IATF 16949 certification ● Cut carbon emission by 5% per product unit a year via energy conservation from 2016. ● Abide by universal values, the advocacy of international organizations, and the norms of ZDHC. ● Achieve zero discharge of pollutants by 2020 ● Conversion to and employment of clean substitute energies ● Seven greens: green building, green energy, green procurement, green processes, green emissions, green products, and green supply chain	● ISO 45001 certification in occupational health and safety (OHSAS18001) ● Make performances of each certification are superior to government regulations and those of competitors in the same line ● Communicate with stakeholders in a systematic, regular, and friendly manner. ● Promote friendly neighborhood relations ● Let management of work environment, welfare benefits and human resource be passed on praise by the media and the community ● Augment linkage with green supply chain and join hands with communities in holding events related to sustainable development. ● Become an opinion leader by participating in establishment of industry standards ● Make users enjoy safe and eco-friendly product

(VI) Previous and Current Chairmen

The Late, 1st Chairman,
Shu-Wang Lai
from 1973 to 1998

Chairman,
William Wang
1998 onwards

(VII) Yearly Declaration from the Vice Chairman

Befriending the Environment

Looking back at 2016, the global economy featured oil prices staying stable following a rally in January, loose monetary policy, low interest rate, revaluation of the U.S. dollar, and Asian currencies vying for devaluation. Besides the aforementioned, export competitiveness of Taiwan-made products further weakened because of difficulties in pass-throughs while material prices go up, regional frictions such as tense situation in Korean peninsula and erupted disputes over islets in South China Sea, stagnation of the second round cross-Strait talks on merchandise trade for ECFA, and the strengthened Chinese supply chain. Under such circumstances, FTC's consolidated revenue dropped 7% to NT$39,848.99 million in 2016, when after-tax net profit, however, jumped by 19% to NT$3,840.5 million, with EPS standing at NT$2.07 and planned payout of stock dividend at NT$1.5 per share, in cash entirely.

It was not easy for the textile industry to well respond to the adverse domestic and external economic circumstances of 2016; gratifyingly, FTC made many achievements of sustainable development in social and environmental aspects. Unlike United States that will withdrawal from Paris Climate Agreement in 2017, FTC’s advocacy of universal values, conformity to indicators and the reform of practices are being ongoing.

Following approval by the board of directors in 2015, the company included guidelines for corporate governance, report and disclosure of major information, and guidelines for integrity-oriented management into education and training courses in 2016, demanding thorough and continuing execution by every employee, from directors to salesmen, regardless of their duties and ranks. The effort has paid off, as the company was included, as the only textile company, in the top 5%, totaling 41 enterprises, among listed companies in 2015 in corporate-governance evaluation carried out by the government.

In 2016, the company's environment-related achieves included no-water dyeing and no-water splashing equipment and process, partial recycling of environment-friendly polyester material, and a new green dyeing plant.

The company has made continuing progress in green materials, green process, and green functions in recent years, thereby winning various international environmental certifications, such as ISO-50001 certification for the energy management system in Dec. 2015, which underscores the company's contribution to the issue of global climate change.

As an environmental vanguard, Formosa Taffeta is fully aware of the need to befriend the environment and therefore has been sparing no effort in achieving the management index for safety, hygiene, and environment. In line with the management concept of "equal emphasis on environment, safety, hygiene, and economy" and "deep cultivation in Taiwan, march towards the world, and sustainable development," the company has been making relentless effort in the policy, system, and management of environmental protection, hygiene and health, job security, product safety, on top of abiding by laws/regulations and formulating measures governing understanding of and conformance to legislations, including the controversial five-day workweek system, which became effective in January. 2017. In the field of safety, hygiene, and environment, the company has pledged to:

- Faithfully abide by laws/regulations on safety, hygiene, and environment, as well as other reasonable demands of stakeholders.
- Implement safety, hygiene, and environment management system, strengthen pollution prevention, and lower the extent of hazard.
- Push hazard identification, risk evaluation and response, and risk management, to ward off harm.
- Push energy conservation and waste abatement, so as to lower the impact on environment, safety, and hygiene.
- Push harmonious relationship with neighboring communities, augment virtuous communication for win-win outcome, and carry out continuous improvement, so as to achieve sustainable development.

As for the management system for occupational safety and hygiene, incorporate hazard identification and risk management strategies for cycling implementation and embrace the principle of "documentation, workflow, and standardization" in achieving the management goal for safety and hygiene, in addition to carrying out continuing examination and management, attaining instant correction and continuous improvement, pushing risk management to boost the management performance for safety and hygiene. Since June 2009, FTC has been renewing ISO 45001 certificate (originally OHSAS 18001) once every three years.

In management of environment-protection system, invest in pollution abatement, carry out control and reduction/recycle/reuse of waste gas, waste water, and wastes, dedicate to the R&D on products with environment-friendly processes, and augment efficiency for energy conservation and waste reduction. Pass ISO-14001 certification every year since 2010.

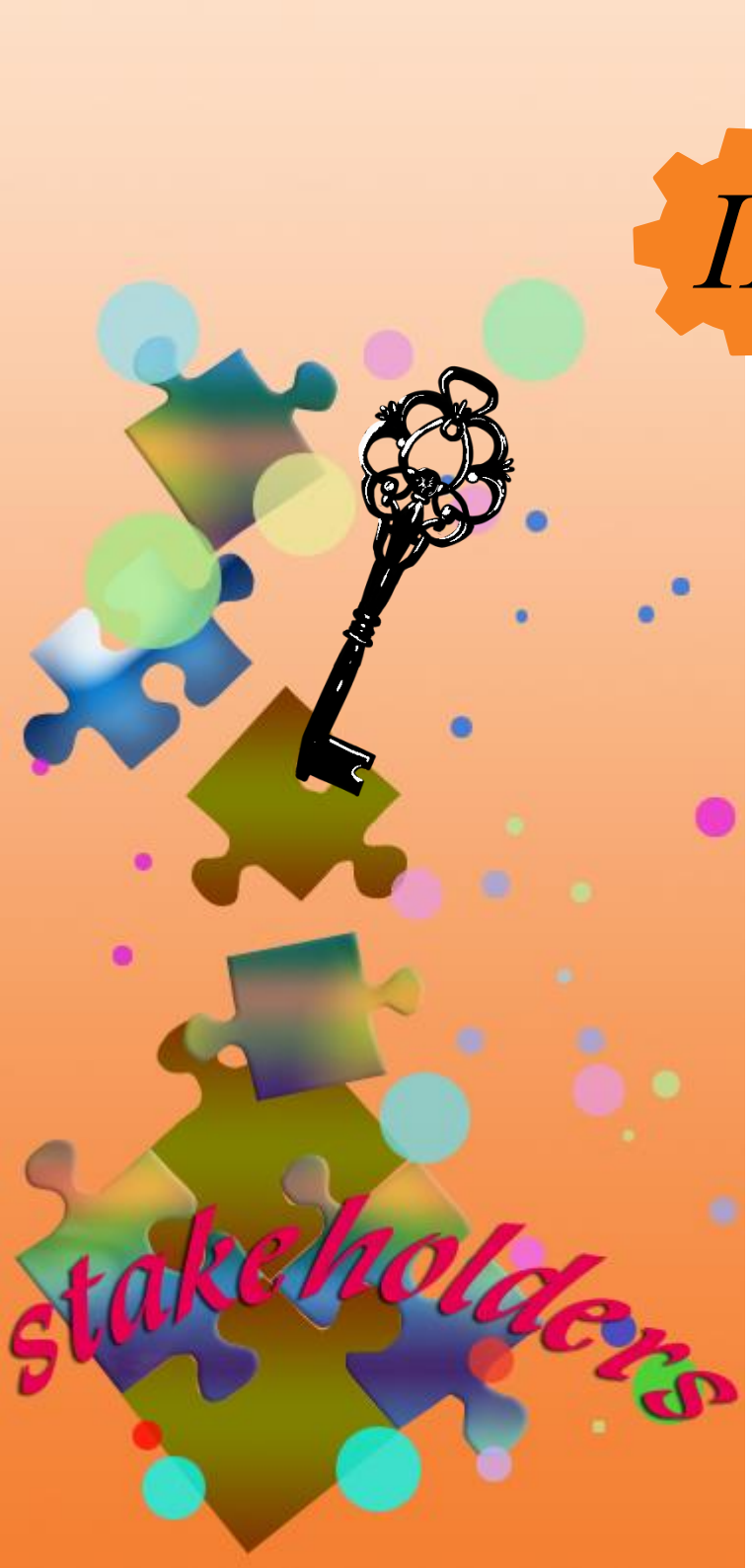
In line with the request of global branded customers, FTC has restricted or banned environment-hazardous chemicals, in quest of environmental friendliness and compatibility, spanning product development and usage, so as to befriend the environment.

Vice Chairman &
Chief of the CSR Committee

謝武銘

June 9, 2017

(VIII) Annual Business Policy



About this report

(I) Editing Principles

The framework of this report is based on the "GRI Content Index for 'In accordance' – Core", and the information is gathered against the identified material issues and compiled in conformity with principles for defining report contents/quality of GRI G4 Sustainability Reporting Guidelines, regarded as the standard for execution, and AA1000 standards so as to encompass as complete material topics concerned by stakeholders as possible. The contents are classified into economic, environmental, and social aspects, the overview of sustainable development policies, management methods and performance indicators are further stated in each aspect, and the coverage of the evaluation of and response for future risks of the enterprise is strengthened. To obtain the external assurance from SGS, this report is edited in accordance with three principles—inclusivity, materiality and responsiveness—of AA1000 APS (Accountability Principles Standard). Furthermore, reporting principles of GRI G4 are also taken as a work of reference—the contents of this report are disclosed conforming to materiality, stakeholder inclusiveness, sustainability context while its quality is in light of principles of balance, comparability, accuracy, timeliness, reliability and clarity.

Financial data is presented in New Taiwan Dollars while other relevant performance is presented in in the form of what international universal indicators requires, and/or explained with notes beneath or beside charts/tables.

The disclosed information is what took place from January 1st to December 31st 2016,but major issues as of the deadline for compilation in the first half of 2017 are covered so as to acquainted stakeholders with the latest status. The reported objects are invested subsidiaries over which FTC has, based on shareholdings, operational control or significant influence, including the four oversea ones, Formosa Taffeta (Zhong Shan) CO., LTD., Formosa Taffeta (Changshu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., and Formosa Taffeta Dong-nai CO., LTD. Formosa Petroleum Stations is also a disclosed target besides. The coverage on Formosa Petroleum Station, whose petrol stations are scattered throughout Taiwan, is limited to the issues of overall environment, safety/hygiene, and performance of energy/water conservation. As a listed company, Formosa Advanced Technologies Co., Ltd. compiles the CSR report by its own. On account of total workforce of 14, no factory established, and their total sales being only the small proportion of the company's revenue, five subsidiaries, namely Formosa Development, Formosa Taffeta (Hong Kong), Xiamen Xiangyu Formosa Taffeta Trading, Formosa Taffeta (Cayman), and Formosa Taffeta Juiyieh (Hong Kong), do not joint the ranks of the reported objects.

The report is for communication with stakeholders in the economic, environmental, and social aspects and a materiality test will be conducted on the gathered information of stakeholders' interested topics. Then proper topics, indicators will be picked out for disclosure according to the priority of stakeholders and the weight of each topic based on that test. In conformity with requirements of Financial Supervisory Commission, the time for later publication will be the date before every June from 2016. The Chinese/English version of reports of each year can be downloaded at http://www.ftc.com.tw/ftc909e.htm.

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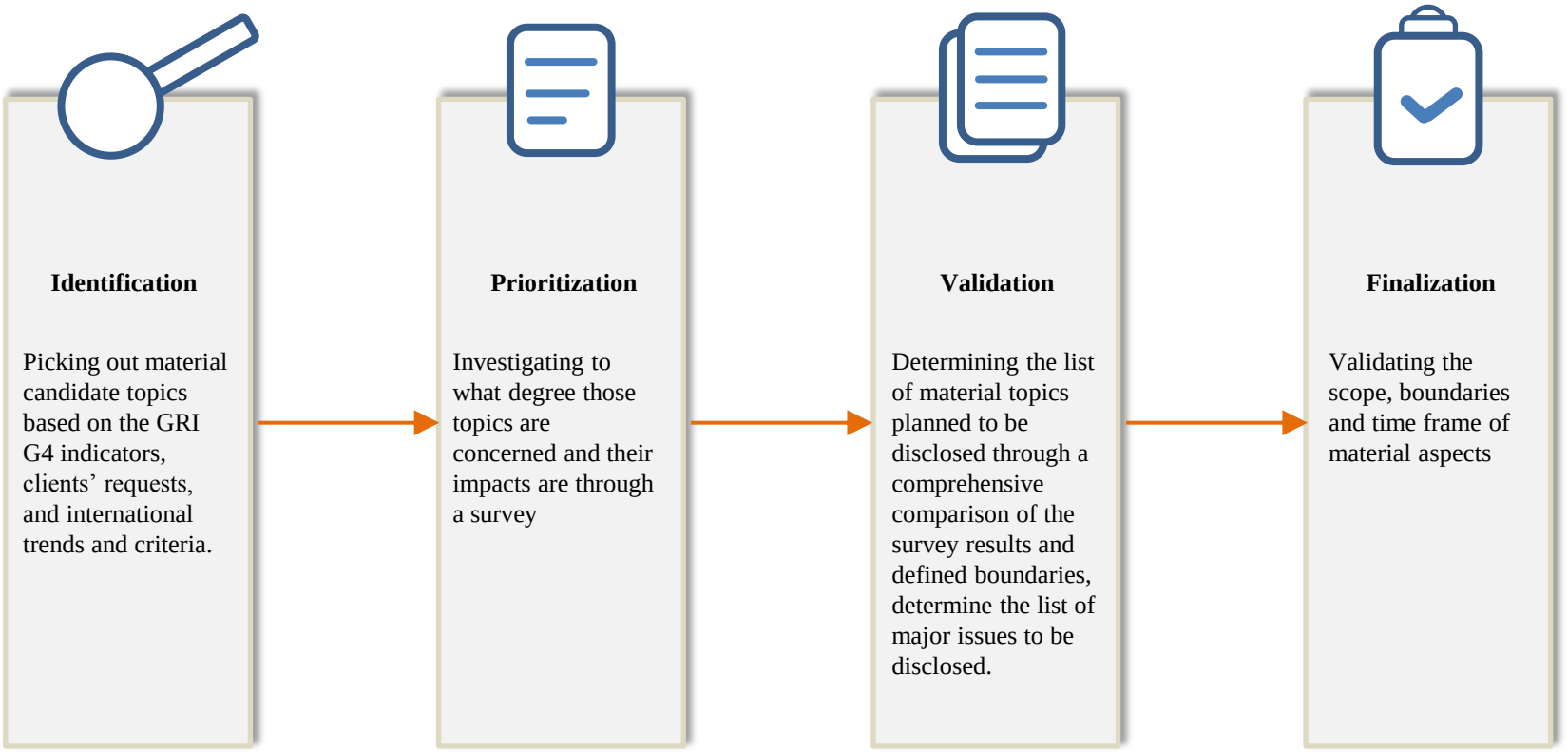
(II) Stakeholders Engagement and Identification of Material Topics

i. Identification of Stakeholders, Concerned Topics, Communication Methods, and Frequency

Based on the five major principles of the AA1000SES, stakeholders who are either impacted by the Company's activities, products, or services or may greatly impact the Company are identified through surveys. The identified stakeholders, concerned topics, communication methods and communication frequency are summarized as follows.

Stakeholders	Concerned Topics	Communication Methods	Frequency
Brand dealers / Clients / Potential Clients	Competitiveness in product quality, quantity, delivery date, and price; supply and demand, service or strategic partnerships; conservation of raw materials, energy and water resource and reduction of exhaust, effluent and waste; the degree of interaction with stakeholders, lawfulness of employment procedures and relevant regulations; the management system of workplace safety; gender equality, humanizing management, client privacy, and human rights protection.	Phone / E-mail / Interviews	Irregularly
Shareholders /Investment Trust Institutions	Projected objectives and actual performance, earned profits and the allocation of dividends, the state of corporate governance, and indicators of long-term shareholdings for foreign and international investors.	Board of Directors Meeting / the Shareholders' Meeting Shareholder Service Room / Spokesman Interview / Mails	Every Two Months / Annually Irregularly
Government	Environmental protection system and certification, exhaust and effluents discharge inspection, waste management and pollution prevention, continuity in issuance of permits to use coal, pension policy, water and energy conservation projects, control over the usage and storage of chemicals, labeling and safety of products, availability of the environment of fair competition.	Interview / Document / Inspection Video Conferencing / Phone	Irregularly
Suppliers	Mutually beneficial partnership that enables each party to grow simultaneously, transparency of environmental protection information, compliance with the labor system, fairness of bidding and haggling, incoming quality control (IQC) and whether the selection of suppliers in compliance with regulations	Phone / E-mail / Meetings	Irregularly
Employees / Unions	Whether the HR system explicitly regulate the payroll, promotions, performance evaluation, training and rewards and penalties and whether equitable treatment is put into practice, whether the condition of working environment and labor rules comply with the international human rights treaties, and whether systems of job protection, benefits, and career planning and development, and the channel of communication are complete.	Meetings / E-mail / Employee Suggestion Box Regular Union Meetings / Labor Organizations	Irregularly / Every Two Months
Community / Local Groups	Whether there are clear community communication channels, maintenance of public relations, involvement in community activities, concern for local vulnerable groups, resource allocation for emergency relief, the advocacy and sponsorship of public benefit affairs like education, fulfillment of energy conservation and reduction in carbon emissions and in environmental hazards, and control over the discharge of effluents and exhaust to the required extent.	Face-to-face Communication / Phone	Irregularly

ii. The Process of Identifying Material Topics

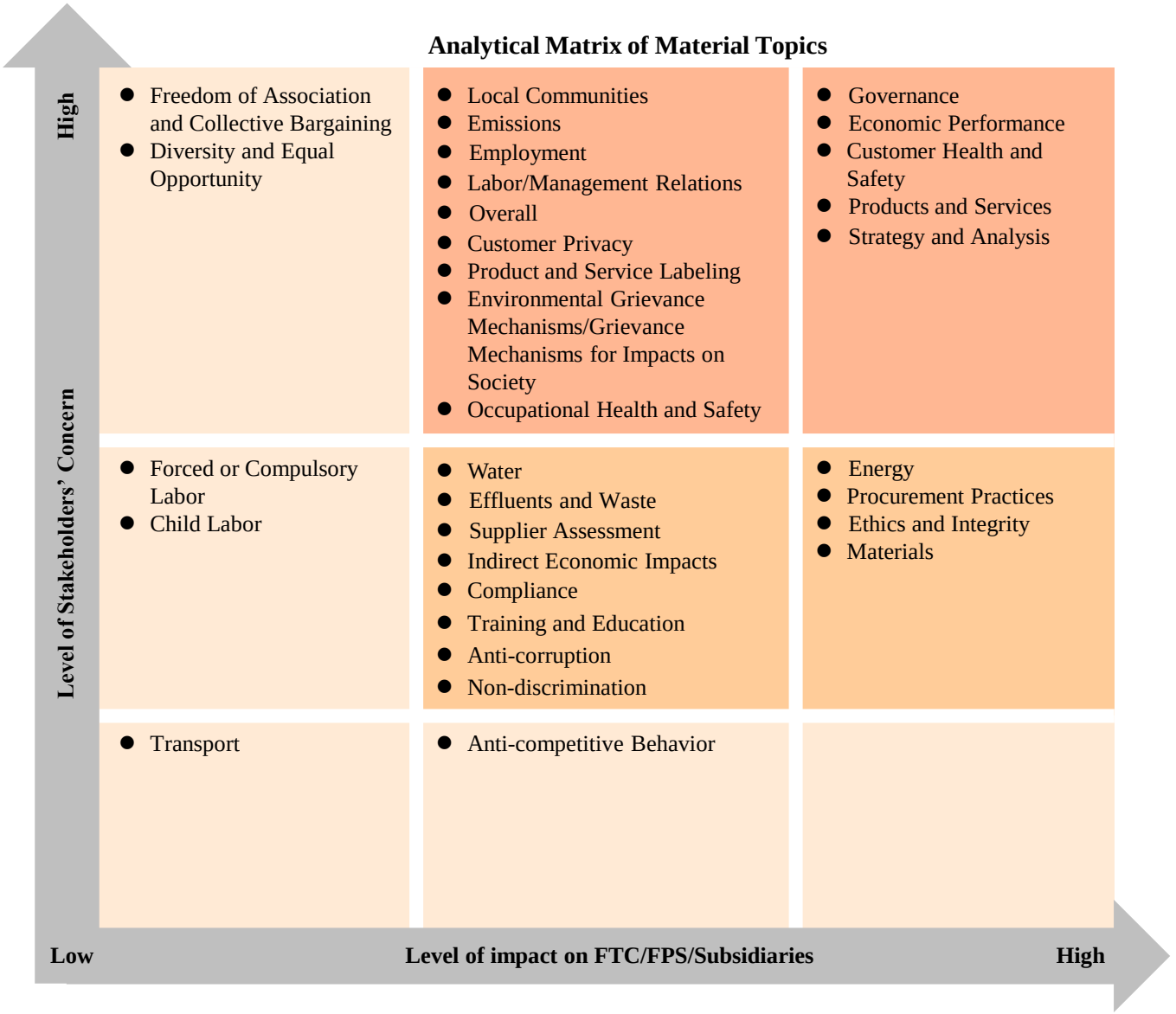


Material topics, identified through the survey, are the thread of this report; the identified material aspects and their corresponding internal/external boundaries are shown on the next two pages.

Identified of Material Topics and Responsiveness

A survey is conducted to gather stakeholders' concerned topics for the identification of material ones, and where they locate in the right matrix is based on 73 effective samples. The framework of this survey is designed according to the GRI G4 indicators, and the stakeholders will check the corresponding level of their concern. The topic with highest concern is given 5 points; otherwise one point is given. What are disclosed are those with average scores of 3.5 points, and the number in total is 25 items.

Analytical Matrix of Material Topics



Internal and External Boundaries of FTC, its affiliates and Formosa Petroleum Stations (FPS)

● disclosed with materiality ○ undisclosed with materiality

Aspects	Boundaries	Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Suppliers	Clients	Community	Government
		FTC	FPS						
Economic	Governance	●	●	●	●				○
	Ethics and Integrity	●	●	●	●	○	○		
	Economic Performance	●	●	●	●				○
	Procurement Practices	●		●	●	○			
Environmental	Materials	●	●	●	●	●			
	Energy	●	●	●	●				
	Water	●		●	●				
	Emissions	●		●	●			●	●
	Effluents and Waste	●	●	●	●			●	
	Products and Services	●		●	●			●	
	Compliance	●	●	●	●			●	●
	Overall	●							
	Supplier Environmental Assessment	○	○	○	○	○			
	Environmental Grievance Mechanisms	●	●	●	●			●	

● disclosed with materiality ○ undisclosed with materiality

Aspects \ Boundaries		Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Suppliers	Clients	Community	Government
		FTC	FPS						
Social	Employment	●	●	●	●		○		
	Labor/Management Relations	●		●	●		○		
	Occupational Health and Safety	●		●	●				
	Training and Education	●	●	●	●				
	Diversity and Equal Opportunity	●		●	●				
	Supplier Assessment for Labor Practices	○	○	○	○	○			
	Labor Practices Grievance Mechanisms OECD	●	●						
	Non-discrimination	●	●	●	●				
	Supplier Human Rights Assessment	○	○	○	○	○			
	Local Communities	●	●	●	●				
	Anti-corruption	●	●	●	●	○	●		
	Compliance	●	●	●	●			●	○
	Grievance Mechanisms for Impacts on Society	●	●						
Products	Customer Health and Safety	●	●	●	●				
	Product and Service Labeling	●					○		
	Customer Privacy	●	●	●			○		
	Compliance	●	●	●	●		●		○

III

Management Overview

(I) Overview of the Company

i. Corporate Profile

Formosa Fiber Co., Ltd., the predecessor of Formosa Taffeta Co., Ltd. (FTC), is established on the outskirts of Douliu in Yunlin County. It was registered and jointly founded by Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), and several industrialists on April 19th, 1973, which was in the booming phase of Taiwanese textile industry and export trading. Modern equipment was introduced for businesses of weaving, dyeing, printing, finishing, etc. of taffeta made of filaments of nylon and polyester. Not until January 1979 is it renamed Formosa Taffeta Co., Ltd., and the time of its listing on the Taiwanese stock exchange is in December 1985.

The Company gains a foothold in the textile industry with its specialization in midstream techniques, such as weaving of filaments, dyeing, printing, and finishing, etc. and proactive innovation. It is a bridge between the upstream raw silk materials and the downstream finished product manufacturer, which makes it indispensable to the supply chain of the textile industry. Furthermore, it is a worldwide manufacturer of filament nylon/polyester taffeta that is of both high capacity and quality. What is worth mentioning is that its complex function fabrics, applied to sports and leisure wear, are on a par with trends and the progress of international brands. This makes it famous as a worldwide “faithful supplier” among our clients in relevant industries.

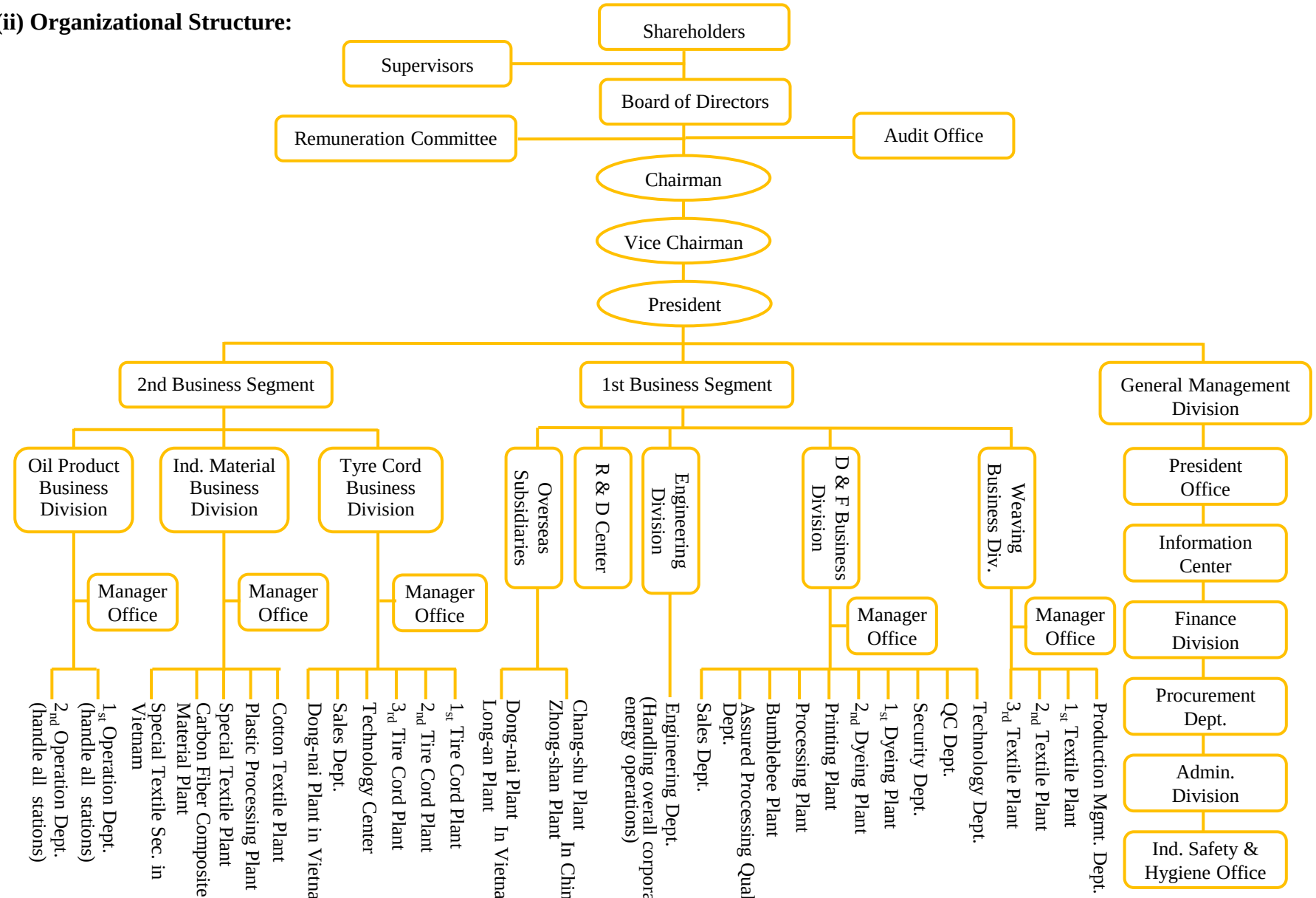
To diversify its operations, the Company expand its business scope to include the manufacture of tyre cord fabric, umbrella frame, cotton yarn and cloth, special textiles for safety and protection, PE plastic bags, carbon fiber cloths, and the operation of petrol stations. Over the past 40 years, it, in light of it business philosophy of harmony, innovation, service and devotion, dependably supplies quality products, services and information to support the development of the downstream clients in various lines of business and to make life better.

(i) Overview of Subsidiaries **(Unit: NT$ thousand)**

Company Name	Date of Establishment	Address (as appeared on the license)	Paid-in capital	Scope of business
Formosa Advanced Technologies Co., Ltd.	79.9.11	329, Henan St., Douliu City, Yunlin County 640, Taiwan	4,422,222	IC packaging, test, and modules
Formosa Development Co., Ltd.	79.9.20	29, Ln. 224, Shiliu Rd., Touliou City, Yunlin County 640, Taiwan	161,000	— Urban land consolidation — Development, rental and sales of residential/business buildings and industrial plants
Formosa Taffeta (Hong Kong) Co., Ltd.	78.4.11	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	1,356,822	Sales of filament/staple woven fabrics
Formosa Taffeta (Zhongshan) Co., Ltd.	81.12.3	167, South Shenwan Avenue, Shenwan Town, Zhong-shan City, Guangdong Province 528462, China	1,402,085	Manufacture and sales of — Amine Nylon/ fabrics, polyester fabrics — Umbrella frame
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	83.8.24	Room B5, 7th Fl., Xiangyu Building, No.22, Xiang Xing 4th Road, Xiamen Logistics Park (Free Trade Zone), Xiamen 361006, China	15,273	Import and export trades and transit trades
Formosa Taffeta (Vietnam) Co., Ltd.	88.6.16 Reformed after M & A	SEC.1, Nhat Chanh, Com., Ben Luc Dist., Long-an Prov., Vietnam	2,342,353	— Manufacture and processing of chemical fiber fabrics — Dyeing of tyre cord fabrics, etc.
Formosa Taffeta Dong-nai Co., Ltd.	93.6.25	Nhon Trach 3 Ind. Zone., Hiep Phuoc Com., Nhon Trach Dist. Dong-nai Prov., Vietnam	2,590,434	— Manufacture and processing of various chemical fiber fabrics — Dyeing of textiles and tyre cord fabrics
Formosa Taffeta (Changshu) Co., Ltd.	94.4.4	1, Peng-Hu RD., Chang-shu New & Hi-Tech Industrial Development Zone, Jiangsu Province 21550, China	1,302,019	— Dyeing and finishing of top-grade fabrics — Rental of own facilities and the offer of property management
Formosa Taffeta (Cayman) Co., Ltd.	103.3.12	Cassia Court, Suite 716, 10 Market Street, Camana Bay, Grand Cayman, Island KYI-9006	5,284,775	Investing
Schoeller F.T.C. (Hong Kong) Co., Ltd.	90.10.31	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	6,879	Trade in textile


Taipei Office
of Formosa Taffeta CO., LTD.
Formosa Taffeta (Chang-shu) CO., LTD.
Xiamen Xiangyu Formosa Import &
Export Trading CO., LTD.
Formosa Taffeta (Hong Kong) CO.,
LTD./Schoeller FTC (H.K.) CO., LTD.
Formosa Taffeta (Zhong-shan) CO.,LTD.
HCM City Office of Formosa Taffeta
Vietnam CO., LTD.
Formosa Taffeta Vietnam CO., LTD.
Formosa Taffeta (Dong-nai) CO., LTD
F.T.C. America Corp
(USA office)
Formosa Taffeta
(Cayman) CO., LTD.
Formosa Taffeta CO., LTD.
(Headquarters)

(ii) Organizational Structure:



ii. Overview of Products

(i) Products and Scope of Their Applications

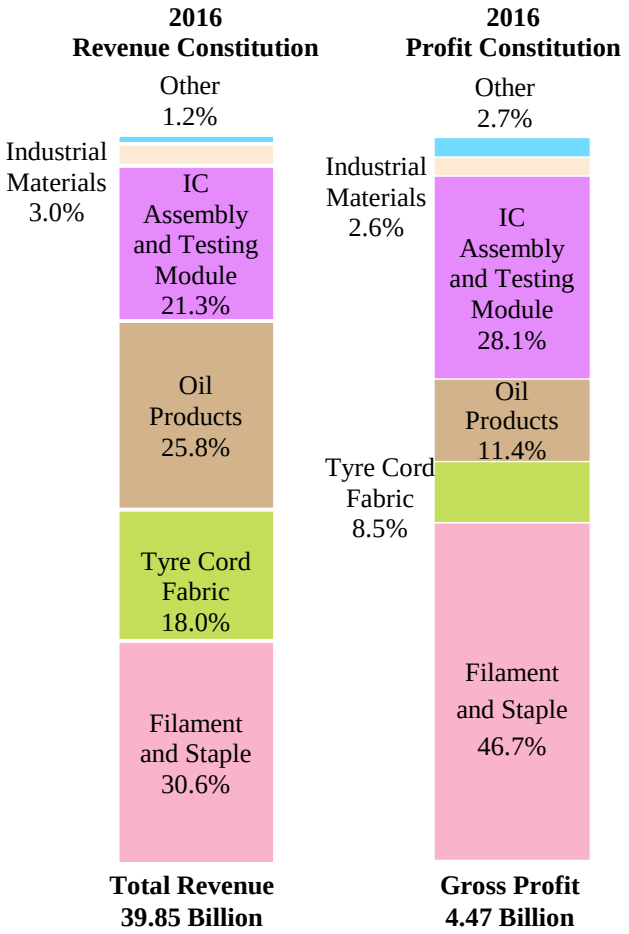
Product	Scope of Application
Polyamine fabric	Wet breathable & waterproof rain coat, waterproof breathable snow coats, jackets, sleeping bags, garments, down jackets, sportswear, jackets, hunting suits, hats, tents, air beds, umbrellas, parasols, golf umbrellas, beach umbrellas, sails, gloves, shields with electromagnetic insulation etc.
Polyester fabric	Sports casual wear, microfiber clothing, curtains, etc.
Cotton fabric, blended fabric, fabrics interwoven with filament/staple fiber, pre-dyed plaid	Garments, jackets, shirts, umbrellas, backpacks, medical health care supplies, etc.
New functional yarn	Individual or composite applications to diverse woven/knitted fabrics for various apparel, bedding, health care supplies, sports casual wear, hats, coats, parasol (umbrella), special processing purpose, etc.
Combed cotton yarn, blended yarn	All kinds of woven and knitted fabrics, cotton and blended fabrics, fabrics interwove with filament/staple fiber, and pre-dyed plaid
Protective fabric	Flame retardant/resistant fabric, air force flight suits, tank suits, Secret Service suits, firefighting suits, electric arc suits, motorcycle suits, cycling suits
Fabrics with special purposes	Clean-room clothes/aseptic clothes for electronic, foodstuff, and pharmaceutical factories, sterile gown, wrapping fabric, petroleum clothes, anti-electric arc clothes, uniform for policemen and servicemen, bullet-proof/stab-proof clothes, helmet, shield, drum paper for speaker, damper fabric for stereo equipment
Carbon fiber fabrics as composite materials	Sports equipment, bicycles, motorcycles, automobiles, aerospace industry, electronic products, industrial mechanical arms and mechanisms, construction reinforcement, wind turbine blades, etc.
Tyre cord fabrics	tire cord fabrics to various specifications, bead chafing fabric, conveyor belt fabric, puncture resistant fabric for bicycle tires, lining, high pressure rubber hose cord
Plastic bags	Plastic shopping bags, perforated bags, garbage bags
Super diesel/98,95+,92 unleaded gasoline various motor oil / car wash service	Vehicle fuel, generator motor oil and lubrication/car maintenance and clean

(ii) Sales Markets

1. Textile Products:
   The company's sales markets are all over the world, including Asia, Europe, America, etc., and the target markets are the ones in Asia, mainly in Hong Kong, Southeast Asia, and the Middle East.
2. Tyre Cord Fabrics:
   Besides tire manufacturers in Taiwan, these fabrics are also exported to Southeast Asia, India, Sri Lanka, the United States, China, Japan, Korea, and Eastern Europe; their export Rate is 78 %.
3. Plastic Bags:
   These are mainly sold to Japan, and then South America. 99% of them are for export, and the others are for the domestic market.
4. Oil Products:
   100% of oil products are for domestic markets.

iii. Financial Information

Financial performance is a material topic that investors pay close attention to, so it is disclose in this report. The scope of business includes filament and staple textiles, tire cord fabrics, petrol stations, IC assembly modules, and other operations. Due to a variety of development courses, the main sources of revenue for 2016 are petrol stations (26%) and long and short fiber fabrics (30%). The main source of profit comes from long and short fiber fabrics, contributing up to 47%, while the petrol stations provide a steady flow of income, thus achieving a healthy financial status. For related financial information, please refer to the annual report on http://www.ftc.com.tw/ftc902.htm.



Year	2014	2015	2016
	Annual Financial Review		**(Unit: NT$ million)**
Operating Income	48,191	42,873	39,849
Operating Cost	42,451	36,733	34.355
Employee benefits expenditure	4.76	4.86	4.95
Net Income after Taxes	3,820	3,224	3,841
	Technical and R&D Overview		**(Unit: NT$ million)**
Research and Development Expenses	50	52	54
	EPS		**(Unit: NT$/per share)**
EPS	2.09	1.68	2.07
	Investment Tax Credit		**(Unit: NT$ million)**
Investment Tax Credit	32	155	25
	Annual Business Income Tax		**(Unit: NT$ million)**
Business Income Tax	352	537	634

iv. Major award-winning record

The awards won by the company's departments are summarized below:

Award	Awarding Organization	Awarded Department	Award Description
Green Mark	Ministry of Economic Affairs	Engineering Division	Subscribed for 1 million kWh of electricity, won the certificate issued by the Ministry of Economic Affairs
Corporate Governance Assessment	Financial Supervisory Commission	President Office	Top 5% among the assessed enterprises; NO. 1 in the Textile Industry


綠色電力購買證書
Green Power Purchase Certificate
(105) 雲林字第00015號
Serial No.(105) Yunlin 00015

用戶 福懋興業股份有限公司 (電號19159030003)於中華民國105年參與「經濟部自願性綠色電價制度試辦計畫」，總計自願購買綠色電力1200000度。此綠色電力為100%再生能源電力，主要來自風力及太陽能，其發電設備設置依經濟部公告之「再生能源發電設備設置管理辦法」，並經能源局核可認定。

綠色電力生產期間碳排放係數趨近於0，用戶購買綠色電力將有助於降低二氧化碳排放量。台灣電力公司依據「經濟部自願性綠色電價制度試辦計畫」規定，特頒綠色電力購買證書，證書可被用於自願性宣告用途（如碳足跡計算）。

Customer 福懋興業股份有限公司 (No. 19159030003) participating in the "Green Power Pilot Program", voluntarily purchased and consumed 1200000 kWh of green electricity during 2016. The electricity purchased and consumed is 100% renewable energy which is primarily from wind and solar energy. Furthermore, its generation systems are accredited by the Bureau of Energy in accordance with "Regulations on the Installation of Renewable Energy Systems" published by the Ministry of Economic Affairs.

The coefficient of carbon emission of green electricity approaches zero during generation. By purchasing and consuming green electricity, customers could contribute to the reduction of CO_2 emission. Based on the regulations of the "Green Power Pilot Program", Taiwan Power Company is authorized to issue this certificate. This certificate can be used to voluntarily declare, for instance, carbon footprint calculation.

台灣電力公司 雲林區營業處
處長 沈劍立
The Director of Yunlin Branch,
Taiwan Power Company
中華民國 106年1月1日
1/1/2017

Green Power Purchase Certificate
(Green Mark)

Corporate award, Global Views magazine
(in acknowledgement of green power)

Top 5% of Corporate Governance
Assessment

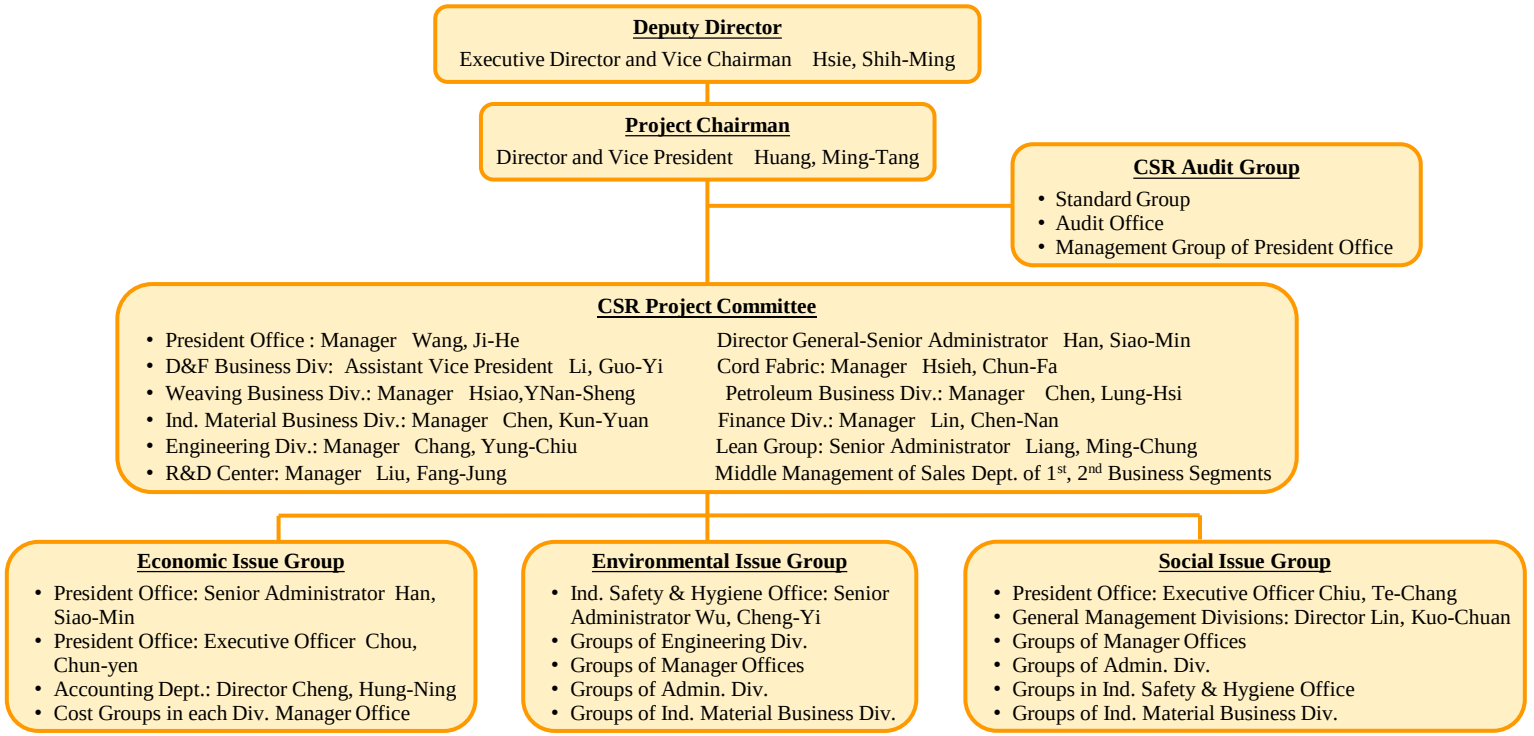
(II) Corporate Governance

i. Operations of Company Governance Principles, Director and Supervisor Information, Internal Control, Salary Remuneration Committee, and Management Team:

On November 7th 2014, the Board of Directors passed the resolution for Article 61 of Company Governance to disclose information on the information declaration website and company website stipulated by Securities departments. For the background, experience, and academic qualifications of the directors and supervisors (The company's corporate-governance rank consists of 14 directors and supervisors, 13 males and one female, one aged under 50, 1 51-60, nine 61-70, and three 71-85), management team, Salary Remuneration Committee, and internal control declaration, as well as other information, please refer to pages 17-18, 19, 42-43, and 61 of the 2016 annual report on http://www.ftc.com.tw/doc/ftc_105_annual_report.pdf.

ii. CSR Committee Organizational Structure and Task Group

On March 6th 2015, the Company set up the CSR Committee. Led by the managing director cum President, the Committee has set up three groups: the Economic Issues Task Group, the Environmental Issues Task Group, and the Social Issues Task Group. Major issues will first be reported to the directors, managing director, and chairman and shall be included in the agenda of the Board of Directors for discussion and resolution prior to being disclosed in the annual CSR report. The Board of Directors passed the resolution for the "Code of Corporate Social Responsibility" on August 7th 2015, which included 31 Articles that covered the company's aims, policies, and specification details.



CSR Project Committee Structure & Responsibility in 2016

iii. Advocacy and Implementation of Business Integrity and Anti-Corruption

Business integrity management is an important issue of social concern. In 1999, the United Nations proposed the Global Compact to include anti-corruption among the main issues of CSR, advocating that corporations should be responsible for actively creating a fair and just management environment. APEC also revealed "Improving corporate social responsibility" and "Cracking down on corruption" as two of the issues for globalization and encouraged public and private sectors to cooperate and devote their efforts to improving governance mechanisms and cracking down on and eliminating corruption.

In June 2015, the Board of Directors passed the resolution for the 26 Articles of the "Code of Integrity Management of Formosa Taffeta," which stipulated that the directors, supervisors, managers, and staff must comply with relevant legal regulations and avoid acts of dishonesty. The Code applies to Formosa Taffeta and its subsidiaries and is posted on the internal and external websites of the company. The aims of stipulating the Code are ensuring internal consensus and prohibiting acts of dishonesty in the company, implementing integrity management and company risk control, and creating a sustainable management environment. The key points are as follows:

1. In order to strengthen the Company's commitment to integrity management, the Company should stipulate the provisions of integrity management in the Articles of Incorporation and external documents and ensure implementation.
2. To ensure that the Company engages in fair and transparent commercial activities and avoids business dealings with parties with dishonest histories.
3. Stipulate the prohibition of bribery and fraud, providing illegal campaign funding, false charity donations, or providing unreasonable gifts, entertainment, or other interests, both directly and indirectly.
4. Stipulate that the Board of Directors should supervise the company management to prevent acts of dishonesty and ensure implementation of integrity management. These measures are necessary but not restricted to the dedicated departments.
5. Stipulate that Company directors, supervisors, managers, and employees shall abide by relevant legal regulations and prevent dishonest acts during the execution of their duties.
6. Require that the Company stipulate avoidance of conflict of interest policies for directors, supervisors and managers.
7. The Company shall establish effective accounting systems and internal control mechanisms. Internal audit personnel shall stipulate regular and irregular inspections depending on circumstances and submit regular reports.
8. Require that the Company stipulate relevant SOP standards and regulations in order to facilitate the execution of duties to implement integrity management.
9. Stipulate that the Company shall organize regular educational training and establish reporting and punishment mechanisms.
10. Stipulate that the Company shall strengthen the disclosure of integrity management information.

Furthermore, we also established a department dedicated to the prevention of corruption and channels for reporting violations and corruption in order to prevent violations, corruption, and inside trading.

Anti-Corruption Mechanisms and Risk Management

In addition to implementing anti-corruption measures and performing audit checks, the Company and other subsidiaries of Formosa Plastics Group have also incorporated preventive measures into daily operations. Based on the proportion of monetary value, the risks are very low.

1. Independent, internationally renowned accountants without negative social images will be selected for the position of certified accountants.
2. The position of supervisor shall not be restricted by the Board of Directors and may conduct routine audit inspections and independent operations. The auditing committee substitutes supervisors from July 2017, fulfilling the function of supervision as a unit, rather than individuals.
3. The Board of Directors has passed the resolution for corporate governance, integrity management, and code of ethics, all of which are widely applicable to the directors, supervisors, and managers, as well as to the self-discipline and avoidance of conflicts of interest of personnel involved in trading, accounting, and warehousing. This includes such activities as accepting bribes and attending dinners, which are incorporated in the "Work Regulations" and other relevant regulations that have been implemented for years.

4. Every year and every season, the Audit Office of the Company will conduct audit investigations and report the implementation progress to the Board of Directors. The audit items include the following eight trade cycle items: sales and receivables, procurement and payables, production, payroll, financing, investment, computer information systems that reflect any major negligence, and abnormalities. Monthly audit reports will be submitted to the independent directors and supervisors for review, and any issues will be tracked and investigated in accordance with instructions.
5. Each department has the responsibility and obligation to conduct and undergo audit inspections, including the divisions of the President Office, Accounting, Materials, Public Works, General Management, Human Resources, Operations, and Director's Office.
6. Overseas subsidiaries are required to avoid illegal rent-seeking, especially in view of China's raging anti-graft campaign, which has virtually eliminated improper banqueting. They are required to minimize giving out grease, although such an act is admittedly inevitable sometime, in order to speed up official approval.
7. The anti-graft communication and training are going to be conducted in 2017 to make up the absence of such program in 2016.
8. Please refer to the "Company Integrity Management Implementation and Measures Taken" section in the Company's Annual Report, which is disclosed online.

iv. Overall Corporate Risk Inspection

Economic Aspect

(i) Financial Risks

The total liabilities account for almost 30% of the total assets, showing that the financial structure of the company is sound and healthy, while the current ratio and quick ratio show that management controls are effectively in place to maintain the ability to pay off its short-term liabilities at above average levels, that is, maintaining the current assets are 2 to 2.5 times as many as the current liabilities. Furthermore, the liquid capital, without taking into account the inventories and prepaid expenses, is also higher than the current liabilities. The Company has also set aside mobile funds of billions in corresponding banks for times of need, so it has no cash flow difficulties. There is ample leeway for credit expansion whenever necessary, given record-low banking interest rate over the past five years.

Financial Structure and Solvency for 2014~2016

Evaluation Indicator/Year	2014	2015	2016
Liabilities to Assets Ratio (%)	29.98	29.96	23.63
Current Ratio	197.82	216.11	249.75
Quick Ratio	118.53	132.99	156.09

As of December 31st 2016, the consolidated balance sheet shows that accounts receivable and bills receivable only account for 13.6 % of the Company's 2016 consolidated revenue, so the Company has no issues of bad debts or financial difficulties. Risk of financial predicament resulting from debt is nonexistent.

(ii) Pension Fund Risks

The Company abides by relevant regulations to set aside sufficient funds for the pension payable. In 2015 and 2016, the Taiwan Plants had 136 average retiring personnel, and the average pension payable is NT$ 1,440,008 per person, so there is no danger of default. As for the plants located in China and Vietnam, they shall comply with the local labor regulations to set aside preparation funds for the monthly social insurance; therefore, there are no pension fund risks overseas.

(iii) Overseas Investment Risks

From the inspection of non-business income and the expenditure of individual financial reports, the overseas investments in the past ten years have yielded profits, and the annual profits for a single year are more profitable than the business profits, showing that overseas investments are sound and healthy and are reaping long-term profits. In more extreme cases, some individual investments, including but not limited to overseas subsidiaries, are projected to reap financial profits from market listing.

(iv) Risks of Operation Rights Transfer

1. The largest long-term shareholder of the Company is Formosa Chemicals & Fibre Corporation. Since its establishment, the largest shareholder has maintained a share of 37.4% steadily over the past forty years. The proportion of shares held is an acknowledgement of the management model, management team, and previous results and offers synergistic benefits for the cooperation and common prosperity of the upstream and downstream industries.
2. The major shareholder holds a controlling interest in the Board of Directors: In the 11 seats of directors, excluding the three independent directors, the directors appointed by the major shareholder, Formosa Chemicals & Fibre Corporation, occupied five of the eight remaining seats. Furthermore, two of the directors also took the positions of President and Vice-President, thus showing that the management rights are stable. Only minor adjustment was made in the list of directors, during the reelection in June 2017.
3. The major shareholder holds a controlling interest in shares: As previously mentioned, Formosa Chemicals & Fibre Corporation holds 37.4%, while other subsidiaries and affiliated enterprises, such as Chang Gung Memorial Hospital, Chang Gung University, and Ming Chi University of Technology hold a total of 11%, and including the shares held by family members, management controls more than fifty percent of the shares, ensuring that management rights are stable.

(v) Price-drop risk for inventory

Inventory stayed at NT$7.86 billion, rather high, in 2016, including raw materials, works in process, semi-finished products, and finished products, with raw materials mainly consisting of filament, dye, and auxiliaries, for use in production. Works in process can be sold in a short time, generating cash. For inventory of finished products, fabric, sales are made several times irregularly a year to lessen the load, on top of making provisions for inventory risk through annual allocation of allowance to reduce inventory to market. There is still no actual risk for inventory resulting from price drop, as the amount of provisions for such risk is still way below cost of depreciation for equipment and factory building (NT$2.64 billion in 2016).

(vi) Personal Leadership Decision-Making Risks

As of the end of Dec. 31, 2016, the corporate leadership includes one vice chairman, three vice president, and nineteenth managerial officers, whose average length of service is over 30 years, who are with professionalism and good professional ethics, which enables the avoidance of the influence of selfish interests and health conditions and lawsuits on business decisions. What needs to be approved, level by level and from bottom to top, by officers at various levels with the authority are the available monetary amount and feasibility of business affairs, which can minimize the potential decision-making risks resulted from personal preferences and personality.

(vii) Integrity Management Risks

1. It is common sense that the existence of selfish interests in an organization is inevitable, especially positions with authorities of approvals and releases. Regulations and SOPs against these positions that are formulated by Formosa Plastics Group (FPG), including FTC are at a level much more complete than those of ordinary enterprises to ward off irregularities, such as mistakes/negligence, frauds, and omission of inspection, etc. This complicates the difficulty for dishonest behaviors and has generated substantial results.
2. Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles that are adopted by the board of directors require all authorities from directors, managerial officers, to executives of procurement/sales/financial departments not to accept banquets and gifts in the light of their official duties.
3. Pricing, price negotiation and contract-awarding of projects and procurements are reviewed level by level with institutionalization and computerization, and in a open manner; transactions of the financial system are also audited level by level in accordance with invoices/receipts.

(viii) Risks of Key Raw Material Shortage

In terms of supplier management, the long-term operation model is as follows:

1. Since the Company's main strength lies in the traditional, mature textile industry, the industry chain of upstream, midstream, downstream and complementary industries is complete and highly competitive. For main materials, such as yarn and supplementary materials like dyes, which belong to chemical industries, if an explosion or industrial accident occurs in the upstream industries such as PTA, EG and CPL, or if the industries are closed for annual repairs, the inventory can last for two to three months. While short-term price fluctuations may occur, the Company would not be in danger of material shortage or suspension of operations.
2. Quality Stability: The Company has mutual trust with its long-term suppliers and has implemented measures, such as production certification, feed material inspection qualification, and zero bad records, to ensure the quality of subsequent production processes, like the handling of pollution and other SOP operations.
3. Oligopoly Dispersion: The Company will seek a number of quality suppliers for the same raw material to ensure stability of supply.
4. The main raw material is supplied by the affiliated enterprises of Formosa Plastics Group. For many years, more than fifty percent of the raw materials required annually are procured from the subsidiaries of Formosa Plastics Group, so the stability of its supply is better than its competitors.

(ix) Risks of Technology Concentration

Excluding the four overseas plants, there had been 102 plant managers/division chiefs and those ranking higher as of May 31, 2017, with different kinds of expertise, working at various plants, attesting to technology dissemination and absence of risk for key-technology outflow or technology concentration. Some technological outflows resulting from retirement or poaching of key technicians are, however, inevitable, posing challenge to the company's advantage based on certain unique technologies.

(x) Risks of Client Concentration

The Company has always viewed customers' 100% loyalty to our products as our target and honor, and therefore strived to achieve a good cooperation or alliance relationship, amongst which the main branded customers (such as Nike, Adidas, Columbia, Puma, Cheng Shin Rubber Ind., Kenda Tires and others) are our primary targets. Textiles are the main FTC's products, that is, FTC is in the globally so-called traditional industry, in which suppliers are numerous and competition is quite fierce. Therefore, unlike the electronic industry, there are hardly statistics of worldwide market shares of respective enterprise's various products. Under such circumstances, what enterprise pursue is clients' full quota of each purchase. With worldwide sales and distribution network, FTC has no risks of client concentration, but there are risks of client switching and changing companies. The resulting excess production capacity can be immediately distributed to meeting the demands of the various customers in various countries but the room for price negotiation will be small. Part of such surpluses can be offset and more revenues are earned through making small branded clients members of our sales and distribution network for a long time.

Environmental Aspect

(xi) Risks of Climate Change

The extreme climate and climate changes will cause major impacts such as food, energy, flood, forest fires, ecological impacts, water resources, and health and diseases. Before escalating into a Butterfly effect disaster, risk analysis shows that the climate changes will provide more pros than cons for product sales, as explained below:

1. The extreme climate will be beneficial to promoting the widespread application of the Company's main product, functional fabrics by the consumers, including cold-resistant down jackets, heat retention and processing, high-end waterproof and permeability processing, cooling fabrics, and fashionable fabrics.
2. The energy consumption of water, electricity and oil will increase but the energy costs of the Company will only have a minor increase and is not significant. This is due to the fact that the prices of water and electricity are controlled by the government, so the increase will be limited. As for oil prices, the extraction costs of shale oil in the United States and the geopolitical conflicts in Middle East, Northeast Asia, Russia, Ukraine and South China Sea have a more direct and significant influence over the oil prices than climate changes.

3. Having implemented energy-saving and waste reduction policies for many years, the Company has achieved significant success and the hardware facilities and software management systems are reaping the rewards. FTC has tried hare to realize the initiative of annual 5% water conservation that is proposed by international branded customers in the recent 3 years. Such efforts generates no significant benefits in that the cost of water accounts for a small proportion of the total overall production costs, which implies that more focus of such efforts are on water conversation than cost reduction.
4. To cope with the negative influence of global warming effect on sales of warm-keeping fabric, the company has been endeavoring to transfer such risk by pushing sales of autumn clothes and alleviate the burden for manpower deployment during off and busy seasons.

(xii) Discharge Risks

In January 2015, 24 hour detection and quality analysis instruments were established to monitor the wastewater discharged from dyeing processes. The instruments are connected to the City Environmental Protection Bureaus, updated every 15 seconds, and will trigger timely alarms for any abnormalities so as to reduce the hazards of industrial discharge. Naturally, FTC's neighbors will oversee FTC owing to their concern about impacts on effluents discharge, air emissions and waste treatment. For corporate sustainability, maintenance of the long-term relations has been our due diligence.

Social Aspects

(xiii) Risks of Public-Safety Hazard for Petrol Stations

1. Regular safety check for equipment: Conduct safety checks for vehicles, tanks, and equipment related to the filling of oil storage tanks, as well as car-washing machines, electric-circuit boxes, auto shut-off device for nozzles, and breakaways according to SOP.
2. Personnel management: Forbid station staffers to use fire and wear sweaters and other clothes likely to generate static electricity, on top of concentrated custody of mobile phones during working hours, according to SOP.
3. Control of customers and vehicles: Ask, via posters or oral reminding, customers not to smoke and use mobile phones for making or receiving calls, in addition to switching off engine, as well as suspending service or asking customers to drive away, if necessary. Such management is doing more good than harm and is conducive to the image and repute of petrol stations

(xiv) Risks of Worker Strikes and Anti-Chinese Protests

The employment of labor in the Taiwan Plants and in the four overseas Plants is conducted in accordance with local labor laws and regulations. Over the past decade, the Zhong-shan Plant in China and the Vietnam Plant have suffered from worker strikes due to internal ethnic conflicts and labor wage disputes. To prevent similar incidents from happening in the future, the Company has taken into consideration the balance of worker origins during employment and made appropriate adjustments to the wages, rewards, and benefits of the employees. Furthermore, employees are encouraged to express their opinions through the communication channels provided, which have also been strengthened to prevent discontent from festering. In the wake of the anti-Chinese riot smashing Chinese-invested factories in May 2014, the Vietnamese plants has intensified communication with local government and police, winning their pledge to help with upholding the safety of the factory premises and removing political risk, as well as distinguishing Taiwanese-invested plants from Chinese-invested plants and bringing rioting people to justice..

(xv) Product Liability Risks

1. Our Company is a midstream manufacturer in the industry chain. Except the petrol stations, whose business models are B2C, its businesses does not engage in direct sales to consumers because its main products are textiles, rather than edible drugs. With the exception of the retail products in the petrol stations and plastic shopping bags, there is no worry about product safety derived form the direct usage of fabrics or textiles.
2. Tire cord fabrics are used in tires in our tire manufacturing plant clients. The tires must pass production certification and tire safety inspection, both of which will be conducted by the clients
3. Produce and test temperature-enduring fire-retardant industrial cloth (commonly known as fire-proof cloth) in various grades according to the demand of customers.
4. Bulletproof cloth is tested by the military in a professional manner, in order to meet the criteria of branded customers, such as DuPont, which regards highly long-term repute.

(xvi) Risk of infringement on intellectual properties (IP)

1. Patents for the company's textile technologies are applied in the name of the R&D team and their ownership is registered in the name of the company, instead of some individuals. In addition, textile technologies are mostly of the nature of application, less likely to cause dispute on IP infringement, different from many electronic technologies with the nature of invention.
2. In May 2017, the company transferred four patents to the Chinese subsidiary, for the sake of governmental incentives available for high and new tech enterprises, alongside the signing of a contract for the Chinese subsidiary authorizing the parent company and other subsidiaries to use the patented technologies in production.
3. Although IP infringement of patented technologies by mistake, quite frequent for renowned international electronic enterprises, is rare in the textile industry, we still endeavor to prevent such incidents via intensified education and patent application.
4. As for the prevention of the infringement of trademark and copyright for pattern prints, the company demands customers to have adequate authorization for the patterns to be printed on the fabric they purchase, a practice, carried out according to SOP, already in place for 30 years. In fact, printed cloth is a marginal business of ours, unworthy of risking violation of law.

(xvii) Force Majeure Risks

The five plants of the Company are located in Taiwan, Zhong-shan (Guangdong), Chang-shu (Jiangsu), Dong-nai (Vietnam) and Long-an (Vietnam). If any individual plant is subject to natural disasters or fires, the plants are sufficiently spread out so that not all production capacity would have to be suspended or damaged.

(xviii) Domestic Regulations and International Zone Politics Risks

Overall evaluation shows an increase in operating costs, but they remain within acceptable ranges.

1. Local Salary Increase Regulations:
   (1) The amendment of Article 235 of the Company Act was passed on May 1st 2015. The Articles of Incorporation of the Company should clearly stipulate a specific amount or percentage of the annual profit that should be allocated as employee bonuses. Therefore, the Company has established the calculation formula for the year-end bonus of the employees, which will be linked with the earnings per share before taxes. FTC has effectively amended the Articles of Incorporation, and as an issue of distribution of profits, it only has a minor impact on FTC's profits before distribution, and the new regulation does not necessarily mean an increase in employee bonuses.
   (2) Article 29 of the Labor Standards Act and the Article 40 amendment of the Plant Act stipulate that the enterprise must propose a profit-sharing plan that will be stipulated together with labor unions. Violators will be subject to fines of 500 thousand to 5 million New Taiwan Dollars, although this has not yet passed the Third Reading. This introduces no influence on the profit standards and competitiveness of the Company and will only affect the distribution of profits among the shareholders and employees. It will also allow the labor unions to increase their power, increase the chances of protests, and increase the costs of operation. Furthermore, the salary increase will be beneficial to social and economic aspects, such as an increase in unity, employee retention, and quality maintenance.
   (3) To cope with higher personnel cost resulting from the institution of the law on five-day workweek and increase of overtime pay, the company has restricted overtime works, in terms of the units and nature of jobs for overtime works, and raising the output of the Vietnamese plants.
2. Restricted Use of Raw Coal and Petroleum Coke by Yunlin County Government:
   In accordance with the "Local Government Act", Yunlin County Government shall suspend use of raw coal and petroleum coke or establish a panel of environmental protection experts to achieve the aims of prohibiting such use by major enterprises. As substitute fuels cannot provide stable electricity and energy generation, production costs will be affected. Furthermore, the improvement upgrade of hardware equipment, which costs 100 to 200 million, is in line with the Company's environmental protection policies, only that the upgrade and replacement is being conducted in advance. As a subsidiary of the Formosa Plastics Group, the Company has submitted a petition to the Environmental Protection Administration (EPA) in the expectations that the policy may be implemented throughout the country in order to ensure consistency throughout the country and prevent different standards in different counties and cities. The aforementioned issue is addressed by intensifying communications and extending the term for license, thereby postponing the replacement of existing equipment with new one.

3. Countermeasures for the suspension of the second-round talk on tariff cut of the cross-Strait Economic Cooperation Framework Agreement (ECFA) on merchandise agreement:
   (1) In the wake of the Sunflower Student Movement in 2015, cross-Strait talks on ECFA for both service trade and merchandise trade have been suspended since aprt alternation in January 2016 and are unlikely to be resumed anytime soon, as the proposed "Statute for Cross-Strait Supervision," indispensable for any cross-Strait agreement, has been shelved following regime change.
   (2) As a result, while zero tariff for export of fabric to China remains unchanged, the company, a potential beneficiary of ECFA, is subject to tariffs for shipping long-fiber nylon filament for use by the Zhong-shan Plant in China. In response, half of the need of filament nylon yarn needed by the Zhong-shan Plant now is fulfilled by the Vietnamese FIC plant of Formosa Chemicals & Fibre Corp., also affiliated with the FPG, and such yarn is thereby zero tariff.
   (3) To circumvent the higher tariff for core tire fabric, which is asymmetric, the core tire fabric plant in Dong-nai Province of Vietnam has been running at full capacity of 2,400 tons a year since 2016, for shipment, in substitution of the Taiwanese plant, to the Chinese market. In addition, most customers have set up plants in Vietnam, facilitating coordination between upstream and downstream sectors.
   (4) Evaluation shows that although the negotiations have a major impact over the competitiveness of the exports of Taiwanese companies, the impact on the Company is minor because the tax-related goods have little chances of tax reduction in future negotiations. The main focus of the Taiwanese delegation for tax reductions is on electronic components, modules, and machinery, but textiles produced by the upstream enterprises are not listed within the negotiations. A significant amount, 96%, of the long fiber polyester yarn needed by the Company is procured locally in China. Furthermore, although 99% of the long fiber nylon yarn required does not use Chinese products, 60% of the products required are procured from the Vietnam Plant through the ASEAN zero custom tax channels. The remaining 40% is imported from Taiwan through the international brand export orders to which the zero custom tax provision applies, thus negating more than half of the undesirable impacts. By extension, the tire cord fabrics exported to China may also be transferred to the production capacity of Vietnam Plants.

Conclusion: Enterprise Risk Rating:

The summary of the Overall Rating adopted from the Taiwan Ratings of June 29th 2016 is as follows:

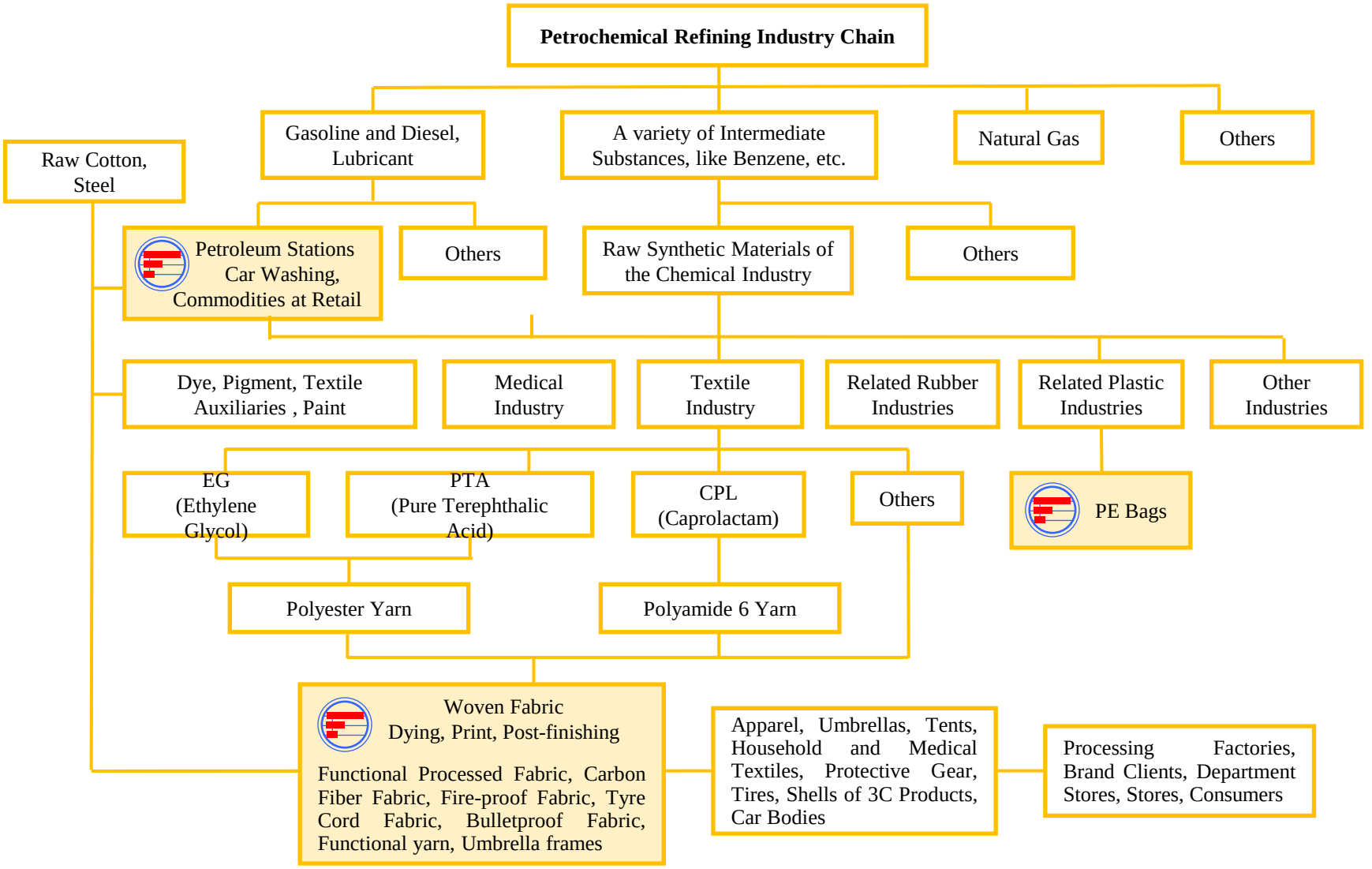
Year	Long-term Rating	Short-term Rating	Rating Outlook
2016	twA+	twA-1	Stable
2015	twA+	twA-1	Stable
2014	twA+	twA-1	Stable

Note：The results of the credit rating are published under the financial structure, competitiveness, and sustained profitability of the Company. The Company has been given an excellent rating and has below–average risks. Please refer to the report for more details. As for the details, please refer to http://www.taiwanratings.com/portal/member/viewMemberProfile/2577。

(III) Relation with the Textile Industry Chain

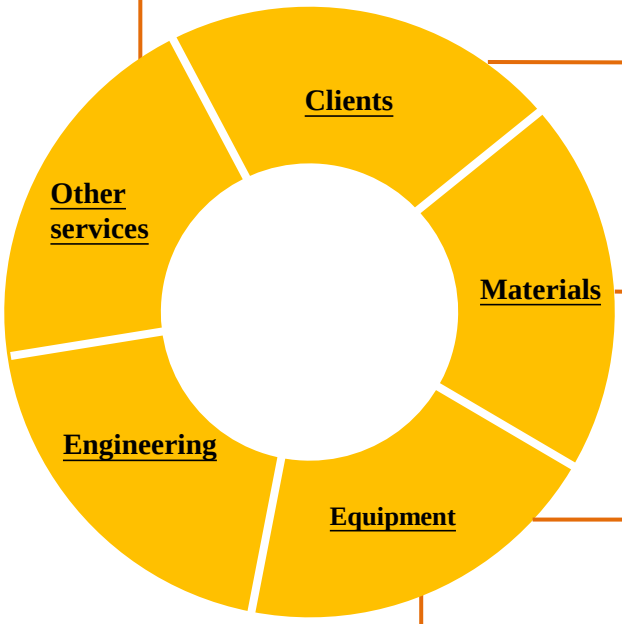
i. The Industrial Chain Structure and Corporate Undertaken Businesses

The Textile Industry Chain of Taiwan



ii. Overview of the Supply Chain

As a midstream player in the textile industry, the Company must rely on the cooperation of the entire industry chain to survive, including bilateral and multi-lateral trade/services, such as the procurement of raw materials, the arrangement of production line equipment, the provision of aftersales services, the construction of plants, and regular maintenance, in order to maintain the required energy for daily operations. The Company also needs to maintain a large number of clients, so it offers a variety of products that are customizable and have a wide scope of applications, such as functional clothing, tires, umbrellas, cleanroom suits, medical supplies, fire resistant fabric, carbon fiber electronic product casings, carbon fiber automobile parts, etc. The continuous operation of the complex supply network is summarized below:



Other services	Land, marine, and air transport, cleaning, recycling companies, restaurant meals, bank loans, insurance, accounting, legal, credit rating, certification, human resources
Clients	Clothing factories, tire factories, umbrella factories, other factories, trading companies, branded companies
Materials	Chemical fiber yarn, PE pellets, raw cotton, carbon fiber, steel plate element Dyes, chemical auxiliaries , PE Color Masterbatch, weaving sizing agent, packaging materials, coal, hydropower, oil products, epoxy resins, ink
Equipment	Machinery, component modules, computers, vehicles, loading machinery
Engineering	Civil engineering, construction, electrical and mechanical engineering, river banks, maintenance, and office apparatuses

(i) Local Supplier (refers to procurement within the same country) Proportion

Based on the requirements of suitable safe inventory, rapid supplies, and aftersales services, the Company prioritizes the local procurement of raw materials. As of December 31st 2016, the number of main raw material suppliers registered locally and their distribution were recorded as follows:

Plant		Taiwan Plant					Zhong-shan Plant in China					Chang-shu Plant in China		
Types of Raw Material		Yarn/ Cotton	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total	Dye	Auxiliary	Total
Number of Supplier		101	9	46	125	281	20	5	22	46	93	18	31	49
Locations of Suppliers	Taiwan	95	9	45	121	270	9	5	6	9	29	3	7	10
	Switzerland	-	-	-	1	1	-	-	-	-	-	-	-	-
	China	3	-	-	-	3	9	-	16	37	62	15	24	39
	Vietnam	-	-	-	-	-	2	-	-	-	2	-	-	-
	USA	-	-	-	1	1	-	-	-	-	-	-	-	-
	Hong Kong	1	-	1	1	3	-	-	-	-	-	-	-	-
	German	2	-	-	1	3	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		94.06	100.00	97.83	96.80	96.09	45.00	0	72.73	80.43	66.67	83.33	77.42	79.59

Plant		Long-an Plant in Vietnam					Dong-nai Plant in Vietnam				
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total
Number of Supplier		14	3	15	41	73	27	3	12	26	68
Locations of Suppliers	Taiwan	8	2	12	27	49	14	2	8	14	38
	China	3	-	-	-	3	8	-	-	-	8
	Vietnam	3	1	3	14	21	5	1	4	12	22
Proportion of Local Supplier (%)		21.43	33.33	20.00	34.15	28.77	18.52	33.33	33.33	46.15	32.35

(ii) Economic Benefits of sourcing Locally (refers to procurement from domestic suppliers)

1. For the considerations of safety inventory, uniform quality, and short delivery FYC's domestic and overseas plants make internal purchase, at proper quality, volume, and price.
2. In order to ensure the effective reduction of overseas transportation costs / time/ custom taxes / insurance of raw materials, protect the environment, and increase the local industry's unity and social interests, the local procurement proportion of the five plants located in three countries are increased.
3. The domestic procurement rate (the rate of local procurement amount of the plant to the total procurement of the plant) of the main raw materials and supplementary materials (Yarn, Sizing Agent, Dyes, Auxiliaries) required by the five plants of the Company (Taiwan Plant, Zhong-shan Plant, Chang-shu Plant, Long-an Plant, Dong-nai Plant) in recent years is summarized below:

Local Sourcing Rate of Yarn (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Long-an Plant	Dong-nai Plant
2014	91.3	32.9	-	61.9	25.7
2015	86.5	29.3	-	61.8	16.8
2016	80.3	39.0	-	66.4	20.9

- In recent years, international branded clients have preferred local procurement and manufacturing; therefore, the proportion of the domestic procurement of yarn will vary according to the different regions in which the clients place their orders.
- The domestic procurement proportion of yarn for tire cord production in Dong-nai Plant is lower because there are currently no high denier nylon production plants in Vietnam.
- "-" means that there is no woven plant in that plant.

Local Sourcing Rate of Sizing Agent (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Long-an Plant	Dong-nai Plant
2014	100	0	-	3.7	18.2
2015	100	0	-	6.1	18.3
2016	100	0	-	6.0	16.3

- Due to the application of the textile processes techniques of Taiwan Plant, the Zhong-shan Plant procures the sizing agents from Taiwan.
- "-" means that there is no woven plant in that plant.

Local Sourcing Rate of Dye (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Long-an Plant	Dong-nai Plant
2014	99.0	70.1	82.0	17.6	46.2
2015	99.9	70.8	88.0	15.9	46.6
2016	99.9	67.9	71.4	17.5	42.6

- The selection of dyes is based on features of nylon or polyester yarn. The fluctuation in the consumption amount of dyes has higher linkage to the procurement ratios of types of purchased yarn..

Local Sourcing Rate of Auxiliaries for Weaving and Dyeing (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Long-an Plant	Dong-nai Plant
2014	92.7	70.9	80.0	18.3	35.8
2015	93.5	75.3	92.1	18.9	31.4
2016	93.7	73.1	86.3	13.8	35.1

- The domestic procurement proportion of auxiliaries in Vietnam Plants are lower because the number of local suppliers of dyes and auxiliaries and the quality of what they supply cannot meet demands for diversified products.

Local Sourcing Rate of Dyeing Auxiliary of the 2nd Business Segment (Unit: %)									
Year	Plant	Raw Material	Latex	Resorcinol	Bridging Agent	HDPE.L-LDPE	Color Master Batch	Ink	Epoxy
2014	Taiwan Plant	Tyre Cord Plant	100	0	97.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam Plants	Tyre Cord Plant in Dong-nai	0	0	0	-	-	-	-
2015	Taiwan Plant	Tyre Cord Plant	100	0	83.8	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam Plants	Tyre Cord Plant in Dong-nai	0	0	0	-	-	-	-
2016	Taiwan Plant	Tyre Cord Plant	100	0	96.4	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam Plants	Tyre Cord Plant in Dong-nai	0	0	0	-	-	-	-

- The raw material for the fabric plants in Taiwan and tire cord fabric plants in Vietnam is Resorcinol. Currently, this raw material is not produced locally and therefore relies 100% on imports.
- "Domestic Procurement" refers to the local procurement of the plants in their respective countries, regardless of whether the traded materials are produced in the respective country or if the product is produced or imported by the trading company.

(4) Conduct irregular comparisons of the raw materials (Yarn, Dyes, and Auxiliaries) of the local suppliers. If the materials conform to the Company's quality inspections, then the supplier is included in the candidate list of suppliers.

iii. Assessments of Suppliers' Environmental Conformity

(i) Raw Materials

It's been a consensus among all the employees of the company to conform to and even exceed customers' quality demand. In line with the consensus, strict inspection is made at every stage of the production process, with the foremost being suppliers' supplying materials with stable quality which complies with laws/regulations and customers' demand. The company strictly demands suppliers supplying materials which meet the following requirements:

1. Samples for tests that are provided by suppliers must conform to the following environmental protection regulations:
   a. OEKO-TEX Standard 100 Specification Guarantee
   b. EU REACH Substances of Very High Concern (SVHC) Qualification Certificate
   c. Organotin-free Certification
   d. APEO-free Certification
   e. ZDHC – Inventory of Restricted Chemical Substances
2. Ensure that the products supplied by the supplier conform to regulations so that manufacturers, consumers, and users can confidently use such products.
3. If transported materials are hazardous, the transportation should conform to the national transportation safety regulations so as to allow their deliverability. .
4. Regular assessments, as well as irregular on-site inspections of the suppliers, are conducted to verify if the production processes and materials comply with the government's environmental protection regulations.
5. Contractors found to be in violation of the government's environmental protection regulations will be terminated from trade to ensure the safety of the raw materials procured by the Company.

(ii) Materials

1. Regarding material procurement, the procurement of materials compliant with international environmental protection regulations should be prioritized.
2. Materials certified with the Green Mark by the EPA or Energy Label by the Ministry of Economic Affairs or that conforms to criteria of renewable materials/low pollution/recyclable/increased social benefits or reduced social costs and materials with similar effects should be prioritized in procurement. The amount spent on the procurement of these (genre) products in Taiwan Plants in recent years are summarized below:
3. To fulfill our responsibility to environmental protection, our Company spares no efforts in utilizing recycled materials, such as re-PET yarn manufactured from PET products. The procurement amount (tons) of the 1st Business Segment of Taiwan Plants in recent years is as follows:

iv. Changes in Suppliers' Delivery

(i) changes have occurred with regard to the policies of the supply chain. The initiation, extension, or termination of trade with any supplier, as well as the request for the supplier to inform the Company in advance in the event of any failure (suspension of production or operation, etc.) to provide the products in order to protect the interests of the supply chain and clients, should all be conducted in accordance with current assessment standards. Through the supervision of the Company and cooperation with the suppliers, the supply remains stable, and the Company has no plans to terminate any suppliers and switch to overseas procurement.

(ii) Due to Company requirements, the amount of supplier packaging has decreased, including:

1. If the amount of auxiliaries used reaches an economical bulk (monthly usage 4,000 kg), then negotiations will be conducted with the contractors to switch to bulk packages (Capacity: 1,000 kg) to reduce the amount of packaging used.
2. Negotiations shall be conducted with contractors to use environmentally friendly and recyclable packaging materials.
3. The annually decreasing incoming quantity of dyes in Taiwan Plant can most prove that the purchased dyes are developed with eco-friendly effects, like less consumption of dyes and energy, less generation of effluent, and so on, through the collaboration between suppliers and our R&D department.

Expenditures of Products with Green Mark

Year	Amount (NT$)	Explanation (Taiwan Plant)
2014	1,360,000	Such products are mostly purchased irregularly, such as energy-conserving equipment and environment-protection products, which have been gradually replaced with new ones in recent years and as such need only purchase of replacement parts. Therefore, related expenses have been irregular.
2015	2,097,000	
2016	1,472,723	

Procurement Quantity and Proportion of Yarn Made from Reclaimed Materials

Type \ Quantity (Tons)	2014	2015	2016
Raw Yarn	18,789	14,504	12,011
Recycled Yarn	435	274	400
Procurement Proportion of Recycled Yarn	2.32	1.89	3.33

- As the performance of the recycled yarn is inferior to raw yarn, client demand is also lower, so the procurement amounts differ.

Year	Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant (Ton)
2014	551
2015	540
2016	439

v. Supplier Management

(i) Currently, the company evaluates suppliers, mainly according to the quality of delivered goods, delivery time, and prices.

(ii) Given common corporate social responsibility, in addition to attention on environment-standard evaluation and change in delivery of suppliers, the company will carry out CSR questionnaire study of major suppliers (for filament, grey cloth, cotton, dressing compound, dye, and auxiliaries) in the second half of 2017, with the contents of the questionnaire covering the four major aspects of environment, labor, society, and quality management.

(iii) In the second half of 2017, FTC will assess the top 10 external suppliers on the 2016 procurement list of raw materials, such as yarn, cotton, sizing agents, dyes and auxiliaries etc.; such assessments will be performed by an assessment group that consists of staffers in the Procurement Dept., R&D Dept., and in the departments in which those materials are employed.

Evaluation items, criteria, and contents are as follows:

Evaluation items	Evaluation contents	Evaluation criteria
Quality control	1. Examination procedures and records on arrival of raw materials 2. Examination procedures and records on shipment of finished products 3. Procedures and records for the handling of disqualified products 4. Regular calibration and records of inspection instruments	– QC system complies with ISO 9001 requirements
Procurement standards for raw materials and management of hazardous and nonhazardous materials	Quality conformance for procurement of raw 1. Regulations of Oeko-Tex Standard 100 2. No organic tin and APEOs in contents 3. Chemicals on the control list of ZDHC Waste management records 1. Handling method, categorization, and disposal of hazardous wastes 2. Handling method, categorization, and disposal of nonhazardous wastes	– The regulations of ISO 14001 environment management system – International laws/regulations on hazardous materials
Energy management and green procurement	1. Water-resources management and records (reduction of water consumption and reuse/recycle of water) 2. Power-conservation management and records (replacement of low energy-performance equipment and installation of power-saving control equipment) 3. Steam-conserving management and records (recycle of waste heat and condensed water from steam) 4. Management and records for abatement of waste-water discharge 5. Records for procurement of green products	– Suppliers' internal records – Whether those products are affixed with Green Mark awarded by Taiwanese EPA and/or Energy Label awarded by the Bureau of Energy (BOE), Ministry of Economic Affairs
Corporate social responsibility and payback	1. Ban child labor, in compliance with the Labor Standards Act 2. Whether to compile work rules, in compliance with labor laws/regulations, to uphold various rights and benefits of employees. 3. Provision of public services and payback to local communities.	Suppliers' own records.

vi. Client Policies and Rights Protection

(i) Client Policies: Sharing Benefits of Market Growth with Clients

1. Creating a Sound and Healthy Growing Supply and Demand Relationship

Due to the mutual benefits and common prosperity of the co-development relationship of the Company and its clients, creating a sound and healthy supply and demand relationship should be an important management theme of every company pursuing sustainable development. Placing great emphasis on the long-term development of the industry supply chain and relying on the international marketing of clients, the Company has demonstrated transaction integrity, reasonable pricing, fair trade, stable supply and demand, long-term cooperation, mutual benefits, common prosperity, and mutually trusting cooperation with its clients.

2. Enhancing the Competitiveness of Downstream Customers

Only by sharing the benefits of market growth with midstream and downstream customers can the Company ensure sustainability. Before developing new products, the R&D Center of the Company will communicate with midstream and downstream brand customers to develop a mutually beneficial market strategy, ensure smooth promotion of the supply chain of new products, and boost the competitiveness of the customers.

3. Electronic Commerce Saves Costs and Increases Efficiency

To increase the service efficiency of the customers, the Company has established a company website that includes a customer online service system and internet promotion system in order to improve rapid services and provide real-time information, such as an online product information inquiry system, order and production progress, inspection report, and warehousing and transportation tracking. Furthermore, the system also established a dedicated client performance evaluation mechanism, client order prediction and tracking system, and product inspection system to improve the service standards and satisfaction of the customers and reduce the costs of negligence in operations.

(ii) Protection of Client Information and Rights

In order to maintain the rights of the customers and avoid infringing on their rights or leaking either party's information in the commercial trade, the Company has stipulated the relevant management regulations and established operation protocols to achieve the aims of long-term common prosperity. In 2016, the Company had no reported cases of client rights infringement.

1. Personal Information Management

When collecting, utilizing, or handling the information of non-Company personnel, especially clients, all Company departments will adhere to the relevant internal regulations of the Company and legal regulations to prevent the abuse, tampering, damage, loss or leak of personal or company information. In order to implement relevant safety measures, items such as personal confidentiality, trademark rights, patent rights, copyrights, and business secrets are included in the protection of information and rights of the Company, and relevant business departments are particularly integrated with the information system of the Company, including client order and information system control and inferior quality product warehousing control, to protect the important information and rights of clients.

2. Management of Printing Plates and Dyeing Plates Rights

Through the configuration and specifications of the relevant information of the rights of the order system in the Company, the product items will be secured by the system and will require specific rights protocols and certification before they can be approved for production. Regardless of model type, sample fabrics, fabrics in excess, or inferior fabrics, information will not be leaked.

3. Inferior Quality Product Warehousing Management

Regarding inferior products produced in the manufacturing process, the inferior products that are registered in their rights protection system will be stored and controlled until their rights expire. The registration will be conducted by relevant personnel, and the restriction can only be lifted with the approval of the clients and President-level staff in order to prevent these inferior products from entering the market.

(iii) Information and Communication Security Management

The Company has taken all the necessary security and management measures for the information system and equipment, installed anti-virus software, firewalls and access restriction software/hardware, and implemented access control and user registration inspections to monitor the security of all information systems and prevent unauthorized access, leakage, infiltration, tampering, theft, or damage in order to ensure continuous operation and protection of client confidentiality and rights. In the case of emergency, such as earthquakes, fires, typhoons, power shortages, or lightning strikes, swift response measures will be taken to resume normal operations as quickly as possible; perpetual backup will be retained under normal conditions in order to reduce the threats to client rights and prevent damage to the sustainability of the operations.

(iv) Client Satisfaction Investigation

1. Client Satisfaction with the Weaving / Dyeing Division (Company Self-Evaluation)

The main clients of this division are international sports brands and renowned outdoor fashion brands. Many cooperative projects have been conducted based on long-term strategic partnerships. Main works include new product development, marketing samples, coloring management, cylinder head quality verification, bulk production quality, delivery control, client complaint and aftersales services, which are managed separately each month in each quarter, development of supplementary information systems, establishment of platform for bilateral transparent information

Clients	On-time Delivery			Quality			Services by Garment plants			Pieces of Newly Developed Products			Explanation
	Target	2015	2016	Target	2015	2016	Target	2015	2016	Target	2015	2016	
NIKE	95%	92%	90%	95%	97%	95%	6	5	5	100	133	122	1. The rating of services by garment plants
ADIDAS	97%	93%	90%	96%	96%	96%	6	5.5	5.5	100	163	177	Excellent → Good → Average → Poor → Bad
PUMA	96%	90%	93%	97%	100%	97%	6	4.8	5.5	100	109	113	6 → 5 → 4 → 3 → 2
Columbia	95%	88%	90%	95%	97%	95%	6	5.2	5	100	135	145	
TNF	95%	91%	90%	95%	95%	93%	6	5	4.8	100	128	117	

Notes:

- Short delivery time and punctual delivery are the competitive advantages of brand clients, as well as the basis for client satisfaction. The weaving division needs to work on improving these factors to meet clients' targets.
- New product development focuses on differentiation, customization, and special functions. Creating close ties with customers and sales performance is also a method for increasing client satisfaction, which is also the result and competitive edge from years of efforts.
- Forming an alliance with downstream customers, which are garment factories, to improve services and boost client satisfaction will be beneficial to increasing the market share of the brand customers at the end of the industry supply chain.

2. Client Satisfaction with the Tire Cord Division (External Survey)

In order to understand client satisfaction with the products of the Tire Cord Division with regard to quality, delivery time, client complaints, packaging, new product development, and services, the following survey was conducted on long-term close clients with large scale transactions between the months of April and June every year .

Survey Result Client Satisfactory of FTC's Tyre Cord Division **(Unit: Point)**

Year / Significance /Satisfaction Level / Item		Quality	Delivery Date Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Service	Explanation
Significance to Business Development	2016	6.0	5.0	3.6	3.0	2.5	2.4	"6"~"2" are allocated to the above 6 items based on their significance to industry development/performance while "6" is with the highest significance/satisfaction or vice versa.
	2015	5.86	5.36	3.68	3.82	2.82	3.05	
Evaluation of Satisfaction Level	2016	5.2	5.1	5.2	5.2	5.0	5.1	
	2015	5.1	4.8	5.0	5.0	4.7	5.1	

Notes:

- Most clients consider product quality and delivery punctuality to hold great significance to the importance of industry development. For automobiles, the safety of usage is one of the most valued factors of customers. Any components or modules that involve driving safety and that need to be replaced need to undergo a long period of inspection and testing; therefore, the development of new products and new client sources are not easy, and the development process has to exceed one year.
- With the extent of satisfaction for various items exceeding the 5.0 target in 2016 and better than the 2015 level, we will not let up on our effort, since there still needs further improvement.
- For international brands that have not yet to engage in large scale dealings, the Company should understand their reasons in depth in order to gain their trust, orders, and satisfaction.

(IV) Formosa Petroleum Stations (FPS)

Main businesses of FPS' are the retail of gas and diesel and service of car wash. gas All oil products are 100% from Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), which is a steady supply source. To maintain the quality conformity, a lot of efforts are made to execute source management—to regulate that samples of gasoline/diesel in each tank truck must be taken and stored, that standard operating procedures must be obeyed for the transportation and unloading, and that periodic oil quality inspections must be carried out by accredited certification bodies. By March 2017 there are 105 domestic operation locations, and where they are located are shown on the right side.

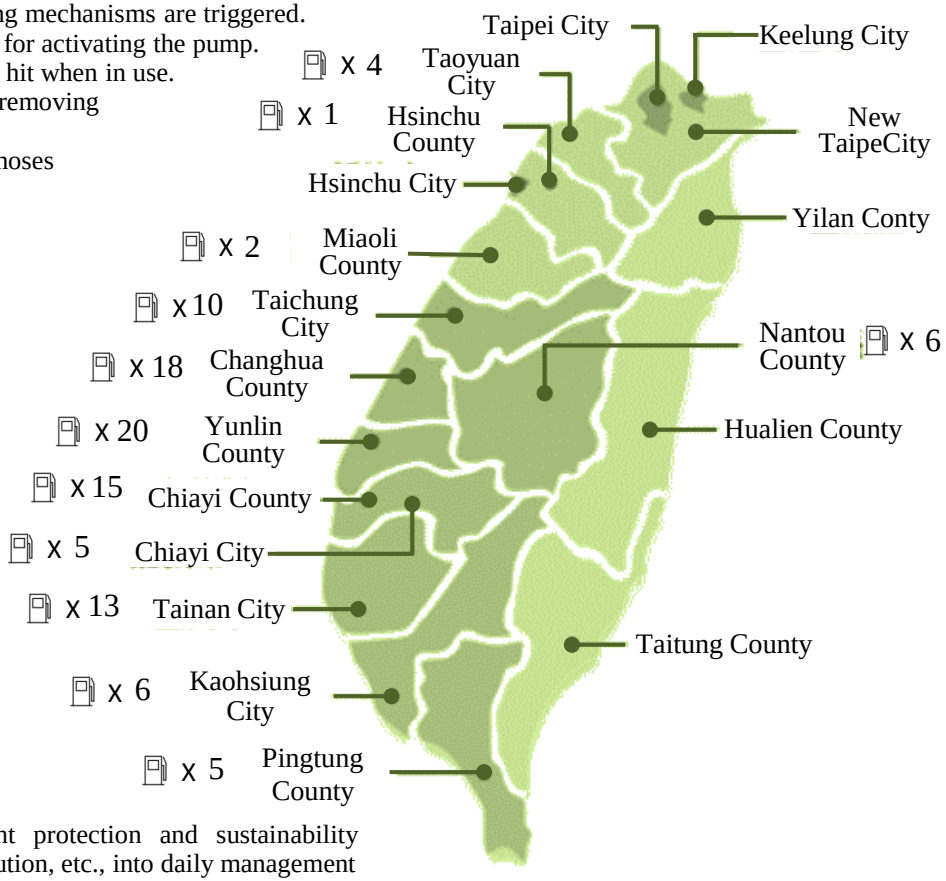
Five Dos during Refueling

1. Stop refueling when self-stopping mechanisms are triggered.
2. Lift the lever up with your hand for activating the pump.
3. Keep a pump nozzle from being hit when in use.
4. Let any last drops fall in before removing the nozzle from the gas tank.
5. Keep pump nozzles and rubber hoses clean all the time.

Five Don'ts during Refueling

1. Do not force refueling.
2. Do not lift the lever up and/or lower it with a pump nozzle.
3. Do not drop a pump nozzle or hit it hard.
4. Do not let the last few drops be left in the pump nozzle.
5. Do not press the barrel of a pump nozzle with your hand

105 Locations of Formosa Petroleum Station



Employees of petroleum stations must adhere to "five don'ts and five dos" of refueling vehicles. Moreover, the Company thinks highly of customers' privacy, and therefore, in conformity with "Personal Data Protection Act (PDPA)" implemented from October 2012, members' sensitive or critical information, like IDs, phone numbers, license plate numbers and so on, is not stored in database for data loss prevention (DLP).

i. FPS' Environmental Protection Measures

Besides growth in sales, FPS also attaches importance to environment protection and sustainability through incorporating energy/electricity/water conservation, reduction of air pollution, etc., into daily management and strives for social care for vulnerable groups to fulfill corporate social responsibilities. The specific measures on environmental protection are as follows:

(i) Energy Conservation Measures

From July 2nd 2015, the electronic invoice system is introduced into 105 petrol stations one after another across Taiwan. The completion of such introduction and updates of related equipment is on December 25th of the same year and takes NT$ 2.25 million. This brings the following effects and economic benefits:

- Compared to conventional duplicate/triplicate cash register uniform receipts, computerized uniform ones consume 1.85 million pieces of paper pre month, which can save the paper expenditure of NT$ 190 thousand per month.
- Manual jobs of collating, securing and checking paper receipts are much fewer.
- The usage of electronic receipts can cut warehousing costs through being free from the constraint imposed on conventional receipts that requires five-year retention for sampling inspection.

(ii) Electricity Conservation Measure

From 2012 onwards, energy-consuming fuller lights, projection lamps and conventional fluorescent tubes are replaced with energy-saving LED lights produced by Nan Ya Photonics Inc.; after such replacement, power saving is getting better year by year.

Year	2011 (base year)	2012	2013	2014	2015	2016
KWH/KL	14.0	12.3	10.4	9.7	9.1	8.7
Proportion of conserved electricity (%)	-	-12.1%	-25.7%	-30.7%	-35.0%	-37.8%

Note: Energy-saving ratio=current-year consumption (kilowatt-hour/kiloliter)/2011 consumption

(iii) Water Conservation and Discharge Measures

1. Tap water is the main water source of each gas station and is provided for car washes and domestic usage for customers and employees. Wastewater generated from car washes cannot be discharged into public sewers without treatment in conformity to drainage standards. The discharge of sewage in 2015 gains accreditations of environmental protection bureaus and irrigation associations of respective cities and counties.
2. Total tap water uses in 2016is 53,986tons, which is an increase of 3,588 tons compared to 2015. This can be attributed to the installation of new car wash machines in five petrol stations; these machines can conserve much water with their water-saving mechanisms. To further reduce water use, effluent and discharge, it is estimated that wastewater recycling systems will be installed in the second half of 2017.

(iv) Underground Pollution Preventive Measures

Preventive Measures	Implementation Contents	Implementation Cycle	Implementation Effectiveness
Oil Quantity Balance Control Declaration	According to the Regulations for the Prevention of Groundwater Pollution of Underground Storage Tank Systems and Monitoring Equipment, the petrol stations of the Company shall comply with relevant regulations to fill out the daily oil input and output control form and declaration to prevent underground pollution.	Complete oil quantity control form/ daily Declaration / every 4 months	The 2016 declarations of the petrol stations have been verified by various environmental protection bureaus and have been found to contain no abnormalities.
Underground Pollution Monitoring	The underground pollution monitoring conducted by the petrol stations of the Company shall adopt the soil gases monitoring method. The soil gases inspection is conducted every month, while external environmental gas soil inspections shall be conducted every four months. The inspection results will be posted on the internet. The regular cooperating inspection organization for 2016 is Tai He-Mei Industrial Co., Ltd.	Inspections / every 4 months Declaration / every January, May, September	The 2016 declarations of the petrol stations have been verified by various environmental protection bureaus and have been found to contain no abnormalities. PID and FID conform to standards, and soil and groundwater inspections are not necessary.
Operation Equipment Self-Inspection	The self-implementation of petrol station equipment inspections by the petrol station (including internal inspection of petrol station, oil-gas measurement of oil storage wells, manual oil measurement of oil storage tanks, and detection of underground storage tanks)	Periodical sample inspections / daily, monthly, biannually	In 2016, the irregular inspections conducted by the EPA/EPB show that there is no pollution and that the petrol stations comply with inspection standards.

Install a flame ionization detector and a photoionization detector for detecting the oil-gas density of the soil-gas monitoring well of underground storage tank (monitoring well, for short), to determine leakage in underground storage tanks or pipelines (in reference to the "oil-gas detection method for the soil-gas monitoring well of underground storage tank", announced by Taiwanese EPA).

(v) Petrol Vapor Recovery Measures

1. According to the provisions of paragraph 3, Article 22 of the Air Pollution Control Act, certified environment inspectors shall conduct regular petrol vapor inspections twice a year and equipped with petrol vapor recycling nozzles, nozzles are replaced regularly, and the residue oil within the nozzles is cleaned. Each area is equipped with petrol vapor recycling meters, and monthly self-inspections are conducted to calibrate the petrol vapor recycling to the optimal ratio of 1:1 in order to achieve the effects of petrol vapor ratio stability and extend the life of the equipment. In 2016, the Environmental Protection Bureaus conducted gas-oil ratio inspections of the pump nozzles at 32 stations, which yielded a passing rate of 98.3%, much higher than the required 70%.
2. Employees are required to comply with the correct ways of refueling and the refueling principles of the five Dos and five Don'ts. Employees are trained to check if the petrol vapor recycling pipes are properly connected, if the petrol vapor recycling motors are properly functioning, if the motors are malfunctioning, or if there is any residue oil in the rubber tubes of the pump nozzles. Should any equipment abnormalities be found, the incident should be reported immediately, and the damaged or malfunctioning equipment should be removed to increase the petrol vapor recycling rate and ensure safety.
3. In order to continuously reduce air pollution, promote the environmental awareness of petrol station operators, and implement petrol vapor recycling works, the Chiayi City Environmental Protection Bureau organized the "2016 Friendly Petrol Station Evaluation". Through the preliminary inspections of s leakage inspections once every two years. To prevent the leakage of petrol vapors, all pump nozzles are replaced the unidentified inspectors and the Bureau inspectors, the Formosa Petroleum Stations in Chiai City wins the "High Distinction Honor"

ii. FPS' Contributions to Society

In addition to the aforementioned environmental protection measures, the Formosa Petroleum Stations also actively provide many services that are offered to clients to increase customer loyalty, customer reliance, customer satisfaction, and customer retention rate. In terms of promotion, the Company has fulfilled its obligations of informing to reduce consumer disputes. What FPS pays back to customers and the society are as follows:

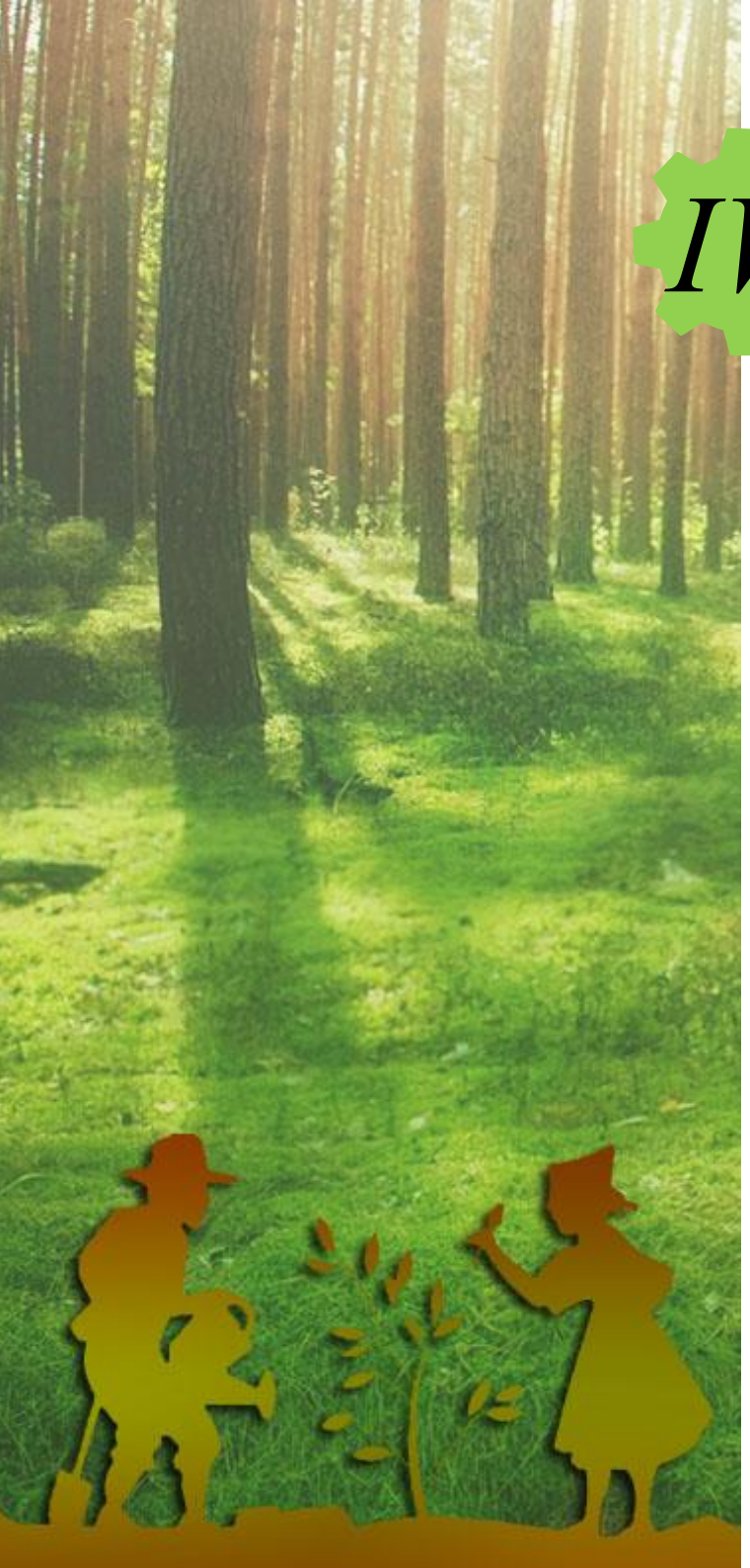
(i) Cash Discount: Offering discounts for cash payments and credit cards. In 2016, FPS cooperated with Cathay United Bank to promote co-branded credit cards, as well as engaged in cooperation with E.SUN Commercial Bank, Union Bank of Taiwan, Taichung Bank, Yuanta Bank, and HSBC Bank to offer promotional discounts to clients. Furthermore, clients that use self-service gas pumps are also eligible for discounts.

(ii) Membership Points: Applying for VIP membership makes a customer eligible to accumulate VIP membership points for gift redemption.

(iii) Supplementary Product Offers: Petrol stations also offer retail sales of products manufactured by affiliated companies, such as lubricating oils, motor oils, cooling shirts, warming shirts, gift boxes for Chinese Lunar New Year holiday parasols/umbrellas, raincoats, and jackets. Due to the convenience and autonomous nature of the sales channel, promotional discounts can be provided at irregular intervals.

FPS is also active in participating in charitable events; the ones which it participates in are summarized as follows:

Year	Charity Organizations	Charity Events	Targets
2012	○○Foundation	Showing Love for Seniors ~ Caring for Vulnerable Groups and Elders Living in Solitude	Seniors Living in Solitude
2012	○○Orphanage	Fundraising for New Homes	Children living in an orphanage
2013	○○Foundation	Showing Love for Abused Children	Children suffering from abuse
2014	○○Foundation	Showing Love for Seniors ~ Dragon Boat Festival	Seniors suffering from dementia
2015	○○○Foundation	School Building Plan for Children with Severe Disabilities	Children with severe disabilities
2016	Yunlin County Spinal-Injury Victims' Association	Collectively assist spinal-injury victims	Spinal-injury victims



IV

Environmental Aspect

(I) Development Overview of Sustainable Environment Operations

The textile industry is closely related to the daily lives of the public. FTC is a midstream company of the textile industry whose main businesses are weaving and dyeing processing. The proportion of the various energy costs consumed in the production process accounts for 4~6% of the total operating revenue. The Company has always promoted the ISO 14001 Environmental Management System to continuously improve its possible environmental impacts.

Established in 2007, the energy-saving promotion team was expanded and reorganized as the "Energy Management Committee" in 2015 to integrate the human, materials, and energy resources of the Company, propose energy-saving targets, and develop and promote various viable plans to increase efficiency of energy usage, reduce energy consumption, greenhouse gas emissions, and waste discharge.

For the purpose of sustainability, reduction of environmental impacts derived from production, and the idea of befriending the environment, we especially notice key environmental issues, such as energy, water, pollution, and waste, and adopt the following six measures:

i. Top-down approach: The Energy Management Committee was established to set up energy-saving targets, stipulate policies and inspect implementation performance
ii. Set benchmarks for water, electricity, and oil consumption and pollution discharge, and conduct mutual comparison and verification
iii. Set benchmarks of energy consumption for equipment procurement/replacement decisions
iv. Implement and promote the reuse of recyclable resources such as water, steam, and thermal energy to improve energy utilization rate
v. Implement and promote pollutant management controls to reduce pollutant discharge and endeavor to keep clean
vi. Procure raw materials, chemical dyes, and auxiliaries that are conform to regulations to establish safe and green processes

(II) Energy and Water Conservation and Pollutant Management Measures

Based on "Green Design and Clean Production" concepts, FTC has been not only promoting various resource conservation projects in water and energy consumption and carbon reduction technology, but also participating in external technology exchanges. Furthermore, it actively plans visits to various guiding projects every year to enhance communication with other industries and stimulate transposition thinking, which inspires employees to propose and promote feasible projects through brainstorming.

From January 2008 to December 2016, a total of 507 improvement projects were completed, amounting to NT$ 291,413 thousand per year in improved benefits and 100,757 tons in CO_2 reduction per year. The Company has gradually promoted policies for cutting back on procurement, reducing consumption, and reducing waste discharge. To maintain neighborly relationship with the community and Based on the vision of good neighborliness and co-sustainability with communities and realize the potential benefits of mutualism for sustainability, FTC has designated the personnel section, the industrial-safety & Hygiene office, the Administration Division, and the Engineering Division as the windows for handling environment-related complaints of stakeholders according to a set procedure.

i. Energy Conservation Measures

Climate change due to global warming has threatened the survival of both animal species and mankind. In order to effectively control CO_2 emissions and alleviate the impacts brought about by global warming, FTC's Taiwan Plant decided to implement the ISO 150001 Energy Management System in 2015 in order to reduce both direct and indirect energy consumption and waste, precisely understand energy conversion demands, improve the energy utilization rate, and enhance the re-utilization rate of energy. The measures that have been taken are described in detail as follows:

- Electricity Conservation: Propose Improvement Projects and Implement Performance Reviews
  1. The turbines of the air conditioner circulation system and water towers of the Weaving Plants have been constructed of special materials and designed to reduce electricity consumption.
  2. Reducing the electricity consumed in the circulation of cooling water.
  3. Installing electricity conservation devices in various motors.
  4. Replacing conventional lighting with energy-saving lighting.
  5. Using high efficiency and energy-saving air compressors and chiller equipment.
  6. In 2014, the Ministry of Economic Affairs promoted the "Voluntary Green Electricity Pricing Pilot Project" to encourage enterprises to subscribe to green electricity, which will be used to subsidize renewable energy generation like wind and solar energy. The project was designed to help enterprises reduce the carbon emissions of their products and fulfill their social responsibility of environmental protection. In 2015 and 2016, the Company made plans to respond to the national clean energy policies and subscribed to 1.2 million kwh of green electricity.
- Gas Conservation:

  Recycling waste hot gases and condensed steam, using oil and electricity cogeneration motors, and improving the thermal efficiency of generation boilers.
- Oil Conservation:
  1. Installing exhaust chimneys of boilers and setting machinery with waste heat recovery devices.
  2. Installing condensed steam and hot water recycling devices.
  3. Replacing the natural gas used as fuel for thermal energy in setting machinery that uses fuel oil.
- Air Conservation:
  1. Ensure a well-designed air circulation pipeline, install gauges to determine on-site leakages, and regularly inspect the air pipelines to control leakages within acceptable ranges.
  2. By managing compressors loads, distributing high and low pressures, and inhibiting the "false needs" of air compression, the operation efficiency of the compressor and energy conversion efficiency can both be improved.
  3. Using hydraulic or electric motors to replace pneumatic cylinders in order to reduce the energy consumed during energy conversion.

  Note: "False needs" refers to the air compression needs that are unnecessary or an over-expansion of air that is not required for production. Such needs are mostly caused by ill-planning or poor management. (Reference: Zeng Yuwen, Foundation of Taiwan Industrial Service, "Introduction of Energy-Saving Technology of Air Compressors", Environmental Protection Information / No. 27 Issue, http://setsg.ev.ncu.edu.tw/Portals/0/niki/環保簡訊/27期-2. 空壓機節能技術應用介紹.pdf)

ii. Water Conservation Measures

As the global population continues to increase and industrialization becomes more prominent, water resources everywhere are becoming increasingly limited. Compared with other countries, Taiwan is more likely to face water shortages issues during winter and spring in that rainwater of rainy seasons cannot be stored as a result of its geographical factors. As water shortage is a severe problem, in order to avoid lapsing into water shortage situations and increasing water costs, water conservation has become a critical theme in sustainability.

The Three Main Water Conservation Themes of the Company:

- Reduce: Using the latest technology and equipment, the Company can use the lowest water ratio to produce textiles and carry out dyeing processes, which can significantly reduce water consumption. For example, in 2014, the Company introduced the DyeCoo Supercritical CO_2 Water-Free Dyeing Machine from the Netherlands in order to achieve a water-free dyeing process.
- Recycle: By using energy-saving dyeing machinery, the condensed steam, cooling water, and low polluted water in the production processes can be recycled and reused to achieve the aims of reducing fresh water consumption and wastewater.
- Reuse: Recycling methods have been installed to recycle the water or steam used in production processes to be reused in other production processes in order to achieve multiple stages of utilization and meet its goals of reducing fresh water consumption.

Water Resource Recycling Effects:

Water Recycling Statistics of the Five Plants in Three Countries between 2014~2016

Type	Taiwan Plant			Zhong-shan Plant in China			Chang-shu Plant in China		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Amount of Raw Water Supplied (T/day)	13,217.4	16075.4	12947.8	1636.5	1715.4	1422.6	1748.7	1453.1	1504.7
Amount of Condensed Steam (T/day)	1,041.6	998.2	804.2	233.7	375.8	199.4	155.3	171.8	167.5
Amount of Recycled Water (T/day)	8,160.4	9950.1	8286.8	1373.6	1430.2	1485.6	1049.2	871.8	893.3
Total Water Consumption (T/day)	21,276.0	23458.4	18083.1	3114.1	3459.5	2976.5	2953.2	2496.6	2565.5
Percentage of Water Recycled (%)	38.4%	42.4%	45.8%	44.1%	41.3%	49.9%	35.5%	34.9%	34.8%
Amount of Wastewater Discharged (T/day)	12,929.8	13301.0	8031.3	1676.9	1959.7	1524.8	1813.5	1550.4	1595.2

Type	Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
	2014	2015	2016	2014	2015	2016
Amount of Raw Water Supplied (T/day)	4,074.0	4126.4	4170.9	905.1	1025.3	1458.3
Amount of Condensed Steam (T/day)	184.3	189.8	221.5	89.5	78.6	249.4
Amount of Recycled Water (T/day)	3,393.8	2769.9	3686.3	806.6	596.3	942.9
Total Water Consumption (T/day)	6,194.7	6170.3	7337.2	1801.2	1700.2	2650.6
Percentage of Water Recycled (%)	54.80%	44.9%	50.2%	44.8%	35.1%	35.6%
Amount of Wastewater Discharged (T/day)	2,775.7	3368.7	3558.6	958.6	1085.4	1688.0

- In response to the environment protection-related requests of branded customers, various factory premises have endeavored to recycle waste water, with the ratios of recycling and reasons in 2016 and 2015 stated below::

  Taiwan Plant: Thanks to active water recycle and reuse at various factory premises in their processes from the end of 2015, water consumption dropped in 2016.

  Zhong-shan Plant (China): Due to mounting quality demand of regional brands, less wastewater is recycled in 2016 than that in 2015.

  Chang-shu Plant (China): Due to more orders for TB dyed woven fabric which consumes more raw water, the benefit of recycled water declined in 2016.

  Long-an Plant, Dong-nai Plant (Vietnam): With recycled water and total water consumption both increasing, along with output growth, the benefit of recycled water rose slightly in 2016, due to the economy of scale.

- The statistics disclosed in this report are primarily based on the dyeing processes of the plants.
- Correction of the 2015 Calculation Reference:
  a. The amount of water recycled includes the amount of water recycled from all plants for reuse or recycled to the raw water treatment plant of the Public Works Department.
  b. The clean water recycled to the Public Works Department is deducted from the amount of raw water supplied, currently calculated in terms of original meter.

  Due to the above, the performance of recycling wastewater of the Taiwan Plant advances.

iii. Measures for Reducing Effluents

In accordance with the government's environmental protection regulations, the Company has stipulated management standards for the prevention and control of wastewater pollution. The Company has also promoted policies for the reduction of wastewater discharge in the plants, enforced the management of wastewater discharge, and stipulated standards for wastewater discharge in order to ensure that the quality of the wastewater discharged conforms to the national wastewater discharge standards, as well as to reduce the environmental impacts caused by pollution.

The wastewater treatment methods of the plants are as follows:

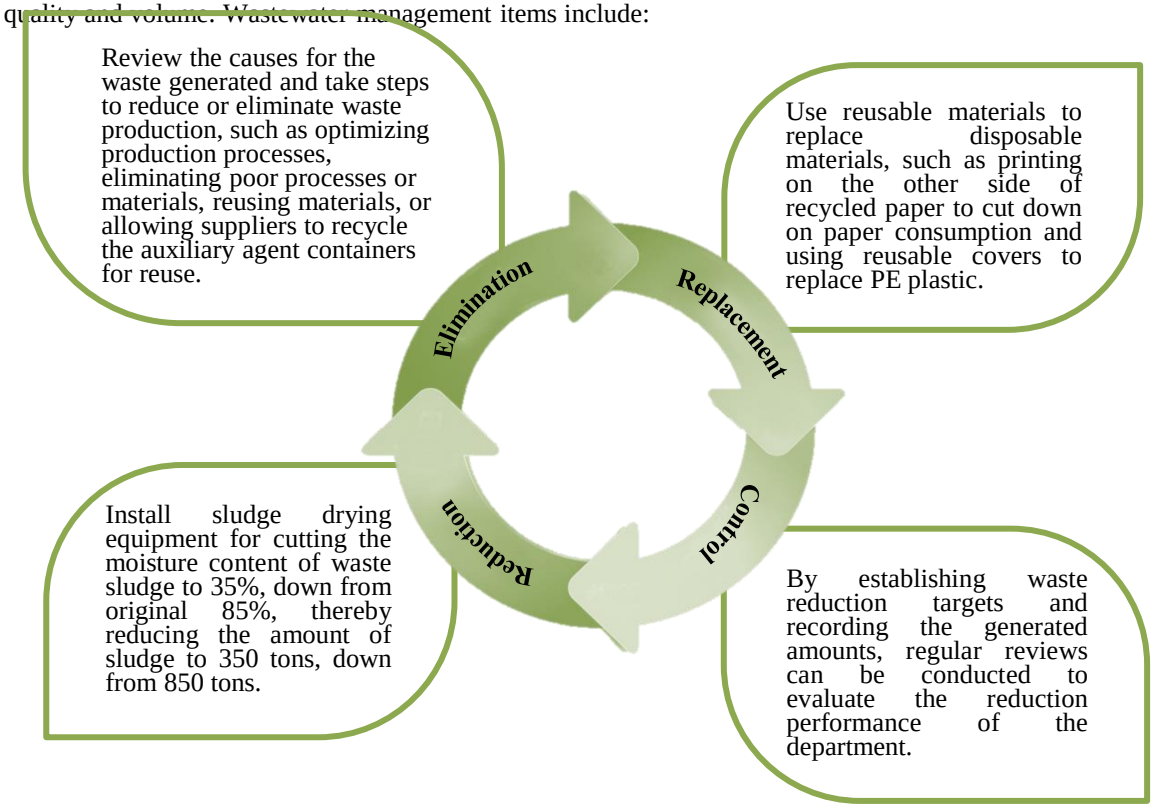
- Taiwan Plant: The pure oxygen aeration and biodegradability method in biochemistry is used as the primary treatment method to reach national standards.
- Zhong-shan Plant (China) and Long-an Plant (Vietnam): The Anaerobic and Aerobic decomposition methods in biochemistry are used as primary treatment methods to reach national standards.
- Chang-shu Plant (China) and Dong-nai Plant (Vietnam): Wastewater treatment facilities are set up in both plants to dispose wastewater to meet the standard for indirect discharge before commissioning with a fee the central wastewater treatment plant of the industrial zone for further processing to meet the standard for discharge.

Regarding the plants' wastewater collection, transportation, and treatment facilities, the Company has stipulated several wastewater operation and monitoring specifications to establish management of wastewater quality and volume. Wastewater management items include:

(i) Production wastewater collection, transportation, and pretreatment facilities
(ii) Domestic wastewater collection, transportation, and pretreatment facilities
(iii) Other wastewater collection, transportation, and pretreatment facilities
(iv) Monitoring of treated wastewater quality and volume from different plants
(v) Procurement of low energy-consuming, low polluting, and efficient advanced production equipment and green energy and materials
(vi) Research and development of green brand products

iv. Measures for Reducing Waste

The waste product management policy of the Company is conducted in accordance with the Waste Disposal Act. In addition to waste classification, the Company also records and declares the information online. The production of waste shall be managed based on the production statistics recorded by the corresponding departments. Refer to the "Waste Management Guidelines" for the management of waste products, which will be implemented in the following steps.

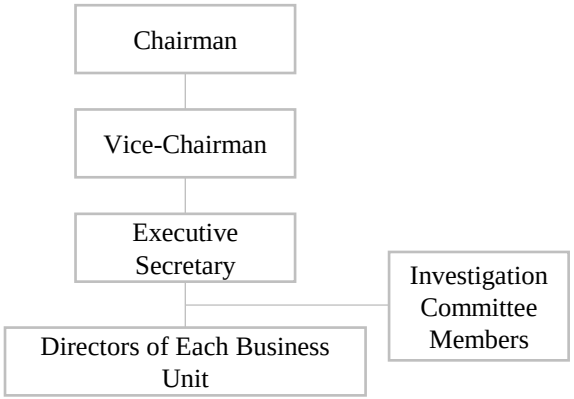


v. Measures for Reducing Emissions

(i) Organization Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee

In response to the specifications of the "Kyoto Protocol", the Company has established the Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee to plan and implement greenhouse gas inventory checks (ISO14064-1:2006). In accordance with the specifications stipulated in the ISO and the GHG Protocol of the World Business Council for Sustainable Development, the Company has established the Formosa Taffeta Systematic Greenhouse Gas Inventory Program, reduction plans, and relevant management and system audit protocols. The inventory results will be used as a basis for stipulating relevant voluntary greenhouse gas reduction measures, which will be used in conjunction with PDCA Circulation Management, to promote sustainable and effective greenhouse gas emission management to allow the production processes of the Company to achieve low carbon emissions. Furthermore, this will enable the upstream and downstream contractors of the textile industry to understand the carbon dioxide emissions during the lifecycle of the product when choosing our products. This will consequently improve the awareness for environmental protection and earth protection and provide indicators for conservation and improvement in order to achieve our corporate social responsibility for energy conservation and carbon reduction.

Organization Chart of the Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee



(ii) Management of Ozone Depleting Substances (ODS)

The management of ozone depleting substances is implemented in accordance with the Air Pollution Management Regulations of the Company, "Regulations for the Management of Restricted Chemical Substances listed in the Montreal Protocol", and "Regulations for the Management of Hydrochlorofluorocarbon Consumption" of the EPA. In response to the current demands of legal regulations and social responsibilities, the Company will gradually replace machine models or equipment containing Chlorofluorocarbons (CFC) and Hydrochlorofluorocarbons (HCFC) to achieve the objectives of zero ODS emissions.

(iii) Environmental Monitoring and Inspection

All relevant production processes should be conducted in accordance with the air pollution operation permits that are obtained in accordance with the regulations. The tracking of the expiration date and application for the environmental protection permits should be managed through the computer system of the Company. Regarding the plant's stationary pollution sources (two chimneys for oil and electricity cogeneration processes), a constant monitoring system is connected in real-time to the Yunlin Environmental Protection Bureau and is under the full supervision of the environmental protection authorities. Regular inspection should be conducted on all emission chimneys in the plants, and the inspection results should be declared to the Environmental Protection Bureau.

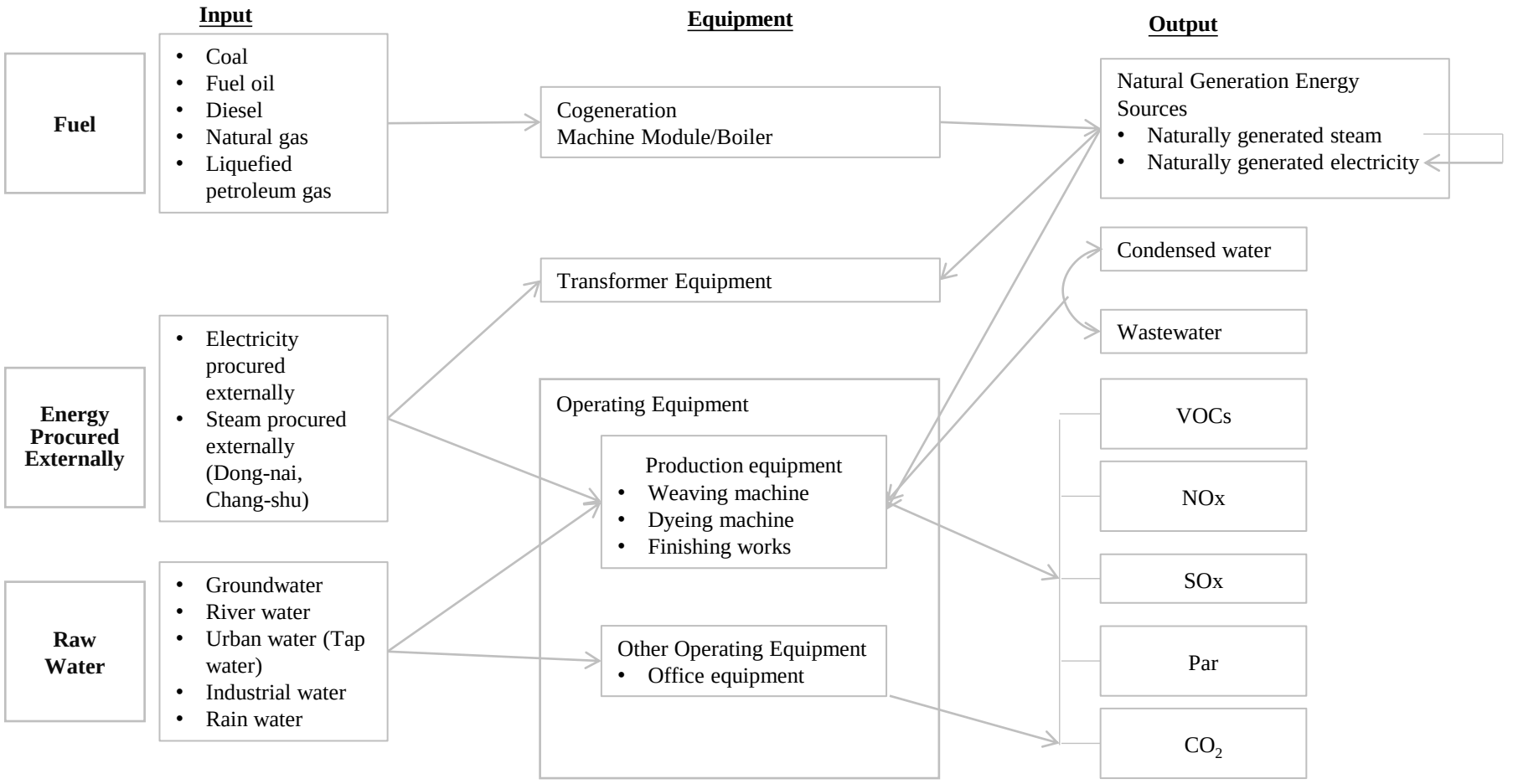
(iv) Autonomous Management of the Diesel Vehicle Fleet

The Company has signed the Autonomous Management of the Diesel Vehicle Fleet in the Air Quality Zones of Yunlin, Chiayi and Tainan to ensure that vehicle emissions conform to emission standards and maintain air quality.

(v) Green Electricity and Green Procurement

The Ministry of Economic Affairs promoted the "Voluntary Green Electricity Pricing Pilot Project" to encourage enterprises to subscribe to green electricity, which will be used to subsidize renewable energy generation like wind and solar energy. The project was designed to help enterprises reduce the carbon emissions of their products and fulfill their social responsibility of environmental protection. Priority is given to the procurement of products awarded with environmental protection labels (Green Label, Energy Label, Water Label, Green Building Material Label, etc.) in order to fulfill our responsibility to the earth. In 2016, the amount spent on green procurement was NT$ 1,472,723.

(III) Input and Output of Energy and Water Resources

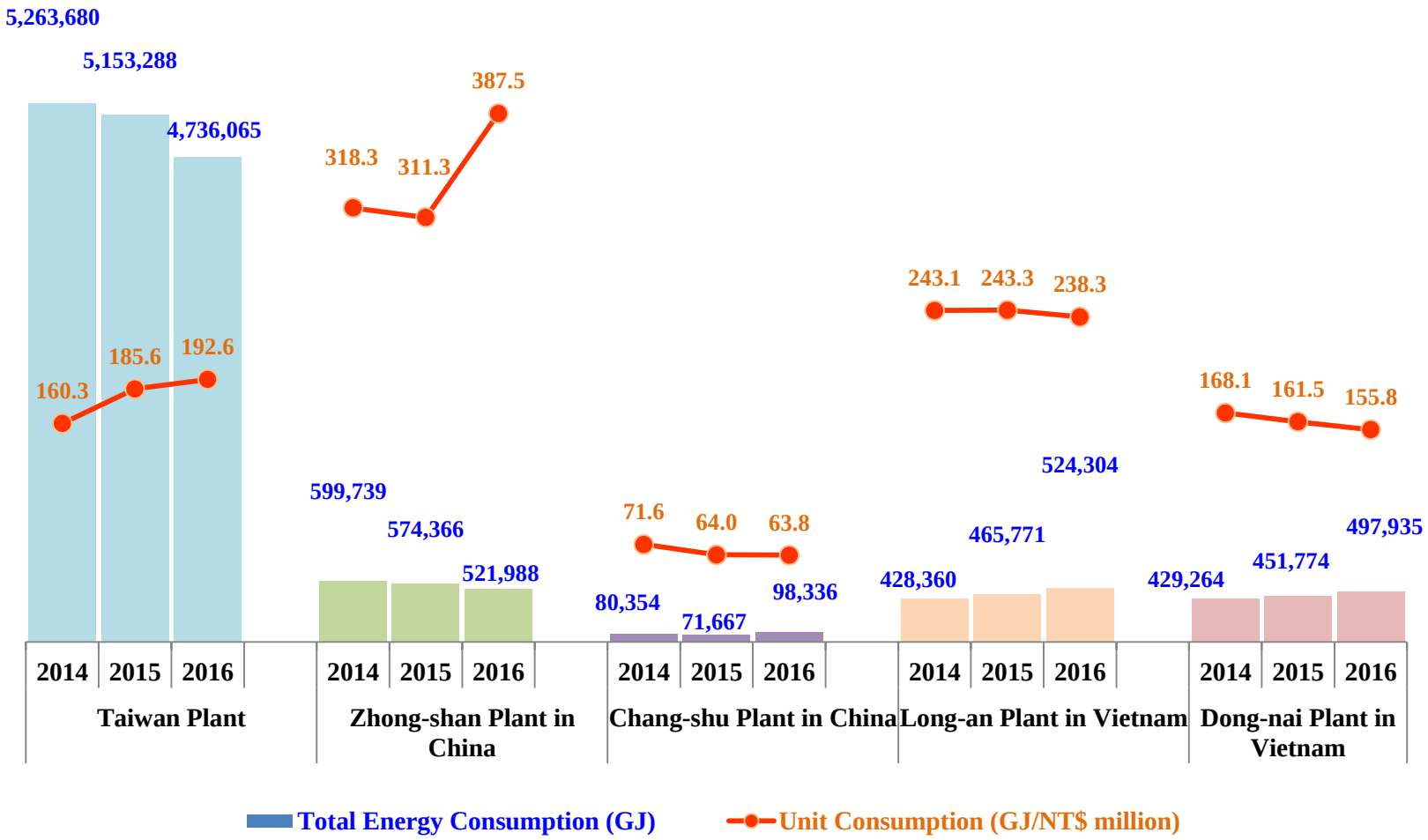


Energy Production and Procurement, Water Resource Input, and Derivative Products Formed after Input of Water Resources

i. Input of Energy and Water Resources

(i) Energy Consumption of the Five Plants (In Three Countries)

Annual Energy Consumption of the Five Plants between 2014~2016



Energy Consumption Items of the Five Plants between 2014~2016 **Unit: GJ**

Item \ Plant / Year	Taiwan Plant			Zhong-shan Plant (China)			Chang-shu Plant (China)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Coal	3,215,706	3,344,198	3,206,476	402,298	393,120	364,234	-	-	-
Fuel oil	1,009,278	866,091	806,432	-	-	-	-	-	-
Diesel #	5,663	5,782	4,693	4,714	3,836	2,968	-	-	-
Natural gas	-	-	-	53,540	53,786	41,678	49,259	42,370	62,791
Outsourcing electricity	1,033,033	937,218	718,464	139,187	123,624	113,108	30,952	29,157	35,393
Outsourcing steam	-	-	-	-	-	-	143	140	152
Total Consumption	5,263,680	5,153,288	4,736,065	599,739	574,366	521,988	80,354	71,667	98,336

Item \ Plant / Year	Long-an Plant (Vietnam)			Dong-nai Plant (Vietnam)		
	2014	2015	2016	2014	2015	2016
Coal	277,451	314,317	333,373	-	-	-
Fuel oil	22,693	19,479	46,278	-	-	-
Diesel #	-	-	-	-	-	-
Natural gas	41	59	52	-	-	-
Outsourcing electricity	128,176	131,917	144,601	213,777	229,868	256,821
Outsourcing steam	-	-	-	215,487	221,906	241,113
Total Consumption	428,360	465,771	524,304	429,264	451,774	497,935

#: The diesel data in the previous report was mistakenly determined using the calculation formula for fuel oil. The correction is made in this report as shown above.

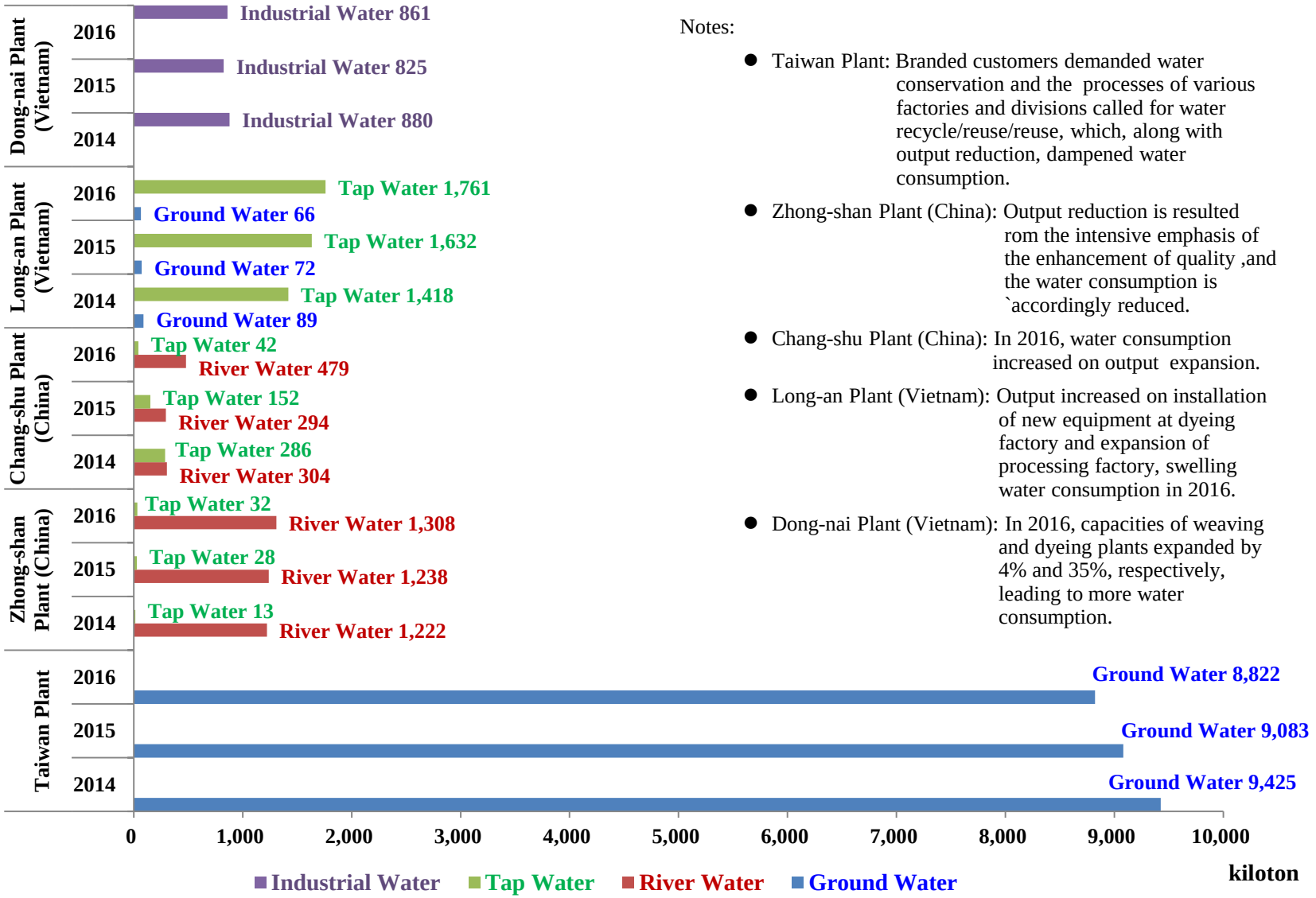
*: The calculation for the unit energy consumption for Taiwan Plant in this report uses the operating revenue in the consolidated financial statements as the denominator. The previous report adopted individual revenue as the denominator, and because the aforementioned calculation formula has errors, the statistics in the 2013 and 2014 report are not consistent and have thus been updated in this report.

Notes:

- Taiwan Plant: Thanks to output reduction and energy-efficiency enhancement, total and unit energy consumption both declined in 2016.
- Zhong-shan Plant (China): Due to special emphasis on quality improvement, output dropped in 2016, dragging down total energy consumption, but the scale of revenue reduction was larger than that of total energy consumption, boosting unit energy consumption.
- Chang-shu Plant (China): In 2016, the addition of wastewater treatment item and output expansion boosted total energy consumption but unit energy consumption dropped, thanks to improved energy efficiency.
- Long-an Plant (Vietnam), Dong-nai Plant (Vietnam): In 2016, output expansion augmented energy consumption but unit energy consumption diminished on higher energy efficiency.

(ii) Raw Water Consumption of the Five Plants

Total Raw Water Consumption of the Five Plants between 2014~2016



Notes:

- Taiwan Plant: Branded customers demanded water conservation and the processes of various factories and divisions called for water recycle/reuse/reuse, which, along with output reduction, dampened water consumption.
- Zhong-shan Plant (China): Output reduction is resulted rom the intensive emphasis of the enhancement of quality ,and the water consumption is `accordingly reduced.
- Chang-shu Plant (China): In 2016, water consumption increased on output expansion.
- Long-an Plant (Vietnam): Output increased on installation of new equipment at dyeing factory and expansion of processing factory, swelling water consumption in 2016.
- Dong-nai Plant (Vietnam): In 2016, capacities of weaving and dyeing plants expanded by 4% and 35%, respectively, leading to more water consumption.

ii. Output of Energy and Water Resources

(i) Waste Gases

1. Greenhouse Gases

There are three main sources of greenhouse gases:

(1) Emissions from Stationary Sources:

Emissions generated from usage, such as cogeneration, hot coal oil boiler, emergency generator, diesel oil engine generator, steam boiler, and cafeteria

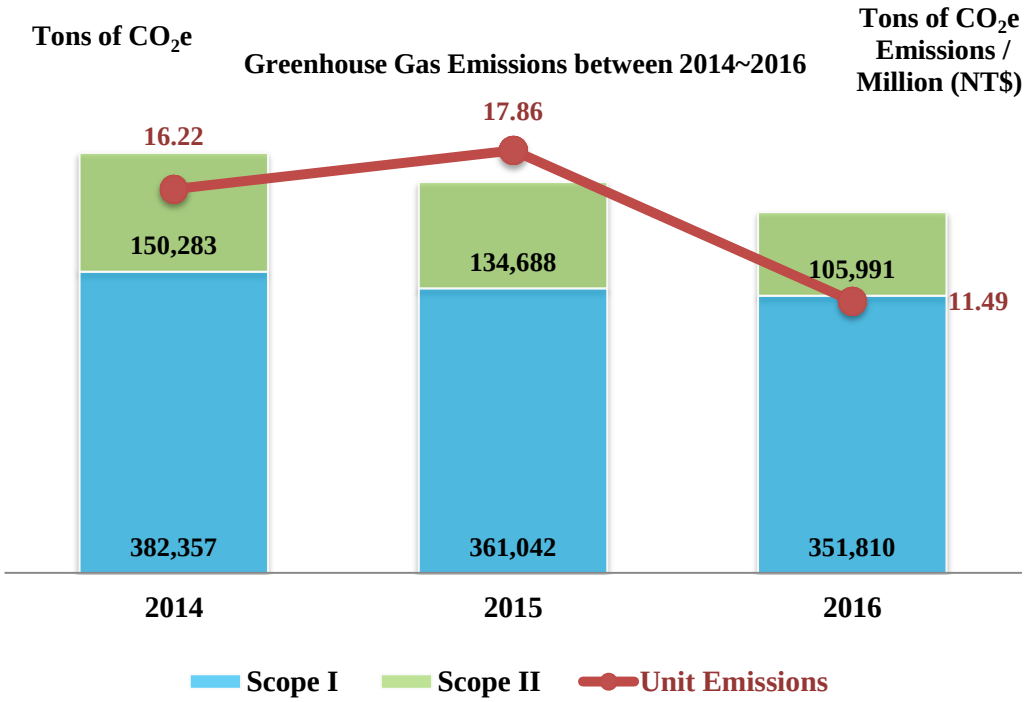
(2) Emissions from Mobile Sources:

Emissions generated from the energy usage of vehicles, such as transportation vehicles, cars, and forklifts during transportation

(3) Emissions from Fugitive Sources:

Emissions generated from the operation of facilities, such as internal freezers, coolers, refrigerators, Very High Voltage Generator Circuit Breaker (GCB), carbon dioxide fire extinguishers, and septic tanks.

The ration of Scope 1 to Scope 2 Greenhouse Gas Emissions of the Taiwan Plant for 2016 is 76.85%/23.15%; the sources for Scope 2 emissions primarily come from the procurement of electricity. Data on Scope 3 indirect greenhouse gas emissions are hard to obtain due to actual usage. Currently, according to the greenhouse gas inventory conducted by the EPA, the inventory investigation of 2015 will only identify the emission sources and provide a qualitative list instead of a quantified list. The emissions in this scope are primarily due to the commuting of employees, contractors, and client vehicles, as well as the handling of general industrial waste by commissioned contractors.



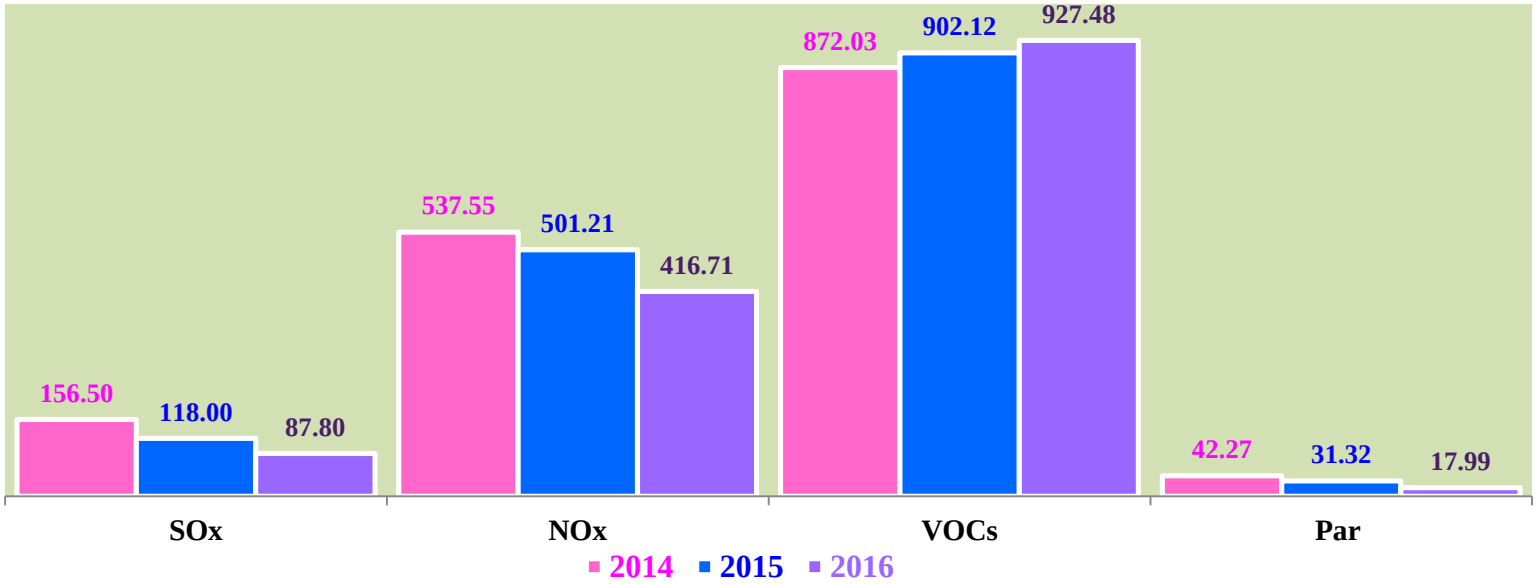
※ Unit Emissions = $\frac{\text{Total Annual greenhouse gas Emissions (Tons of } CO_2e \text{ Emissions)}}{\text{Annual Revenue income of the Taiwan Plant (NT\$ Million)}}$

- Source: Information declared to the county environmental protection bureaus by Formosa Taffeta Co., Ltd. (Taiwan).
- Statistics of GWP value are collected based on the categories of the Fourth Assessment Report announced by IPCC in 2007.
- Emissions of Scope One and Scope Two in 2016 decrease due to less production, but emissions per unit are higher than that of 2015 because of lower revenues and diversity of products, etc.

2. Other Air Pollution

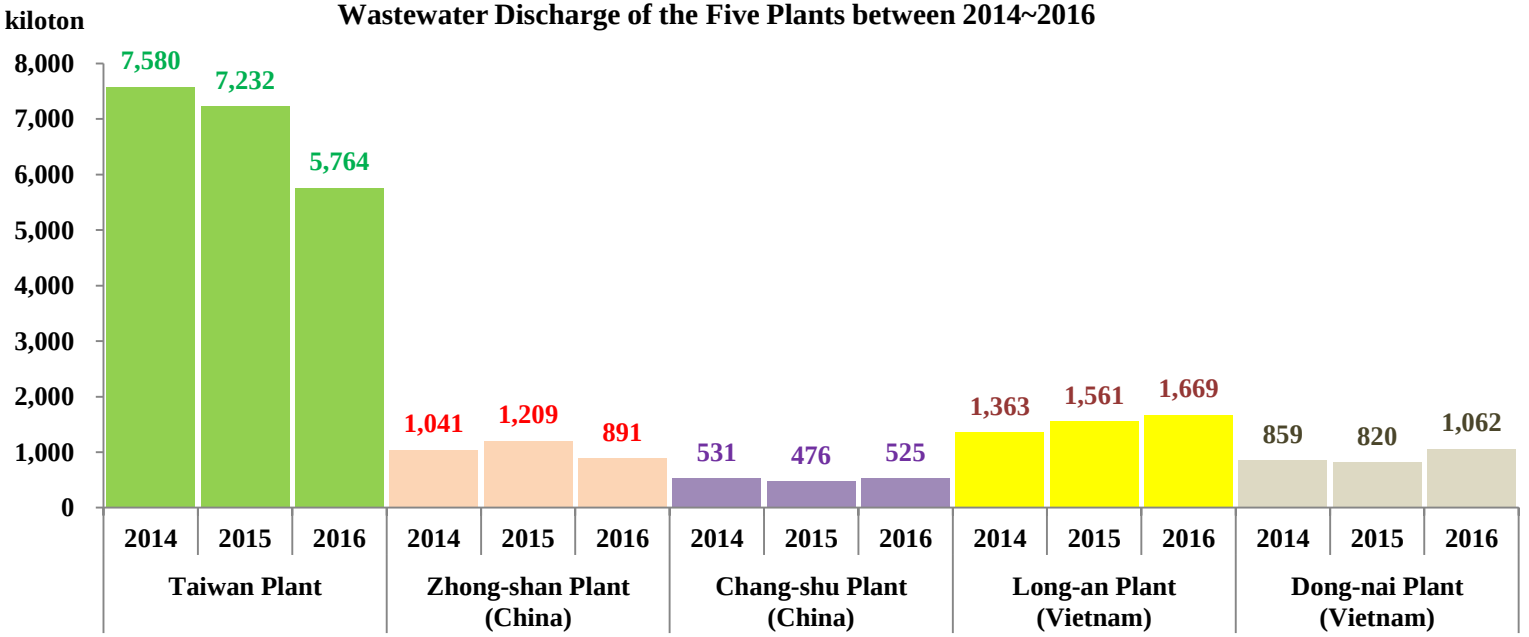
Tons

Sox, NOx, VOCs, Par Emissions in Taiwan Plant in Previous Years



- Source: Information declared to Environmental Protection Admiration of Executive Yuan by Formosa Taffeta Co., Ltd. (Taiwan Plant).
- In compliance with air-pollution abatement policy of the environment protection bureau, the company installed wet Flue-Gas desulphurization towers for both combined heat and power (CHP), also known as cogeneration, and coal fired utility boilers, thereby cutting SOx emission.
- Cogenerations were equipped with SCR denitrification devices in the second half of 2016, slashing NOx emission.
- VOCs emission increased, due to the addition of production line for bulletproof prepreg at processing plant in 2016, whose VOCs emission from the use of water-soluble organic solvent undergoes particle-condensation water cleansing before discharge to the company's wastewater treatment facility for treatment, reducing the amount of recycled VOCs at the activated-carbon adsorption and desorption treatment at the rear end. Due to inability to prove the dissolved amount in water by water-soluble organic solvent for offsetting VOCs emission when filing report, VOCs emission increased in 2016. Regenerative Thermal Oxidizer (RTO) was added to effectively destruct water- soluble waste gas by burning it for cutting VOCs emission in the future.
- The installation of wet Flue-Gas desulphurization towers or water scrubbing towers for processing air pollutants emitted by cogenerations and coal fired utility boilers inhibited discharge of particulate matter pollutants, which therefore further lowered that kind of discharge in 2016.

(ii) Wastewater



Notes:

- Taiwan Plant: Water consumption dropped, due to output decline, water recycle/reuse in the process of various factories, and demand of branded customers for water conservation. The final destination for the discharged wastewater is Dapu River. Chi Mei Inspection Tech Co., Ltd. is commissioned to conduct inspections on the quality of the discharged wastewater. Such statistics as water temperature, hydrogen ion concentration index, true color hue, suspended solids, chemical oxygen demand, biochemical oxygen demand, and anionic surfactants in the report are lower than the discharge standards published by the EPA.
- Zhong-shan Plant (China): Waste-water discharge dropped on output reduction. Wastewater from processes is discharged into Xijiang River after inner bio-treatment to the extent in conformity with local discharge standards.
- Chang-shu Plant (China): Waste-water discharge increased in 2016, along with output growth. Daily-life and process-generated wastewater is channeled to waste-water treatment in factory premises for treatment into a level meeting the standard for discharge to the waste-water treatment plant in the industrial zone for further treatment. Long-an Plant, Dong-nai Plant (Vietnam): Waste-water discharge increased in 2016, along with output expansion. Wastewater discharged by the Long-an factory undergoes treatment for attaining the standard for the discharge of industrial wastewater and for waste-water discharge by textile plants before being discharged into Wangudong River. Wastewater of the Dong-nai plant undergoes treatment for attaining the standard for discharge of the industrial zone before being channeled to the zone's waste-water treatment plant for further treatment and discharge.

3. Waste

Amount of Waste Disposed, Classified in Accordance with Toxic/Non-Toxic/Handling Methods of the Five Plants between 2014~2016 **Unit: Ton**

	Taiwan Plant						Zhong-shan Plant in China						Chang-shu Plant in China					
Year	2014		2015		2016		2014		2015		2016		2014		2015		2016	
Type / Handling Method	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic
Physical Disposal Methods	195	77	164	102	-	40	7	19	7	24	-	-	-	-	-	-	-	-
Incineration	-	1,028	-	1,215	-	1,265	99	59	1,269	50	-	-	-	-	-	-	-	
Burying	-	2,600	-	3,822	-	750	-	-	-	-	-	-	-	-	-	-	-	-
Reusing	-	16,690	-	19,508	-	26,379	158	449	176	1,135	-	-	-	-	-	-	-	
Incineration and Burying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical Treatment and Reuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outsourced Disposal (Unclassified)	-	-	-	-	-	-	-	-	-	-	2,241	-	10	103	9	132	12	800
Total Quantity		20,590		24,812		28,434		790		2,660		2,241		113		141		812

	Long-an Plant in Vietnam						Dong-nai Plant in Vietnam					
Year	2014		2015		2016		2014		2015		2016	
Type / Handling Method	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic
Physical Disposal Methods	-	-	-	-	-	-	-	-	-	-	-	-
Incineration	-	-	-	-	-	-	-	-	-	-	-	-
Burying	-	-	-	-	-	-	-	-	-	-	-	-
Reusing	-	1,802	-	3,094	-	4,350	-	-	-	-	-	-
Incineration and Burying	1,308	59	1,593	57	3,234	97	-	-	-	-	-	-
Chemical Treatment and Reuse	18	-	23	-	8	-	-	-	-	-	-	-
Outsourced Disposal (Unclassified)	-	-	-	-	-	-	106	5,737	89	6,452	290	5,732
Total Quantity		3,186		4,767		7,689		5,843		6,541		6,021

- Handling methods of Zhong-shan Plant (China), Chang-shu Plant (China,) and Dong-nai Plant (Vietnam)are not further classified.

(IV) Violations and Environmental Protection Expenditures

i. Total Expenditures on Damages and Penalties due to Environmental Pollution in Recent Years

Item \ Year	2014	2015		2016
Compensation Subjects or Enforcement Organization	Yunlin Environmental Protection Bureau	Yunlin Environmental Protection Bureau	Dong-nai Fire Department (Vietnam)	Occupational Safety and Health Administration Ministry of Labor of the Central Area
Compensation or Penalties	NT$ 12,000	NT$ 136,000	NT$ 2300	NT$ 60,000
Other loss	0	0	0	0

- In 2016, except fine on the Taiwanese factory for inadequate equipment protection, in violation of the regulation on occupational safety facilities, a mistake having been rectified, there were no other major violations of regulations.

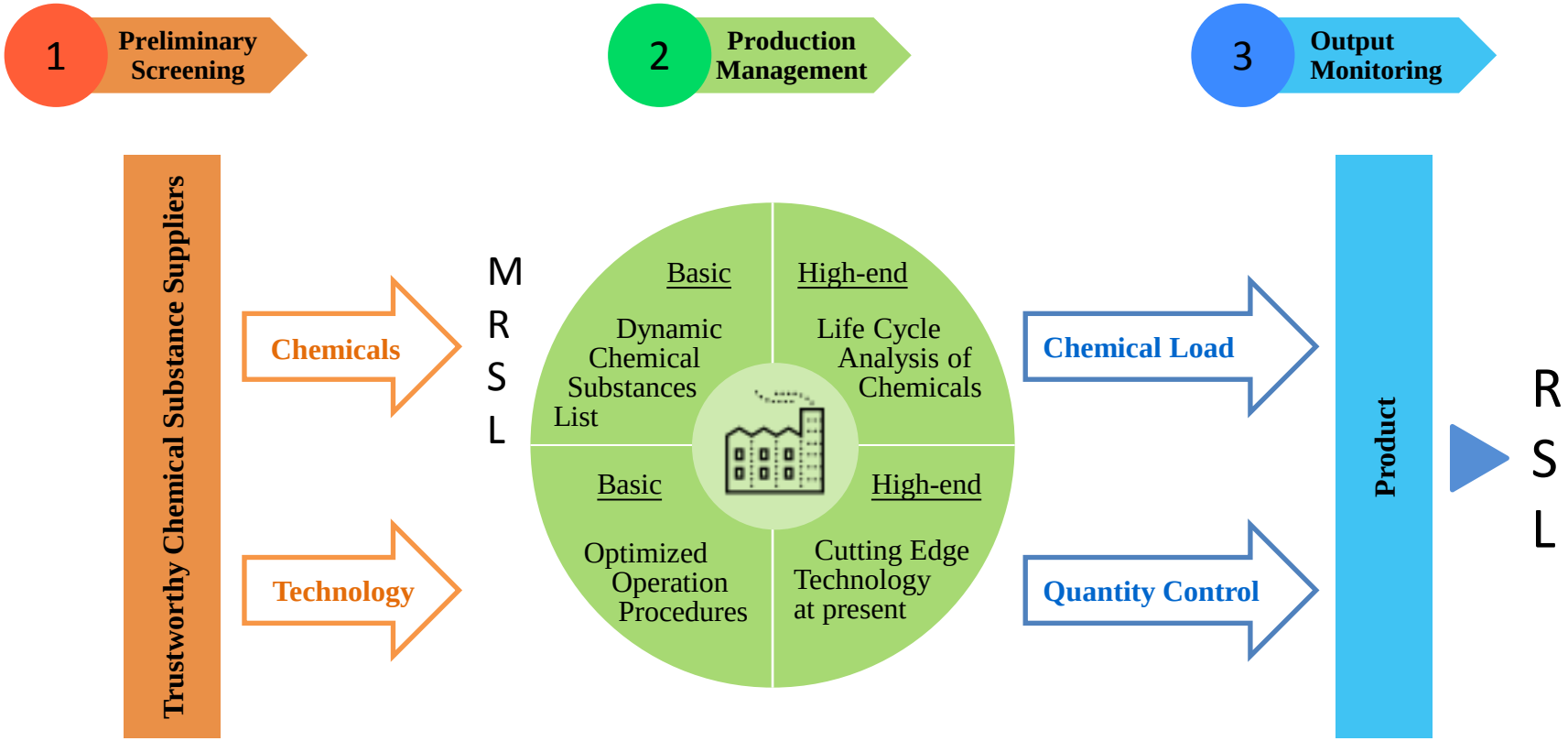
ii. Expenditures on Meeting Future Policies and Possible Improvements

Pollution Prevention and Control Equipment Bought over Two Years:

Item \ Year	2015	2016
Pollution Prevention and Control Equipment Scheduled for Procurement or Planned Expenditures	1. 1Addition of 3 sets of scrubbing towers for the fuel boilers in Taiwan Plants 2. Improvements in the aeration of wastewater treatment in Zhong-shan Plant 3. Addition of 1 water purifier system in Chang-shu Plant 4. Addition of 1 wastewater treatment facility planned in Chang-shu Plant 5. Addition of 2 sets of De-NOx equipment planned in the cogeneration plant of the Taiwan Plant Complex	1. Addition of 3 sets of denitrification (denox) equipment in the cogeneration plant in Taiwan Plant Complex 2. Replacement of 3 sludge dewatering equipment sets in the wastewater treatment plant of the Taiwan Plant Complex 3. Addition of 1 set of 1500CMD wastewater recycling equipment in Weaving Plant 2 of the Taiwan Plant Complex 4. Addition of 1 set of 2800CMD wastewater treatment equipment and 1 set of 1500CMD wastewater recycling equipment in Chang-shu Plant Complex 5. Addition of 1 set of 1200CMD wastewater recycling equipment in Long-an Plant Complex 6. Addition of 1 set of 2900CMD wastewater automated monitoring system in Dong-nai Plant Complex
Scheduled Improvements	1. Removal of particulate pollutants in boiler flue gas 2. Improving the efficiency of wastewater pollution removal 3. Reducing water consumption and costs 4. Reducing polluted wastewater discharge 5. Reducing the concentration of nitrogen oxides in boiler flue gas.	1. Reducing the concentration of nitrogen oxides in boiler flue gas 2. Reducing the water content of wastewater sludge 3. Reducing water consumption and costs 4. Reducing polluted wastewater discharge, water consumption, and water consumption costs 5. Reducing water consumption and costs 6. Monitoring the quality of discharged wastewater and reducing the abnormalities of the discharged wastewater.
Amount	NT$ 145,500 Thousand	NT$ 189,000 Thousand

(V) Development of Green Sustainability

In order to fulfill the social responsibilities of environmental protection and consumer safety, as well as implement sustainability policies, the Company has conducted stringent tests and experiments on the chemicals applied to fabrics to evaluate and ensure that the quality and composition of the products comply with the requirements of the customers and the regulations. The Company will also send materials and products to third-party laboratories for inspections to ensure that the materials used and the products are safe. The Company has implemented a three-phase management measure on chemical substances, revolving around two key themes, which are explained below:



Wet Treatment Process of Fabric

1. Preliminary Screening + Pre-Purchase Inspection	2. Production Management	3. Output Monitoring
Chemical substances should conform to the specifications of the Safety Data Sheet (SDS) or carry a Declaration of Conformity (DoC). Then the chemical substances must pass the pre-purchase inspection and production test before the material can be included in the list of useable materials. Each time the material is procured, sample inspections will be conducted to ensure that the quality conforms to the relevant standards.	Establish Standards for the Handling and Operation of Chemical Substances, including procurement, application, storage, transportation, and disposal handling measures. The measures should be further classified as basic level and high level to ensure constant improvements to the procedure.	This phase is mainly classified into chemical usage, product yield, and discharge management. The aim of this phase is to ensure that the maximum production yield can be achieved with the minimal use of chemical substances, thus achieving the ultimate objective of reducing discharge volume.

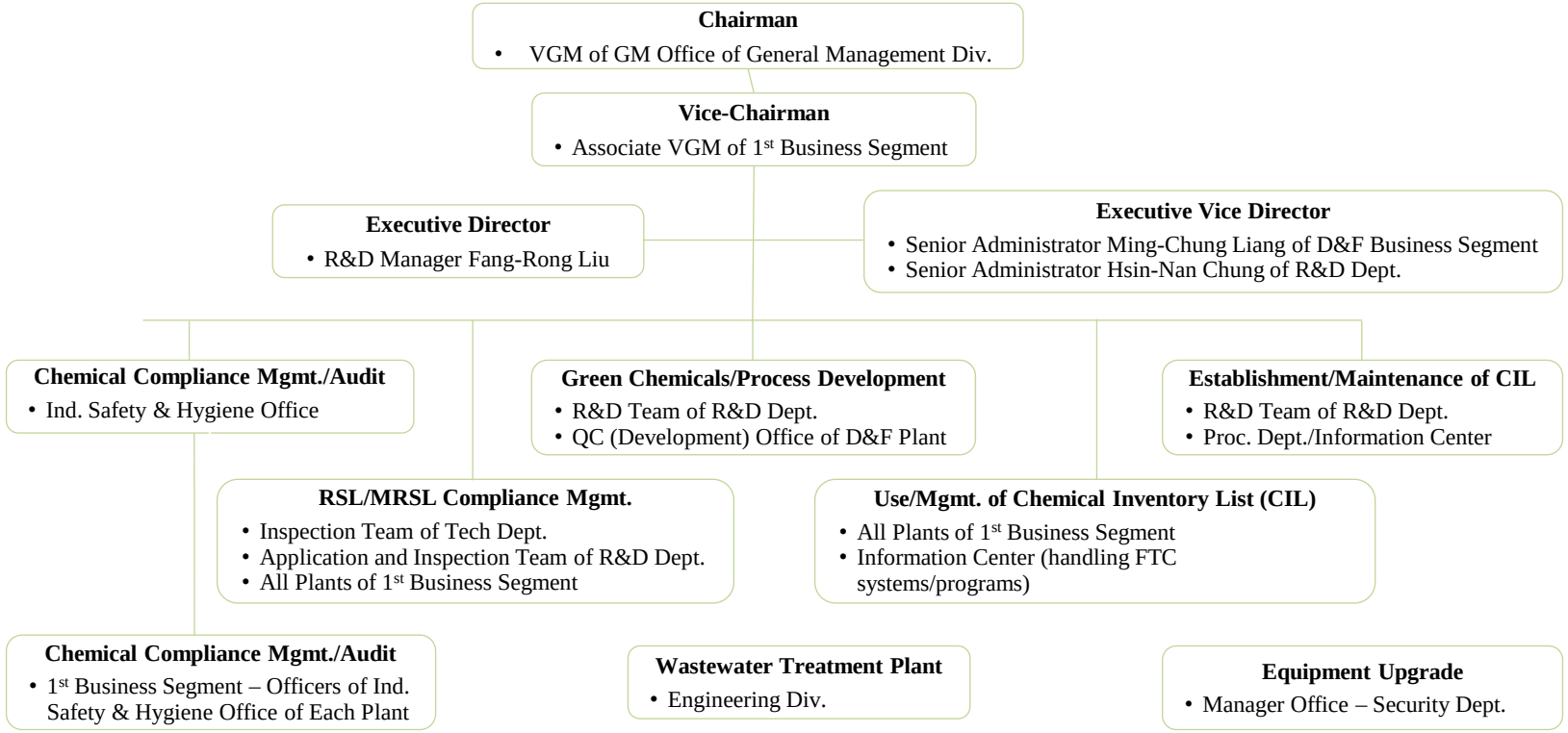
Two Themes

1. Life cycle analysis of basic chemical substances and high-end chemical substances, including load analysis of the final environmental chemical substances

2. Basic optimization procedures and high-end cutting-edge technology are classified under production management and optimization.

Through the above chemical management structure, the security of product users and the green material quality of the textile supply chain can be improved, allowing the Company to progress towards its objective of achieving Zero Discharge of Hazardous Chemicals by 2020.

In order to achieve the goals of Zero Discharge of Hazardous Chemicals by 2020, the Company signed a declaration warranty in 2013, pledging that the raw materials used in production shall not contain specific hazardous chemicals. With regards to the information disclosure and transparency of the raw materials, more communication is needed with suppliers. The Zero Discharge of Hazardous Chemicals Project Committee has also been established with the following organization structure:



Operations and Responsibilities of Relevant Departments

1. R&D Center: Responsible for establishing safety standards for raw materials, management of the Company's environmental protection commitment of suppliers, and procurement inspection of dyes/chemicals.
2. Materials Department: Responsible for establishing basic profiles for dye/chemical suppliers.
   Note: Full inspection must be conducted for Category 12 and Category 13. If the supplier would like to apply for inspection exemption, then the on-site procurement department must present a signed application to be submitted to the President Office for approval.
3. Technology Department: Responsible for the management of Oeko-Tex Standard 100 certifications, Restricted Substances List of each brand, and the endorsement of guarantees required by the clients.

ZDHC Short-term, Medium-term, and Long-term Plans

Short-term Objectives:

1. Stocktaking of Chemical
2. The establishment of a ZDHC database, including such information as the Globally Harmonized System (GHS), SDS, Technical Data Sheet (TDS), Supplier Information, Chemical Oxygen Demand (COD), consumption, etc.
3. Register the 11 prohibited chemicals of ZDHC under restriction control
4. Requests for suppliers' offer of the 4-in-1 Guarantee[1]/11 Prohibited Substances Guarantee
5. Chemical Procurement Screening (Selecting chemicals based on the MRSL)

Mid-term Objectives:

1. To decrease consumption types and amount of chemicals; to increase reuse
2. To compare toxicity of chemicals during procurement and request inspection reports from suppliers for comparison
3. Gradual increase in utilization ratio of environmentally friendly waterproof agents
2. Checks of final fabrics by the Technology Department to see whether they are produced without materials in the RSL
3. The establishment of Standard Operating Procedures for Chemical Management.

Note:

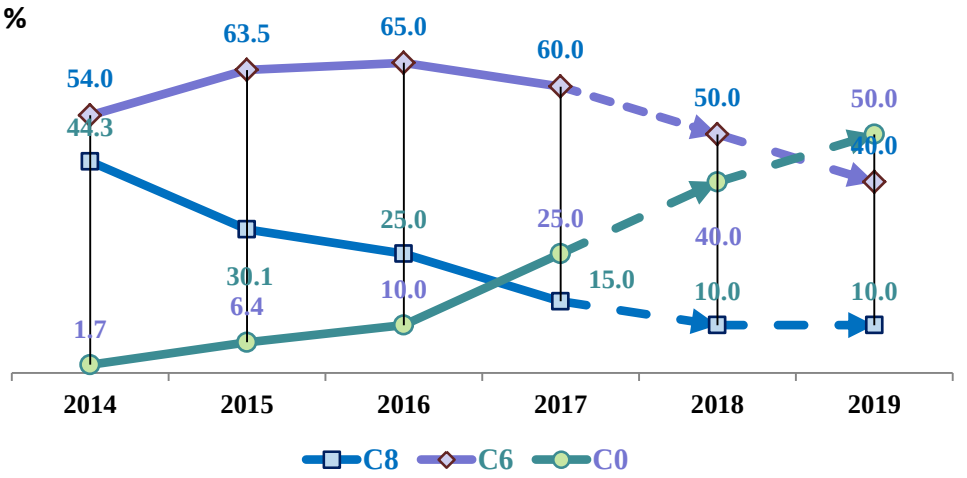
a. 4-in-1 Guarantee
   - Guarantee of compliance with OEKO-Tex Standard 100 Specifications
   - Guarantee of compliance with SVHC Specifications of EU REACH
   - Guarantee of zero Organotin contents
   - Guarantee of zero APEO contents

3. To calculate the Chemical Oxygen Demand required for the total discharge of chemicals, establish targets, and reduce the proportion
4. To establish environmentally friendly production lines

Long-term Objectives:

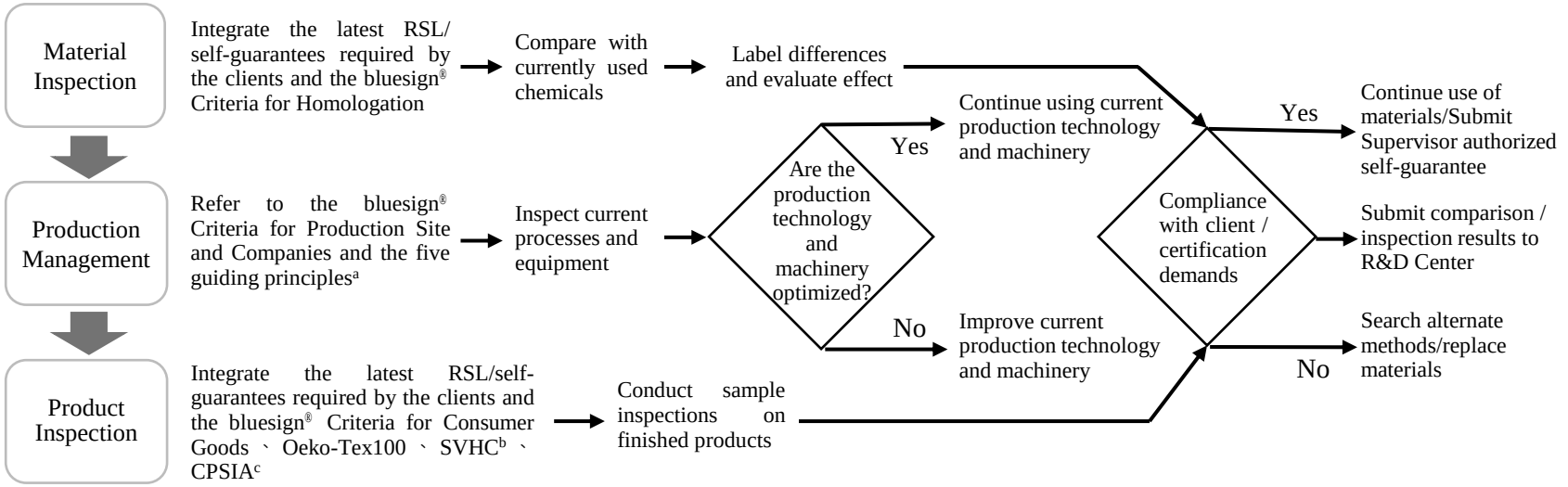
1. All fabric types should have production traceability records so that every batch of chemicals can be traced and information details can be checked.
2. All products should comply with the environmentally friendly and non-toxic discharge standards of the ZDHC. Taking fluoropolymer for example, long-chained fluoropolymer has been gradually replaced with short-chained one and eventually with fluorine-free one.
   - The use of long-chained C8 was gradually reduced over the years in conjunction with the PFOA/PFOS draft regulation proposed by the United States EPA. Umbrella fabric still needs the addition of strong water repellent agent C8, with a share of around 10%, whose waste liquid will be recycled for treatment.
   - To satisfy environmental protection demands of the brand products, a shift from C8 to C6 or C0 FC chain length is in progress.
   - The dotted lines represent the projected consumption targets for 2017~2019.
3. The objectives of zero discharge of hazardous chemicals should be attained by 2020.

Current and Planned Annual Consumption of Fluorocarbon and Fluorine-free Polymer



Implementation Measures for the Three Phases

The management procedures of the Company for materials, production processes, and the hazardous chemicals in products are conducted based on the procedure of defining standards → Implementation of Management → Product Inspection. The procedures are summarized below:



Notes:

a. Five Guiding Principles of bluesign®
   (a) Resource productivity: Define the ecological challenges, economic priorities, and the added values of the bluesign® system during textile production processes.
   (b) Consumer Safety: Adopt comprehensive measures to ensure that the bluesign® system complies with moral ethics to provide clients with high-quality textile products.
   (c) Wastewater Discharge: The bluesign® system aims at eliminating hazardous chemical substances to reduce water pollution and promote the use of advanced wastewater treatment systems.
   (d) Waste Gas Emissions: Engage in active weather protection, including the use of low emission components, optimizing energy consumption, and strict monitoring of the emission limits of all production processes.
   (e) Occupational Health and Safety: Adopt strict guidelines for the use of sustainable chemicals in the textile supply chain in order to provide a positive influence for the collaborating partners in the bluesign® system. (Refer to the "Green Trade Information" website, http://www.greentrade.org.tw/node/43646.)

b. SVHC: Substances of Very High Concern, announced by the European Chemicals Agency (ECHA); items on the candidate list are 168 in total.

c. CPSIA: Consumer Product Safety Improvement Act, a United States law signed on August 14, 2008 by President George W. Bush, that requires manufacturers and importers to submit documentation of testing by recognized third-parties.

i. Using Green Materials – Hazardous Chemical Management

In order to allow compliance with safety management regulations for the use, storage, and transportation of hazardous chemicals, as well as ensure the safety of the operating personnel and equipment, the Company adheres to relevant regulations, such as occupational safety, fire safety, and transportation, to stipulate relevant document management and Standard Operation Procedures (SOP), which will strengthen safety management, operation control, safety and health facility establishment, emergency handling, and supervision inspections in order to reduce hazards of the chemicals.

(i) Procedure Manuals for Chemical Management Stipulated by Formosa Taffeta

Chemical Management Item	Management Regulations Stipulated by Formosa Taffeta
Management of Hazardous Chemical Labeling and General Knowledge	Regulations for the Management of Hazardous Chemical Labeling and General Knowledge
Management of Dangerous Objects	Regulations for the Management of Public Hazardous Objects
Management of Chemical Operations	Regulations for the Management of Hazardous Chemical Operations
Personnel Management Training	Regulations for the Management of Personnel Training
Hazardous Chemical Operating Environment	Regulations for the Management and Monitoring of the Operating Environment

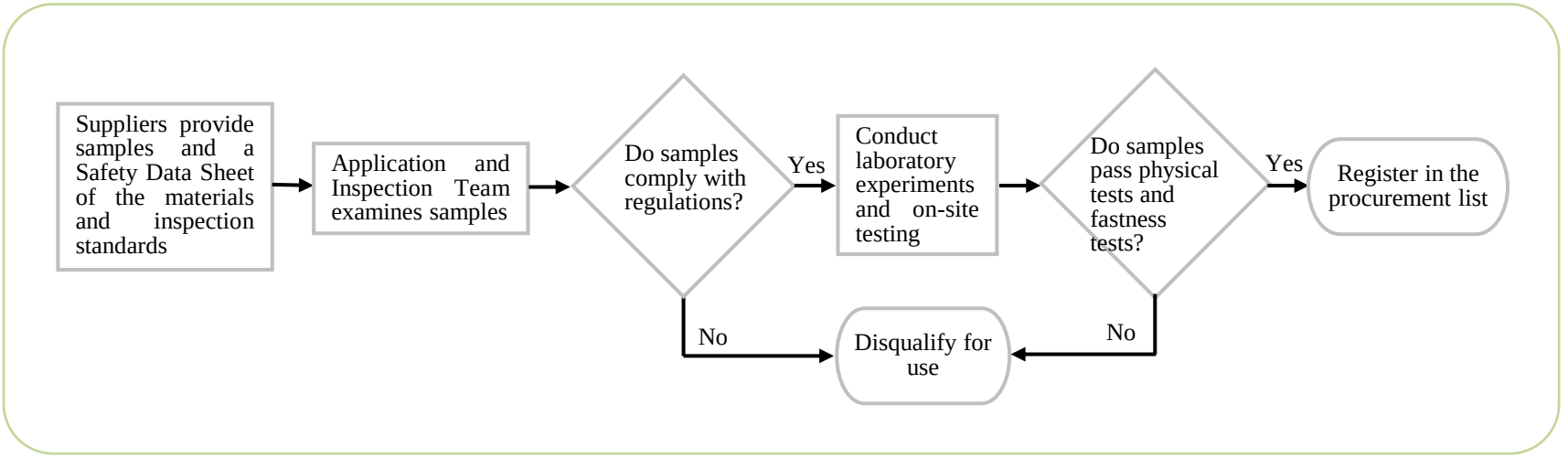
(ii) Chemical Control Banding (CCB)

In conjunction with the provisions of the "Occupational Safety and Health Act" and the increase in demands of chemical management by the stakeholders, the Industrial Safety Office of the Company has stipulated the Chemical Control Banding (CCB) regulation, which will provide the basis for evaluating the risk level and enforcement rules for control banding in accordance with the health hazards, spread, and usage of hazardous chemicals. After gathering the Industrial Safety Officers of each Plant for personnel training, each Plant will establish the "Hazardous Chemical Assessment and Grading Table" and schedules for the implementation of the chemical control banding in accordance with their specific needs and record such information as assessment methods, control banding measures, and implementation logs of the chemical control banding for future reference to facilitate the institutionalization and traceability of the chemical control banding system.

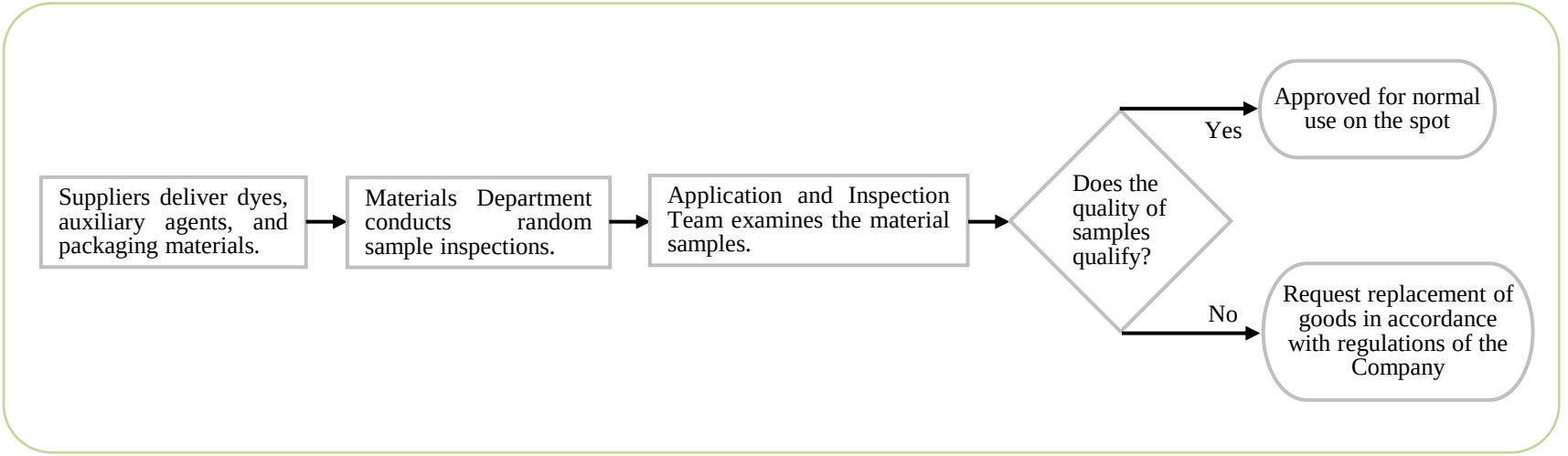
(iii) Hazardous Chemical Inventory Management

The Application and Inspection Team of the R&D Center specializes in the stipulation of standards for the composition/quality of dyes, auxiliary agents, and packaging materials, as well as the quality determination for procuring said materials. Through the inspection of every batch of materials, source management can be achieved to ensure that the quality conforms to clients' requirements. The materials currently in use have undergone stringent reviews, inspections, and tests to ensure that all products comply with the Oeko-Tex® 100 Standard Certification and clients' standards. Suppliers that have not yet obtained environmental certificates will be required to present environmental protection guarantees that prove that the supplier meets the specifications of Oeko-Tex® 100 Standard and complies with the SVHC inventory management of the EU REACH, as well as that their products contain zero organotin or APEO contents. If the supplier is unable to provide such guarantees, then the supplied products will not be registered for use in the material inventory, and if subsequent improvements or corrective measures are not made, then the supplier will be eliminated from the collaboration list.

Establish Chemical Inventory Management



Feed Material Inspection



(iv) Transportation and Storage Management of Chemicals

In addition to establishing clear warning signs and labels for storage in order to increase the awareness of onsite personnel regarding potential hazards and self-protection, the Company has also installed anti-overflow embankments of suitable height or leakage prevention devices with similar functions in the vicinity of the transportation facilities, storage tanks, and pumps to prevent hazards related to chemical spills and pollution. The inspection of the transportation facilities and storage tanks will be irregularly conducted by the Standards Team and Industrial Safety Office of the President Office. If any leakage or abnormality is discovered, a basic quarantine will be established on the premises, and the responsible personnel will be requested to conduct detection at the site of the reported abnormality and reinforce protection measures in order to ensure prompt response to the crisis and effective control of hazards and damages. ◦

(v) General Knowledge of Hazards

In order to ensure that the onsite personnel have full understanding of the different types of hazardous chemicals and that chemical usage conforms to the "Regulations for the Management of Hazardous Chemical Labeling and General Knowledge", the Company has stipulated the General Knowledge of Hazards Plan to standardize the professional knowledge of relevant operating personnel so that they can fully recognize the properties of the hazardous chemicals, emergency response measures, and preventive measures within their scope of duties and consequently prevent the incidence of disasters or reduce the degree of damage.

The planning and promotion of the General Knowledge of Hazards is conducted by the Industrial Safety Office. In reality, the promotion of the plan requires the supervision and promotion of relevant departments, plants, and plant directors, as well as the cooperation of relevant departments, plants, and Industrial Safety Officers in the implementation of the following items:

1. Compilation and organization of the "Hazardous Chemical Inventory"
2. Preparation of the floor layout of the plant for the storage location of hazardous chemicals
3. Preparation of the labeling for hazardous chemicals
4. Examination of the "Safety Data Sheet" of the hazardous chemicals and review of the accuracy of the contents in the Safety Data Sheet and timely updates as required by the actual conditions. Such reviews should be conducted at least once every three years.
5. Supervision of personnel training for the "General Knowledge of the Manufacturing, Handling, and Usage of Hazardous Chemicals"
6. Stipulation of the Accident Prevention and Emergency Response Measures Table
7. Assisting the Industrial Safety Office in the General Knowledge of Hazards promotion campaign
8. Other necessary measures to ensure that employees are fully aware of the information regarding the hazardous chemicals

Joint Disaster Drill Conducted by the Yunlin County Government

Joint Toxic Disaster Drill

Fire Drill in Plant

(vi) Personnel Training and Emergency Response Drills

The Company shall organize regular training for the general knowledge of hazards and require that all personnel involved in the handling or exposed to the operation site of hazardous chemicals should receive training. Furthermore, training information should be kept complete for inspection and reference. The hazardous chemical operating departments will conduct emergency response drills in accordance with their duty shifts once per year, which will simulate the disasters that may arise from different types of hazardous chemicals, train personnel to ensure understanding and familiarity with the emergency response handling procedures, techniques, and use of firefighting equipment, and record any mistakes and possible improvements identified in the drills.

ii. Green Production Processes

Adhering to the management philosophy of green sustainability, the Company has made extensive use of recycled materials and biomass materials, made improvements to its production processes, installed energy conservation devices, and improved energy and resource efficiency in the hopes of reducing carbon emissions and environmental impacts. To achieve this objective, the Company has already implemented the following measures. In the future, depending on market trends and environmental needs, annual adjustments will be made to the following measures in the production processes.

Annual Practices for Green Production Processes

- Development of Recycled Nylon and Recycled Polyester. In 2016, the proportion of recycled fabric products in Taiwan Plant was: Nylon 1.4%, Polyester 5.2%, and that of five plants was Nylon 0.6%, Polyester 8.7% (GRS Reg. No.: CU 816779)
- Introduction of Teijin Morphotex®, which contains light interference fibers and allows for popular colors without dyeing or the use of dyes or auxiliary agents.
- Bio-mass material application, such as DuPont Sorona® fiber. In 2016, the application of this biomass material accounted for 0.04%.
- Research and introduce water-free dyeing and finishing equipment and technology, for example, the evaluation and introduction of the Supercritical CO_2 Fluid and the advanced technology research of atmospheric pressure plasma finishing
- Using and promoting organic planted cotton yarn and fabric (GOTS and OE Reg. No.: CU809578)
- Establish the conversion of dry paper to printed product series
- Introduction of short-chain C6 and C4 Fluorine-free water repellent processes to eliminate PFOA and PFOS. Currently accounting for 30%~40% usage, the usage will be increased annually and is projected to reach 100% by 2020.

Targets and Actual Values of the Transition from Fluorocarbon to Fluorine-free Polymer **Unit::%**

	C8		C6		FC free	
Year	Target	Actual Value	Target	Actual Value	Target	Actual Value
2015	30.1	30	63.5	65	6.4	5
2016	25	23	65	64	10	13

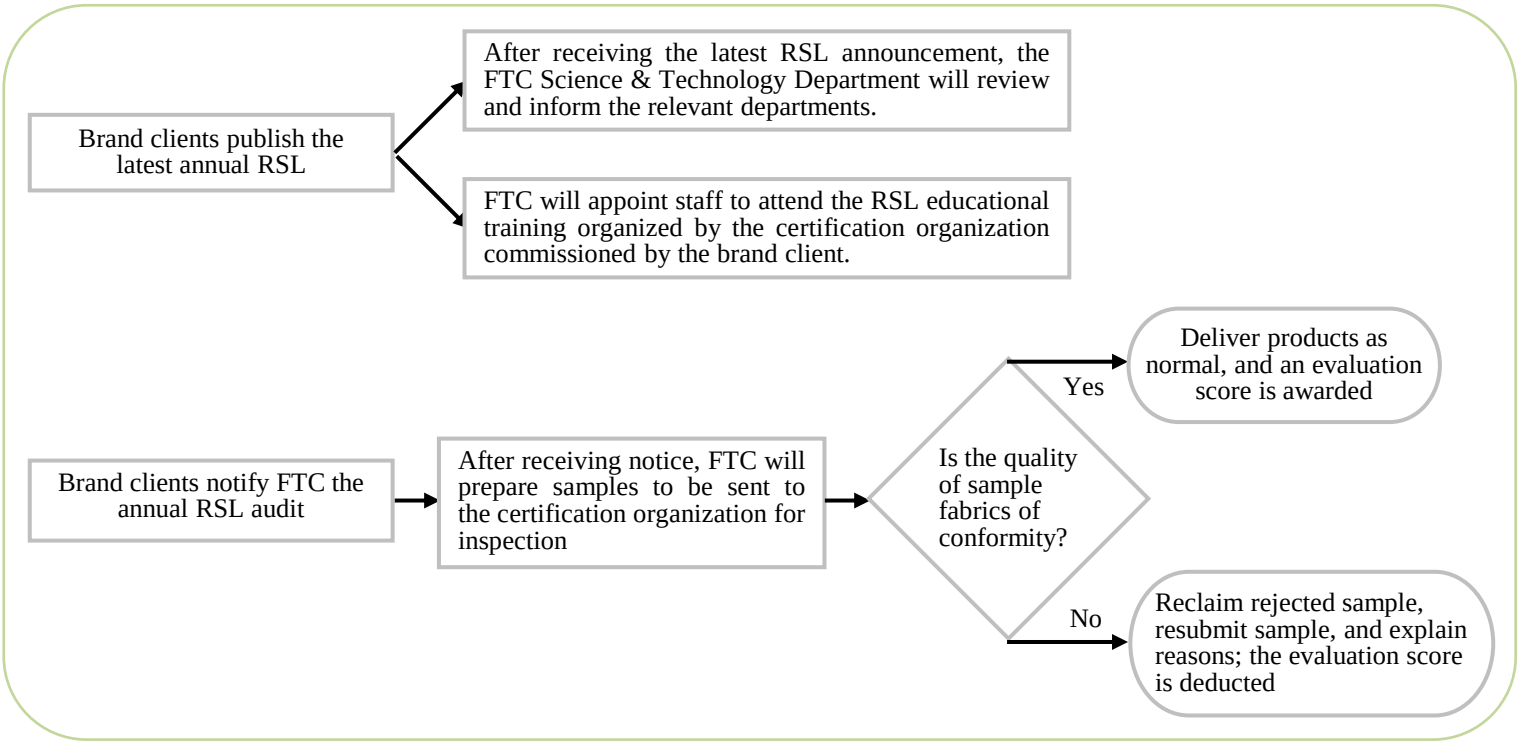
- For dyes and auxiliaries used in entire production line processes, request guarantees from their suppliers to ensure compliance with EU REACH specifications, Oeko‐Tex® Standard 100, and zero APEO and organotin composition. Conduct irregular sample inspections and commission third-party certification organizations
- By upgrading equipment, improving processes, and increasing productivity, the first-time success rate can be improved, and the rate of repeated processing can be decreased.
- Replace traditional solvent-based adhesives with water-based Acrylic and Polyurethane adhesives
- Wet, moisture permeability, and waterproof processing has the advantage of allowing the recycling and reuse of dimethylformamide (DMF); promote an increased utilization rate of the production line due to this process
- Introduction of dyeing chemicals extracted from plants planted using sustainable methods to reduce the consumption of petrochemical feedstock
- Recycle waste thermal energy and wastewater; actively promote concepts of converting waste of previous projects into resources for future projects
- All fireproof processing should use Halogen-free and Antimony-free flame retardants
- Introduce and implement the Zero Discharge of Hazardous Chemicals (ZDHC) plan
- Develop and introduce water-free water repellent processing; progress towards a water-free production line
- Use solvent-free wet reactive bonding adhesives
- Promote environmentally friendly, water-conserving, energy-conserving and carbon-reducing processes and products

iii. Green Products

(i) Finished Product Inspection – RSL Review of Each Brand

Fulfilling the social responsibility of environmental protection and consumer safety is a commitment of the company for the sake of sustainable development. In compliance with the Restricted Substances List (RSL)lists of restrictive materials annually put forth by major brands, by branded customers, such as NIKE, adidas, PUMA, Vf, every year, we demand downstream firms attending relevant explanation sessions illustration conferences, so as to acquaint them with changes updates in the lists and the latest international management/control mechanisms. .

In order to ensure compliance with branded clients'' RSL specifications, FTC has implemented the following self-management process:



All of the company's fabrics meet the quality standards for testing inspection criteria of local governments or international regulations and the management/control criteria on specifications of hazardous materials set by branded customers. Products are annually sent to a third-party fair notarization bodies for inspection, and product guarantees are offered by our technical division issuance of warranty. As of the end of the fiscal reporting year (on a calendar year basis) for the CSR report, the company had passed branded customers' the annual spot check of branded RSL, and Oeko-Tex ® Standard 100 certification, etc., and In the use of materials (including new dyes and auxiliaries) in conformity with bluesign® criteria(including new dyes and auxiliaries), are given priority is given to those with bluesign® approval. In addition, the company has formulated "regulations for the governing management of chemicals," "standards for the development of new auxiliaries for the R&D section," attesting to the rigorous standard and high regard for products regarding the health and safety of customers. In the future, we will continue to uphold this belief, strive for the sustainability of clients' health and safety and the environment, and seek more rigorous monitoring and management processes.

(ii) 24 Product Categories that have passed Product Carbon Footprint Certification

With the promotion and planning of the Lean Management Team, which is now renamed as Sustainable Development Section, and R&D Center, in 2012, the Company conducted the Product Carbon Footprint Certification for 24 product categories in accordance with the PAS 2050: 2011 to calculate the total amount of greenhouse gas emissions produced by the products, from obtaining their raw materials to the final manufacturing phase. This allows the Company to implement energy management and efficiency improvement plans, enhance energy efficiency, and reduce carbon dioxide emissions in order to achieve the objectives of low carbon production and reduction of environmental impacts. Through the guidance offered by the Taiwan Textile Research Institute (TTRI), the Company has passed the BSI Certification and obtained the Product Carbon Footprint Certification for 24 product categories. Obtaining such certifications has created a world record for the most number of certifications obtained in a single inspection.

The 24 product categories are functional fabrics that can satisfy 80% of market and client demands. The functions and uses of the products

Processing Item	Functions	Uses
Nylon/Polyester Dyeing & Setting Process for Woven Fabrics	General dyeing and setting	Linings, shell fabrics (Clients may opt for finishing and laminating)
Nylon/Polyester Dyeing & Absorbent Process for Woven Fabrics	Moisture absorbent and quick drying	Sportswear, jackets, golf wear
Nylon/Polyester Dyeing & Water Repellent Process for Woven Fabrics	Stain-proof, waterproof, air permeability	Shell fabrics, inner tent layer, sports and leisure wear, jackets
Nylon/Polyester Dyeing & Water Repellent & Finishing Process for Woven Fabrics	Down-proof, waterproof, soft texture	Vests, coats, jackets, sport jackets, fashion wear
Nylon/Polyester Dyeing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Dyeing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Nylon/Polyester Dyeing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Printing & Water Repellent Process for Woven Fabrics	Printing, stain-proof, waterproof, air permeability	Umbrellas, shell fabrics, sports and leisure wear, beach pants, fashion wear
Nylon/Polyester Printing & Water Repellent & Finishing Process for Woven Fabrics	Embossing, down-proof, water-proof, soft-texture	Linings, shell fabrics, coats, jackets, sport jackets, fashion wear
Nylon/Polyester Printing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Printing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Nylon/Polyester Printing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets

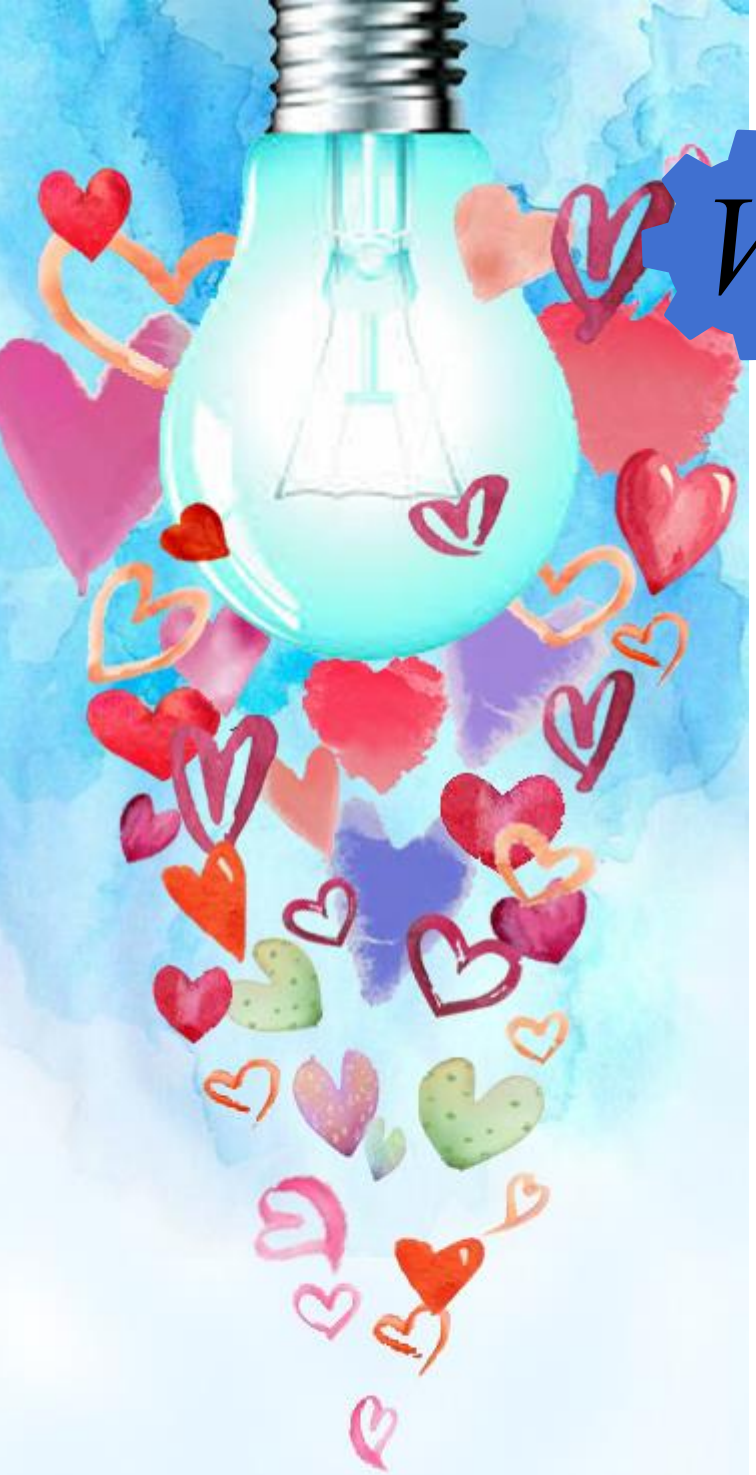
iv. Environmentally Friendly Production Processes and Product Certification

Based on the objectives of environmental protection and sustainability, respecting life, commitment to local charities and social welfare, and cherishing ecological research and environmental protection, the Company has obtained the following certifications since 2009: OHSAS 18001＆TOSHMS, ISO 14001, product carbon footprint certification, and ISO/CNS 14064-1:2006 Inventory. The overseas plants have also actively strived to achieve such certifications. The certifications obtained by the plants are summarized in the following table:

Certification Items	Certified Plants				
	Taiwan	Changshu	Zhongshan	Dong-nai	Long-an
Certificates of Eco Products ＆Production Processes：Oeko-Tex ® Standard 100 Certification	✓	✓	✓		✓
GOTS Organic Cotton Certification	✓				
OE Organic Cotton Certification	✓				
GRS Polyester Recycle Standards	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1)	✓				
Occupational Health and Safety Administration System Certification (OHSAS 18001), 2007	✓	✓	✓	✓	✓
Taiwan Occupational Safety and Health Management System (TOHMAS Certification)	✓				
Environmental Management System (ISO14001), 2004	✓	✓	✓	✓	✓
Quality Management System (ISO 9001), 2008	✓	✓	✓	✓	✓
bluesign® Standard Certification	✓	✓	✓	✓	✓
Product Carbon Footprint Certification PAS2050, 2011	✓				
Energy Management System (ISO 50001), 2011	✓				

Regarding the relevant certifications, the Company will continue to conduct annual inspections and upgrade third-party certifications in accordance with the certifications' expiration.

The self-supervision demonstrated by the Company in obtaining such certifications has demonstrated the determination of the Company to protect the environment and its clients and pursue sustainability. In addition to dedicating efforts to mitigating the impacts of global climate change and promoting a green supply industry chain, the Company has also taken steps to ensure that contractors in the textile industry chain can similarly report improvements in energy conservation and emission reduction when they choose Formosa Taffeta products.



Corporate Social Responsibility and Giving Back to the Community

(I) Employees: Building a Healthy and Safe Work Environment for Personal Enrichment

Knowing how to make everyone work at ease and give full play to their expertise has always been an objective of Formosa Taffeta. In order to attract outstanding talents, the Company offers salaries in accordance with cororate regulations, as well as complete training programs and career development planning that allow employees to upgrade their professional capacities. Together with the comprehensive welfare benefits and the creation of a safe and healthy work environment, the physical and mental health of the employees can help achieve the best utilization of human resources. Furthermore, multiple communication channels have been established to solicit employee suggestions and safeguard employee rights, thus establishing a firm foundation for the sustainable development of the company.

i. Human Rights Protection

FTC has always ensured strict compliance with both domestic and international labor and human rights regulations and has always treated all employees equally, and the related information is disclosed on http://www.ftc.com.tw and FTC's annual report that includes the following:

A. In compliance with the labor regulations of the government, the Company has stipulated its "Work Regulations" to protect the working conditions and the rights of the employees, as well as to eliminate discrimination related to gender, age, religion, and ethnicity.

B. The Company complies with the provisions of the "Employment Service Act" to provide open, fair, and just employment opportunities to all job seekers.

C. The Company has stipulated the "Regulations Governing Grievance for Inner and Outer Stakeholders" and established various reporting channels, including suggestion boxes, reporting forms, a hotline (05-5577011), and e-mail (t1000@ftc.com.tw), etc. When employees feel that their rights are being infringed or they are subject to inappropriate treatment, they may report a complaint at any time. The Company provides three types of reporting channels: the level-by-level report, the next-level report, and the inter-departmental report. In 2016 no complaint cases were reported.

D. The Company has established a "Reward and Penalty Committee" (http://www.ftc.com.tw/ftc90a3.htm) comprised of high level managerial staff to discuss and review major reward or penalty cases.

E. The Company shall strengthen the advocacy of sexual harassment prevention, stipulate the "Sexual Harassment Prevention Regulations", and provide employees with clear complaint channels to protect employee rights.

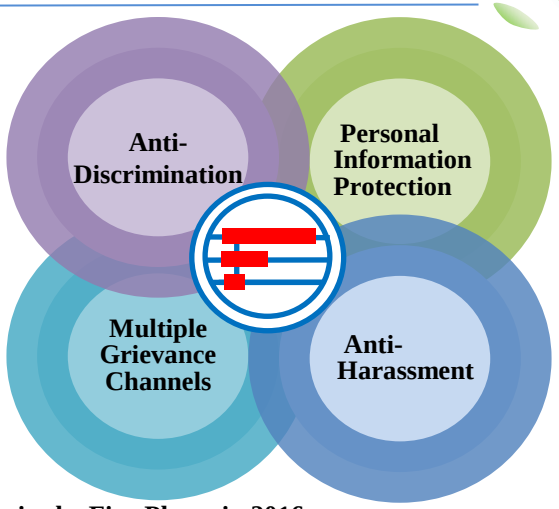
F. "Personal Information Management" policies shall ensure the proper custody and handling of employees' confidential information

G. The Company shall stipulate "Specifications for Employee Rights Protection" and abide by the regulations pertaining to the Prohibition of Forced Labor, such as the Labor Standards Act and the Occupational Safety and Health Act. In 2016, no complaint cases were reported.

H. The labor union was established in 1976 to regularly conduct committee and supervisor meetings and member meetings, and negotiate with the Company on labor issues to protect employees' rights and promote a harmonious labor/management relations (http://www.ftc.com.tw/doc/ftc_labour_relations_benefits.pdf).

(i) Employment

The recruitment operation of Formosa Taffeta has always abided by the principles of fairness, justness, and openness. Employee candidates are determined based on the performance of each batch of interviewees, in complete compliance with the Labor Standards Act. The Company's policies forbid the employment of child laborers, and no incidents of employed child labor were reported in 2016. At the same time, based on equal employment rights, consideration for employment is based on personal professional capabilities and experiences, instead of such factors as age, ethnicity, sexual orientation, religion, political standing, birthplace, marriage, appearance, or disability. After individuals are hired, their promotion, assessment, training, and reward/punishment system are regulated by clear regulations to ensure equal treatment for all employees. No incidents of human rights violations or discrimination among the hired employees have been reported in 2016. The analysis of the age groups and proportion of new employees in 2016 is as follows:



Age Group Analysis of New Formal Employees in the Five Plants in 2016

Age Group		Taiwan Plant			Taiwan FPS			Zhong-shan Plant in China			Chang-shu Plant in China			Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
		Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
New Employees	Under 29	21	119	140	26	32	58	94	170	264	37	96	133	68	118	186	141	271	412
	30 to 39	4	34	38	11	7	18	61	70	131	14	18	32	5	25	30	11	41	52
	40 to 49	2	3	5	3	2	5	11	28	39	1	5	6	0	6	6	7	3	10
	50 to 59	0	0	0	0	0	0	3	1	4	1	3	4	1	2	3	3	4	7
	Over 60	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	27	157	184	40	41	81	169	269	438	53	122	175	74	151	225	162	319	481
Number of formal employees		3061			491			647			286			939			965		
Proportion of New Employees (Annual accumulated)		6.0%			16.5%			67.7%			61.2%			24.0%			49.8%		

Notes:

a. Definition of new employees: New formal employees that have completed the external recruitment and registration procedures (excluding contract workers and migrant workers).

b. Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population * 100%

(ii) Workforce Structure

1. Ratio of Male Employees to Female Employees, and Average Years of Service

Ratio of Male to Female Employees, and Average Years of Service of the Five Plants between 2014~2016

Year	Item \ Plant		Taiwan Plant	Taiwan FPS	Zhong-shan Plant in China	Chang-shu Plant in China	Long-an Plant in Vietnam	Dong-nai Plant in Vietnam
2016	Formal Employees	Average Years of Service	18.6	3.4	5.7	4.1	7.6	2.6
		Male	2104	255	371	175	516	532
		Female	957	236	276	111	423	433
		Male:Female	2.2:1	1.1:1	1.3:1	1.6:1	1.2:1	1.2:1
	Informal Employees	Male	326	453	0	0	0	0
		Female	336	220	0	0	0	0
	Total		3723	1164	647	286	939	965
2015	Formal Employees	Average Years of Service	18.6	8.5	5.9	3	8.2	3.08
		Male	2215	195	437	184	477	453
		Female	1039	183	282	122	413	403
		Male:Female	2.1:1	1.1:1	1.5:1	1.5:1	1.2:1	1.1:1
	Informal Employees	Male	398	486	0	0	0	0
		Female	374	253	0	0	0	0
	Total		4,026	1117	719	306	890	856
2014	Formal Employees	Average Years of Service	18.5	8.3	5.4	3	8.4	2.8
		Male	2254	185	458	170	424	401
		Female	1056	168	276	119	380	393
		Male:Female	2.1:1	1.1:1	1.7:1	1.4:1	1.1:1	1.0:1
	Informal Employees	Male	276	494	0	0	0	0
		Female	313	275	0	0	0	0
	Total		3,898	1122	734	289	804	794

Notes:

- Statistics of male to female employment ratio, and average years of service are based on formal employees. (Informal employees are not included.)
- In 2016, the percentage of formal employees in the Taiwan Plants is 82.2 %, while informal employees (such as consultants, contract workers, migrant workers, and part-time student workers) account for 17.8 %. In the past five years, the percentage of formal employees has been maintained above 80% on average, amongst which the ratio of male to female employees has been around 2:1, average age has been 43.3 years old, and average years of service has been 18.6 years.
- Informal employees of Taiwan FPS (Formosa Gas Station) are more than formal ones because of its property of service industry and part of its employees are student workers; in 2016, informal employees account for 57.8% while 42.2% of its workforce are formal ones.
- FTC establishes manufacturing bases in China and Vietnam while reaching out to the world; in 2016, 63% of FTC's workforce are Taiwanese, 12% are Chinses, and the rest are Vietnamese. Through the exchange of different cultures, employees' views and thoughts are thereby broadened and diversified.

2. Proportion of Position Groups, Age Groups, and Gender

Category	Groups \ Plant / Gender	Taiwan Plant				Taiwan FPS				Zhong-shan Plant in China				Chang-shu Plant in China			
		Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position*	Managerial staff (and above)	0	21	21	0.7%	0	1	1	0.2%	0	〈3〉	〈3〉	--------	0	〈2〉	〈2〉	--------
	1st and 2nd level supervisors	11	332	343	11.2%	1	15	16	3.3%	19	48	67	10.4%	12	17	29	10.1%
	Base-level supervisors	68	573	641	20.9%	35	76	111	22.6%	75	113	188	29.1%	33	59	92	32.2%
	Base-level employees	878	1178	2056	67.2%	200	163	363	73.9%	182	210	392	60.6%	66	99	165	57.7%
Age	Under 29	105	303	408	13.3%	87	98	185	37.7%	111	135	246	38.0%	67	116	183	64.0%
	30 to 39	358	447	805	26.3%	95	86	181	36.9%	116	147	314	40.6%	37	42	79	27.6%
	40 to 49	385	697	1082	35.3%	43	46	89	18.1%	41	73	114	17.6%	7	13	20	7.0%
	50 to 59	106	619	725	23.7%	11	24	35	7.1%	8	15	23	3.6%	0	4	4	1.4%
	Over 60	3	38	41	1.3%	0	1	1	0.2%	0	1	1	0.2%	0	0	0	0
	Subtotal	957	2104	3061	100%	236	255	491	100%	276	371	647	100%	111	175	286	100%

Category	Groups \ Plant / Gender	Long-an Plant in Vietnam				Dong-nai Plant in Vietnam			
		Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position*	Managerial staff (and above)	0	〈4〉	〈4〉	--------	0	〈3〉	〈3〉	--------
	1st and 2nd level supervisors	18	20	38	4.0%	6	6	12	1.2%
	Base-level supervisors	47	60	107	11.4%	52	57	109	11.3%
	Base-level employees	358	436	794	84.6%	375	469	844	87.5%
Age	Under 29	192	234	426	45.4%	350	446	796	82.5%
	30 to 39	139	183	322	34.3%	66	79	145	15.0%
	40 to 49	81	86	167	17.8%	11	7	18	1.9%
	50 to 59	9	13	22	2.3%	6	0	6	0.6%
	Over 60	2	0	2	0.2%	0	0	0	0
	Subtotal	423	516	939	100%	433	532	965	100%

Notes:

- Definition of positions:
  Managerial staffers (senior supervisors) refers to positions of Managers and above; 1st level management supervisors refer to Plant Director-level; 2nd level management supervisors refer to Section Chief-level.
- Status:
  Managerial staffers (senior supervisors) of the Zhong-shan plant and the Chang-shu plant in China and the Long-an plant and the Dong-nai plant in Vietnam are excluded in the calculation since they are dispatched from Taiwan, rather than local residents.
- As our Company is a traditional labor-intensive industry, it can be observed from the position group statistics that, although female employees hold positions among the base level supervisors and 1st and 2nd level management supervisors, there are no female managerial staffers (senior supervisors) among the high level executives of senior management. In the future, the Company will continue to strengthen the training of female employees to increase diversity of supervisor appointment.

(iii) Health and Safety

FTC has been endeavoring to take good care of employees' health and safety; the reason is quite straightforward. In the human nature respect, cohesion can only be created with employees' realization of the corporate care. From the reasonableness aspect, workforce's health and safety closely correlates with production and sustainable development—any hygiene/safety risk may weaken workforce productivity, damage the corporate reputation, further bring heavy loss to the company in economic or social aspect, and thereby lowering the company's competitiveness. From the lawful perspective, the announcement of "labor health protection rules" by Ministry of Labor reveals that employees' health is a corporate inevitable responsibility. With such realization, by 2013, the Taiwan plant and the other four overseas plants (in Zhong-shan, Chang-shu, Long-an, and Dong-nai) passed the OHSAS-18001/TOSHMS or/and ISO-14001 one after another; the Taiwan plant further realizes the annual pass of such certification after June 2009 when that certificate was obtained. Furthermore, FTC sets up the following measures and plans:

1. **Safety, Health, and Environment Policies**

   In order to ensure effective health and safety management, the Company has stipulated the following safety, health, and environment policies:

   - Ensure compliance with relevant safety, health, and environment regulations and other reasonable demands of stakeholders.
   - Make good use of the Safety, Health, and Environment Administration System to strengthen pollution prevention and reduce hazardous impacts.
   - Promote hazard identification, risk evaluation, and risk control to prevent damage and health hazards.
   - Promote energy conservation and reduction to reduce the impacts of environmental damage and hazards to health and safety.
   - Strengthen neighboring relationships, establish good communication channels, enforce routine inspections, ensure reviews, and seek continuous improvements.

2. **Occupational Safety and Health Management Plans**

   In accordance with the "Occupational Safety and Health Act", both the main plant and the 2nd plant of FTC have established the Occupational Safety and Health Committee, both of which are headed by the vice chairman, while the labor representatives assisting in the supervision and proposal of relevant plans account for 33.3% (the main plant) and 44.4% (the 2_{nd} plant), respectively. Each plant conforms to the legal regulation, which stipulates that labor representatives must account for one-third of the committee. For many years, we have adhered to our management philosophy of "Balancing Environmental Safety and Health with Economic Development" and established Occupational Safety and Health Management Plans that comply with relevant regulations. Through the effective operation of the Occupational Safety and Health Committee and risk evaluation, the Company has incorporated hazard identification and risk management strategies for implementation. Through constant inspection and issue identification, prompt corrective measures can be taken to ensure continuous improvements and increase Safety and Health Management performance.

3. **Hazard Identification, Risk Evaluation, and Stipulating Control Measures**

   In order to identify potential hazard factors in the environment, as well as the potential impacts of such hazards to the operations, facilities, products, and services, the Company (Taiwan Plants) has conducted evaluations to identify and classify potential risks and has stipulated response control mechanisms/measures for the various types of risks. In order to ensure that risk management can be improved with time and appropriately adjusted, the Company will not only conduct full-scale risk evaluations before the annual internal audit, but will also conduct irregular inspections on the changes in production processes, activities, equipment, raw materials, and operating environments to evaluate whether any new risks should be included in the hazard factor list and then shall stipulate corresponding measures.

Hazard Identification, Risk Evaluation, and Control Measures of the Taiwan Plant in 2016:

Number of hazard identification and risk evaluation cases implemented	Number of Unacceptable (High) Risk Cases Evaluated	Number of Targets Stipulated and Case Improvements	Amendments and Stipulations of Management Documents
5,170	16	16	22

List of Objectives, Targets, and Improvements of Unacceptable (High) Risks in Taiwan Plants in 2016

No.	Objective	Target (Per Year)	Improvement / Management Programs	Progress
1	Prevention of industrial-safety accidents in dismantling loom	0 industrial-safety accident in dismantling loom	Safety management for dismantling of loom at weaving plants	Completed
2	Prevention of squeezing injuries of hands when handling entangled filament	0 squeezing injury of being drawn into equipment	Protective device for prevention of being drawn and related vocational training/management	Completed
3	Prevention of accidents caused by falling elevator	0 accident caused by falling elevator	Elevator inspection, maintenance, and locking	Completed
4	Prevention of accident of squeezing injuries from being drawn into calender	0 accident caused by squeezing injury from being drawn into calender	Installation of photoelectric induction suspension device for calender and related education /training/management	Completed
5	Prevention of leakage/fire of inflammable gas	0 accident caused by leakage/fire of inflammable gas	Improvement program for repair and dismantling of toluene recycling equipment	Completed
6	Prevention of injuries caused by collision of electric pallet truck	0 injury caused by collision of electric pallet truck	Education/training program for operation of electric pallet truck	Completed
7	Prevention of induction at dyeing machine and sewing machine	0 accident caused by induction at dyeing machine and sewing machine	Program for the installation of power-leakage circuit breaker for the switch of sewing machine	Completed
8	Prevention of slipping of ladder workers	0 accident caused by slipping of ladder workers	Improvement program for working ladders	Completed
9	Prevention of injuries caused by splashing of leaked lye	0 injury caused by splashing of leaked lye	Improvement of discharge pipe for dyeing-use lye and installation of tools for handling leakage and related vocational training	Completed
10	Prevention squeezing injuries caused by being drawn into an equipment in operation	0 accident caused by squeezing injury caused by being drawn into an equipment in operation	SOP for handling abnormalities and related vocational training program	Completed
11	Prevention of being drawn into a rotating loom at carbon-fiber plant	0 accident because of being drawn into a rotating loom	Protection improvement program for rotating device of weaving machine	Completed
12	Prevention of stabbing injuries in removing cotton mass in cotton huller	0 accident caused by stabbing injury in removing cotton mass	Removing cotton mass in cotton huller with tools, revise SOP, and conduct related vocational training	Completed
13	Prevention of slipping when cleaning exhaust pipe	0 accident caused by slipping when cleaning exhaust pipe	Program for installation of exhaust-pipe cleaning platform	Completed
14	Prevention of fire in the oven of steeping press	0 accident caused by fire in the oven of steeping press	Improvement of gas collection/repelling effect of the exhaust hood of the oven of steeping press	Completed
15	Precautionary measures for assuring power-consumption safety	0 accident caused by electricity-related fire	Program for protection of lighting power circuit	Completed
16	Prevention of fire in exhaust pipe of steeping press	0 accident caused by fire in exhaust pipe	Installation of steam fire extinguisher and temperature-control device for exhaust pipe	Completed

4. Management of Operating Environment

Before monitoring the work environment, hazardous factors should first be identified. Depending on the actual conditions of the work environment and the evaluation of the exposure of the employees, after conducting sample strategic planning, specialized third-party monitoring companies will be commissioned to conduct regular monitoring of the work environment to understand the actual work environment and protect the safety and health of the operation personnel. Analysis of the monitored results shows that, due to the characteristics of the industry, the work environment is subject to excessive noise hazards. The Company has already procured appropriate and effective soundproof protective gear (earmuffs and earplugs) and will continue to conduct training and inspection to enforce the wearing of protective gear by the workers, as well as request all departments to strengthen the isolation of the noise sources to prevent noise hazards. Furthermore, in monitoring carbon dioxide, dust particles, organic solvents, and specific Chemical in the work environment, the monitored results of 2016 show that the detected levels of the monitored items are lower than the detectable limits, about 1/2 of PEL (permissible exposure level). The Company will continue to enhance equipment automation and preventive equipment to improve the operating environment and ensure that workers are educated in the correct operation methods, gearing of protective equipment, and management methods in order to protect the health and safety of operation personnel.

Summary of Environmental Monitoring Items in Each Plant of FTC in 2016

Plant	Monitored Workplace	Monitored Item	Monitoring Cycle	Number of Monitored Sites/Year	Results
Douliu Plant (Taiwan)	Air-Conditioned Indoor Workplace	Carbon Dioxide	Once / 6 months	33	Lower than 1/5 of PEL
	Noisy Operation Workplace	Noise (dB)	Once / 6 months	42	85 (dB)~98. 8 (dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Dust Operation Workplace	Category 4 Dust, Category 4 Respirable Dust	Once / 6 months	14	Lower than 1/10 of PEL
	Organic Solvents Operation Workplace	Organic Solvents	Once / 6 months	62	Lower than the lowest detectable limit ~ 1/2 of PEL
	Specific Chemical Substance Operation Workplace	Specific Chemical Substances	Once / 6 months	28	Lower than the lowest detectable limit ~ 1/2 of PEL
Zhong-shan Plant (China)	Noisy Operation Workplace	Noise (dB)	Once / year	6	85(dB)~98.5(dB) Equipped with soundproof protective gear (Earmuffs and earplugs)
	Dust Operation Workplace	Category 4 Dust, Category 4 Respirable Dust	Once / year	9	Lower than 1/4 of PEL

Summary of Environmental Monitoring Items in Each Plant of FTC in 2016 (continued)

Plant	Monitored Workplace	Monitored Item	Monitoring Cycle	Number of Monitored Sites/Year	Results
Chang-shu Plant (China)	Organic Solvents Operation Workplace	Organic Solvents	Once / year	6	Lower than PEL
	Specific Chemical Substance Operation Workplace	Specific Chemical Substances	Once / year	9	Lower than PEL
	Dust Operation Workplace	Category 4 Dust, Category 4 Respirable Dust	Once / year	2	Lower than PEL
	Noisy Operation Workplace	Noise (dB)	Once / year	8	85(dB) and above Equipped with soundproof protective gear (earmuffs and earplugs)
	High Temperature Workplace	High Temperature (℃)	Once / year	4	Lower than PEL
Long-an Plant (Vietnam)	Noisy Operation Workplace	Noise (dB)	Once / year	23	85(dB)~98(dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Dust Operation Workplace	Category 4 Dust, Category 4 Respirable Dust	Once / year	30	Lower than 1/4 of PEL
	Organic Solvents Operation Workplace	Organic Solvents	Once / year	1	Lower than the lowest detectable limit ~ 1/3 of PEL
Dong-nai Plant (Vietnam)	Noisy Operation Workplace	Noise (dB)	Once / year	16	85(dB)~98(dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Organic Solvents Operation Workplace	Organic Solvents	Once / year	23	Lower than the lowest detectable limit ~ 1/3 of PEL
	Hazardous Gases	CO_2、SO_2、NH_3	Once / year	32	Lower than the lowest detectable limit ~ 1/3 of PEL
	Dust Operation Workplace	Category 4 Dust, Category 4 Respirable Dust	Once / year	24	Lower than 1/4 of PEL

5. Health Management and Health Promotion

(1) General Health (Physique) Inspection

Before new employees report for work, they must proceed to designated certified hospitals or medical institutions for general health inspection and complete the "Employee Health Inspection Booklet". Employees and workers should comply with the following regulations to regularly undergo general health inspections.

Summary of General Health Inspections Conducted in each Plant of FTC in 2016

Plant	Employee Age Group	Health ExaminationCycle	Number of Examined Employees
Taiwan Plant	Under 40 years old	Once every 5 years	1097 employees in 2015
	Between 40 and 65 years old	Once every 3 years	1917 employees in 2014
	Above 65 years old	Once every year	No personnel above 65 years old in the plants
Zhong-shan Plant in China	Between 18 and 60 years old	Once every 2 years	261 employees in 2015
Chang-shu Plant in China	Between 18 and 60 years old	Once every 2 years	160 employees in 2016
Long-an Plant in Vietnam	Normal Environment Personnel	Once every year	798 employees in 2016
Dong-nai Plant in Vietnam	Normal Environment Personnel	Once every year	725 employees in 2016

In line with "labor health protection rules for protecting labor health", calling for companies have to hold regular physical examination for employees according to different age groups. In 2016, such examinations do not have to be held in 2016 according to schedule. Analysis of the general health inspection results of the employees working in Taiwan Plants reveals that the most prevalent health issues of employees are BMI, eyesight, cholesterol, etc. The "Cardiovascular Disease Prevention Seminar" conducted by nursing personnel is organized for high risk groups to ensure health promotion and management.

(2) Special Health (Physique) Inspection

For new employees working in especially hazardous operations, they should undergo a Special Health (Physique) Inspection at designated certified hospitals for inspection items stipulated by the regulations of the special hazard workplace within one week of reporting for work. The results of the inspection will be used for comparison with the "Diseases Deemed Unfit for Operation" as the basis for dispatching work. For current employees working in especially hazardous workplaces, the Company will implement the Special Health (Physique) Inspection annually in accordance with regulations.

Summary of Special Health Examination Results in each Plant of FTC in 2016

Plant	Special Health Inspection Items	Class 1	Class 2	Class 4	Number of Inspected Personnel
Douliu Plant (Taiwan)	Noise (Hearing)	629	200	1	830
	Dust	40	2	0	42
	Dimethylformamide	113	12	0	125
	Subtotal	782	214	1	997
Zhong-shan Plant (China)	Noise (Hearing)	165	24	0	189
	Dust	3	0	0	3
	Chemicals + Dust	4	0	0	4
	Noise + Chemicals + Dust	1	0	0	1
	Noise + Chemicals	1	0	0	1
	Noise + Dust	32	0	0	32
	Chemicals	11	0	0	11
	Subtotal	217	24	0	241
Chang-shu Plant (China)	Other Dust	11	0	0	11
	Toluene, Dimethylformamide	15	0	0	15
	Subtotal	26	0	0	26
Long-an Plant (Vietnam)	Noise (Hearing)	198	0	0	198
	Dust	205	0	0	205
	Subtotal	403	0	0	403
Dong-nai Plant (Vietnam)	Noise (Hearing)	199	0	0	199
	Subtotal	199	0	0	199
Each Plant	Total	1627	238	1	1866

In 2016, for special health examination results that need Class 2 Health Management, the infirmary will interpret the health report and arrange an interview advise these employees to regularly visit outpatient clinics for continuous treatment or to take medicine as therapy. In the Taiwan Plant, one operating personnel is diagnosed with grade-four hearing capability. To prevent deterioration of the his hearing capability, the industrial-safety office restricts the working hours with exposure to noise with "registering form for entrance of employees with grade-four hearing capability into noisy worksites," so as to protect his hearing capability by lowering the intensity and frequency for noise exposure.

(3) Labor Health Protection Measures

In conjunction with the provisions of the laborers' physical and mental health protection measures of the "Occupational Safety and Health Act", the Infirmary and Industrial Safety Office promoted the following protection plans in 2016:

a. "Maternity Health Protection Plan": In conjunction with the maternity labor regulations stipulated by the Occupational Safety and Health Act, the Company has established its "Regulations of the Maternity Labor Health Protection Administration" to protect the physical and mental health of female workers who are pregnant, have recently given birth, or are breastfeeding in order to achieve the aims of protecting the health of maternity laborers. During 2016/4/1-5/18, provided health education/instruction on "principle for eating during pregnancy, reminders for pregnancy and daily-life hygiene/health, pregnancy-induced diabetes, preparation for childbirth, symptoms for childbirth, methods for alleviating post-childbirth depression, intake of supplements, care for children's mouth ulcer, treatment of fever, and prevention of enterovirus." On 2016/5/19, held "lecture on pregnant female laborers and health protection for post-childbirth breast-feeding" for 20 attendances, with follow-up filing and tracking.

b. "Plan for managing labor physical and mental health": The plan aims to help employees alleviate physical and mental pressure and achieve balance between work and daily life, instruct them how to relieve pressure and keep healthy, control emotion, make aerobic exercise, and lower worksite pressure, and augment employees' enthusiasm for their jobs. On 2016/6/15, held "lecture on labor health and pressure relief" for 85 attendances. Enhancement of labor physical/mental health and health management are being ongoing.

c. "Education and training plan for first-aid staffers": In view of the increasing threat of cardiovascular diseases on the people's health in recent years, the company has a set of automatic external defibrillator each at the company's major and 2nd factory premises and holds CPR+AED training for employees regularly. On 2016/7/21, it holds a "first-aid education and training" for 80 attendances, with 70 persons passing the test afterwards. The purpose of such training is to fulfill the need of emergency care.

6. Emergency Response and Rescue

(1) Emergency Response

In accordance with the "Fire Services Act", the implementation of firefighting, report, and evacuation training should be conducted at least once every six months, with each session lasting no less than four hours, and the local fire department authorities must be informed in advance. In order to strengthen the management of emergency response operations and provide a guiding basis for the departments to handle emergency responses, the Company has stipulated the "Emergency Response Administration" to establish an emergency response organization system, form task groups, stipulate emergency response plans, stipulate rescue specifications, and manage emergency response drills. Through regular drills and personnel training, emergencies and accidents can be dealt swiftly to prevent the spread of disasters and reduce their damage.

Summary of Emergency Response Drill in each Plant of FTC in 2016

Plant	Number of Emergency Response Drills Simulated	Drill Cycle	Drill Duration	Number of Participants
Taiwan Plants	40 Simulations	Twice / Year	4 Hr / Drill	3535
Zhong-shan Plant (China)	18 Simulations	Twice / Year	4 Hr / Drill	650
Chang-shu Plant (China)	4 Simulations	Twice / Year	4 Hr / Drill	310
Long-an Plant (Vietnam)	Conducted in conjunction with the Vietnamese public security fire drills	Once / Year	16 Hr / Drill	821
Dong-nai Plant (Vietnam)	Conducted in conjunction with the Vietnamese public security fire drills	Once / Year	16 Hr / Drill	995
Equipment Used in the Response Drills	Wireless radio, broadcast equipment, fire engines, firefighting turrets, fire extinguishers, portable smoke removal fans, emergency generators, torchlights, fire suits, respirators, stretchers, first-aid kits, ambulances, etc.			

(2) Medical Care

Due to the increasing threat of cardiovascular diseases to human health in recent years, the 1st and 2nd Plant in Taiwan have established Automated External Defibrillators (AED) in the Security Offices of both plants to strengthen emergency medical care. When the Security Office receives an emergency report, they will immediately notify medical and industrial safety personnel and then dispatch an ambulance to the location of the report for emergency patient transport. The ambulance will be equipped with an AED and other necessary medical equipment in order to be prepared for other unexpected situations. Currently, 37 personnel in Taiwan Plants have obtained AED certification. The Plant infirmary is responsible for the maintenance of the AED, as well as organizing regular AED operation training sessions.

(3) Onsite Physician Services

In accordance with the onsite service frequency and staffing requirements of the "Staffing and Onsite Service Frequency of Physicians Conducting Labor Health Services" and "Staffing of Nurses Conducting Labor Health Services" stipulated in the "Labor Health Protection Regulations", the Company has employed or commissioned physicians and nursing personnel to offer onsite labor health services.

Staffing of Physicians and Nurses Offering Labor Health Services and Onsite Health Service Frequency in Taiwan Plant:

Staffing of Physicians and Nurses Offering Labor Health Services and Onsite Health Service Frequency in Taiwan Plant:

Plant	Number of Labor Workers	Nurse Staffing	Physician Onsite Service Frequency
1st Plant	2981	2 Full-time Nurses	6 Visits / Month
2nd Plant	554	1 Full-time Nurse	1 Visit / Month

(4) Health Promotion Campaigns

With regard to conducting workplace health promotion campaigns, the Company will plan and organize activities, such as health education and health guidance, and other related health promotion activities every year.

Summary of Health Promotion Activities Organized in Taiwan Plant in 2016

Event Date	Event	Number of Participants
2016/5/19	Health protection lecture on female labor pregnancy and post-child birth breast feeding	20
2016/6/15	Lecture on labor health and pressure relief	85 attendances
2016/7/15	AED training and emergency medical technician training	70 qualify
2016/1/1-12/31	Employee Health Guide	130 attendances/year
2016/03/01-07	Badminton Competition	48
2016/8/31	Basketball Competition	30
2016/06/07-07/28	Volleyball Competition	52
2016/04/25-29	Table Tennis Competition	46
2016/10/12-15	Sepak Takraw Competition	28
2016/9/20	Billiard Competition	15
Irregular	Subsidies are offered to various associations for outdoor activities	19 clubs and societies, including mountaineering clubs, outing clubs, cycling clubs, and dance societies

Subsidies offered to various associations for outdoor activities in 2016

2016/6/15 Lecture on labor health and pressure relief

2016/7/15 AED/emergency medical technician training

7. Occupational Disaster Statistics and Prevention

The Company has a sound Safety, Health, and Environment Management and Promotion Department responsible for the implementation of safety and health management, so the Company has had no incidents of occupational diseases that arose due to work-related reasons. Regarding potential occupational disasters, the Company will plan and organize activities, such as health education, health guidance, General/Special Health (Physique) Inspections, Physician Onsite services, Emergency Rescue, and other health promotion activities every year. The occupational disaster statistics of the Formosa Taffeta Plants in the past three years are summarized below:

Occupational Disaster Statistics between 2014-2016 **M: Male; F: Female; T: Total**

Year	2014			2015									2016								
Country	Taiwan	China	Vietnam	Taiwan			China			Vietnam			Taiwan			China			Vietnam		
				M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of Fatalities (People)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Disabling Injury Incidents (Cases)	14	10	8	13	0	13	5	1	6	3	2	5	4	3	7	8	1	9	3	0	3
Disabling Injury Frequency Rate (%) (FR)	1.84	4.04	2.01	1.72	0	1.72	2.06	0.41	2.47	0.74	0.49	1.23	0.53	0.39	0.92	2.98	0.37	3.36	0.73	0	0.73
Lost Days (Day) (LD)	6123	216	90	309	0	309	196	6	202	81	36	117	40	21	61	339	40	379	140	0	140
Disabling Injury Severity Rate (%) (SR)	806 *	87	23	47	0	47	81	2	83	20	9	29	5	3	8	126	15	141	34	0	34
Absenteeism rate (%) (AR)	0.4	1.46	0.83	0.31	0.14	0.45	0.96	0.91	1.87	0.74	0.58	1.32	0.39	0.19	0.58	0.67	0.79	1.46	1.04	0.69	1.73

Notes: ∗ In 2014, the disabling injury severity rate was 806 days / million work hours. The high value is due to the sudden death of an employee suffering a myocardial infarction, resulting in the maximum lost days (6000 days) as stipulated by the relevant regulations.

a. Disabling Injury Frequency Rate (%): Number of disabling injuries per million hours of exposure; FR = Number of disabling injuries * 106 Work hours / Total hours of exposure
b. Lost Days: Number of days that the affected person was unable to resume work temporarily (or permanently), excluding the day the incident occurred and the day the person returned to work, but it does include all intervening days (including Sundays, days off, and plant shut-down), as well as the number of days unable to work subsequent to the affected person's return to work.
c. Disabling Injury Severity Rate: Number of work days lost per million work hours; SR = Number of work days lost *106 / Total work hours
d. Absenteeism Rate: Percentage of absent work days (personal leave, sick leave, hospitalized, absent from work) to number of work days; AR = Total hours of absent hours / total number of work hours * 100%

With regard to occupational disaster prevention and management, the Company has established mechanisms for the reporting, investigation, analysis, and statistics of occupational disasters and accidents. All safety and health incidents and false alarms in the Company are reported through the computer system, and the department of the incident and the President Office will be responsible for conducting investigations into the incident within 14 days to submit a detailed report of the underlying factors to the Industrial Safety Office. After being reviewed, it will be organized into a case study example and propagate the findings to supervisors of each unit during routine meetings. To encourage spontaneous exploration of abnormalities and further improvements, operation personnel will be rewarded in accordance with the "Regulations for the Management of Work Improvement Plans" if they submit improvement proposals against the potential hazards (including false alarms).

Statistical Analysis of Occupational Accidents in Each Plant of FTC in 2016

Plant	Accident Type	Number of Accidents	Reasons		
			Unsafe Behavior and Activities	Unsafe Operating Equipment / Environment	Personal Health Factors
Taiwan	Crushed by or caught between machinery / goods	6	4	2	-
	Crush injury	1	1	-	-
China	Crushed by or caught between machinery / goods	8	7	1	-
	Cut by machinery / goods	1	1	-	-
Vietnam	Crushed by or caught between machinery / goods	3	2	1	-
Total		19	16	4	0

According to the analysis of the occupational accident statistics of the Company in 2016, the incidence of accidents was mostly due to personnel engaging in unsafe behavior. By providing safety and health education, the Company can train and develop operation personnel to use correct work habits and operation standards, as well as plan for the regular implementation of emergency response drills to increase the emergency response capacities of the plants. Furthermore, by improving equipment and the environment, personnel injuries and damage can be reduced or even prevented in order to reduce the incidence of occupational accidents annually.

8. Personnel Training

In addition to obtaining certifications in accordance with regulations, the Industrial Safety Office has also drawn up the "Safety, Health, and Environment Personnel Training Schedule / Timetable," which requires the relevant departments to comply with the company regulations of "Personnel Training Administration" (100-20-P007) and develop a Safety, Health, and Environment Personnel Training Plan in line with the actual training requirements for the following year prior to November each year. The plan will be registered in the Formosa Taffeta Training System (TN1), and then the "Annual Training Schedule" will be printed out for the approval of the business unit managers, after which the schedule will be submitted to the Industrial Safety Office for review and used as the basis for organizing annual safety, health, and environmental protection and firefighting training.

Summary of Safety, Health, and Environmental Protection Training Implemented in Taiwan Plants in 2016

Type	Main Training Course	Target Groups (Hours)	Training Hours / Participants
Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	491hr/6754 participants
	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
Environ-mental Protection	Operation personnel environmental protection training	All employees	302hr/5833 participants
	Chemical substance (including wastewater) leakage and handling training	Public works department, chemical substance operation departments	
	Air pollution, water pollution, waste and toxic operations training	All environmental protection operation departments	169hr/6060 participants
Firefighting	Firefighting education and training (including the use of protective equipment)	All employees	

ii. Employees' Rights and Benefits

(i) Employee Remuneration

The Company has stipulated the "Employee Promotion Scheme" to regulate the promotion of new employees and ensure talent development so that employees can develop their potential and increase the performance of their departments. Furthermore, the "Employee Treatment Administration" has been stipulated to regulate the corresponding salary standards for different employee positions and academic qualifications.

(ii) Job Security

In response to rapidly changing business environments and constant technological innovations, the Company has continued to streamline its business operations. However, based on the priority of protecting employees' labor rights, the Company has insisted on overcoming difficulties together with its employees, even in difficult times or poor economic environments. By establishing a human resource integration mechanism, the Company has managed to use employee transfers as a replacement for severance. In the past few years, no incidents of severance or dismissal disputes have been reported. When transferring employees to different departments or positions, the department supervisor will first communicate with the employee and then conduct the transfer in accordance with relevant regulations. The transfer procedures take an average of seven days to be completed.

According to Labor Standards Act, an employer shall govern the minimum period of advance notice on termination of a labor contract as following:

- Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

(iii) Maintaining Employee Resignation at Appropriate and Reasonable Levels

The Company is a traditional labor-intensive industry, so staff turnover rate can tend to be high. In 2016, the turnover rate was 12.9 % which is within an acceptable range.

Age-group Analysis of Formal Employee Resignation in 2015_Taiwan and China Plants **Unit: %**

Group		Taiwan Plant (except for FPS)						Taiwan FPS						Zhong-shan Plant in China					
		Female		Male		Total		Female		Male		Total		Female		Male		Total	
		Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Number of employee resignations	Under 29	35	29.2	88	32.1	123	31.2	19	52.8	15	92.6	34	54.0	104	59.7	200	60.0	304	60.0
	30 to 39	30	25	64	23.4	94	23.8	12	33.3	9	5.9	21	33.3	60	34.5	97	29.2	157	31.0
	40 to 49	35	29.2	36	13.1	71	18.0	5	13.9	2	1.4	7	11.1	9	5.2	32	10.0	41	8.2
	50 to 59	14	11.6	65	23.7	79	20.1	0	0	0	0	0	0	1	0.6	2	0.6	3	0.6
	Over 60	6	5	21	7.7	27	6.9	0	0	1	0.1	1	1.6	0	0	1	0.3	1	0.2
	Subtotal	120	1	274	1	394	1	36	1	27	1	63	1	174	1	332	1	506	1
Total number of employees		957		2104		3061		236		255		491		276		371		647	
Turnover Rate (Annual Accumulated)		12.5%		13.0%		12.9%		15.3%		11.0%		12.8%		63%		89.4%		78.2%	

Age-group Analysis of Formal Employee Resignation in 2016_Vietnam Plants **Unit: %**

Group		Chang-shu Plant in China						Long-an Plant in Vietnam						Dong-nai Plant in Vietnam					
		Female		Male		Total		Female		Male		Total		Female		Male		Total	
		Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Number of employee resignations	Under 29	45	76.0	105	0.78	150	0.78	54	0.82	84	0.79	138	0.8	116	0.86	199	0.85	315	0.85
	30 to 39	11	19.0	24	0.18	35	0.18	7	0.11	18	0.17	25	0.15	14	0.1	36	0.15	50	0.14
	40 to 49	3	5.0	3	0.02	6	0.03	1	0.02	5	0.04	6	0.03	4	0.03	0	0	4	0.01
	50 to 59	0	0	2	0.02	2	0.01	4	0.06	0	0	4	0.02	1	0.01	0	0	1	0.02
	Over 60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal	59	1	134	1	193	1	66	1	107	1	173	1	135	1	235	1	370	1
Total number of employees		111		175		286		423		516		939		433		532		965	
Turnover Rate (Annual Accumulated)		53.2%		76.5%		67.4%		15.6%		20.7%		18.4%		31.2%		44.2%		38.3%	

Notes:

- Staff turnover are based on formal employees. (Informal employees are not included.)
- Formula for staff turnover: Total separating employees (excluding retirement, severance, death, and dismissal) in the year/Total formal employees at the end of that year (December) * 100%
- High staff turnover in China Plants (Zhongshan, Changshu) in 2016 is subject to high labor renewal rate that results from the shortage of human resources in the coastal provinces of China. Plenty of manpower is required for expansion so, in 2016, hiring rates of Vietnamese Plants (Long-an, Dong-nai) are greater than their staff turnover.

(iv) Employee Welfare Benefits

To enable every employee to work with ease of mind and fully develop their talents, the Company adheres to the philosophy of "Treating Employees like Family". During the initial construction of every plant, comprehensive food, accommodations, and recreational facilities must be constructed. Considering the long-term welfare of our employees, various welfare policies have been planned. Taking into account government regulations, company culture, public sentiment, and international trends, Formosa Taffeta has addressed the needs of its employees with regard to food, clothing, accommodations, transportation, education, and entertainment and has also extended the benefits to their families so that the employees can work without worries. Furthermore, the plants have established Occupational Welfare Committees in accordance with the law to organize trips, festival allowances, birthday gifts, and recreational activities, as well as provide related associations with subsidies. The Taiwan Plants have also established the Employee cum Children Education Scholarship and kindergartens.

- Employee Welfare Measures Implemented in Accordance with Relevant Regulations:
  1. Established the Employee Welfare Committee
  2. Regular Employee Health Inspections (Once every five years for employees under the age of 40, once every three years for employees between 40~65 years old, once every year for employees above 65 years old)
  3. Half pay for sick leave of six months or less for outpatient and inpatient sick leave every year (According to the law, half pay only has to be given for sick leave within 30 days, but sick leave exceeding 30 days would not be entitled to pay.)
  4. In reference to the Labor Standards Act, employee deaths in the line of duty are entitled to bereavement pay of five months of average monthly salary and compensation pay of 40 months of average monthly salary. Employee deaths not attributable to work duties are also eligible to receive consolation payment of six months of average monthly salary.
  5. Employees suffering from death, disabilities, injuries, or diseases as a result of occupational accidents are entitled to compensation in accordance with the law.
  6. Employees are provided with work jumpsuits and protective leather footwear.
  7. Employees are provided with health education and information.
  8. Employees are entitled to apply for parental leave. (In 2016, a total of 14 employees, 1 male and 13 female, applied for parental leave.)
  9. Employees are provided with a sound retirement plan to safeguard their retirement life in accordance with the law.
  10. Employees are provided with labor insurance and health insurance.

- Employee Welfare Measures Better than Regulation Standards:
  1. Established the Mutual Aid Committee
  2. When employees and their families seek medical services at Chang Gung Memorial Hospital, they are entitled to discounts for the medical expenses unsubsidized by the health insurance policy, as well as discounts for health inspections.
  3. Outstanding employees are nominated each year and awarded with prizes and rewards.
  4. Employee Travel Allowance
  5. Staff Fitness Equipment
  6. Employees are provided with comprehensive education and training, as well as enrichment opportunities.
  7. Daily Meal Allowances
  8. Birthday Gifts, Labor Day and Moon Festival Allowances, and Employee cum Children Education Scholarship
  9. Established recreational buildings, canteens, hostels, single dormitories, and family dormitories
  10. Provide air tickets to employees stationed in overseas plants or their families for visiting

iii. Respecting Employees' Suggestions and Creating a Harmonious Labor Relationship

Employees (human resources) and performance growth are closely connected. The Company has always pursued a harmonious employment relationship, has respected the rights of its employees to express their views, and has established a variety of clear communication channels to encourage employees to propose innovative ideas.

All of our employees (100%) have entered organizations, such as enterprise unions, labor conferences, and welfare committees. Through regular meetings, the employees can propose their suggestions for negotiations. The regular council meetings convened by the union are attended by the department supervisors of the Company to facilitate idea sharing with labor representatives. In 2015, the union convened four council meetings and one membership meeting. Regarding major labor issues, the Company will first listen to the views of the union and appoint the highest management levels to negotiate for a consensus with the union representatives in order to ensure a harmonious labor relationship. Employees will also be able to propose welfare suggestions through regular welfare committees. Furthermore, suggestion boxes have been installed at locations with frequent employee activities, and dedicated personnel have been appointed to handle and organize the suggestions to facilitate employee suggestion communication and arrive at solutions.

Statistics of Work Improvement Proposals in the Past Five Years

(Unit: New Taiwan Dollars)

Year		2012	2013	2014	2015	2016
Number of Proposals		4,836	4,697	4,476	4,738	4,297
Reward Amount		446,600	435,750	404,100	413,750	377,000
Achievement Rewards	Number of Improvements	21	23	6	4	2
	Rewards	87,246	90,309	25,512	27,646	13,551
	Annual Benefit	37,669,045	23,971,003	4,949,208	13,140,369	1,351,992

In order to encourage the active proposal of suggestions by employees, the "Employee Work Improvement Plan" (Industrial Engineering Plan, IE Plan) was established so that all company employees may offer innovative ideas and solutions for the improvement of management. Employees can also bring up innovative issues for discussion within their department, which will stimulate employees to identify problems and think of innovative solutions. If the solutions proposed by employees are with feasibility after evaluation, their proposals will be transferred to the responsible departments for further planning, implementation and promotion. These employees will earn incentive payments; however, in 2017, there will be no more such payments for IE proposals with less than 40 points of evaluation so as to enhance their quality and prevent the phenomenon of 'proposal for proposal sake." Through the promotion of IE proposals, the company philosophy of "Finding and Solving Root Problems to Achieve Excellence" is therefore realized..

iv. Talent Development

What an enterprise pursues is no more than sustainable development and continuous growth. To attain this, efforts of all employees are the most important contributors, and their quality is therefore critical. To nurture such high-quality talents, the Company not only has to seek external cooperation and conduct self-organized educational training to enhance employees' professional capabilities, but more importantly, it has to establish a code of moral ethics to prevent employees from engaging in such activities as bribery, collusion, and unauthorized information disclosure with other stakeholders.

(i) Main Categories of Educational Training Organized by the Company:

Training Type	New Employee Orientation Training	Basic Training of Work Duties	On-job Professional Training	Management Staff Reserve Training	Professional Training on an As-needed Basis
Target Group	New employees	New employees and staff mobilization management staff under the position of Foremen / Team Chiefs	Plant Directors, Directors, and the employees below them	Foremen / Team Chiefs / Section Managers / Plant Directors, and Directors / Managers	Maintenance engineers Employees whose jobs require expertise
Time of Implementation	Before new employees are assigned to their work positions	Within three months of starting work	When work conditions or the department needs to stipulate a training plan	Conducted in accordance with the management needs of the Company.	Held irregularly, depending on the corporate operation strategies

For the aforementioned training categories, besides training for jobs at various position levels, the Company also offers multitasking training to facilitate flexible personnel deployment for seasonal differentiation for equipment-capacity utilization., as well as has established the "Training the Trainers to Train (T.T.T)" program to develop internal trainers and instructors so that the teaching of skills and experiences can be more complete and systematic. The Company also offers employees the option to participate in self-enrichment, such as language courses, in-service training, overseas training, and seminars to promote cooperation between industries and academic sectors. In 2016, training on an as-needed basis is further initiated. The most representative are professional courses, like PLC, HMI, etc. that are run in cooperation with National Yunlin University of Science and Technology to achieve the goal of Industry 4.0—smart manufacturing via computerization. Regardless of the type of training, the implementation and promotion of the training courses have always been conducted based on a "human-oriented approach". In addition to emphasizing the overall training objectives, the personal development of the employees is also greatly valued in order to stimulate their potential and develop diverse interests, guide employees to improve, and enhance their knowledge and skills, thus allowing them to become independent professionals that can overcome any challenge.

(ii) Implementation of Educational Training

Category	Number of courses	Total trainees			Training hours	Training costs (NT$)	Average hours of training per employee	Average cost of training per employee (NT$)
		Male	Female	Total				
Common courses	13	700	78	778	19,968	5,832,162	25.67	7,496.35
Personnel category	31	480	120	600	1,476	198,272	2.46	330.45
Industrial safety and environmental protection category	4	232	8	240	657	104,010	3	474.93
Financial category	7	11	46	57	259	40,562	4.54	711.61
Information-security category	5	72	168	240	700	108,084	2.92	450.35
Materials management category	42	287	191	478	849	124,314	1.78	253.79
On-the-job training (including Oil Business Division)	789	26,716	12,827	39,543	148,812	17,735,079	3.76	448.5
Trainings on an as-needed basis	1	57	0	57	9,120	4,000,000	40.0	70,175
Total	852	28,555	13,438	41,993	181,841	28,142,483	4.33	670.17

Note: There are currently 5,629 employees (including 424 foreign employees and 1,146 employees of Oil Business Division) in Taiwan Plants, so the average hours of courses are 32.3 hours, and the average cost of training per employee is NT$ 4,999.5 in 2016.

(2) China Plants

① Zhong-shan Plant

Category	Number of courses	Total trainees			Training hours	Training costs (NT$)	Average hours of training per employee	Average cost of training per employee (NT$)
		Male	Female	Total				
Personnel category	2	0	8	8	16	8,891	2	1,111
Industrial safety and environmental protection category	26	321	240	561	2,244	1,246,935	4	2,223
Financial category	13	14	36	50	700	388,973	14	7,779
Materials management category	3	6	13	19	57	31,673	3	1,667
On-the-job training	262	1,109	1,877	2,986	7,359	4,089,212	2.5	1,369
Total	306	1,450	2,174	3,624	10,376	5,765,684	2.9	1,591

② Chang-shu Plant

Category	Number of courses	Total trainees			Training hours	Training costs (NT$)	Average hours of training per employee	Average cost of training per employee (NT$)
		Male	Female	Total				
Common courses	7	5	6	11	33	2,609	3	237
Personnel category	4	1	3	4	16	3,199	4	800
Industrial safety and environmental protection category	6	4	1	5	30	1,628	6	326
Financial category	9	0	9	9	36	13,215	4	1,465
Information-security category	3	1	1	2	20	1,488	10	744
Materials management category	12	3	7	10	80	5,348	8	535
Employee study	10	45	50	95	380	22,088	4	233
Training for managerial candidates	5	7	3	10	50	5,627	5	563
Total	56	66	80	146	685	55,200	4.6	377

Note: There are currently 978 employee in China Plants, the average hours of courses are 11.3 hours, and the average cost of training per employee is NT$ 5,951.8 in 2016.

(3) Vietnam Plants

① Long-an Plant

Category	Number of courses	Total trainees			Training hours	Training costs (NT$)	Average hours of training per employee	Average cost of training per employee (NT$)
		Male	Female	Total				
Personnel category	40	120	98	218	654	18,704	3	85.8
Basic Training of Work Duties	5	976	798	1,774	3,235	389,461	1.8	219.5
Occupational proficiency Training	5	41	34	75	145	18,170	1.9	242.3
Employee study	5	1,487	1,216	2,730	6,498	816,989	2.4	299.3
Total	55	2,624	2,146	4,770	10,532	1,243,324	2.2	260.7

② Dong-nai Plant

Category	Number of courses	Total trainees			Training hours	Training costs (NT$)	Average hours of training per employee	Average cost of training per employee (NT$)
		Male	Female	Total				
Common courses	104	210	112	322	1,288	9,264	4	287.9
Industrial safety and environmental protection category	11	534	434	968	3,872	141,643	4	146.3
On-the-job training	1	45	19	64	1,536	83,286	24	1,301.39
Trainings on an as-needed basis	2	85	32	117	936	42,493	8	363.2
Total	118	874	597	1,471	7,632	360,127	5.2	244.8

Note: There are currently 1,905 employees in Vietnam Plants, the average hours of courses is 9.5 hours, and the average cost of training per employee is NT$ 841.7 per year.

(4) Statistics of All Plants

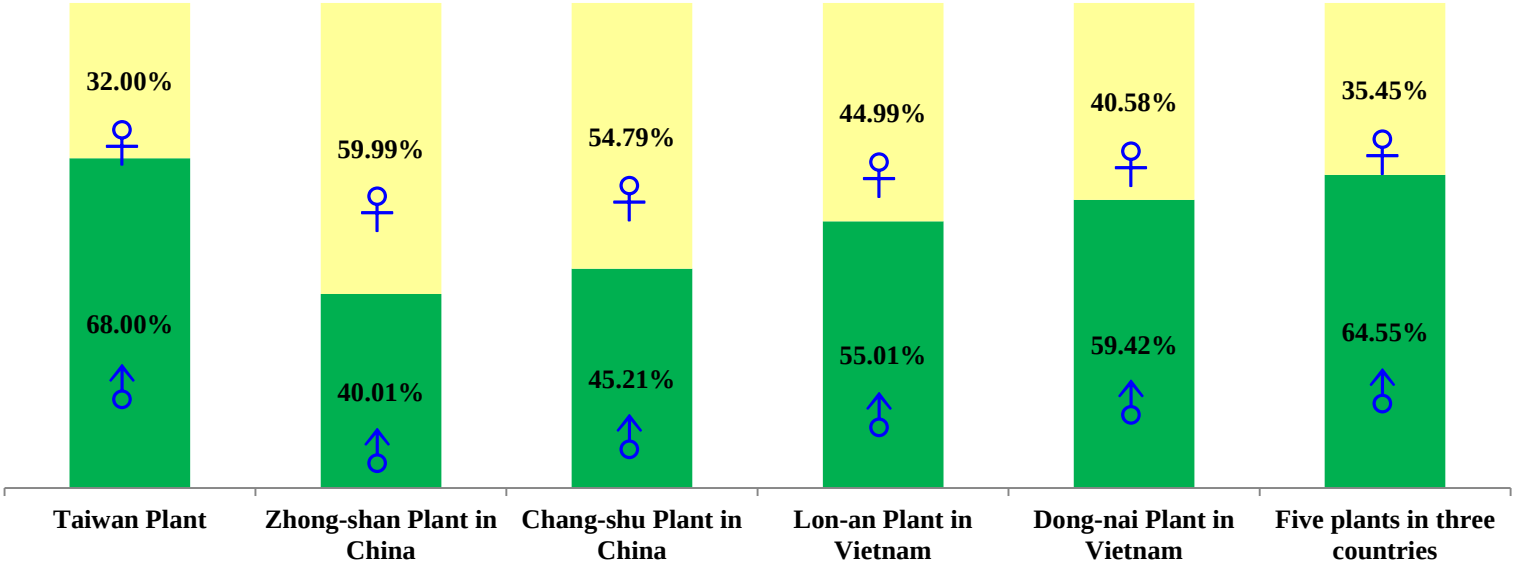
Plant	Total trainees	Total employees at each country	Training hours	Training costs (NT$)	Average times of training per employee	Average hours of training per employee	Average cost of training per employee (NT$)
Taiwan Plant	41,993	5,629	181,841	28,142,483	7.5	32.3	4,999.5
China Plant	3,770	978	11,061	5,820,884	3.9	11.3	5,951.8
Vietnam Plant	6,241	1,905	18,164	1,603,451	3.3	9.5	841.7
Total	52,004	8,512	211,066	35,566,818	6.1	24.8	4,178.4

Note: There are currently 8,512 employees (including overseas plants) in the Company, so the average hours of courses is 24.8 hours, and the average cost of training per employee is NT$ 4,178.4 per year.

- The adopted exchange rates in this report are as following: NTD$ 4.65 = RMB$ 1; NTD$ 1 = VND$ 706

2. Regarding education and training in 2016, in addition to implementing basic and enrichment training for base level employees (including the new employee training organized by the Human Resources Department) and strengthening professional skill training, multi-skill training, Standardized Operating Procedure (SOP) training, and staff rotation operations of in-service employees, the Company has also organized education and training related to industrial safety, environmental protection, and energy management for Taiwanese cadre management returning from overseas Plants and supervisors at all levels. Currently, the average course hours per employee of the entire Company is 24.8 hours. The average course hours per employee in China Plants is 11.3 hours, which is about 45.5 % of the Company average, while the average course hours per employee in Vietnam is 9.5 hours, about 38.3 % of the Company average. The aforementioned statistics show that employees at overseas factories have fewer training opportunities, due to comparative difficulties in obtaining related resources, like difficulty in cultivating in-house lecturers with bilingual or multilingual capability; such difficulties need time for gradual improvement. To augment training capacity and performance, in 2016, the company passed the evaluation of TTQS, the talent quality-management system, devised by the Workforce Development Agency, under the Ministry of Labor in the hope of incorporating corporate business goals into the planning and organization of training courses and institutionalizing practices of training.
3. In the disclosure of the status of vocational training in 2016, not only is the turnout of trainees substituted for the number of trainees, but also the position level is replaced by the course category as the classifying basis for statistics collection; gender is further taken as the statistical basis. To more faithfully reflect training status and examine propriety of on-the-job training courses, training hours for various training categories will be the statistical basis in the 2017 CSR report.

The proportion of trained male employees to female ones in each plant/of FTC in 2016



(II) Sustainable Social Care

i. Social Responsibility Philosophies and Policies

(i) Local Communities

Guided by the founder's teachings of "Honesty and Integrity", the Company strives to achieve the management philosophies of "Harmony, Innovation, Service, and Contribution", which includes honestly paying taxes, valuing environmental safety, and showing concern for employees. Furthermore, the Company has always strived to maintain a good public image and corporate reputation in order to fulfill our corporate social responsibility and give back to the community.

As the Plants are located in rural areas, the Company has always maintained good neighboring relations with nearby local residents, established clear communication channels, and has offered them assistance in various forms. All issues reported by the community will be registered and investigated with great care. The Company will contact the informant of the report to understand the nature of the issue, while the management department will review the issue to identify the causes and implement improvement solutions, after which the Company will take the initiative to report the handling of the issue to the public. For example, the De-An community reported a noxious odor emitted by the production processes, so the Company immediately launched an investigation into the production processes in the vicinity and suspended the production in question so that relevant improvements could be implemented before resuming operations. Every night, patrol personnel are dispatched to investigate odors in the surrounding area. In another case, the residents of Tianzipou reported that the cogeneration process produced steam noise at night, so the Company promptly inspected the production process and classified it as a special improvement project to install vacuum gas emission mufflers that would reduce the noise generated from the steam emission and meet the demands of the public. With regard to abnormal issues not attributable to the Company, the Company will also take the initiative to inform the parties responsible in order to reduce the subsequent potential impact and cooperate with the residents to maintain the public environment. The Company has also contributed to many local charity events to promote the common development and prosperity of both the employees and the local community. Through the long-term and sustained care of the community by the Company and its employees, humanitarian care and concern can be expanded to protect and ensure a harmonious relationship.

(ii) Legal Compliance and Ethics

The Code of Ethics, Integrity Management Principles, Code of Work, and other rules and regulations stipulated by the Company shall all comply with the relevant laws and regulations. The Company has also established higher moral and ethical standards by which employees must abide, including rejecting dinner invitations, gifts, and trips offered by stakeholders in the Company.

ii. Social Charity Measures

Through the organization of related activities, such as adopting roads for maintenance and bare lands for greenification, the 19 clubs and associations established by the Company and its employees have played a significant role in community development and charitable events. Through the continuous promotion of "Good Neighbor Relations", the Company has cared for the local communities and maintained good interaction with them, through "road adoption" and cleanup activities within a three-mile radius (Chinese mile).

Over the years, the Company has continued to offer social care, provide assistance to vulnerable groups, and donate to impoverished families and other vulnerable groups. The Company has also contributed to education and charity events.

(i) Education：

The Company has supported Formosa Taffeta Kindergarten since its beginning, which was established 37 years ago. Offering education at subsidized costs (employees' children are entitled to a 50% discount), the kindergarten provides education for employees' children, thus allowing employees to work with ease of mind, while also offering education to the children living in the neighborhood, thus contributing to the community. In 2016, 63 children attended the kindergarten.

Outing to Dugiaocian Recreational Farm in Chiayi County

Drag show on mother's day

Commencement of kindergarten

(ii) Enterprise Road Adoption

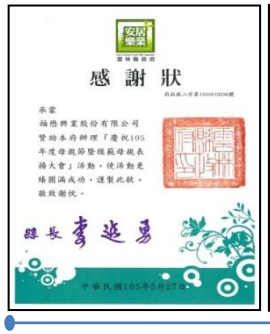
Since 2005, the Company has adopted 9.5 km of road in the surrounding vicinity for maintenance and conducted road cleanup activities every Friday to establish good neighboring ties with the community and ensure the cleanliness of the community by reducing the amount of dust and particulates spreading. So far, 8,112 hours of community service have been devoted to his project. (Every week, two employees from each of the 26 departments are appointed to conduct three hours of cleanup operations.) According to the "Principles of Tradeoff of Air Pollutant Emission Increment of Development Activities Reviewed by the EPA, Executive Yuan" promulgated on July 28th 2009, the annual reduction of particulate and dust has been calculated to be 13.634 tons.

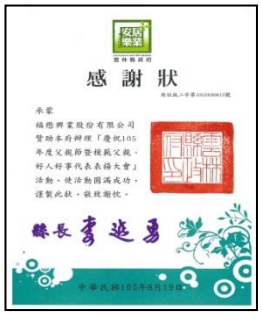
(iii) Adoption of Bare Lands for Greenification

The Company began adopting bare lands in September 2010. Currently, the Company maintains 0.6620 hectares of land annually for planting and greenification to give back to society, beautify the community environment, and reduce dust in the bare lands.

(iv) Giving back to Local Communities – Participation in Social Charitable Events

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	12
2	Consultation for the neighborhood volunteer civil defense force	7
3	Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities	16
4	Activities organized by community vulnerable group foundations	14
5	Donations to charitable activities and events organized by neighboring schools and organizations	5
6	Sponsoring other environmental protection activities and events in neighboring communities	14
Total number of donations made in 2016		65





Certificates of Appreciation
(From the left to the right):

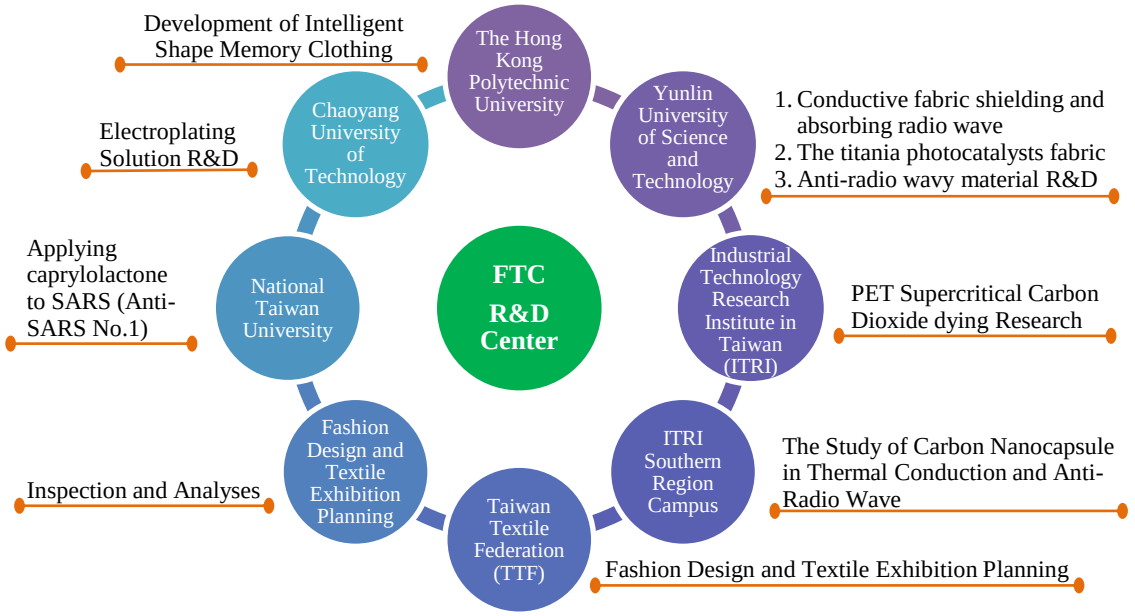
- Event for Father's Day
- All-people mobilization for defense and protection
- Honoring senior citizens on the Double-Ninth Festival
- National woodball tournament

Certificates of Appreciation (From the left to the right):

- Members of employees with over 40-year service
- Ceremony for honoring model mothers on Mother's Day
- Event of recreational camp

iii. External Associations Participation:

We engage in joint planning with some academic institutions and industrial associations to enhance our performance of techniques, production capacity, and management, strengthen our innovation capability, develop potentially high value-added products (or state-of-the-art products), and advance strategic businesses. The status of the cooperation is shown in the following figure and table:

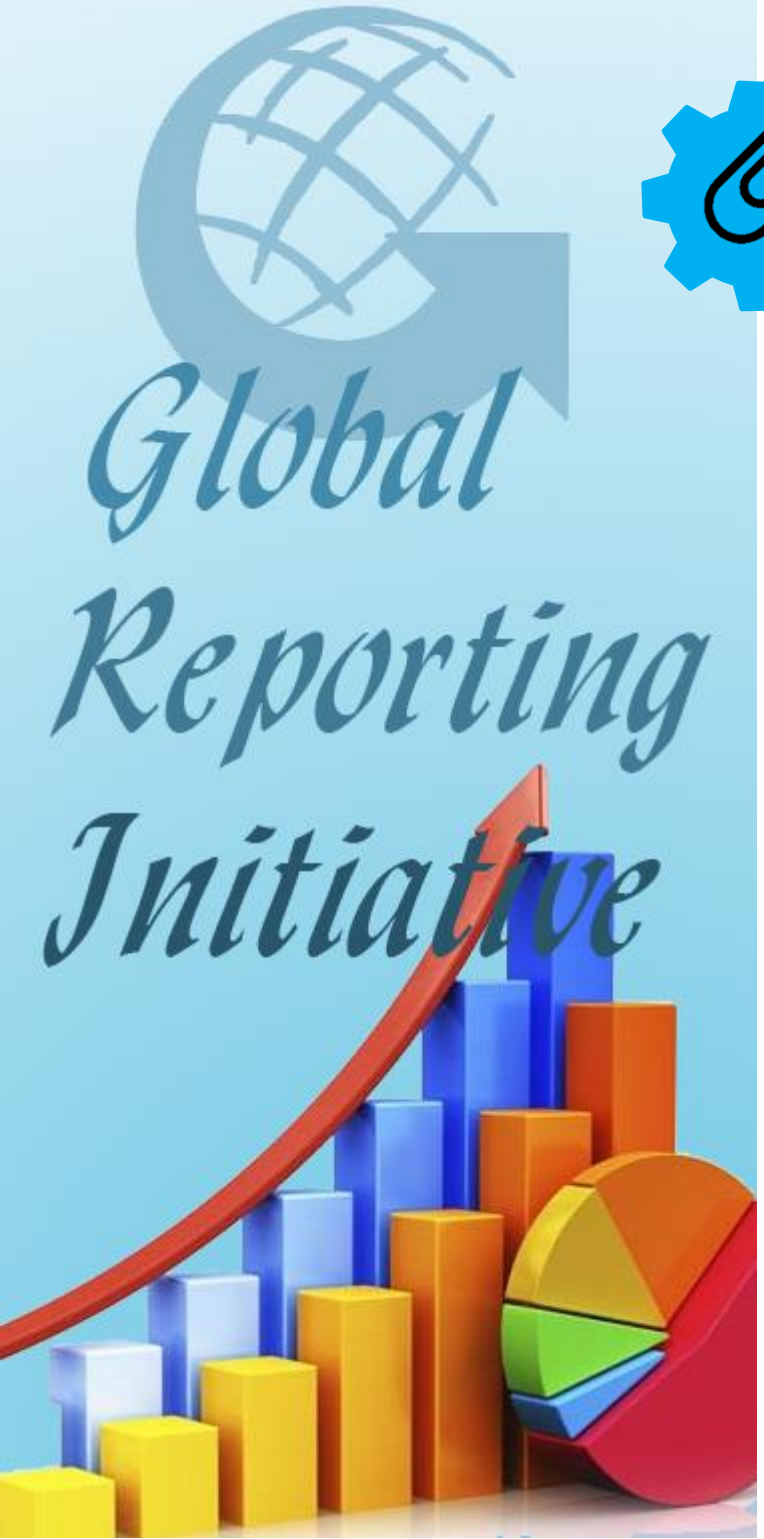


iv. Participation in External Associations

In addition to effort for upgrading technology and competitiveness, the company has also joined several industrial associations and taken part in major domestic and overseas seminars, in order to keep up with latest global development and engage in exchanges and cooperation with peers.

Participating Associations	Qualification
Chinese Association for Industrial Technology Advancement	Member
Taiwan Technical Textiles Association	Member
Taiwan Silk & Filament Weaving Industrial Association	Member
Textile Net in Taiwan	Member
Society for the Advancement of Material and Process Engineering	Member
Textile information association	Member
Cradle to Cradle Platform	Member

Cooperative Partners	Project	Amount (NT$ 10,000)	Number of Personnel	Duration
Department of Applied Chemistry, Chaoyang University of Technology	Composition analysis of stabilizer and chelating agents in the electroless nickel plating formula and the development of other formulas	NT$ 450,000	25	2014~2017
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on high functionality fabric coating technology and optimum production processes	NT$ 500,000	25	2014~2015
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on water-repellent functionality of fabric processed by normal pressure plasma and fluorine-free water-repellent finishing technology	NT$ 500,000	30	2015~2017
Department and Graduate School of Visual Communication Design, National Yunlin University of Science and Technology	Application design of woven fabrics	NT$ 350,000	20	2014~2016
Taiwan Textile Federation	Planning of garment design and textile product exhibition	NT$ 6,000,000	55	2014~2016
Taiwan Textile Research Institute	Testing and development of functional fabrics and protective fabrics	NT$ 1,800,000	50	2014~2016



Appendix I GRI G4 Content Index

Indicator	Indicator Content	Comments	Page	External Assurance
Strategy and Analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization.		2, 3, 5-6 & Annual Report 107-110	
Organizational Profile				
G4-3	Report the name of the organization.		13	101- 102
G4-4	Report the primary brands, products, and services.		17, 103-107	101- 102
G4-5	Report the location of the organization's headquarters.		13, 15	101- 102
G4-6	Report the number of countries where the organization operates, and names of countries.		14-15	101- 102
G4-7	Report the nature of ownership and legal form.		13	101- 102
G4-8	Report the markets served.		17	101- 102
G4-9	Report the scale of the organization.		14-15, 18, 68-70	101- 102
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		68-70	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Identified Material Aspects and Boundaries				
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	No such agreements in overseas Plants	-	101- 102
G4-12	Describe the organization's supply chain.		29	101- 102
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No significant changes	-	101- 102
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		22-27	101- 102
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	No subscribed initiatives	-	101- 102
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.		92	101- 102
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		7, 14-15	101- 102
G4-18	Explain the process for defining the report content and the Aspect Boundaries.		9	101- 102
G4-19	Explain how the organization has implemented the Reporting Principles for Defining Report Content.		10	101- 102
G4-20	For each material Aspect, report the Aspect Boundary within the organization.		11-12	101- 102
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Changes are specified if any in a chapter	11-12	101- 102
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No relevant event	-	101- 102
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No significant changes	-	101- 102
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.		8	101- 102
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		8	101- 102
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		8	101- 102
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		8	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		7	101- 102
G4-29	Date of most recent previous report (if any).		7	101- 102
G4-30	Reporting cycle (such as annual, biennial).		7	101- 102
G4-31	Provide the contact point for questions regarding the report or its contents.		7	101- 102
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option (see tables below). Report the reference to the External Assurance Report, if the report has been externally assured.		101- 102	101- 102
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.		7, 101- 102	101- 102
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		20	101- 102
Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		1-3, 5	101- 102
SPECIFIC STANDARD DISCLOSURES				
Category: Economic				
Economic Performance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		22	101- 102
G4-EC1	Direct economic value generated and distributed		18	101- 102
G4-EC3	Coverage of the organization's defined benefit plan obligations		Annual Report 195	101- 102
G4-EC4	Financial assistance received from government		18	101- 102
Procurement Practices				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		23-24, 29-34	101- 102
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		30-32	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Category: Environmental				
Materials				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		23-24, 32-33	101- 102
G4-EN2	Percentage of materials used that are recycled input materials		33	101- 102
Energy				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		41-42	101- 102
G4-EN3	Energy consumption within the organization		47-48	101- 102
G4-EN5	Energy intensity		47	101- 102
Water				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		42	101- 102
G4-EN8	Total water withdrawal by source		49	101- 102
G4-EN10	Percentage and total volume of water recycled and reused		43	101- 102
Emissions				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		45	101- 102
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)		50	101- 102
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)		50	101- 102
G4-EN18	Greenhouse gas (GHG) emissions intensity		50	101- 102
G4-EN21	No_x, So_x, and other significant air emissions		51	101- 102
Effluents and Waste				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		44	101- 102
G4-EN22	Total water discharge by quality and destination		52	101- 102
G4-EN24	Total number and volume of significant spills	No relevant event	-	101- 102
Products and Services				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		55-57	101- 102
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		55-66	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		41	101- 102
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations		54	101- 102
Overall				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		24,26,41-42,44	101- 102
G4-EN31	Total environmental protection expenditures and investments by type		54	101- 102
Environmental Grievance Mechanisms				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		41	101- 102
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None		101- 102
Category: Social				
Labor Practices and Decent Work				
Employment				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		67	101- 102
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		68, 81-82	101- 102
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		82-83	101- 102
Labor/Management Relations				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		-	101- 102
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		81	101- 102
Occupational Health and Safety				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		71-80	101- 102
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs		71	101- 102
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		79	101- 102
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		76	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Training and Education				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		84-85	101- 102
G4-LA9	Average hours of training per year per employee by gender, and by employee category		85-88	101- 102
Diversity and Equal Opportunity				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		67	101- 102
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		20, 69-70	101- 102
Human Rights				
Non-discrimination				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		67	101- 102
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No relevant event	-	101- 102
Child Labor				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		68	101- 102
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No relevant event; not a material topic, but disclosed to respond to branded customers' requirements	-	101- 102
Forced or Compulsory Labor				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		67	101- 102
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	No relevant event; not a material topic, but disclosed to respond to branded customers' requirements	-	101- 102
Society				
Local Communities				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		89	101- 102
G4-SO2	Operations with significant actual and potential negative impacts on local communities		89	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Anti-corruption				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		21--22	101- 102
G4-SO4	Communication and training on anti-corruption policies and procedures		22	101- 102
G4-SO5	Confirmed incidents of corruption and actions taken		-	101- 102
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		26-27	101- 102
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations		-	101- 102
Product Responsibility				
Grievance Mechanisms for Impacts on Society				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	http://www.ftc.com.tw/defaultc.htm	-	101- 102
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None	-	101- 102
Customer Health and Safety				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		25, 64	101- 102
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No relevant event	-	101- 102
Product and Service Labeling				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	ISO9001Certification	-	101- 102
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No relevant event	-	101- 102
G4-PR5	Results of surveys measuring customer satisfaction		36-37	101- 102

Indicator	Indicator Content	Comments	Page	External Assurance
Customer Privacy				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		35-36	101- 102
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No relevant event	-	101- 102
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	ISO9001Certification	-	101- 102
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No relevant event	-	101- 102

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD's CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2016

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

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

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

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

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

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for FTC and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS,

EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

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

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

FTC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, government agency, community, CSR experts and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FTC may proactively consider having more direct two-ways engagement with stakeholders in the future.

Materiality

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

Responsiveness

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

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

The report, FTC's CSR Report of 2016, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. It is recommended to have more identifications and disclosures of other material aspects in next report. Mapping and aligning business strategies with UN SDGs are also recommended. Disclosures on the specific actions taken to achieve goals and supply chain management may be further enhanced. EN19, EN32, and LA10 are encouraged to be disclosed with further details in the next report.

Signed:
For and on behalf of SGS Taiwan Ltd.

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

AA1000
Licensed Assurance Provider
000-8

GP5008 Issue 5

Appendix III Main brands

Product Name	Explanation of usage
abletex® **Microporous Breathable Water-proof Fabric**	Abletex® is a high-performance, breathable, and water-proof laminated fabric. Our Company uses the combination of high-tech micro-porous breathable water-proof PU membrane and various materials to create a durability that offers a new generation of high-performance, breathable, and water-proof fabric. The Abletex® collection has high water-proof rating of 10,000 mm H20 and high breathability of 6000 g/m2/24hr (by JIS L1099-A1) or more. The fabric can keep you dry and comfortable under any weather conditions and thus is the best choice for cloth used in outdoor activities and leisurewear.
BOOMETEX™ **Next Generation of Green Products**	Under globalization and resource depletion, the Company feels responsible for environmental protection and is thus committed to developing various eco-friendly fabrics with the concept of recycling and environmental protection. Using PET bottles or recycled polyester materials to make nylon and polyester fiber products helps reduce resource and energy consumption, as well as CO_2 emissions, and is regarded as the next generation of green eco-friendly products. The extreme delicate texture combined with various special rework processes, e.g. PFOA/PFOS Free water repellent, complies with EU 2006/122/EC standards, including functions like water-proof, wind-proof, down-proof, breathable, quick-dry, etc. Applications: Athletic and leisurewear, e.g. windbreakers, raincoats, and down jackets.
Caladans™ **Cloudy Dyed Fabric**	Caladans™ fabrics are produced via a special technique resulting in shadowy prints simulating a "cloud-dye" effect. They can be treated with a crinkle finish to enrich the texture and touch, thus rivaling expensive fabrics. Airy, soft, lightweight, and stylish, Caladans™ fabrics can be applied to diverse design styles, from high-end fashion to sportswear, acting like the icing on the cake.
FONEWR Nano® **Super Durable Water Repellent Fabric**	Produced by Nano technology, FONEWR Nano® fabric features super durable, water repellent, oil repellent, self-cleansing, and anti-staining properties with a Nano surface structure. The preliminary water repellent rating can reach 100(AATCC-22) and the oil repellent rating to 4 degrees (AATCC-118); even after 100 washes, the water repellent rating still reaches 80, and the oil repellent rating reaches 3 degrees, thus showing excellent dry-clean durability. The fabric can work with microfiber materials with a double weave to create an easy care feature. Regardless of the activity, users can stay clean, dry, and comfortable. It can even work with other processes, such as antibacterial or UV-protection processing, to further increase the fabric's value.
Microfeel® **Microfeel Fabric**	Microfeel® fabric is made from nylon or polyester microfibers. The thickness of such fiber is less than 1/100 of the diameter of a human hair, which provides a fine touch and soft texture thanks to the extremely fine thickness of the fabric. With the excellent capillary action of the microfiber, it is a superb breathable and quick-drying material when coordinated with the wicking process.

Product Name	Explanation of usage
Nanodermis* **Santiny and Skin Friendly Fabric**	Made by the Company's latest special processing technology, Nanodermis* products can provide Nano-structure to fabric, creating a delicate and soft touch and a fabric surface that looks like natural materials. The processing technology can be applied to a variety of nylon and polyester fabrics – especially on ultra-fine fiber fabrics to provide a more delicate touch. Key applications: Jackets, down apparel, sleeping bags, clothing for dust-free/sterile room, etc.
PERMACOOL™ **Cooling Fabric**	In recent years, we have all been facing worsening global warming and greenhouse effects with extreme cold and hot weather on the rise. Cooling and energy conservation fabrics have been widely promoted among eco-friendly fabrics, which provide wearers the full coolness and comfort of the fabric. Our cooling fabric is made from special cooling fiber materials with a textured design using high-level post-processing technology. This series of products will generate an instant cooling feeling (Q-max) of 0.17 W/m2 or more when contacting the skin. The water-absorbing and quick-dry properties can transmit sweat quickly from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture-absorbing, and sweat-releasing functions even in scorching hot weather.
PERMADRY® **Quick-drying Fabric**	PERMADRY® adopts a special cross section synthetic fiber or ultra-fine fiber, which is made using high-level processing technology. This series of products can absorb moisture and dry quickly. It has high permeability and launderability, which is an excellent quick-drying and durable material. When doing sports or leisure activities, the water-absorbing and quick-dry properties can quickly transmit sweat from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture absorbing, and sweat releasing functions even in scorching hot weather.
SmarYa™ **Memory Smart Fabric**	SmarYa™ fabric is different from general fabrics in that SmarYa™ will maintain its shape even after being washed in hot water or dried by home dryers. Wrinkled fabrics will also be able to restore their original shape using the above method. If the fabric was originally creased, then the creases will also be maintained. Thanks to the Thermally Induced Shape Memory property of the product, the fabric offers the convenience of easy care. Product properties: 1. Form memory 2. Size invariability 3. Excellent touch and moisture absorption 1. Launderability 2. Pilling resistant 3. Shape retention (memory)

Product Name	Explanation of usage
SUN-ECO® **Nano Photocatalytic Antimicrobial & Deodorizing Fabric**	SUN-ECO® is a special functional fabric resulting from the TiO_2 photocatalyst dual deodorant mechanism, which contains both deodorant and anti-bacteria effects. It can effectively absorb the odors of ammonia, hydrogen sulfide, ammonia trimethyl, methyl mercaptan, cigarettes, and 2-norenal and further decompose them into H_2O and CO_2 with more anti-bacteria effect. After multiple washes, the fabric will still maintain its antibacterial and deodorizing effects. SUN-ECO® is an eco-friendly fabric with the longest effectiveness and most safety.
Trans-Uno® **One-way Moisture Transfer Fabric**	The polyester/nylon one-way moisture transfer fabric can quickly diffuse sweat to outside of the fabric from the skin's surface and reduce the viscous sense between the wet clothes and skin, as well as the uncomfortable feeling of cold skin, so that the wearer can continuously feel dry and comfortable for a long time. Furthermore, the sweat is transmitted to outside of the fabric one-way so the air drying time can be shortened.
光熱寶 Warmth Retaining Fabric	Our Company has leveraged far infrared material to design and develop the lightweight far infrared functional fabric, with the emissivity of far infrared reaching as high as 80%. The fabric can absorb the energy of visible light and short waves emitted from the human body, convert it into the far infrared, emit the "living light" (4~14 μm in wavelength), which is the most beneficial light to the human body, and possess the warmth retaining function. Applications: Sports apparel, down apparel, sleeping bags, and lining cloth.
绿活富 **Eco-friendly Coating Fabric**	Our water-soluble PU & Acryl coating fabrics do not include the organic solvent that may cause harm to the environment. Instead, it uses a C6 water repellent agent without PFOS or PFOA. It is an eco-friendly concept product that can be used in umbrellas, down-proof leisure apparel, and snow clothing.
光熱龍® 光熱龍快熱蓄溫保暖纖物 PERMAWARM	Our Company uses forward-looking processing technology to develop new and soft thermal insulation fabric. Its compound structure (trace metal element + carbon material) will turn environmental energy and body temperature into heat energy to achieve real thermal insulation. It is the best new technological material for warm clothing in cold winters.
抑克電™ 耐久性抗靜電纖物 e-decay™	Our Company uses advanced durable high-specialty anti-static fibers to develop fabric that can effectively reduce static accumulation. It can be coordinated with water repellent processing, and the friction voltage will still remain under 1000 Volt after multiple washes. The fabric does not easily absorb dust caused by static while being worn in dry weather, thus reducing that uncomfortable feeling while taking off the clothes. Major applications include sports and leisure clothing, down apparel, jackets, various garment linings, etc.

Product Name	Explanation of usage
UVoutex®	Wearing the UVoutex® series of fabric can effectively protect the skin from harmful ultraviolet rays. The fabric has launderability properties, and its protection is not affected by color or times of washing. Its UPF rating can be as high as 30+ (AS/NZS 4399:1996). Applications: Sportswear, leisure jackets, sun umbrellas, hats, etc.
sans quito™	Sansquito -Mosquito repellent processing fabrics are produced by special post processing technology. The natural pyrethrin extract can effectively repel mosquitoes. Sansquito fabric will not cause skin allergies or serious reactions and is a safe mosquito repellent processed fabric. Mosquito repellent effect remains even after being washed 25 times.
Hi-Sett*	Hi-Sett* refers to products where our Company uses microfibers with a high-end weaving process and excellent dyeing and finishing techniques to give the fabric high-performance waterproof functions without coating. The fabric contains soft, breathable, UV resistance, and windbreaker features. It is a high-quality and eco-friendly fabric.
M2PTEX® e	M2PTEXe adopts electroless plating technology to deposit metals like copper and nickel on polyester and nylon fabrics. It is a metalized conductive fabric with excellent softness and flexibility and outstanding anti-electromagnetic interference capacity. The M2PTEXe conductive woven fabric line has passed RoHS (2002/95/EC) standard, and its shielding capacity of 50dB+ has been certified by an internationally recognized inspection organization. Product Series: • Conductive woven fabric with various plastic surface colors • Plastic-coated, colored conductive fabric • Thermal adhesive conductive fabrics • Single/double-sided fire retardant conductive fabric & flame-resistant thermal adhesive conductive fabric (UL-94V0) Applications • Anti-electromagnetic interference for precision instruments • PC EMI shielding material • Conductive gasket • Conductive tape • Anti-electro detection • OA work suit • Architectural shielding material/curtain • Anti-electromagnetic interference for communication equipment

Product Name	Explanation of usage
Aquaoff* 超臨界CO2無水染色織物	To provide clients with products made from eco-friendly, energy conserving, low-carbon emission, and environmentally friendly production processes, the Company has introduced supercritical CO_2 water-free dyeing processes and procured relevant equipment and integrated it into the production process, which was officially utilized in 2014. The benefits of products made from the supercritical CO_2 water-free dyeing processes are: 1) Zero water resource consumption 2) Zero wastewater discharge 3) Reduced CO_2 emissions 4) Auxiliary agents are no longer required 5) Energy conservation (Reduced thermal consumption in dyeing and drying)

Appendix IV FTC's Certificates of Eco-friendly Production Processes & Products

- Oeko-Tex ® Standard 100
- GOTS Organic Cotton Certificate (Control Union Certifications)
- OE Organic Cotton Certificate (Control Union Certifications)
- GRS Polyester Global Recycle Standards Certificate (Control Union Certifications)
- Greenhouse Gases Emissions Certification Opinion Statement (ISO 14064-1) Certificate
- Occupational Health and Safety · Assessment Series (OHSAS 18001:2007) Certificate
- Taiwan Occupational Safety and Health Management System (TOHMAS Certificate)
- Environment Management System (ISO 14001:2004) Certificate
- Quality Management System (ISO 9001:2008) Certificate
- bluesign ® Standard Certificate
- Energy Management System (ISO 50001) Certificate

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