

# 2014

## Nan Ya Plastics Corporation Corporate Social Responsibility Report



台塑關係企業  
FORMOSA PLASTICS GROUP

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## Preface –A Message from the Management Team

Nan Ya Plastics Corporation adheres to the business philosophy of diligence, frugality, and ultimate excellence in the pursuit of sustainable development of the enterprise. Except for sticking to the business ethics and the principle of compliance with laws, we also contribute to the community as much as possible and strive to fulfill our responsibilities as a corporate citizen. In 2015, we issued the first "Corporate Social Responsibility (CSR) Report" to genuinely disclose the information related to corporate governance, environmental protection, and social welfare. Furthermore, we entrusted objective and credible professional institutions with the verification of content to ensure the quality of this Report. By publishing annual CSR Report periodically, we believe it shall not only be conducive to the mutual trust between us and stakeholders, but also allow us to move towards continued growth, environmental protection and balanced development, thus achieving the objectives of sustainable operation.

Looking back to 2014, the global economy presented the mild recovery trend, while the economy in Taiwan showed the gentle growth, that the investment, consumption and export stay stably. Under the environment of global economy slowly growing, we strived to expand the overseas and domestic markets so as to increase sales and capacity utilization, develop the high-valued and differentiated product to increase the profit, however, the profit of petrochemicals reduced for the influence of global oil price crash in the second half of 2014, and caused the profit inferior to the expected. Luckily, due to the significant increase in the investment income of the joint ventures, the holistic profit in the whole year is still superior to that of 2013.

Given the sharp fluctuation of international raw material, raising environmental awareness, the increasingly strict environmental norms, and various changes of business environment, we have turned our R&D approach toward eco-friendly and high-value products since several years ago. We developed various eco-friendly products meeting the environmental laws such as ROHS and REACH, green building material standard or applicable to the green power. In the future, we shall continue to research and develop the new material and new usage fitting for the eco-friendly trend and highly value added products to lower the impact on the environment and find the new niche market.

Meanwhile, we will have promoting the environmental protection work to respond the effects of global climate change and achieve the target of energy conservation and carbon emission reduction. To ensure the complete execution of pollution prevention, industrial waste minimization and cleaner production and fulfill the responsibility of corporate citizen, we established Standard Operation Procedure (S.O.P.), implemented the audit work, and passed the ISO-14001 certification assessment. We have won the praise and affirmation of government unit for the endeavor and effect in the environmental protection. In 2014, Polyester Fiber Division Spinning & Texturing 3<sup>rd</sup> Plant won the "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance" for the outstanding energy saving performance; Hsinkang CCL 1<sup>st</sup> Plant gained a favorable reception from Environmental Protection Administration, scholars and professionals for the excellent performance in the resource recycling and processing, waste reduction, steam saving, and electricity saving, and won the "ROC Enterprise Environmental Protection Award" again after 2013. However, we are not satisfied, and shall continue to adhere to our core belief that industrial development and environmental protection are equally important and can coexist, to keep promoting, and to strive to achieve the goal of meeting the international optimality criterion.

In terms of social care, we were early aware that except for our own efforts, we also owe our company achievements to community support. When a company has achieved success in management, it should follow the traditional saying of "take from the society and use it for the society", therefore, we also gathers the enterprise resources with other members of the Formosa Plastics Group to invest the public welfare activities such as education, medical service, art and literature, as well as sport, except for routinely maintaining the good relationship with the neighbors. For example, continued charity contributions through partnership with government and private groups in 2014 included 60,000 doses of pneumococcal vaccine donations for the CDC (Center for Disease Control), assistance in service quality enhancement for organizations for children with developmental delays, which could not only offer our management expertise to assist the welfare organizations to strengthen their functions, but also properly apply the group resource to continue caring the vulnerable groups .

Looking into the future, We will continually adhere to the inquisitive spirit and strive to improve in all aspects during each phase of production to meet varied demands, ensuring business sustainability despite the economic climate and social changes. Moreover, we will also make good use of limited social and natural resources, and will carry out the corporate mission of environment protections, care for society to implement the management concept of "Diligence and Frugality, Ultimate Excellence, Sustainable Operation, Dedication to the society", make the benefit balance among all the stakeholders such as the shareholder, employee, supplier, contractor and customer, and act as positive driving force for social growth.

## Nan Ya Plastics Corporation

Chairman Chia-Chau Wu

2015



# 1



About the Report



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# 1 About the Report

## 1.1 Overview

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This Report is the initial Corporate Social Responsibility Report (CSR Report) published by Nan Ya Plastics Corporation (NPC) and provides an accurate and detailed introduction to our sustainability actions within the environmental protection, corporate governance and social welfare sectors.

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**Information Period:** 2014 (January 1<sup>st</sup> 2014 to December 31<sup>st</sup> 2014)

**Scope of Statistics:** The information is gathered primarily from Nan Ya Plastics Corporation and does not include data from affiliates in Taiwan, China, the United States, or Vietnam, etc. Any other information with a different disclosure scope will be otherwise specified. For example, some data in the chapters of "Nan Ya Plastics Corporation - An Overview" and "Corporate Governance" quote the data of consolidated financial statements, which include the data of the subsidiaries expressed in the consolidated financial statements. All of the financial statements have been duly verified by CPAs. Part of the statistics were provided by the Government and its affiliated agencies. The information is expressed in commonly accepted benchmarks. If other metrics are used, details are provided in the report.

## 1.2 Guidelines of the Report

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According to "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" published by Taiwan Stock Exchange Corporation, Nan Ya Plastics Corporation compiled 2014 CSR Report. This report is compiled according to the Global Reporting Initiative (G4) guidelines and the content structure of this report has been prepared pursuant to the guidelines and structure listed by the core items. The objective of these guidelines is to discuss issues regarding the organization's sustainability, strategy, goals, and respective measures. To reinforce the comparability and substantiveness, all of the information released in the report this year was verified by the renowned British Standard Institution (BSI). Please see the appendix for details of the BSI GRI G4 Check Independent Opinion Statement, which is represented by the following international common indicators and notes in the related sections in case of any estimation.

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- Global Reporting Initiative (GRI) G4.0 version
- Principles of Social Responsibility Practice for Listed Companies
- ISO 26000 Guidance on Social Responsibility
- United Nations Global Compact

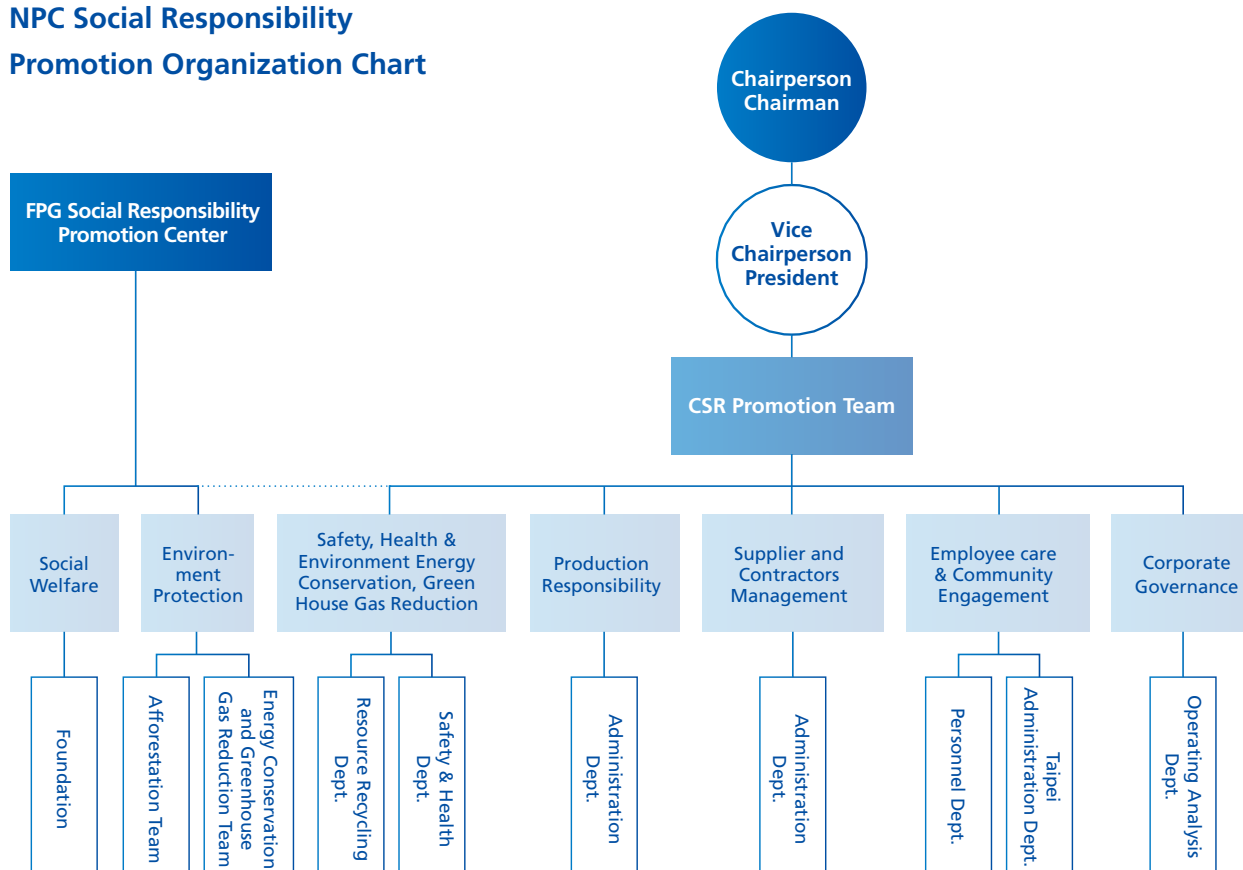


## 1.3 Report Compilation Process

To ensure effective integration and promotion of social responsibility, NPC formed the Social Responsibility Promotion Organization, which is led by the Chairman of NPC. The Organization is responsible for proposing the CSR strategies and evaluating their performance. Under this structure, the President's Office, Taipei Administration Dept., Safety & Health Dept., Resource Recycling Dept., and each business division of EHS units are responsible for corporate governance, community engagement, and environmental protection related affairs. Besides, since NPC is one of the FPG, if the parts in the local sustainable development and social welfare belong to the common business of the Formosa Plastics Group, it shall be overall executed by the "Foundation", "Energy Conservation and Greenhouse Gas Reduction Team"" and "Afforestation Team" governed by the "FPG Social Responsibility Promotion Center".

Stakeholders of NPC include shareholders, customers, suppliers and contractors, employees, social welfare and environmental protection organizations. The concerns of the stakeholders are reviewed by the members of the CSR Promotion Organization and arranged in this report according to various topics and levels of significance. These topics are then reviewed by Head of the CSR Promotion Organization to ensure that the topics of interest match the stakeholders' needs, and then submit to the Board of Directors for check and reference.

### NPC Social Responsibility Promotion Organization Chart



Note: "FPG Social Responsibility Promotion Center" executes the tasks related to local sustainable development and social welfare belong to the common business of FPG.

# 1 About the Report

## 1.4 Stakeholder Identification and Communication

Through considering the international trend, industrial characteristics, and routine stakeholders frequent interaction experience as well as the concerning degree and influence of stakeholders to the company operation, NPC CSR Promotion Team identifies the main stakeholders of NPC including: Residents in Operational Zones, Government Sectors, Professionals, and Environmental Protection Organizations, Shareholders and Investors, Customers, Suppliers and Contractors, and Employees.

Interaction and communication with stakeholders are essential to our organizational operations. To this end, FPG has established multiple and effective communication channels, allowing stakeholders' needs and thoughts be heard and understood. Feedback and decisions toward these requests are provided in this report, which served as significant reference for our business strategies and plans. The following chapters recorded detailed issues of concern and the specific measures we have taken. The communication channels and areas of concern are listed as follows:



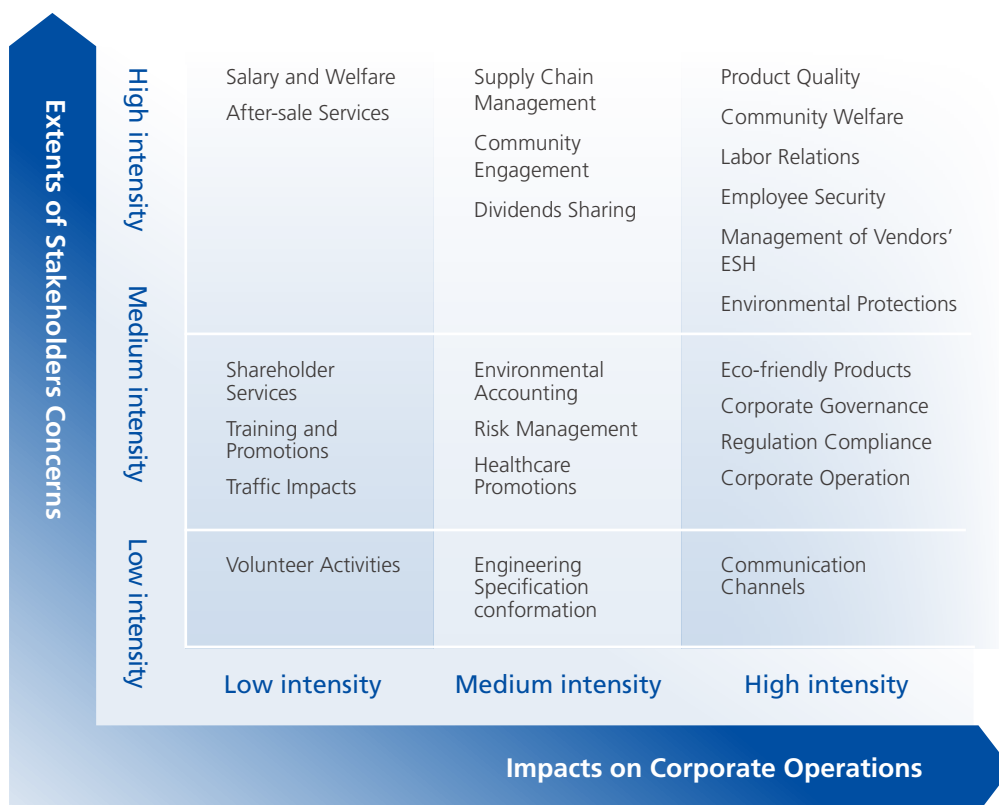
Stakeholders	Communication Channels	Communication Frequency/Year	Area of Concern
Residents in Operational Zones	<ol style="list-style-type: none"><li>1. Task force members are assigned to communicate with neighboring residents.</li><li>2. Representatives are regularly appointed to attend community meetings to learn about residents' suggestions.</li><li>3. Visits to community representatives and residents are arranged from time to time to promote community care and welfare.</li><li>4. We hold plant expansion communication meetings, conferences, symposia, and related meetings to involve local residents.</li></ol>	At least three unscheduled meetings	Community Welfare Community Engagement Volunteer Activities Traffic Impacts
Government Sectors, Professionals, and Environmental Protection Organizations	<ol style="list-style-type: none"><li>1. We maintain close and efficient communication with Government Sectors and to participate in public hearings and conferences on related policies and regulations.</li><li>2. We set up monitoring center for environmental evaluation and communication of proposed plant expansions.</li></ol>	At least three unscheduled meetings	Environmental Accounting Regulation Compliance Environmental Protections

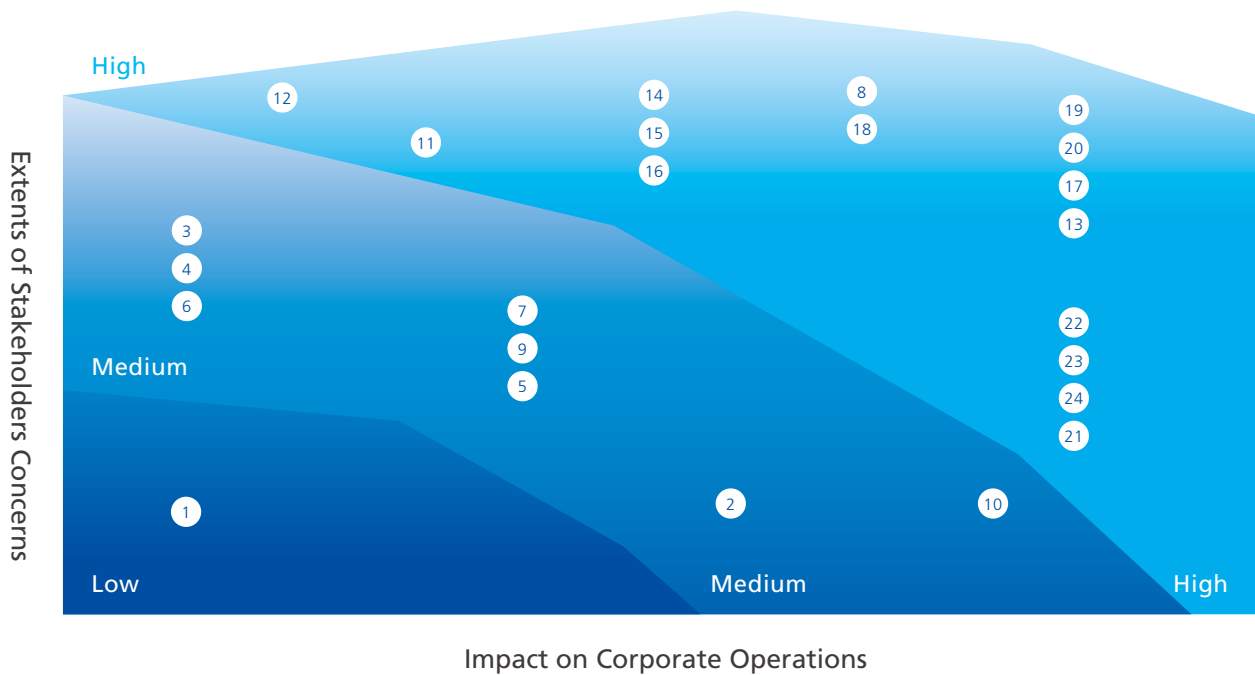
Stakeholders	Communication Channels	Communication Frequency/Year	Area of Concern
Shareholders and Investors	<ol style="list-style-type: none"> <li>Shareholders' meeting is arranged annually in the second quarter.</li> <li>The Stock Affairs Department is set to respond to the shareholders' inquiries and learn their needs.</li> <li>"Investors Relations" was set up on our websites to answer investors' FAQ.</li> <li>We provide real-time updates in the Market Observation Post System (M.O.P.S.), allowing immediate access to statistics and information.</li> <li>Spokesmen appointed to serve as a contact between the Corporation and its investors.</li> <li>Revenue over the last month for Nan Ya Plastics Corp. will be announced on the 6th of each month, and on the 10th during the months of seasonal income announcements (Jan., Apr., Jul., and Oct.).</li> <li>Participating in the investment forum held by domestic or international securities firms to explain the corporate operation condition and prospect to the external.</li> </ol>	At least 12 times for the revenue announcements, 1 time during the Shareholder's meeting, and at least 1 time for other items	Corporate Operation Dividends Sharing Corporate Governance Shareholder Services Risk Management
Customers	<ol style="list-style-type: none"> <li>We will conduct annual distributors' meeting regularly to identify customers' needs and the market's dynamics.</li> <li>We will participate in various trade shows (ex. textile fiber: Taipei Innovative Textile Application Show, Intertextile Shanghai, American Outdoor Retailer; the electronic material: Taiwan PCB &amp; Assembly Exhibition, Touch Taiwan; the plastic processing: Taipei Building Show, Plascom Taiwan) to gain direct insight into voice of customers and market development.</li> <li>Marketing Departments are to make targeted visits to assess customers' needs.</li> <li>Customer satisfaction surveys, customer feedback forms, customer complaint forms are used to garner feedbacks.</li> <li>A dedicated customer service hotline and E-mail address</li> <li>Customer complaint channels, goods exchange, refunds, and compensation applications.</li> </ol>	At least one unscheduled meeting	Product Quality After-sale Services Eco-friendly Products
Suppliers and Contractors	<ol style="list-style-type: none"> <li>Vendors make contact with procurement departments and bidding centers.</li> <li>The e-commerce systems provide 24-hour online Customer Service for supplier inquiries, online quotation platform support, and replies to inquiries about our company.</li> <li>Conduct Supplier Meetings to enhance mutually effective communication.</li> <li>E-mail addresses will be provided on the front page of the corporate official website.</li> </ol>	At least three unscheduled meetings	Supply Chain Management Engineering Specification conformation Management of Vendors' ESH
Employees	<ol style="list-style-type: none"> <li>Morning briefings allow employees to learn updates on internal regulations and grant employees an occasion to give suggestions. Employees are also encouraged to feedback and communicate with supervisors anytime vis-à-vis or in written form.</li> <li>Appointed representative will respond to complaints received via physical and online suggestion boxes.</li> <li>A "799 Hotline" is available at all work sites and immediate assistance is provided in response to employees' questions.</li> <li>Formosa Plastics Group Magazine is published bi-monthly as an in-house communication channel.</li> <li>Meetings are held between senior management and union representatives as needed.</li> <li>Employees are encouraged to join labor unions, the welfare committee, and various organizations to take part in meetings and raise suggestions. Designated managerial personnel will respond and communicate with them.</li> <li>An annual Employees' Satisfaction Survey will be conducted. Weekly announcements are made in response to the various suggestions and/or complaints received.</li> <li>Employees can make suggestions on the Company's policies via the FPG Policy Suggestion Feedback Form.</li> <li>Employees are encouraged to share original ideas via the FPG Innovation Platform.</li> </ol>	During the morning briefings every day, at least 6 times periodically	Labor Relations Salary and Welfare Training and Promotions Communication Channels Employee Security Healthcare Promotions

# 1 About the Report

## 1.5 Identification of Critical Issues

Since Nan Ya Plastics Corporation initially published the CSR report this year, and each unit of NPC CSR Promotion Team has irregularly communicated with the relevant stakeholders, for instance, Operating Analysis Dept. interacts with shareholders and investors; Personnel Dept. communicates with employees, Safety & Health Dept. negotiates with government agencies and environmental protection groups. Therefore, NPC CSR Promotion Team could collect and archive the relevant issues through the discussion and evaluation. Each category is analyzed and classified according to its level of impact and arranged in sequential order. The last column on the right signifies topics of greatest significance, and on the left those of least significance. We will discuss the significant issues in this report and items that need improvement. By making these improvements, we seek to maintain effective communication channels and partnerships with all our respective stakeholders.





- |                              |  |                            |                           |
|------------------------------|--|----------------------------|---------------------------|
| 1 Volunteer Activities       | 2 Engineering Specification conformation | 3 Shareholder Services     | 4 Training and Promotions |
| 5 Healthcare Promotions      | 6 Traffic Impacts                        | 7 Environmental Accounting | 8 Employee Security       |
| 9 Risk Management            | 10 Communication Channels                | 11 After-sale Services     | 12 Salary and Welfare     |
| 13 Environmental Protections | 14 Supply Chain Management               | 15 Community Engagement    | 16 Dividends Sharing      |
| 17 Labor Relations           | 18 Management of Vendors' ESH            | 19 Product Quality         | 20 Community Welfare      |
| 21 Corporate Operation       | 22 Eco-friendly Products                 | 23 Corporate Governance    | 24 Regulation Compliance  |



# 1 About the Report

## Identified Material Aspect and Boundaries

● Representing the main disclosure items in this report

Category	Related Issues	Considering Aspect	Internal Boundary	External Boundary		
			NPC	Customer	Supplier Contractor	Neighborhood
Governance	Corporate Operation	Economic Performance	●	●		
	Dividends Sharing	Economic Performance	●			
	Corporate Governance	Anti-corruption	●			
		Anti-competitive Behavior	●			
		Non-discrimination	●			
		Child Labor	●		●	
	Regulation Compliance	Forced or Compulsory Labor	●		●	
		Compliance (Environmental law obedience)	●	●	●	
		Compliance (significant fines and non-monetary sanctions)	●			
		Customer privacy	●	●		
	Communication Channels	Compliance (product and service   law obedience)	●			
		Environmental Grievance Mechanisms	●			
		Labor Practices Grievance Mechanisms	●			
		Human Rights Grievance Mechanisms	●			
		Grievance Mechanisms for Impacts on Society	●			●

Category	Related Issues	Considering Aspect	Internal Boundary		External Boundary	
			NPC	Customer	Supplier Contractor	Neighborhood
Environmental	Environmental Protections	Materials	●			
		Energy	●		●	
		Water	●			
		Biodiversity	●			●
		Emissions	●		●	
		Effluents and Waste	●			
	Eco-friendly Products	Product and Service Labeling	●			
		Customer Health and Safety	●	●		
	Management of Vendors' ESH	Supplier Assessment for Labor Practices	●		●	
Social	Salary and Welfare	Market Presence	●			
		Employment	●			
	Labor Relations	Labor/Management Relations	●			
	Employee Security	Occupational Health and Safety	●		●	
	Community Welfare	Economic Performance	●			●
		Indirect Economic Impacts	●			●
	Community Engagement	Local Communities	●			●
	Product Quality	Products and Services	●			
		Product and Service Labeling	●			
	After-sale Services	Product and Service Labeling	●			
		Marketing Communications	●	●		
	Supply Chain Management	Procurement Practices	●			
		Supplier Assessment for Labor Practices	●		●	

# 1 About the Report

## 1.6 CSR Achievements at a Glance

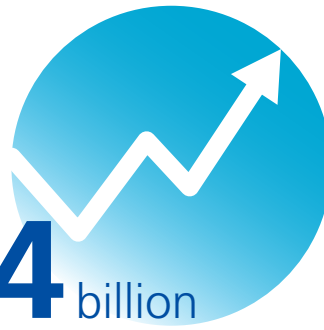
### Corporate Governance

Revenue

NT\$ **325.4** billion

growth rate 4.65% compared with 2013

Paid taxation amount excluding the business income tax is NTD 2.5 billion.



Customer satisfaction  
is averagely

**4,1** points

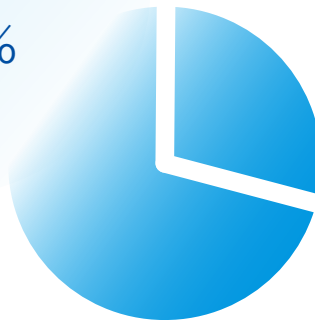
full marks of 5 points



Extremely high directors and  
supervisors shareholding ratio is

**17.79%**

The minimum directors and supervisors  
shareholding percentage requirement of  
Financial Supervisory Commission to the  
public issuing corporation of the same  
scale is 2%.



Patent for invention is

as high as **76%**

239 patents in force



Work safety supervision  
abnormal case is

only **0.15** case/plant



Taiwan employees

occupy **99**%

over 97.1% are regular employees



Employee resignation  
ratio in 2014

below **0.1**%



# 1 About the Report

## 1.6 CSR Achievements at a Glance

### Environment Sustainability

Environmental protection  
management system  
certification

**19** certifications

4 ISO 14001 environmental protection  
management system certifications  
4 OHSAS 18001 certifications  
11 TOSHMS certifications



Investment  
amount for  
water saving  
improvement  
in 2014 reaches

NT\$ **0.07** billion

yearly water saving amount is about 210,000 tons



Investment amount for energy  
saving in 2014 reaches

NT\$ **0.42** billion

the yearly investment amount in 2014  
alone reaches 28% of accumulation  
amount of 1999~2003



Carbon dioxide  
reduction amount  
of whole year

reaches  
**97,000** tons





Environmental cost reaches

NT\$ **1.977** billion

increasing 2.75% compared to 2013



Environmental  
protection  
violation  
event

There is **1** event in 2014

7 cases in 2013



Local purchase  
ratio reaches

**87**%

the green purchasing amount  
reaches NTD 22.38 million



# 1 About the Report

## 1.6 CSR Achievements at a Glance

### Social welfare and local prosperity (FPG)

Investment amount for  
Social welfare

NT\$ **50.42** billion

accumulative investment is NTD 50.42 billion

Agriculture and  
fishery technology  
upgrading

**100** households

coach 100 households of farmers

Released fish  
fry exceeds

**2.23** million fish

2008 - 2014

Disability  
welfare

set  
**20**  
treatment medical points

initially create the professional online  
communication platform of early  
treatment education

**Physical education and  
culture promotion**

provide

NT\$ **157** million

foster the characteristic culture and sports talents



**Education and Employment Assistance  
for Aboriginal Children**

invest over

NT\$ **1.67** billion

to foster the employment  
ability of aboriginal youth



**Elderly welfare**

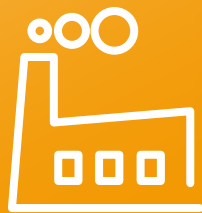
donate

**935,000**

pneumoniae vaccines



The inoculation plan saves at least NT\$10.16 billion of  
pneumonia medical treatment expense for  
the government (2007 - 2014)



## Nan Ya Plastics Corporation - An Overview

# 2



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## 2 Company Overview

### 2.1 Company Profile

<b>Year of Founding</b>	1958
<b>Industry</b>	Plastic Processing, Petrochemicals, Electronic Materials, Polyester, Electro-Mechanical Engineering
<b>Subsidiaries listed in consolidated financial statements</b>	Taiwan (Domestic) :5 subsidiaries, Overseas: 25 subsidiaries
<b>Global Presence</b>	Taiwan, China, USA
<b>Revenue (2014)</b>	NT\$ 325.47 billion
<b>Number of employees (2014)</b>	32,378 (The report statistics are based on 11,568 persons, excluding the subsidiaries listed in the consolidated financial statements)
<b>Management Concept</b>	Diligence and simple perseverance, frugality and trustworthiness, achieving ultimate excellence and the sovereign good, sustainable operation and dedications to the society

Note 1: The subsidiary number, global strongpoints, and turnover are based on the data of consolidated financial statements of 2014.

Note 2: The data source of number of employees is the annual report of 2014, including the number of employees of Nan Ya Plastic Corp. and subsidiaries in the consolidated financial statement on December 31<sup>st</sup>, 2014.

Note 3: List of subsidiaries consolidated financial statements is in Appendix 5.

#### 2.1.1 Company History

Our company, a member of the Formosa Plastics Group, was established in 1958 and originally named "Nan Ya Plastics Processing Plant Corporation", which mainly engaged in the plastics secondary processing production such as PVC pipes, PVC film, and plastic leather in Kaohsiung Plant at the beginning after founding. In August of 1967, it merged the New Eastern Corporation, which producing the plastics tertiary processing products, and officially changed the name to "Nan Ya Plastics Corporation". Along with the gradual expansion of business scale, the plant site is expanded from Kaohsiung to Linkou, Gongsan, Shulin, Hsinkang and Chiayi, gradually becomes the largest secondary plastics processor in the world.

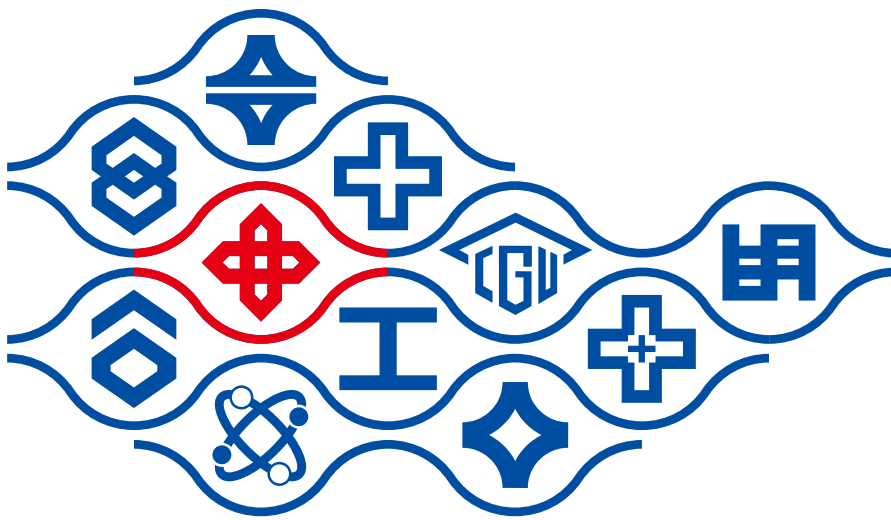
In order to expand the business scope and develop toward the product diversification and business diversification, Nan Ya Plastics Corporation prepared to build the polyester fiber plant in 1968 and enter the business of fiber industry. Besides, it built the plant to produce the printed circuit board (PCB) and copper clad laminates (CCL) in 1984, then, successively

increased the upstream production plants of glass fabric, epoxy resin, and copper foil through the years of endeavors, and also established the completed upstream and downstream vertically integrated production of electronic material, further invested the "Nanya Technology Corporation" producing DRAM in 1995, and invested "Nan Ya Printed Circuit Board Corporation" producing printed circuit board in 1997. In addition, Nan Ya Plastics Corporation participated in the Sixth Naphtha Cracker Project of Formosa Plastics Group in 1995, coordinated with the vertical integration strategy of upstream and downstream integrated production of petrochemical raw material, to invest and build EG, BPA and Plasticizer production plants in Mailiao offshore island industrial park in succession. The Sixth Naphtha Cracker Project was completed and put into production in 1999, and the petrochemical raw material supply increased greatly. Through over ten years of growth, adding the USA business started in 1979 and investment Mainland China business in 1994, Nan Ya Plastics Corporation has become a diversified multinational business entity.

### 2.1.2 Corporate Identity System

Nan Ya Plastics Corporation is a member of Formosa Plastics Group. Formosa Plastics Group shares a chained graphics as the Corporate Identity System, which represents the significance of interactive connections, harmony, consistency, and the endless, unbroken, and powerful development capacity. Each icon borrows meaning from Chinese characters,

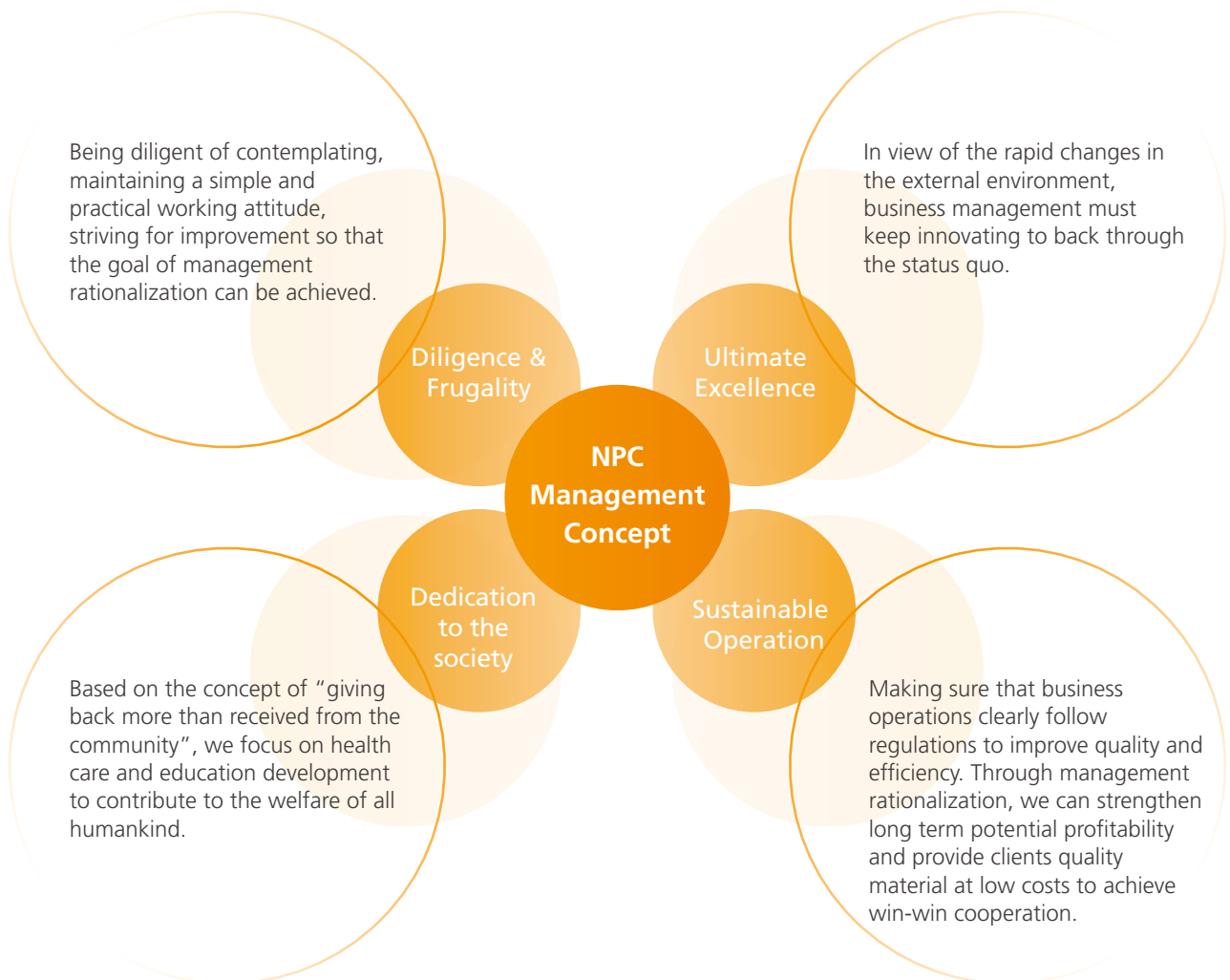
amongst which the symbol representing our company is a transformation of the word “亞”(Ya) to ensure it is kept relatively similar to our logo. The meaning of our symbol is to promote our outstanding traditional culture and to enhance the positive image of trustworthiness among international players with its unique, simple, and powerful style.



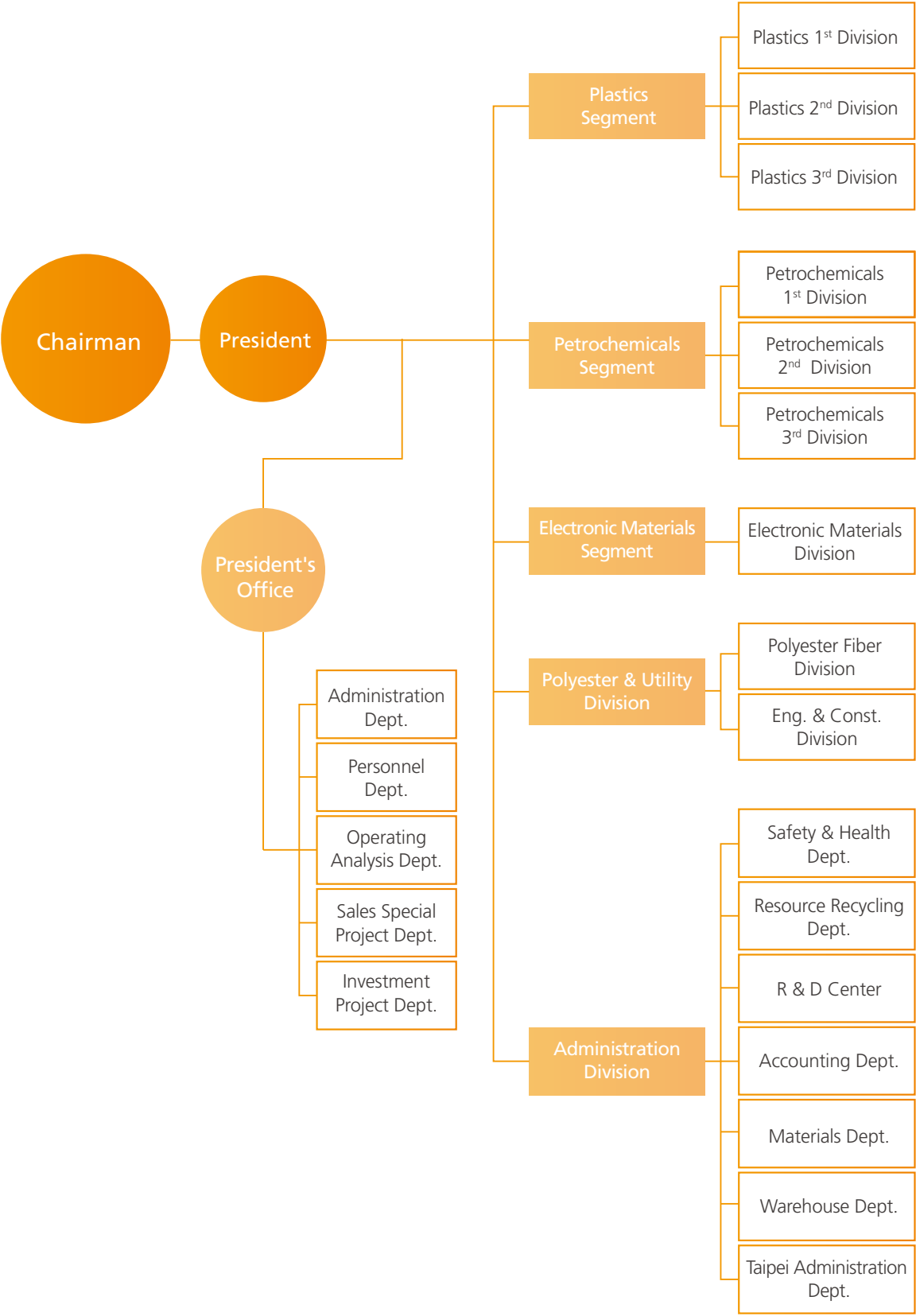
## 2 Company Overview

### 2.2 Concept of Management

Nan Ya's core belief of "Diligence and Frugality" backs its commitment to excellence. As the society advances, the subject to strive for excellence can never be compromised because of the ever-changing environment and there will be always room for improvement. This is the major driving force of our endeavor and we always seek for opportunities to further refine. In addition to the pursuit of business sustainability, we manage to contribute to society through business activities. It is our goal to become the world's leading corporation in which employees have security, investors find condition, and society places trust.



Nan Ya Plastics Corp. Organization Chart (2014)



## 2 Company Overview

### 2.3 Main Products and Market Share

#### 2.3.1 Product Introductions

Nan Ya Plastics Corporation is subordinate to Formosa Plastics Group; except for the horizontal development in the core of petrochemical industry, it also positively vertically integrates through the industry to the upstream and downstream, and expands the economic scale to reduce the production cost and satisfy the customer's raw material demand, to promote the market competitiveness. The Company currently has completed the distribution in the upstream, midstream and downstream in the petroleum refining, petrochemical raw material, plastics, fiber, electronics fields. The Company benefits from the vertical integration of enterprise raw material, and produces several competitive products massively:

(1) Plastic working product: taking the five widely applied plastics of PVC, PE, PP, PS, and ABS supplied by Formosa Plastics and Formosa Chemicals Fiber Corporation as the main raw material for processing production, the important uses of the products are as below:

Product Name	Important Uses
Flexible PVC Film	Air blow, raincoat, rubber belt, floor tile, wardrobe, shower curtain, tablecloth, label, water bed, and table mat.
Soft PVC Leather	Furniture, purse, dress material, shoes, raincoat, toy, vehicle, gloves, and boat.
Rigid PVC/ Metallized PET Film	Vacuum forming, food packaging, credit card material, floor tile adhesive, wood plank adhesive, printing, stationery, electroplating, photo album, enfolding forming, and water tower board.
PP Synthetic Paper	Stationery, volume label, advertising board, card, and lithographic printing.
A-PET Film	Food packaging, printing, stationery, enfolding, and high-frequency heat-sealing.
PU Leather	Shoe material, purse, furniture, and 3C product protective cover.
Vinyl Windows & Doors	Energy saving doors and windows, and curtain wall for building using.
SMC Door	SMC room door, fireproof door, and entryway door.
PEPA Synthetic Pater	Advertising printing, book paper, tag paper, and stationery.
Rigid PVC Pipe	Engineering, water plant, electrical, drainage and common building used tube (pipe).
Bopp Film	Rubber belt, cloth bag, food packaging, and photo album.
Unsaturated Polyester Resin	Art industry, transparent bathroom accessory, artificial stone, shipping industry, furniture and building material.
Engineering plastics	Electronic industry, sports equipment, household appliance industry, and automobile used material.



(2) Petrochemical raw material product: taking the propylene and ethylene supplied by Formosa Petrochemical as the main raw material, to produce ethylene glycol, plasticizers, Bisphenol-A, butanediol, Tetrahydrofuran, anhydrides, and 2-ethylhexanol, for the use of plastic working and chemical fiber industry, to respond the diversified industrial demand and develop the vertical integration benefit, and the important uses of the products are as below:

Product Name	Important Uses
Bisphenol-A (BPA)	Epoxy resin, PC resin.
Ethylene glycol(EG)	Polyester fiber product, bottle used ester particle, polyester film, and antifreeze agent.

(3) Electronic material product: for the relevant raw material of printed circuit board, including the copper clad laminates, base material, copper foil, epoxy resin, electronic and industrial glass fiber cloth, LCD, and capacitive touch panel, to develop from the most upstream glass fiber wire to the downstream circuit board, and constitute the vertical integrated system of upstream and downstream; the important uses of the products are as below:

Product Name	Important Uses
Copper clad laminates	Printed circuit board.
Epoxy resin	Electronics, civil engineering, painting, and compound material.
Printed Circuit Board(PCB)	Desktop PC, notebook compute, workstation, server, mobile phone, tablet PC, and game machine.
IC substrate	Computer central processing unit (CPU), chipset, 3G mobile phone, mobile phone used radio frequency module (RF module), network communication chip and digital TV as well as set top box chipset product.

(4) Polyester fiber product: taking the purified terephthalic acid (PTA) supplied by Formosa Chemicals Fiber Corporation and self-produced ethylene glycol as the main raw material, to produce the polyester fiber, including the polyester pellets, staple fiber, partial orientated yarn, fully drawn yarn, textured yarn, dyeing yarn, industrial yarn, knitted fabric, SPP pellets, polyester film and the important uses of the products are as below:

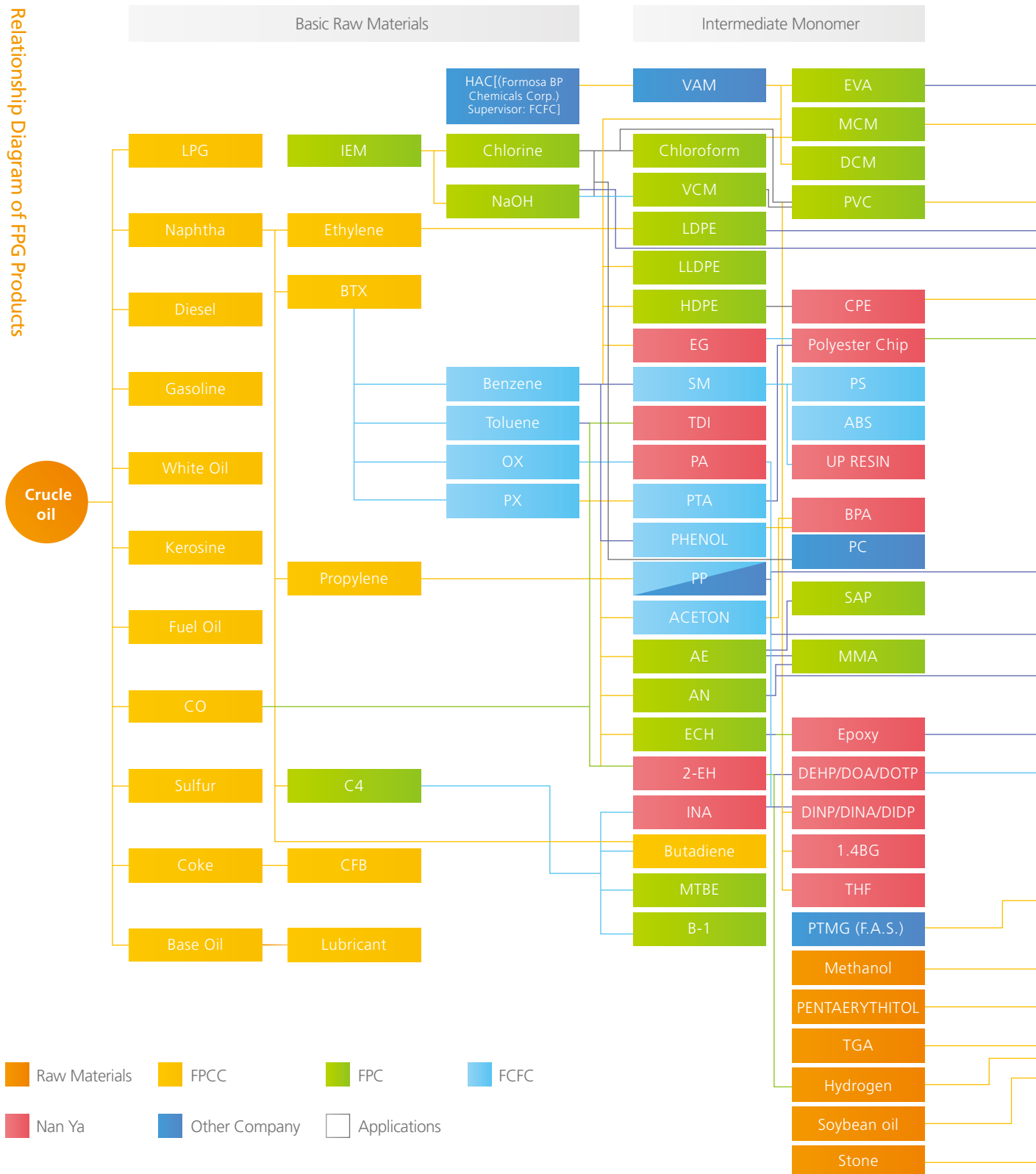
Product Name	Important Uses
Polyester Staple Fiber	Fabrics, filling material, nonwoven.
Polyester Chips	Fiber, bottle, film, sheet.
Polyester Fully Oriented Yarn	Woven fabrics, knitted fabric, umbrella, tailor thread, fishing net, and fishing gear.
Polyester Textured Yarn	Woven fabric, knitted fabric, and braid.

## 2 Company Overview

(5) Mechanical and electrical engineering: setting the plants in Taiwan and Nantong, China. In the aspect of switchboard product, Taiwan parent company mainly promotes the cooperation programs with the large-scale engineering companies as

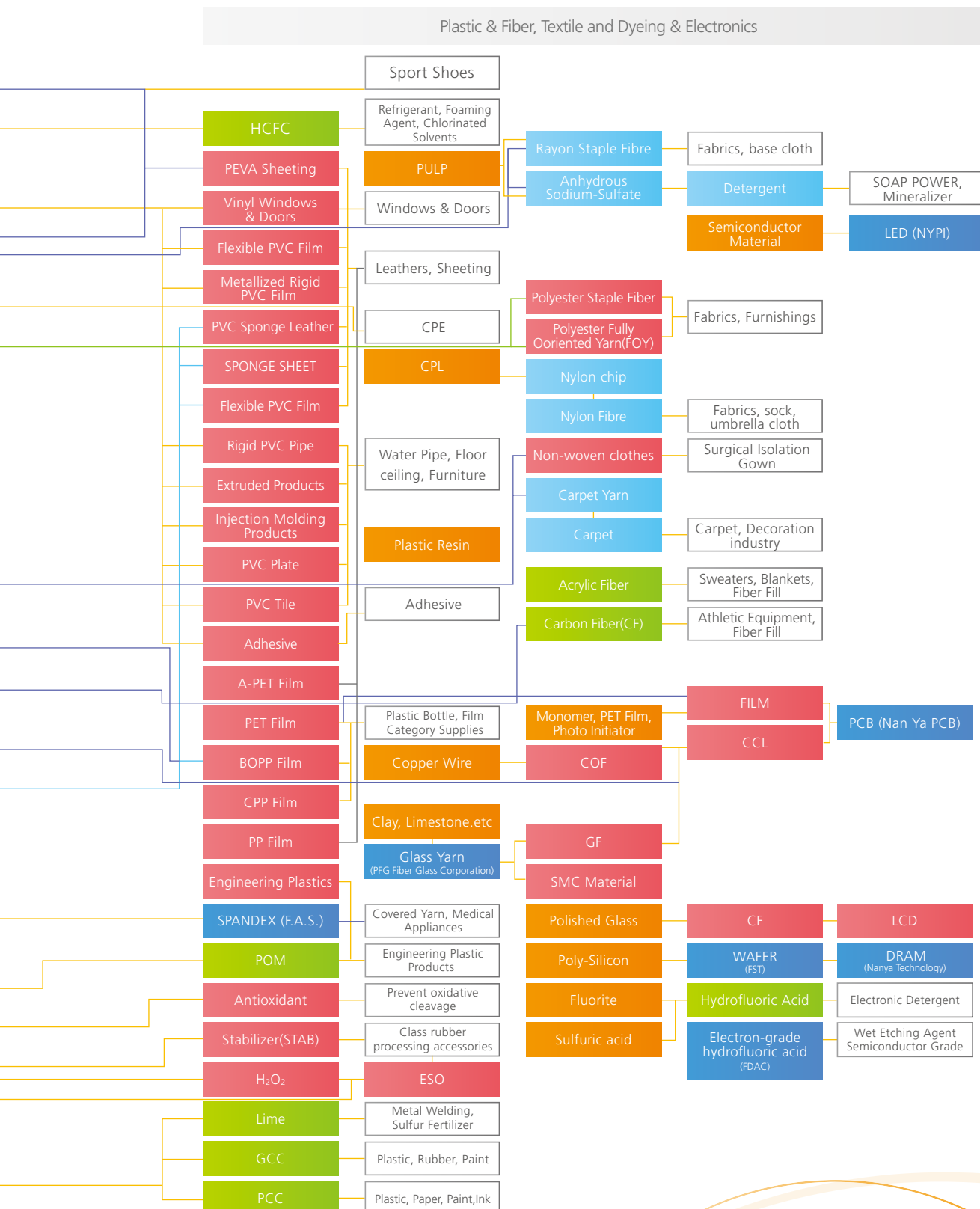
Modentec, Shih Feng, Kontec, and Eandc, as well as the electric technicians, and contracts the newly construction projects as MRT, CPC, Taiwan Railway, TAIPEI DOME, hotel, CSC and Financial Tower, to strive for the order of state-owned enterprise

Relationship Diagram of FPG Products




and public works. While the Mainland China subsidiary combines with the engineering company and equipment installation company to strive for the turnkey projects, such as Fourth Division of China Construction Corporation, Shanghai Baosteel, and




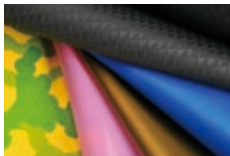



Kunshan Zongyang, to contract the project with the Company as contractor, and strive for the large-scale turnkey projects. Including the mechanical equipment design, switchboard, mold casting transformer, vacuum contactor, and public fluid.



## 2 Company Overview

### 2.3.2 Main Brands

Nan Ya Plastics Corporation covers the five main fields of plastics, electronics, chemicals, polyester fiber, electrical and mechanical production, whose most products are sold all over the work in Nanya Brand , and many products win good popularity in the industry through years of endeavors, while the very familiar civil livelihood article brands include Nan Ya WRAP and Deluxe Vinyl Composition Tile.

Main Brands	Photos	Products	Uses
Nan Ya WRAP		PVC Cling Film	Package
TAIRILIN		Polyester fiber	Cloth
Neuma		Neuma windows Neuma fire rated door SMC Door	Building Material
Artificial Leather		Artificial leather, plastic leather, synthetic leather	Sofa, Office chair, automobile cushion
PEPA Synthetic Paper(PEPA)		Iridescent paper	Printing, hang tag
Eco		Celuka boards, Plastic decking, Plastic lumber, Plastic panel	Interior and outdoor building material
Deluxe		Vinyl composition tile, plastic flooring, Vinyl sheet	Flooring, boards for furniture and door

### 2.3.3 Raw Material Consumption

Main raw material usage condition and source of NAN YA CORPORATION in 2014:

Raw Material Type	Unit	Quantity	Amount (NTD1,000)	Main Supplier
PVC Resin	metric tons	345,149	10,617,740	Formosa Plastics Corporation, Formosa Plastics Industrial (Ningbo) Corporation, Formosa Plastics Corporation (USA)
Stabilizer	metric tons	11,253	1,185,985	Internal allocation
Plasticizer	metric tons	49,723	2,838,607	Internal allocation
Filler	metric tons	42,265	209,351	Formosa Plastics Corporation
Modifier	metric tons	28,165	2,188,024	Formosa Plastics Corporation
Solvent	metric tons	39,763	1,132,323	Formosa Chemicals and Fibre Corp.
Plain weaving fabric	1,000 yards	17,299	649,725	Formosa Chemicals and Fibre Corp.
Knitted fabric	metric tons	4,134	436,209	Formosa Chemicals and Fibre Corp.
Epichlorohydrin	metric tons	146,629	6,883,446	Formosa Plastics Corporation
Pigment	metric tons	14,416	1,628,025	Internal allocation
Glass fiber yarn	metric tons	116,717	7,038,217	PFG Fiber Glass Corporation of Taiwan, PFG Fiber Glass (Kunshan) Co., Ltd.
EG	metric tons	396,916	10,941,174	Internal allocation
PTA	metric tons	1,025,306	32,676,434	Formosa Chemicals and Fibre Corp., BP AMOCO
Ethylene	metric tons	1,237,681	46,425,131	Formosa Petrochemical Corporation, Formosa Plastics Corporation, U.S.A
PA	metric tons	33,770	1,274,776	Internal allocation
2EH	metric tons	84,735	3,670,065	Internal allocation
INA	metric tons	24,909	1,175,901	Internal allocation
Substrate	pieces	3,591,777	1,172,952	Internal allocation

Note: The data source is from the annual report of 2014, statistics according to the consolidated financial statements.

## 2 Company Overview

### 2.3.4 Product Research & Development

Nan Ya Plastics Corporation, a member of Formosa Plastics Group, pursues the product innovation in the fields of plastics, petrochemical, electronics, fiber, and chemical engineering. Moreover, through the vertical integration model, we have enabled our employees to accumulate R&D experiences and professional competency with regard to raw materials, product manufacturing and processing. Through interdepartmental cooperation and R&D management, we have been able to fully integrate and optimize our R&D resources and continuously invest in innovative ideas to develop products that meet market demands.

#### **(1) Establish R&D culture of “professional technical services”**

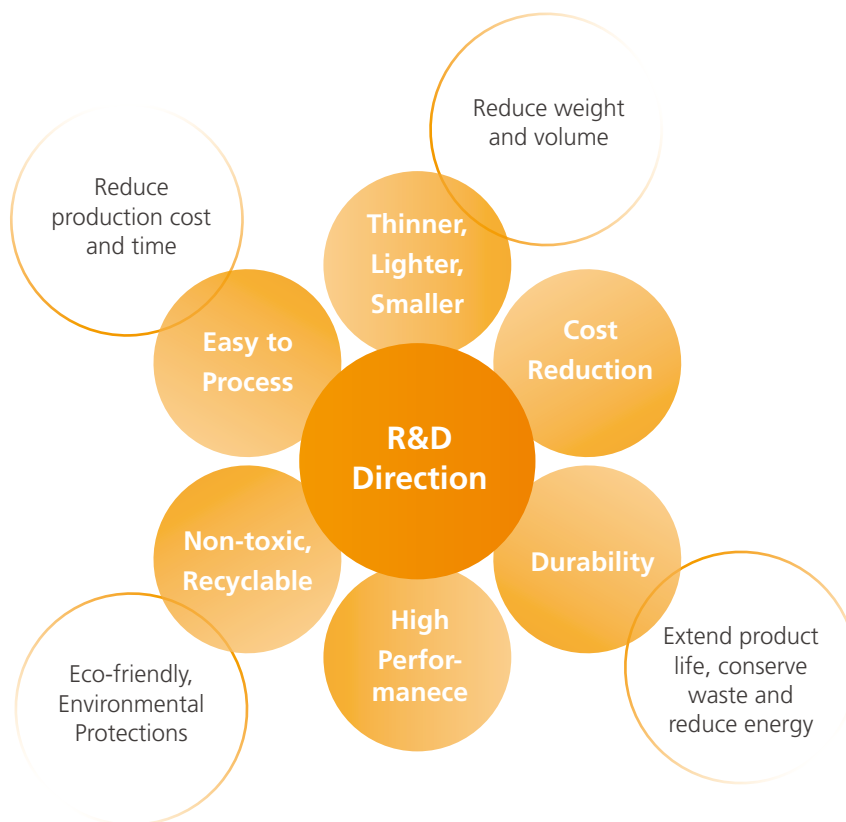
To promote the atmosphere of R&D and product value, the “technical service-orientated” research culture is established. Each R&D colleague could realize that materials with high performance, products with multiple functions, and process with high-level control are important approaches for development. They contribute not only to the extension of end product's life, improvement of materials' processing performance, ensuring the safety of manufacturers of industries, customer usage and environment, but also expand the functionality and the usage of general-purpose and inexpensive materials. We manufacture with the most advanced and eco-friendly production systems, so that our customers are able to produce a variety products with different functions. In addition, to facilitate our customers and to let consumers be able to identify the quality, we send each product to a third party notary to ensure that products meet international specifications and quality standards.

#### **(2) Realize the management of vertical integration**

To provide our customers with superior quality, eco-friendly products, we have participated in the seminars held by the government and research institutes to enrich our professional competency. Cross-Departmental Economic Development Team also conducts regular meetings to discuss about product technology, industry analysis and the comparisons between industry competitors in order to enhance our vertical integration advantage and ensure the complete horizontal development of our products.

Moreover, we set R&D center to develop high-end products, integrate the cross-departmental resources, and assist the relevant sections in expanding the new niche market. As a consequence, we have developed many eco-friendly products and evaluated several major investments. In the future, we will continue our R&D plan in the direction of high performance, ease of processing, durability, recyclable without toxins, decreased costs, lightness, and compactness. Furthermore, we will strengthen the overall R&D performance to aid the sustainable growth of our company. Up to 2014, we have 239 valid patents and 85 patents under the application process, of which 76% belongs to innovative patents.

## R&D Direction



### (3) Encourage innovation by honoring outstanding teams

To encourage innovation, Formosa Plastics Group has set up a variety of encouragement measures aimed at patent proposal, certified patents, key products or patents addressed to significant benefits. In addition, each department is regularly invited to participate in the "FPG Technology Application Seminar" each year, and the most innovative ones will be selected to join a competition. Judges will award departments with outstanding R&D outcomes.



The 12th "FPG Technology Application Seminar"



## 2 Company Overview

### 2.4 External Authentication and Awards

Nan Ya Plastics Corporation fulfills the responsibility of corporate citizen with the deep understanding of the responsibility to the environment, shareholders, customers, supplier, employees, and social publics, and thus keep the principle of “Diligence and Frugality, Ultimate Excellence, Sustainable Operation, Dedication to the society” in mind all the time, pursuing the self perfection in the corporate governance, environmental protection, and social welfare fields, to realize the commitment to the publics, and gain the recognition and affirmation from the government and non-governmental organizations. We have been approved as the “Authorized Economic Operator”(AEO) by the Customs Administration, Ministry of Finance, and the “Health Excellent Award” of well-performed healthy workplace assessed by Taipei government; in addition, Hsinkang CCL 1<sup>st</sup> Plant was awarded with “2014 ROC Enterprise Environmental Protection Award” again after won in 2013, while Polyester Fiber Division Spinning & Texturing 3<sup>rd</sup> Plant won the “Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance”. All these external affirmations are the power to urge us making progress.



Nan Ya Plastics Corporation has been approved as the “Authorized Economic Operator”(AEO) by the Customs Administration, Ministry of Finance. Chairman Chia-Chau Wu (Left) received the AEO certificate as representative.



2014 ROC Enterprise Environmental Protection Award



Nan Ya Hsinkang CCL 1<sup>st</sup> Plant was awarded with “2014 ROC Enterprise Environmental Protection Award”. (Left) Wu Den-yih, Vice President, (Right) Ming-Jen Tzou, President of NPC.

## 2.5 Participation in 3<sup>rd</sup> Party Associations

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In order to help establish a sound operating system for Taiwan industry, Nan Ya Plastics Corporation has participated eagerly in several external associations and groups from various industries, and taken the post of supervisor of some associations or groups to help develop business operating systems in Taiwan. We have mainly taken part in "Petrochemical Industry Association of Taiwan", "Taiwan Synthetic Resins Manufacturers Association", "Taiwan Plastic Industry Association", and "Taiwan Responsible Care Association". Through our communications and interactions with these associations and the respective international conferences, we are able to share and procure knowledge of various market trends. This allows us to contribute to numerous industries and provide our Government with pertinent experience and advice.

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## 2.6 Economic Contributions

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The business performance of Nan Ya Plastics Corporation not only is the concerned focus of stakeholders as shareholders and investors, but also has excellent contribution to the economic development of Taiwan. First of all, the Company obeys the relevant laws and regulations to pay the tax honestly, annually pays great number of taxes to the central and local government, for the government administration construction fund source, that the total taxes paid in 2014 was NTD 2.5 billion (excluding the business tax). Secondly, we always adhere to the inquisitive attitude of hardworking and simplicity, continuously pursues the stable growth of operation and sustainable operation in the petrochemical, plastics, fiber and electronics fields, to drive the flourishing development in upstream and downstream related industry, and also provide the fair return for the shareholders, the stable life for the employees and their families, and the contribution to the social economic stability.

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## 2 Company Overview

### 2.7 Corporate Social Responsibility Targets

Sustainable operation	Sustainable commitment
Practice and promote the corporate governance	<ul style="list-style-type: none"><li>Abide by the legal and commercial moral rules, establish and perfect the system, and maintain the good corporate governance.</li><li>Be in line with the international, positively promote the competitiveness, and create the benefit for shareholders.</li><li>Periodically handle the director, supervisor and employee educational training and advocacy, and stipulate the clear specification for the staff promotion, examination, training, reward and punishment systems.</li></ul>
Develop the sustainable environment	<ul style="list-style-type: none"><li>Hold the concept of paying equal attention to industrial development and environmental protection, advance toward the goal of eco-industrial park, and adopt the optimal processing method, to carry out the pollution prevention, green production, energy saving, carbon reduction, and water saving work.</li><li>Promote the green building and purchase the green energy saving raw material and appliance, practice the green consumption policy of energy saving and carbon reduction of "recoverable, low pollution, resource saving".</li></ul>
Maintain the social welfare	<ul style="list-style-type: none"><li>Guarantee the employee right and benefit, provide the completed educational training and promotion development system, create the safe and healthy work environment, and provide the good work environment.</li><li>Emphasize various social problems, positively participate in proper social public welfare program, and increase care and warm to the society.</li><li>Create the top well-being and benefit for the public welfare program in the spirit of "Ultimate Excellence".</li></ul>

## Promoting the sustainable progress

- Stipulate the “Corporate Social Responsibility Principles ” according to the law.
- The Company predicts to set the Audit Committee in 2016, and stipulates the internal control system related to the audit committee in 2015.
- Coordinate with the laws and practical demand to continuously intensify various internal control systems, such as: setting the “technology audit team” , to audit the rationality of exclusive, emergent and specification appointed purchase cases.

- Set the annual target, increase the internal reported case number of energy saving and environmental protection. Promote to realize the annual water saving, energy saving and greenhouse gas reduction goals.
- Introduce the good advanced energy-saving, water-saving, environmental-protection technology, to reach the energy saving and pollution reduction goal, and improve the water using ratio and waste water recovery ratio, being friendly to the environment.
- Enhance the communication of educational circle and industrial environmental protection technology.
- Increase the community resource recovery, establish the environmental protection education site, and be friendly to the society and community.

- Carefully dispose the employee complaint, strengthen the employee communication, and actively remain the talent in office.
- Encourage the colleague to participate in the community service, and promote the harmony of the plant area and neighborhood.
- Expand the promotion of traditional art.

# 3



**Environmental  
Protection**





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## 3 Environmental Protection

### 3.1 Commitment to Environmental Sustainable Development

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Environmental, Health, and Safety Policy of Nan Ya Plastics Corporation is in strictly accordance with Environmental, Health, and Safety Policy of the Formosa Plastics Group published on 1st February 2012, and in addition to its commitment on environmental protection and community security maintenance externally, it also encourages its all staffs to enrich their specialties by taking safety and health environmental protection as the basic consideration of every decision-making action. Everyone shall set itself an example to others, and take safety and health environmental protection as his or her own responsibility.

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#### 3.1.1 Environmental, Health, and Safety Policy of the Formosa Plastics Group and Environmental Protection Policy Promotion

##### (1) Environmental, Health, and Safety Policy of the Formosa Plastics Group

It is our core belief that industrial development and environmental protection are equally important and can coexist. It is our social responsibility to provide our customers with products that are safe to use, while protecting the safety, health, and well-being of our employees, contractors, operations and neighboring communities. In this obligation, we will make our Group more competitive. We believe that all environmental, health, and safety incidents are preventable. Through adherence to our corporate values, while using our organizational strengths and implementing our systems and procedures, we can ensure that the performance at all Group manufacturing facilities meets, or exceeds, the acceptable industrial standard. To reach this goal, all levels of Management must be fully committed. They must understand our policies, provide sufficient training to their employees, demand strict implementation of our procedures, and foster continuous improvement.

Every individual within the Group must have sufficient professional knowledge to perform their job. With each decision they make, they must consider its potential impact on the overall environment, health, and safety. Everyone must have the fullest understanding of the policies/procedures governing their duties and follow them. When resolving problems, one must find the root cause, correct it, and make continuous improvements in keeping with the Best Industry Practices. It is our individual, and collective, responsibility to ensure the safety of our colleagues, neighbors, and ourselves, while safeguarding our environment and our corporate assets. The pursuit of a safe and sustainable operation must be our common goal.

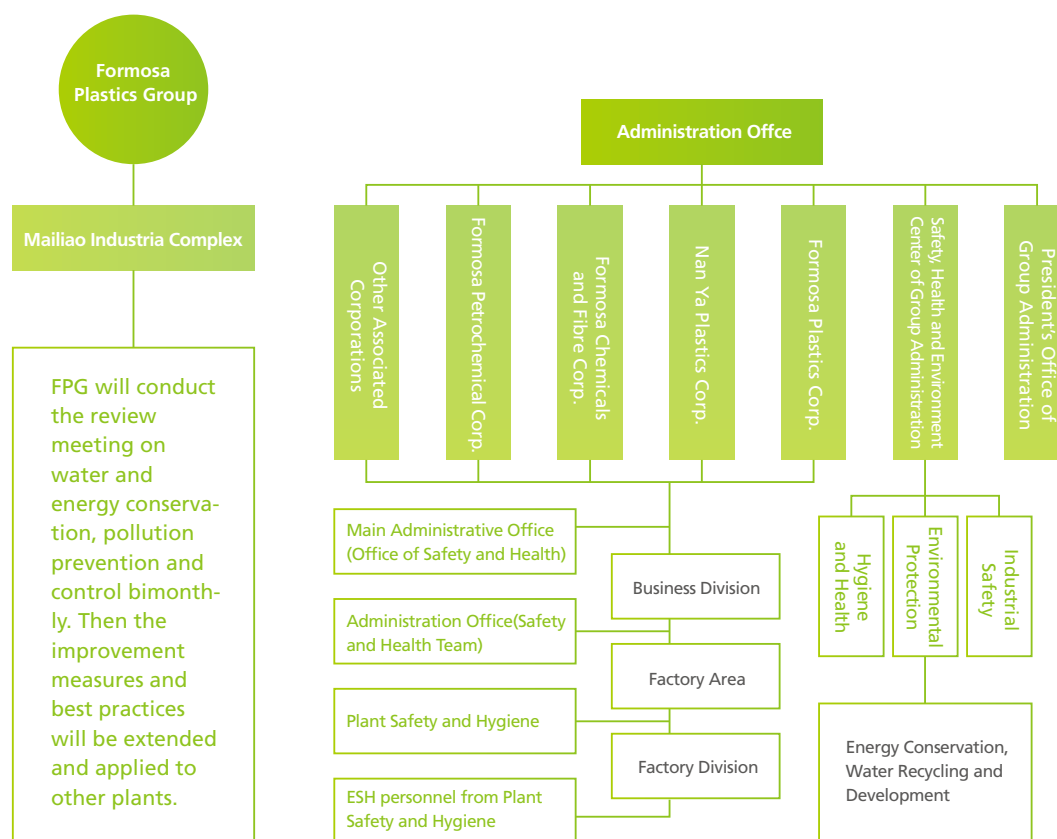
##### (2) Environmental Protection Promotion

Except for diligently maintaining factory area's operating environment safety, and in order to avoid public safety accident occurrence, response to water resources reservation and carbon emission reduction and energy saving, etc., Formosa Plastics Group has enforced the promotion of water-saving and energy-saving related jobs' motivation and effect, and established the Energy Conservation, Green House Gas Reduction and Pollution Prevention and Control Promotion Organization in 2006 to comprehensively promote each branch company's water-saving, energy-saving and pollution prevention and improvement. Moreover, it has also included lighting energy-saving, environmental accounting, green product, green purchasing, office environmental protection, resource recycling and green building, etc. in 2008, so as to extend environmental protection's promotional range.

In addition, the Group has continuously introduced international advanced technology, to promote each water-saving, energy-saving and emission reduction work. It also make performance review every month to study and discuss every source emission reduction technology, and improve subject, organize observation sessions as well as each kind of teaching plan activity through study items, thus to expand improvement results. In addition, since the Group realized pollution prevention and treatment is also an important link for carbon emission reduction and energy saving, it not only keeps to implement the resource reduction, but strongly push forward the waste source reduction and end-of-pipe recovery & emission reduction, which, as a result, can ensure production equipments' normal running and surrounding environment's quality, thereby to reduce resource and energy waste, lower operating cost, and finally to achieve carbon emission reduction and energy saving.



## Formosa Plastics Group Energy Conservation, Green House Gas Reduction and Pollution Prevention and Control Promotion Organization Chart



### 3.1.2 Guidelines for Environmental Protection

Since the establishment, Nan Ya Plastics Corporation has always adhered to the simultaneous development of industrial development and environmental protection, and the two founders' spirit of "Diligent and simple, trivial pursuit", for manufacturing cheap and fine products with the fewest energies and resources, so as to do its part in developing Taiwan's economy and social prosperity. For pursuing economic growth in past years, we have also insisted on the concept of "Simultaneous development of industrial development and environmental protection", and actively promoted pollution prevention & treatment and environmental protection.

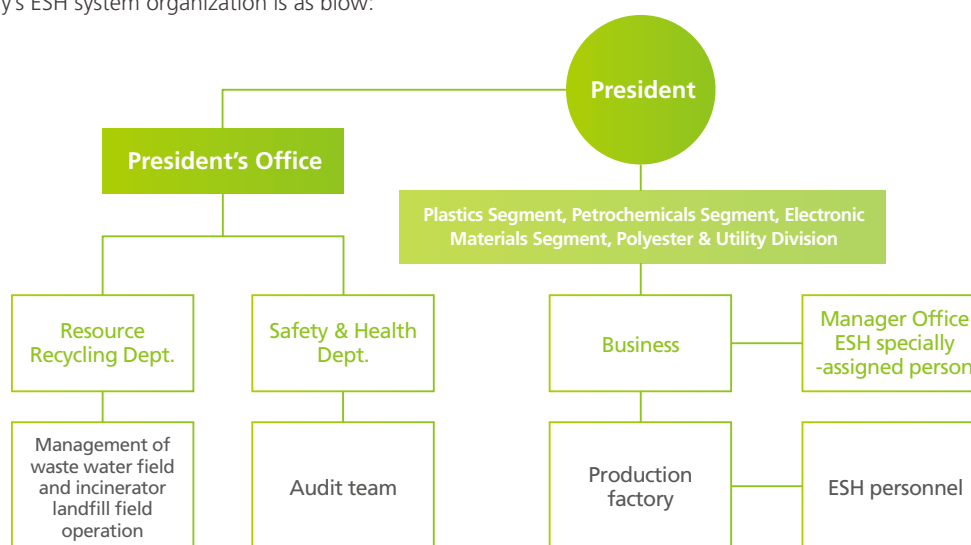
With the improvement of global environmental protection standards and demands for overall environmental quality management, environmental protection technology development has gradually been transferred from the early-stage's waste water, waste gas and wastes downstream end-of-pipe treatment to process waste reduction, pollution prevention technology, clean production and other upstream end-of-source treatments. Furthermore, to response this trend, the Company has actively taken the advantages of modernized and advanced environmental protection technology, and proceeded from upstream end-of-source emission reduction and waste reduction through cherishing resources, fully engaging in wastes resource recycling work, and introducing clean production technology to improve existed process, and thereby to completely realize waste reduction and energy-saving from the sources. In addition to the aforesaid technologies and hardware facilities improvement, the Company attaches more important on environmental protection system management, which includes: 1. ESH administrative staff's deposition, training and examination; 2. whole staff participation to combine environmental protection regulations with standard operating procedures (S.O.P); 3. "Environmental protection management system" ISO-14001 International Certification implementation; 4. Environmental protection auditing implementation, etc.

## 3 Environmental Protection

### 3.1.3 Organization and Responsibility of SHE (Safety, Health & Environment)

To enforce environmental protection and public safety management mechanism, and fully push forward ESH work, the Company has set up "Safety & Health Dept." and "Resource Recycling Dept." at President's Office to plan the whole company's safety and health and environmental protection management affairs as a whole. Moreover, it also designates auditing team personnel to take charge of factory-area auditing, abnormal tracking and improvements, etc. Besides, each business unit and production factory also has its ESH administrative staff to supervise and coordinate each environmental safety affair.

The Company's ESH system organization is as blow:



### 3.1.4 SHE Management

#### (1) Implement whole staff participation, and fully push forward standard operating procedures

Whole staff participation is the most important for ESH work, which requests all production factories to include ESH work specifications and requirement standards into standard operating procedures (S.O.P). in addition to maintain traditional production efficiency and quality practices, operating staffs shall also view ESH specifications as the same important, and find out more potential blind spots through self participation for quickly improving and actually implementing ESH work.

#### (2) Pursue for the management spirit of "Compliance with Laws and Regulations, with Continuous Improvements"

The Company's Shulin, Linkou, Kungsan, Jinghsin, Mailiao, Hsinkang, Chiayi, Renwu and Linyuan factory areas, totally 62 factory offices have passed ISO 14001 environmental protection management system, OHSAS 18001 occupational safety and health management system and Taiwan occupational safety and health management system (TOSHMS) certification,

with 4 certificates under ISO 14001 environmental protection management system certification, 4 certificates under OHSAS 18001 certification, and 11 certificates under TOSHMS certification. Except for performing environmental protection management according to regulations, it shall receive regular reviewing onsite from the original certification unit every half year, and any defects found through auditing shall be listed into major improvements by each factory according to laws for positive improvement, thus to achieve ISO spirit of "Compliance with Laws and Regulations, with Continuous Improvements".

#### (3) Enhance auditing, and implement ESH management

In order to enhance ESH management, and except for each factory's daily self-inspection, the Company irregularly goes to factory-area to do on-site inspection and thoroughly improves the abnormalities to meet regulations and thoroughly implement ESH work with the methods of "carpet survey", "focal audit" and "comparison with legal inspection by environmental protection authority".

## 3.2 Environmental Accounting

According to the Environmental Protection Administration Yuan, environmental cost measures and reduces, or prevents, the environmental impact caused by the Group's operation.

Nan Ya Plastics Corporation has already accomplished management through our systems and we have applied these to our environmental protection management to fulfill responsibility of corporate citizen and promote environmental sustainability. With the implementation of environmental accounting, we are able to monitor expenses and subsequent investments. This information is then made available to interested parties to ensure that the results are in accordance with the required standards.

Therefore, Nan Ya Plastics Corporation was the first one in the Formosa Plastics Group to finish the setup of environmental accounting system with the help of Industrial Development Bureau and National Chiao Tung University in 2003 and officially implemented the system in 2004. It is estimated that Nan Ya Plastics Corporation has invested NT\$ 1.977 billion as of 2014 and all of FPG's listed corporations started implementing the environmental accounting system as of October 2009. FPG is the first in the nation to include the information of environmental benefits into the green accounting system and this demonstrates our determination in fulfilling our responsibility towards environmental.

### Details of Nan Ya Plastics Corporation Environmental Costs in 2014

(unit: NT\$ billion)

Category	Items	Amount
Environmental Cost	Operation Cost	1.789
	Supplier and Customer Chain Cost	0.020
	Management Cost	0.044
	Social Event Cost	0.017
	Loss and Compensation	0.001
	Policy and Energy Tax	0.106
	Total	1.977
2014 Net Income		325.437

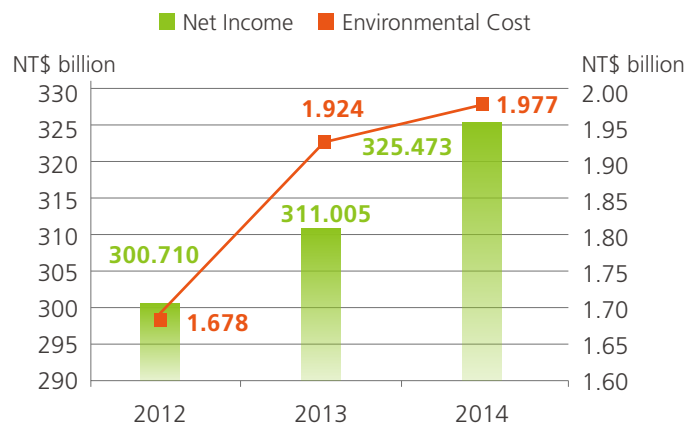
Note 1: Data Source: the environmental accounting computer database and the data of "Net Income" comes from 2014 Consolidated Financial Statements.

Note 2: "Operation Cost" in the above table includes expenses derived from green procurement, expenses from recycled product manufacturing or sales, and product service expenses for promoting environmental protection.

## 3 Environmental Protection

The environmental accounting system mentioned above can clearly record investment, maintenance, R&D, and regulatory fees for environmental equipment so that our operation decisions can be analyzed from the perspective of environmental protection to improve our competitiveness. Furthermore, from the table "Trend of Environmental Cost to Net Income" below, our environmental cost to net income steadily grows year to year, showcasing our determination and capability for managing eco-friendly management.

### Trend of Environmental Cost to Net Income



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

As a member of this global village, in view of the treasure of natural resources and environmental friendly, Nan Ya Plastics Corporation has actively promoted greenhouse gas emission reduction operations since the United Nations Kyoto Protocol entered into force in February 14. In addition to invite British Standards Institution (BSI) and System & Services Certification (SGS) to help train greenhouse gas interrogation and internal auditors, Nan Ya Plastics Corporation has built another greenhouse gas emission load ERP information management and OA signature system to ensure the consistency and accuracy of greenhouse gas emission load interrogation to facilitate BSI and SGS to complete the work relevant to greenhouse gases emission load verification within statutory deadline.

Nan Ya Plastics Corporation has already accomplished 2005~2013 certification operation and obtained the certificate of Taiwan Accreditation Foundation (TAF). 2014 annual greenhouse gas emission load is also finished in 2015 interrogation. Nan Ya Plastics Corporation also participates in the voluntary energy-saving and greenhouse gas emission reduction operation promoted by Industrial Development Bureau every year. Each Company's production process adopts the best feasible technology and develops energy-saving, power-saving and reduction of greenhouse gas emission reduction scheme each year. Over the years, Nan Ya Plastics Corporation has completed 2,638 cases of energy-saving and water-saving and reduced 1,166,000 tons of CO<sub>2</sub> till 2014.

#### 3.3.1 Greenhouse Gases Emission

Environmental Protection Agency has issued "Greenhouse Gas Emission Load Declaration Management Method" and "Public and Private Premises Shall Declare Greenhouse Gas Emission Load Stationary Sources" at the end of 2012 and required the specified announced emission sources shall separately declare the greenhouse emission load in 2013 and 2014. Nan Ya Plastics Corporation has fulfilled the social responsibility and set up a greenhouse gas interrogation promotion organization since the United Nations Kyoto Protocol entered into force in February 14, 2005 and promoted whole company's greenhouse gases emission load interrogation and verification relevant work in accordance with ISO 14064-1 Specifications and entrusted British Standards Institution (BSI) and System & Services Certification (SGS) to carry out 2005~2014 greenhouse gas emission load verification to ensure the correctness of greenhouse gases emission load.

Through investigation and verification, Nan Ya Plastics Corporation's direct greenhouse gas emission load in 2014 is mainly produced from power plants, coal-fired used by public factories and fuel oil used by each factory, accounting for 48.06%; Formosa Plastic Group's electricity and steam and Taiwan power company's indirect greenhouse gas emission load are accounting for 51.94%. Nan Ya Plastics Corporation uses biodiesel in cooperating with Environmental Protection Agency and the Bureau of Energy and Ministry of Economic Affairs' renewable energy policy.

### **(1) Direct greenhouse gas emission (Scope 1)**

After interrogation boundary and operating boundary data are confirmed and established, an identification (including emission gas category identification) is carried out with respect to each emission sources in the belonging factory-area (boundary) and make classifications in accordance with category. According to "N00170 Greenhouse Gas Interrogation and Emission Reduction Management Method" issued by FPG, the definition of Scope 1 is :each factory's (independent section) fixed asset emission greenhouse gas. It also refers to the direct emission from process or facilities, such as factory chimneys, process, ventilation and organization's combustion sources process and transportation tool emission.

After verified by the third notarization unit interrogation approved by Environmental Protection Agency, the Company's 2014 greenhouse gas Scope 1 emission load is totaling approximately 2.9 million metric ton CO<sub>2</sub>e, accounting for 48.06% of Company's total emission volume. The emission is mainly produced from the coal-fired by public factories and the fuel oil used by each factory.

### **(2) Energy indirect greenhouse gases emission (Scope 2)**

According to "N00170 Greenhouse Gas Interrogation and Emission Reduction Management Method", the definition of Scope 2 is: purchased electricity, heat, steam energy's energy indirect emission greenhouse gas.

After verified by the third notarization unit interrogation approved by Environmental Protection Agency, the Company's 2014 greenhouse gas Scope 2 emission load is totaling approximately 3.13 million metric ton CO<sub>2</sub>e, accounting for 51.94% of the Company's total emission volume. The emission is mainly produced by the power and steam of purchased Formosa Plastics Group's public plants and the power and steam of purchased Formosa Plastics Group's public plants and the power of Taiwan power company.

### **(3) Other indirect greenhouse gases emission (Scope 3)**

According to "N00170 Greenhouse Gas Interrogation and Emission Reduction Management Method", the definition of Scope 3 is :emission greenhouse gases from non-factory's (independent section) fixed asset but related to factory's (independent section) relevant operation premises. According to Environmental Protection Agency's verification guide specification, in view of other indirect emission load method of Scope 3, such as outsourcing transportation, commuting, cleaning and other activities, it is difficult to collect relevant data required by the calculation and confirm its accuracy, so by referring to international common method, qualitative interrogation is the main method, and make current annual interrogation list and emission source identification table for each project.

### **(4) The use of biomass energy**

According to ISO 14064-1 Specifications, if biomass burning is used in the quantization process, CO<sub>2</sub> emission shall be quantitative exposed individually, but will not be included into annual total emission load. After interrogation verification, the Company's total volume of 2014 biodiesel usage is 4.2663 kiloliters, multiplied by its CO<sub>2</sub> emission coefficient (2.862 metric ton/kiloliter) and the total emission is 12.208 metric ton of CO<sub>2</sub>e.

## 3 Environmental Protection

### 3.3.2 Greenhouse Effect Response

In recent years, under the influence from global warming greenhouse effect, the promotion of carbon emission reduction and energy saving has become a worldwide-concerned important environmental protection issue. In June this year, Taiwan has officially passed "Greenhouse Gas Emission Reduction and Management Method" and in order to fulfill social responsibility and pursue sustainable operation, Nan Ya Plastics Corporation has proposed countermeasures and promoted greenhouse gas emission interrogation and carbon reduction measures.

#### (1) Set-up of greenhouse gas interrogation and reduction team

To response the effectiveness of "Kyoto Protocol", which requests each country to reduce greenhouse gas emission comprehensively, Nan Ya Plastics Corporation has set up the "greenhouse gas interrogation and reduction team" actively, to promote greenhouse gas interrogation and emission reduction & carbon emission reduction and energy saving entirety, and set product energy consumption and greenhouse gas emission reduction target for each factory unit every year.

#### (2) Entrust professional organization to do the verification

Since 2009, the Company has entrusted professional certification company SGS and BSI to interrogation verify Company's annual greenhouse gas emission load. At present, the Company has already finished 2005-2013 verification and obtained certificate, which is qualified with the interrogation regulation of "Greenhouse Gas Emission and Management Method". 2014 greenhouse gas emission load has also finished interrogation and verification operation.

#### (3) Promote the selection and observation of carbon emission reduction and energy- saving excellent performance plants

Actively participate in the selection of carbon emission reduction and energy- saving excellent performance plants hold by enterprises and governments and promote each factory's carbon emission reduction and energy saving technology through the observation and exchange of experience. The above table is Company's winning achievements in recent years.

Year	Winning Achievement
2010	Shulin 1 <sup>st</sup> Plant won "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance"
2011	Cotton Plant won "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance"
2012	Hsinkang CCL 1 <sup>st</sup> Plant won "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance"
2013	Hsinkang CCL 3 <sup>rd</sup> Plant won "Award of Ministry of Economic Affairs for Excellent Energy-Saving Performance". Polyester Fiber Division Film Plant (Kungsan) "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance"
2014	Polyester Fiber Division Spinning & Texturing 3 <sup>rd</sup> Plant won "Award of Ministry of Economic Affairs for Prominent Energy-Saving Performance"

#### (4) Establishment of interrogation and emission reduction computerization

In order to ensure there are some rules for greenhouse gas interrogation, emission reduction, audit and other operations to follow, Nan Ya Plastics Corporation has issued "Greenhouse Gases Interrogation and Emission Reduction Management Method" in 2006 and in order to save labor and ensure the correctness of data, Nan Ya Plastics Corporation has finished "greenhouse gas interrogation and emission reduction computerizing" and computerized the window, which is conducive to the control and analysis of emission load.

#### (5) Actively promote afforestation

CO<sub>2</sub> absorbed by afforestation can substitute for the greenhouse gases emission quota. In the past few years the Group cooperates with government's forestry carbon reduction policy and adopted 78.27 hectare of land and 79,110 plants of afforestation from 2007~2014 and will continue to promote this measure in the future to gain more to substitute for emission quota.

### 3.3.3 Greenhouse Gas Emission Intensity and Reduction Result

According to Environmental Protection Agency's verification guidelines and specifications, greenhouse gases emission intensity can be defined as: the ratio between specific product's total annual emission volume and annual production and the unit will be metric ton-CO<sub>2</sub>e/metric ton product, i.e. specific production's unit product emission load. The calculation method of each factory's emission intensity that loaded in the Company's certificated interrogation report is: unit product greenhouse gases emission load = annual greenhouse gases total emission load (ton CO<sub>2</sub>e) / total production (ton). Because the Company's factory has various kinds of products, this report regards the Company's unit business revenue greenhouse gases emission load CO<sub>2</sub>e as greenhouse gases emission intensity and as greenhouse gas emission reduction analysis over the years, which 1.98 (thousand metric tons/ NT\$ 0.1 billion) in 2010 has dropped to 1.85 (thousand metric tons/ NT\$ 0.1 billion) in 2014, with the degree of reduction being 6.62%.

#### NPC 2010-2014 Greenhouse Gas Emissions Intensity and Reduction Effectiveness

Corporation	Item	Year 2010 (A)	Year 2011	Year 2012	Year 2013	Year 2014 (B)	Percentage of Reduction (A-B)/A
NPC	Greenhouse gas emissions (CO <sub>2</sub> e thousand metric ton)	6,705	5,974	5,576	5,834	6,033	—
	Business revenue (NT\$ 0.1 billion)	3,378	3,310	3,007	3,110	3,255	—
	Greenhouse gas emissions intensity (CO <sub>2</sub> e thousand metric ton/ NT\$ 0.1 billion)	1.98	1.80	1.85	1.88	1.85	6.62%

Reference: FPG Greenhouse gas inventory database



## 3 Environmental Protection

### 3.3.4 Water Conservation Performance

Water sources for Nan Ya Plastics Corporation's each factory area mainly can be divided into ground (surface) water and tap water, etc., and under the condition of limited water resources, in order to do the most efficient use, adopt process water emission reduction, water-saving management, evaporation loss reduction and other measures to reduce the demand for water. Moreover, in order to sustainably use water resources, in addition to recycle waste water, Nan Ya plastics Corporation also has overall enhanced the rainwater collection, increased rainwater's collecting area and set up rainwater reservoir in each factory area, effectively recycling the reserved rainwater. In 2014 there are total 376 cases of

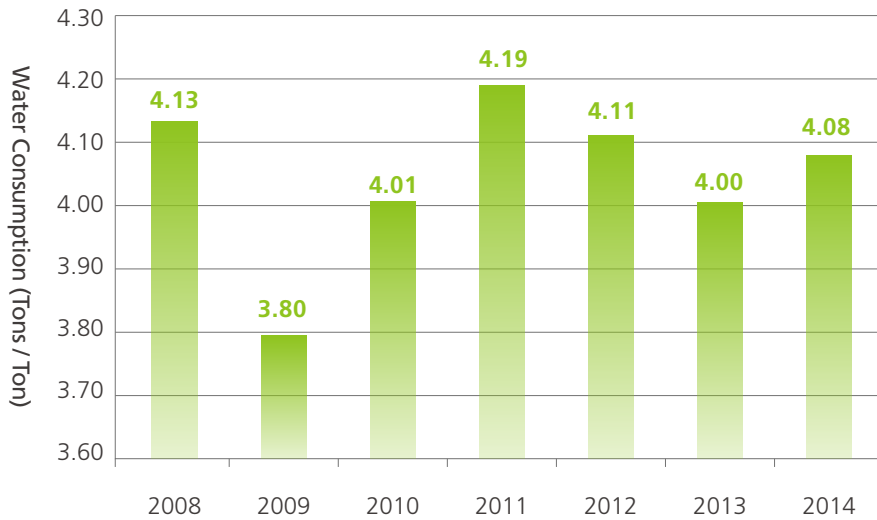
water-saving improvement and investment amount is NT\$ 0.3 billion and the annual benefit is NT\$ 0.13 billion (water-saving performance is shown in below). Moreover, taking Mailiao factory area as the example, water consumption is required to reduce emission year after year. In 2014 the annual water consumption is 32,222 tons / day, unit product water consumption is 4.08 tons / ton, rainwater recovery rate is 28.9% and rainwater's average recovery volume is 470 tons / day. The Company Mailiao factory area's unit water consumption and rainwater recycling volume are shown in the attached two lists below.

#### NPC Water Conservation Reservation Performance

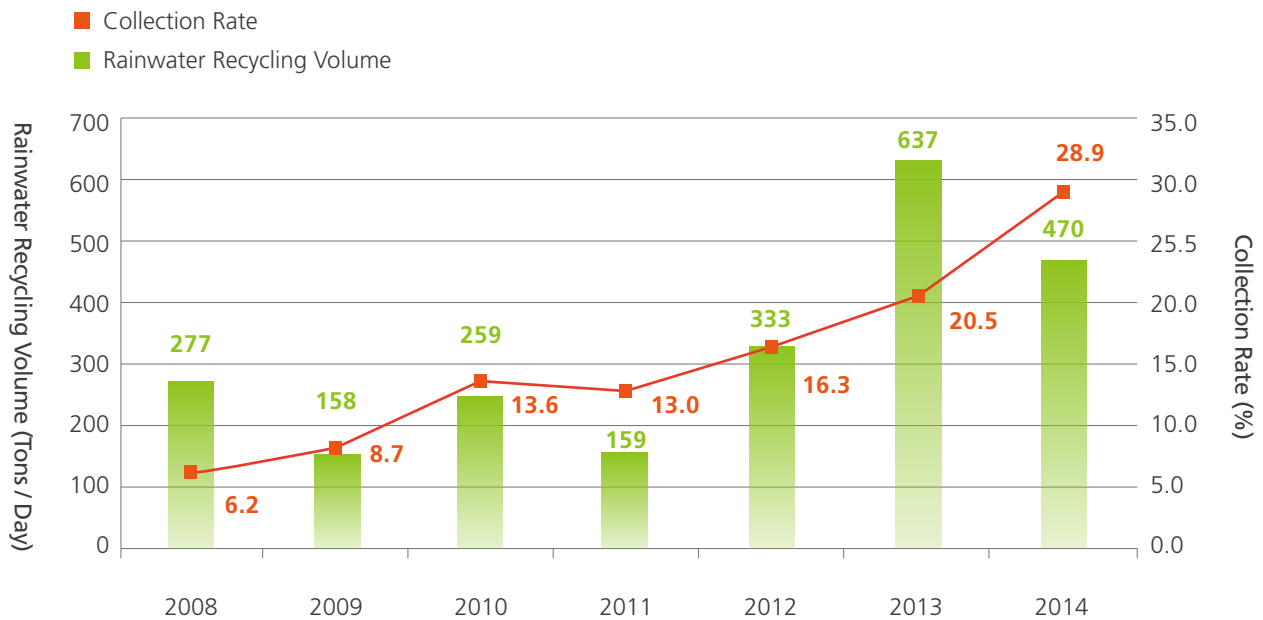
<div>Year</div> <div>Categories</div>	1999-2013	2014	Accumulation (1999-2014)	Ongoing	Total
Improvement (Number of Cases)	352	24	376	38	414
Volume saved (tons / day)	20,318	578	20,896	569	21,465
Investment (NT\$ 0.1 billion)	2.3	0.7	3.0	0.2	3.2
Benefit (NT\$ 0.1 billion / year)	1.1	0.2	1.3	0.04	1.34

Reference: Database of FPG water and energy Conservation Performance.

### NPC Water Consumption by Year in Mailiao Complex (2008-2014)



### NPC Rainwater Recycling Volume and Collection Rate by Year in Mailiao Complex (2008-2014)



## 3 Environmental Protection

### 3.3.5 Energy Conservation Performance

Nan Ya Plastics Corporation's early energy-saving improvement pattern has improved the emission reduction, energy reuse, waste heat recovery, equipment efficiency improvement, energy management and other measures. Because there is no integration across the plants, it is unable to maximize energy's utilization rate. However, in recent years, the Company has constantly enhanced the resources integration across the plants and companies, the overall energy efficiency has been greatly increased and the purposes of fully waste heat recycling and carbon reduction have been achieved. Hydrocarbon emission load has decreased

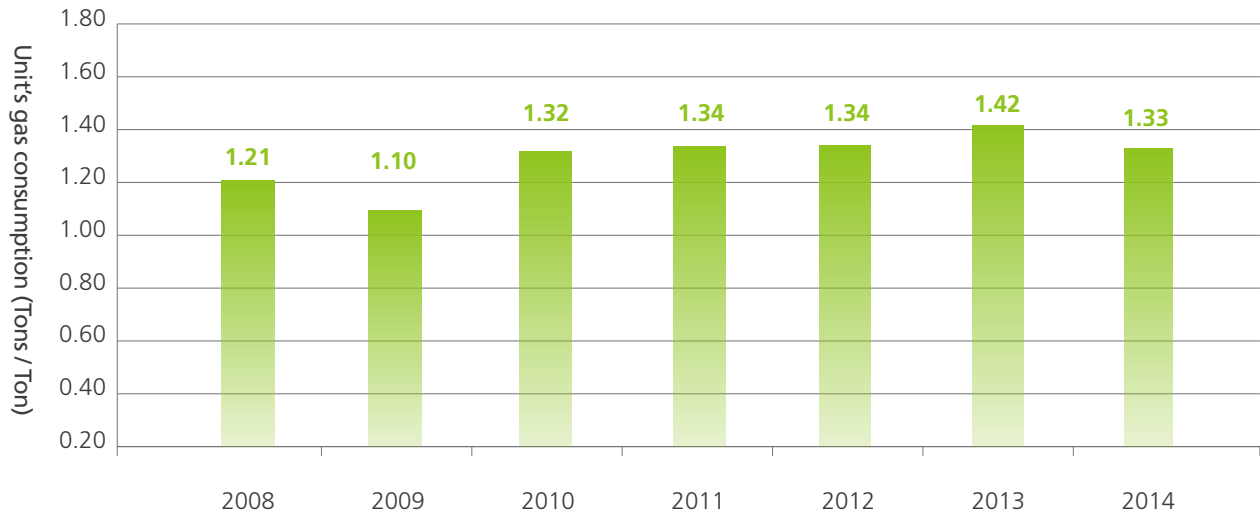
year by year and there are 2,262 improvement cases in 2014 and the investment amount is NT\$ 1.92 billion and the annual benefit is NT\$ 3.02 billion. Energy-saving performance is as below. Moreover, take Mailiao factory-area as an example. According to the statistics, the average gas consumption in 2014 is 438.3 ton/hr., average electricity consumption is 186,017 kilowatt/h., unit product's gas consumption is 1.33 tons/ton and unit product's electricity consumption is 565.0 kilowatt/ton, presenting decline year by year than in previous years. Trend chart of two unit products' consumption is as below.

#### NPC 1999-2013 Energy Conservation Achievement

Categories \ Year	1999-2013	2014	Accumulation (1999-2014)	Ongoing	Total
Improvement (Number of Cases)	1,952	310	2,262	197	2,459
Steam Saved (Tons / Hour)	319.1	26.9	346.0	80.1	426.1
Electricity Saved (1,000 kWh / Hour)	45.2	4.8	50.0	5.5	55.5
Fuel Saved (Tons / Hour)	2.6	0.6	3.2	0.8	4.0
CO <sub>2</sub> e Emission Reductions (Ten Thousand Tons / Year)	106.9	9.7	116.6	25.5	142.1
Investment (NT\$ 0.1 billion)	15.0	4.2	19.2	14.5	33.7
Benefits (NT\$ 0.1 billion/Year)	27.1	3.1	30.2	7.2	37.4

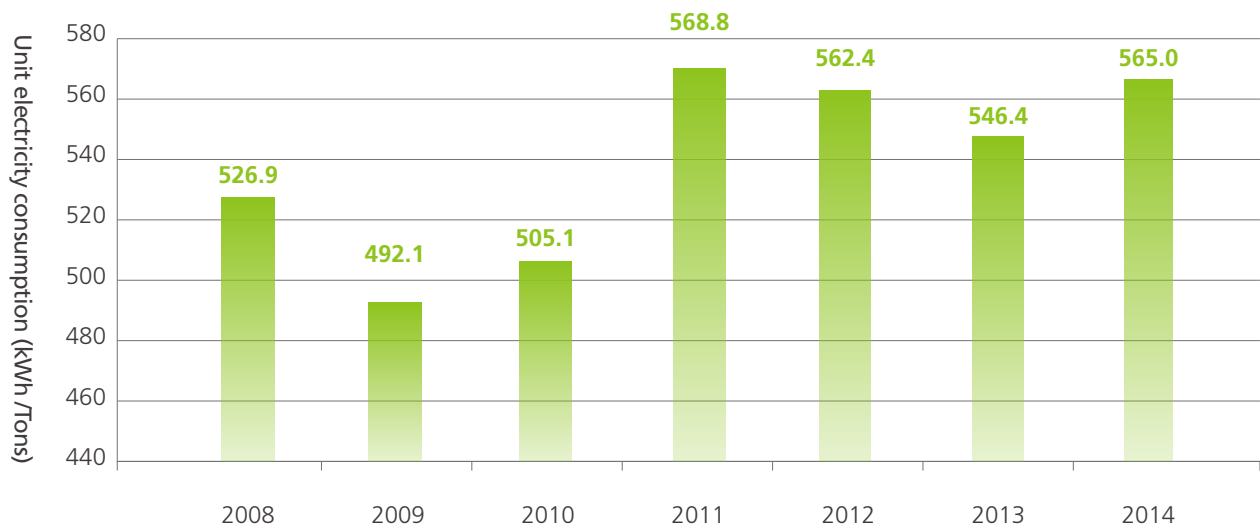
Reference: FPG Environmental Protections Improvements Database.

### NPC Steam Consumption by Year in Mailiao Complex (2008-2014)



Reference: FPG Business Intelligence Database.

### NPC Electricity Consumption by Year in Mailiao Complex (2008-2014)



## 3 Environmental Protection

### 3.3.6 Greenhouse Gas and Energy Reduction Achievements

To ensure the correctness of water-saving and power-saving performance in each plant, Nan Ya Plastics Corporation effectively integrates finance, documents and other functional ERP computer operations, uses computer to collect database's data, decreases labor statistics work, makes sure each plant understand goal-achieving situation and proposes countermeasures to ensure the achievement of emission reduction. The operation range includes the data summary of monthly product yield, water, electricity, steam and fuel performance. With respect to power-saving, energy-saving and waste reduction, an energy-saving and water-saving special team is established to set annual energy-saving and water consumption goal to expand the promotion of energy-saving, water-saving and greenhouse gas emissions.

#### (1) Reduction deeds

As for the Company's specific practice on greenhouse gases emission reduction, in addition to yearly review the set energy consumption goal, the Company also assigns a special person to promote project improvement and personal creative reward system and set unit product greenhouse gases emission load control standard and other methods to carry out the material and energy reduction and improvement. Shown in table below:

Item	Catalog	Contents
I	Yearly review the set energy consumption goal in each plant	When each factory office compiling annual budget, shall review the set energy consumption goal and monthly compare the execution performance. Moreover, carry out project improvement on specific energy issue and make proposals.
II	Assign a special process improvement person in plant	Ongoing use of materials. Reduce and improve energy consumption.
III	Reward project improvement	Promote project improvement reward system. Award \$300~20,000 of proposal reward in accordance with grade.
IV	Encourage individual creativity	Promote IE improvement proposal reward system. Award \$300~20,000 of proposal reward in accordance with grade.
V	Promote excellent improvement cases and publish and observe them in company	Half year a time to cooperate with President's Office of Group Administration to bid enterprise excellent environmental protection, energy-saving, water-saving excellent case publish and competition in turns.
VI	Actively participate in government -sponsored enterprise environmental protection excellent manufacturer award	Annually participate in enterprise environmental protection award and energy-saving, water-saving excellent manufacturer competition held by the government. Encourage each factory to actively participate.
VII	Set unit product greenhouse gases emission load control standard	To understand the difference between each factory office's real greenhouse gases emission load and standard greenhouse gases emission load and ask the factory to review and improve.

#### (2) large emission sources control

As for power plants, public plants, petrochemical plants and other larger emission sources, continue to take emission reduction measures:

- Energy saving: increase power generation and cogeneration plant combustion efficiency and improve power transmission and distribution system.
- Process emission reduction: improve greenhouse gases emission sources and reduce each original material unit's consumption.
- Look for alternatives: enhance fluorine compound (refrigerant and solvents) leakage control and recovery management and look for alternatives that have lower greenhouse impact.

#### (3) Promoting cases and outcomes

According to the interrogation verification results in recent three years, in 2012 the Company's greenhouse gases emission load is 5,575,989 tons and 2013 is 5,834,177 tons and 2014 is about 6,032,668 tons. From 1999 to 2014, the Company has invested NT\$ 2.22 billion, finished 2,638 water-saving and energy-saving improvement cases and reduced 1.166 million tons/year of greenhouse gases CO<sub>2</sub>e emission load. The Company plans to continue to promote another 235 water-saving and energy-saving cases and will invest another NT\$ 1.45 billion, which will reduce another 0.255 million ton/year of greenhouse gases CO<sub>2</sub>e emission load.

### 3.4 Energy Conservation in the Office

The resources of our planet are finite, and in order to achieve a sustainable development, the countries in the world are actively promoting the recycling resource for reutilization. Environmental protection field believes that “wastes are resources that placed in wrong sites”, and as long as we can recycle and reutilize daily usable resources, which not only extends the useful life of natural resource, but also reduce environmental pollution caused by wastes disposal.

Actively promote the recycling of office supplies, living wastes classification collection and emission reduction, paper work reduction and resource recovery, such as only replace pen refill. It will reduce resource consumption and the generation amount of waste. Although it seems the space-saving is small, it is quite helpful to environmental protection and resource consumption reduction.

According to relevant statistics, 20% of total office electricity consumption is lighting power. Because the efficiency of current used traditional lighting is not good, and with the trend of global carbon emission reduction and energy saving, in response to government policies, the Company promotes the improvement of indoor office and factory lighting, saving electricity consumption 1,358 kilowatt / hr.

### 3.5 Environmental Protection at the Plants

Since the establishment, Nan Ya Plastics Corporation always adheres to the simultaneous development of industry and environmental protection, and dives to the bottom of environmental protection job. Based on the best available control technology (BACT) principle, it adopts optimized process technology, first-rank pollution prevention equipments and perfect environmental protection management system to build the factories, and make continuous improvement (total pollution prevention and treatment expenses in 2014 are NT\$ 1.16 billion), to meet each pollution emission standards, with its each expense detail in 2014 listed as follows.

Items	Expenses (unit: NT\$ thousand)
Air pollution prevention expense	405,357
Water pollution prevention expense	729,378
Soil and underground water pollution prevention expense	18,593
Noise and vibration prevention expense	88
Land subsidence prevention expense	101
Toxicant pollution expense	446
Sea pollution prevention expense	270
Other pollution prevention expense	9,676
In total	1,163,909

## 3 Environmental Protection

### 3.5.1 Air Pollution Control

#### (1) Optimization for Air Pollution Control Facilities

With respect to air pollution prevention and treatment, it also adopts the optimized processing equipments, which include Selective Catalytic Reduction (SCR), Flue gas desulfurization (FGD), Low NOx Burner, High-temperature Oxygenizer, Activated Carbon Adsorption System and Closed Coal Bunker and Transportation System and other advanced air pollution prevention devices, so as to actually coordinate with prevention, maintenance, training and operation, and give play to the best level of each equipment performance for effective pollution prevention and treatment.

As proved by detection, all factory areas meet (lower than) the pollutant discharge standards that stipulated by government related laws and regulations, each factory area's quarterly average air pollution emission load volume in 2014 is listed in below; besides, Shulin, Linkou, Kungshan and Chiayi factory areas, due to process's characteristics (cogeneration process), inspect dioxin emission concentration once every two year in accordance with regulations, which all meet emission standards (lower than 1.0 ng-TEQ / Nm<sup>3</sup>):

#### 2014 Nan Ya Plastics Corporation each factory area's quarterly average air pollution emission volume

(unit: metric ton/ quarter)

Factory area	Oxysulfide	Nitrogen oxides	Volatile organic compound	Particulate pollutant
Shulin	35.35	178.23	127.88	3.72
Linkou	21.83	144.52	4.48	2.54
Kungshan	1.53	36.74	6.59	4.53
Jinghsin	40.91	95.94	4.15	4.13
Mailiao	40.28	73.45	63.37	8.54
Hsinkang	7.54	6.58	367.56	6.75
Chiayi	19.16	109.31	39.81	36.30
Renwu	0.17	0.30	47.96	3.84
Linyuan	0	0	22.87	0
In total	166.77	645.07	684.67	70.35

Data Source: Formosa Plastics Group each factory-area quarterly air pollution expense and emission load application data

To comply with Electricity facilities' air pollutant discharge standards revised and announced by Environmental Protection Agency in 1<sup>st</sup> December 2014, the Company has already equipped electric power units in Shulin, Kungshan, Linkou and Chiayi factory areas with smoke extraction and denitration equipments to meet requirements from laws and regulations, which is expected to be finished in April end of 2016.

#### (2) Reduction of VOC and Odor

To further prevent VOC escape and reduce raw materials and product leakage, in addition to actively promote each project's VOC emission reduction improvement operation, such as cap the open aeration tank in waste water treatment field that VOC and abnormal smell prone to disperse, the Company not only sets up pipelines to collect gases and then sends them to air pollution control equipment, such as washing tower and waste gas incinerator, but also cooperates with Formosa Plastics Group to spend a large of money to purchase several FLR infrared leak imaging device, which can quickly find out the leakage source and implement improvement immediately.



### 3.5.2 Water Pollution Control

With regarding to the waste water produced in each factory area, the Company properly plans waste water treatment facilities in accordance with the characteristics of waste water source, including neutralization, precipitation and floating and other physical and biological treatments and membrane treatment. And set up special waste water treatment department and personnel to regularly implement education and training, effective management waste water treatment to ensure the emission water quality is in accordance with national effluent standard. And discharge the water after being treated by industrial sewage plant in the proper rivers in accordance with water pollution protection regulations and factory's location. The Company also actively reviews the utilization of water resources. In 2014 Haifeng waste water treatment plant has finished the second waste water recycling facility and will establish similar facilities in the other factory area in the future.

According to the Company's discharge water quality detection results in 2014 emission, each factory-area's effluent quality meets national control standards. For example, pH of effluent in Mailiao factory area is controlled between 6~9 (control standards 6~9), and chemical oxygen demand is controlled under 30 mg / L (control standard is under 100 mg / L), suspended solid is

controlled under 5 mg / L (compressed control standards is under 20 mg / L) and ammonia and nitrogen are controlled under 1 mg / L (control standards is under 20 mg / L).

The Company has 6,846.4 kilotons of effluent volume in 2014. Effluent emission intensity (ton / revenue, every \$1,000,000) is decreased from 22.2 in 2012 to 21.03 in 2014, improving 5%.



Wastewater recycling technology – Reverse Osmosis (RO) & Ultra Filtration (UF) equipment

Factory area	Emission water quality	2014 effluent volume (ton / day)	2013 effluent volume (ton / day)	2012 effluent volume (ton / day)
Shulin	Dahan Creek	2,327.3	2,185.1	2,356.4
Linkou	Danshui River	2,869.5	2,874.4	2,917.4
Kungshan	Under industrial zone regulations	1,982.6	1,856.7	2,068.2
Jinghsin	Nankan Rivert	1,134.5	1,053.3	1,111.5
Mailiao	Taiwan Strait	8,249.1	7,962.1	7,416.6
Hsinkang	Niuchou Stream	1,276.5	1,497.5	1,381.5
Chiayi	Putsu Stream	851.9	987.5	900
Renwu	Houjin Stream	60.2	64	65.3
Linyuan	Under industrial zone regulations	5.7	9.3	25.5
In total		18,757.3	18,489.9	18,242.4

## 3 Environmental Protection

### 3.5.3 Waste Management

Nan Ya Plastics Corporation's wastes can be divided into general industrial wastes and hazardous industrial wastes and will be treated by recycling and reusing, incineration and land filling and other methods. The Company will continue to promote source classification, process waste reduction and resource recovery and other operations.

According to statistics, wastes in 2014 are amounted to 66,975.4 tons, among which, general industrial wastes are 63,159.61 tons and hazardous industrial wastes are 3,815.79 tons. After categorized, recovered, reused and recycled, etc., 34,080.59 tons are for beneficial reuse, which accounts 50.88% of the total, and the rest 32,178.79 tons are for appropriate incineration and land filling, as shown in the table below:

General Waste (Ton)				Hazardous Waste (Ton)				Sum
Recycled Material use	Incineration	Bury	Sum	Recycled Material use	Incineration	Bury	Sum	
30,980.82	16,621.08	15,557.71	63,159.61	3,099.77	716.02	0	3,815.79	66,975.4
49%	26.31%	24.69%	94.3%	81.23%	18.77%	0%	5.7%	100%

Source: FPG Management Database

### 3.5.4 Toxic Chemical Management

Nan Ya Plastics Corporation's each factory's toxic chemicals operating place and facility are set up in accordance with the toxic chemicals management laws and regulations, with relevant documents that approved and released by competent authority. It also has hazard prevention and response plan exercise and thus promoting toxic chemicals operation self-management, ensuring the normal operation of toxic chemicals and reducing the occurrence of the hazard.

To comprehend toxic chemicals operating environment drift problem, the Company has cooperated with Formosa Plastics Group to entrust professional institution to implement "Mailiao factory-area toxic chemicals' operating consequence analysis plan". At present, the Company has already finished the first class to the third class of factory-area operation. There are total 21 types of toxic chemicals consequence analysis reports in ten factories and the Company will provide the reports as a reference to correct emergency response and risk management plan for each factory and factory-area fire brigade and other units.

### 3.5.5 Soil and Groundwater Management

To effectively comprehend soil and underground water quality, the Company has monitored underground water every quarter since its establishment; and for ensuring the quick and effective control of leakage pollution accident, it has also referred to Soil and Underground Water Improvement Processes of the Industrial Development Bureau, MOEA, and formulated the "Soil and underground water pollution improvement and detection management plan" specific to pollutions have been detected and potentials after seeking advice from American specialists for better controlling.

### 3.5.6 Environmental Violations

Nan Ya Plastics Corporation's involves no major leakage in 2014, but has one air pollution categorized environmental protection violation, which is due to the factory land in Kaohsiung must be returned to Domestic Agency and Jianzhan Construction Co., LTD that responsible for the demolition of Kaohsiung factory is failing to make anti-dust measures and billed for disciplinary action by Kaohsiung Environmental Protection Bureau.

2012~2014 environmental protection violation statistics is as follows, with penalized amount being NT\$ 1,820,000 (14 cases), and dominated by air pollution (12 cases, accounting for 86%). Facing with each environmental protection defect, the Company is not only requested to finish improvement works, it had also discussed the root causes for preventing from sources and enhancing management, thereby to completely eradicate the possibility of abnormal cases. As a result, incidents and penalized amounts are decreased obviously from seven in 2013 (NT\$ 700,000) to one in 2014 (NT\$ 100,000). And in the future, the Company will stride forward to the "Zero-defect" goal:

Environmental Violations	2012	2013	2014
Air Pollutions	4 Cases / NT\$ 800,000	7 Cases / NT\$ 700,000	1 Case / NT\$ 100,000
Water Pollutions	2 Cases / NT\$ 220,000	0/0	0/0
Waste Pollutions	0/0	0/0	0/0
Others	0/0	0/0	0/0
In total	6 Cases / NT\$ 1,020,000	7 Cases / NT\$ 700,000	1 Case / NT\$ 100,000

### 3.5.7 Factory Greenification

In cooperating with Formosa Plastics Group, Nan Ya Plastics Corporation has actively promoted green landscaping in each factory-area in recent years, which is taking both industrial development and environmental protection into account. Take Nan Ya Kungshan factory-area for example:

Nan Ya Kungshan factory-area is located in Linkou, Guishan Township, Taoyuan County. At 235 meters above sea level, the soil is mostly red brown and barren, lack of organic matter. In autumn and winter, the northeast monsoon is strong and rainfall is low. Southwest winds prevail in summer and sometimes there are heat thunderstorms. Dense fog often appears in morning and evening from January to April every year. Due to the restriction of climate and natural environment, the promotion of green landscaping in factory area is a long and arduous path as immeasurable efforts are required to turn barren soil into green trees. Steadfast determination and perseverance is also needed to provide the appropriate care for the plants so as to provide a comfortable and clean working environment for employees. The green landscaping in factory area is divided into three parts: office building, main roads and all plants inside the factory area and single dormitory living quarters.



Large arbors and shrub species in front of factory door



Large arbors in front of Administrative Building



Landscaping in factory' entrance



Azaleas around the factory

# 4



**Local Sustainable  
Development**



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## 4 Local Sustainable Development

The Mailiao Industrial Complex is located in the offshore industrial zone of Yunlin Country that is known as the “head of the windstorm and end of the waterfowl.” It is Formosa Plastics Group’s largest, most complete and important production base in Taiwan and all major members of FPG, including Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals and Fibre Corp., and Formosa Petrochemical Corp., invested in building factories here. Otherwise, the locals expect us to bring prosperity, yet are also concerned that we protect their environment. It is the policy of FPG that equal emphasis on industrial development and environmental protection. Therefore, the Mailiao Industrial Complex will represent the actual implementation situation regarding local sustainable development.

Based on the management concepts of the Formosa Plastics Group, Nan Ya Plastics Corp. has continued to implement various environmental protection operations and viewed the quality of the local environment as an important objective as well as social responsibility. For example, we have adopted the Best Available Technology (BAT) and the Best Available Control Technology (BACT) to plan the most appropriate manufacturing process and equipment during the construction of our Mailiao plants so that constant improvement will avoid any negative impacts on the environment.

In addition, in conjunction with the idea of the “Human and Eco-Friendly Program” proposed by the Yunlin County Government in 2010, we have focused on the three aspects of Eco-Friendliness, Healthcare and Industrial Development. We actively promoted local development to realize sustainable prosperity of the No. 6 Naphtha Cracker Project and the local area.

### 4.1 Eco-Friendliness

#### 4.1.1 Dedicated Research Unit

##### (1) Evaluation and Counseling Committee for Air Quality Impact

In view of the public concerns that resulted from Mailiao Plant air pollution, which impacts air quality in Yulin, Jiayi and Nantou, we established the “Evaluation and Counseling Committee for Air Quality Impact” in September 2011. During the period of 2014~2015, the Committee published 7 theses in reputable international journals, which have offered valuable references for the requirements of special industrial zone air quality monitoring and data analysis methods and technology by the Environmental Protection Administration (EPA) so that the public concern of air pollution may be thoroughly analyzed to avoid social disputes due to inappropriate interpretation based on personal perspectives and individual ideas.

Research indicates that the air quality in neighboring towns is better than other counties and cities in the west of Taiwan which means that the Mailiao Plant had a limited impact on local air quality. In addition, inland areas such as Douliu, Puli and Chiayi have suffered from poor air quality for many years.

Through the aforementioned analysis methods, results have indicated that the Mailiao Plant located along the west coast has a minimal impact on air quality. The model simulation has determined that the main causes for poor air quality is due to a combination of factors such as vehicle exhaust pollution and road dust from Taichung, Changhua, Chiayi and Tainan city areas, as well as national and provincial highways. Furthermore, due to monsoon winds, air pollutants from northern China and the Yangtze River delta have created 30%~50% of the poor air quality in Taiwan. Therefore, this has become a major cause for the decrease in air quality in Taiwan and we must cooperate with China to reduce air pollution discharge.

In order to effectively improve air quality, we will not only continuously communicate with the competent authorities to make it possible for Taiwan to set reasonable air quality standards and consumption reduction but also fulfill our responsibility of consumption and emission reduction to eliminate social troubles.

## (2) Evaluation of Wastewater Disposal Influences on Marine Ecosystem Committee

The Formosa Plastics Group Evaluation of Wastewater Disposal Influences on Marine Ecosystem Committee was established in 2010 to improve our operations continuously. In guiding FPG in plans such as the integration of data about seawater quality, marine ecology, fishery economic activities, and bio-toxicity, the Committee has assisted us in providing clarification of the impacts of the Mailiao Plant on surrounding seawater through scientific research and explanations.

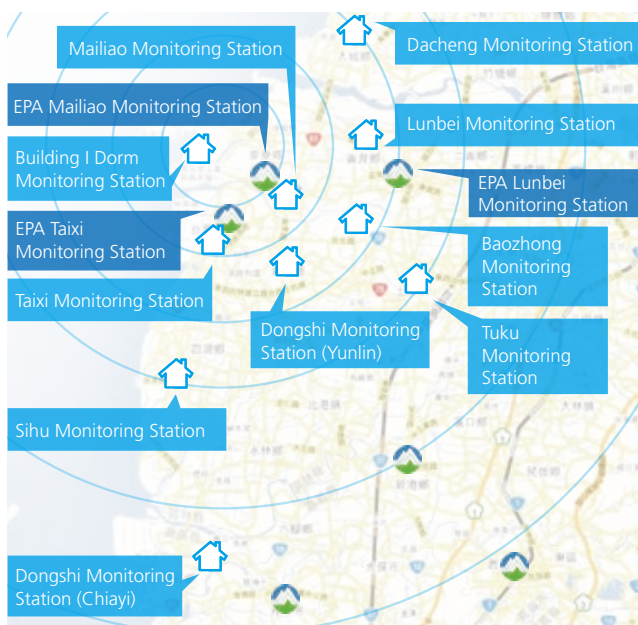
Furthermore, FPG entrusted objective and credible professional institutions with the tasks of relevant research in order to determine the impact of Mailiao Park on the surrounding environment. As of 2014, investigation results have indicated that the Mailiao plant doesn't have any observable impact on nearby seawater quality, marine ecology, aquaculture and fishery resources. In the future, FPG will continue the investigation and analysis to ensure the living quality of local residents. Please see the details below for a variety of environmental investigation results.

### 4.1.2 Environmental Impact Evaluation


#### (1) Air Quality

To ensure that all the environmental indicators are under control in a timely manner, we built a comprehensive environmental monitoring network which has layers of intense monitoring control. We also take local prevailing directions into consideration. They include 8,109 fixed gas detectors, 39 GasFindIR thermal imaging cameras used by the American military, 33 CEMS fixed pollutants sequential monitoring systems, 39 FLARE fixed pollutants sequential monitoring systems, 6 mobile FTIR monitors, and 8 fixed FTIR monitors in the Mailiao Plant, as well as 1 VOC monitoring station, 10 photochemical assessment monitoring stations, 12 automatic odor sampling stations, 10 fixed air quality monitoring stations, and 1 air quality monitoring vehicle in a nearby township to search for emission sources as fast as possible and ensure local air quality.

#### 8 Layers of Environment Monitoring Network



 No.6 Naphtha Cracking Plant Air Quality Monitoring Station

 Environmental Protection Administration (EPA) Air Quality Monitoring Station

#### Sites of Automatic Sampling for Abnormal Odor



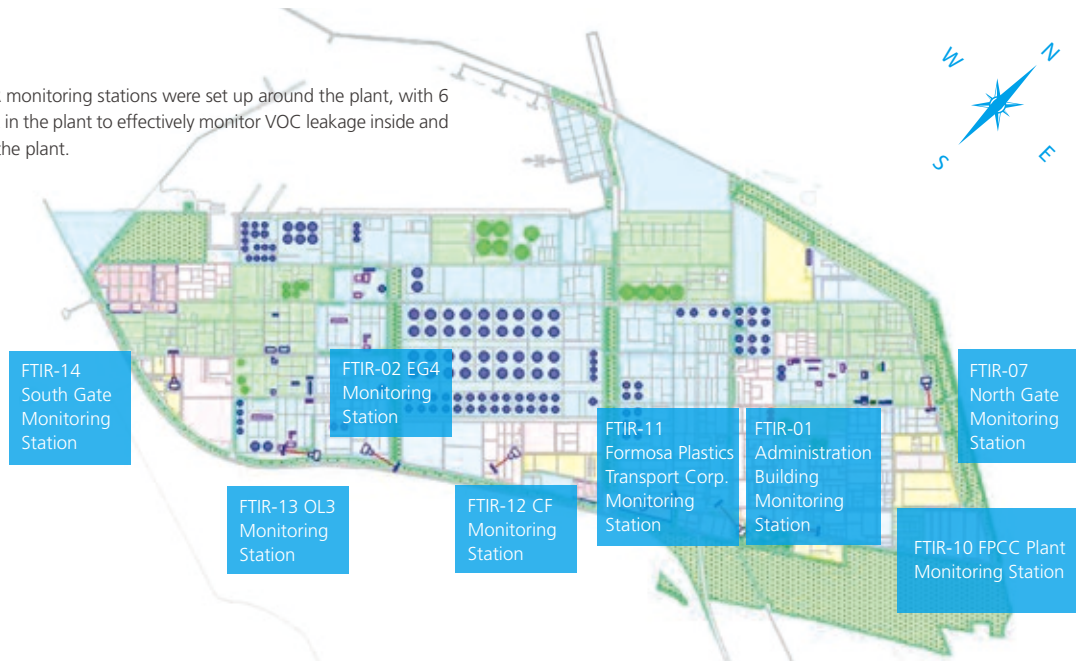
● Date from automatic Sampling of Odor Sensor are analyzed through NIEA715.13B



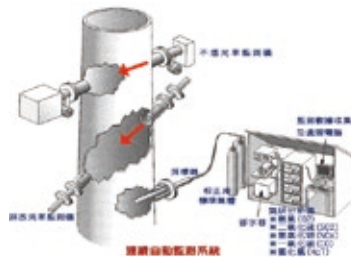
## 4 Local Sustainable Development

### Geographical Illustration of In-plant Monitoring Devices

8 fixed FTIR monitoring stations were set up around the plant, with 6 mobile FTIR in the plant to effectively monitor VOC leakage inside and outside of the plant.



8,109 gas detectors were set at the processing zone in the plant to immediately send notification when there is any abnormality. The leakage will then be handled through source control.



33 large chimneys and 39 FLARE sequential automatic monitoring facilities are set up in the plant with real-time connections to the Environmental Protection Administration for control.

### (2) Influence Analysis

According to the 3.4 million data statistics provided by the Environmental Protection Bureau, there is very little difference in the air quality detected by countless monitors in Tucheng City of Taipei County, Hsienhsi Township in Changhua County, Taixi Township in Yunlin County, and Hsiaokang District of Kaohsiung City. Ozone levels are detected throughout Taiwan and not limited to Yunlin-Chiayi-Tainan.

Furthermore, we have taken extra measures to ensure that the odor produced by our facility yields no influence on the residents, we set up Odor Evaluation Team on September 17, 2010. The team consists of members from the Administration Office and the 4 core corporations. The odor around the facility is examined daily at 4 p.m. and the results are reported to the supervisors so that they can take immediate corrective actions. The complains toward odor have decreased in recent years, going down from 63 cases in 2010, to 37 cases in 2011, 14 cases in 2012, 8 cases in 2013, and 19 cases in 2014. And we have resolved a total of 138 among the 141 cases; 3 are still under review. Due to the promotion of improvement projects on odor source detection and tracking in 2014, a rise in joint-odor detection has been observed. Overall, odor control has achieved significant results.

## Comparison of Air Quality detected by Environmental Protection Bureau and the Statistics of the No. 6 Naphtha Cracker Project

Item	Monitoring Station	Background Value Before Construction 1993/7~1994/5	During Construction 1994/6~1998/12	Phase I 1999/1~2001/3	Phase II 2001/4~2002/3	Phase III 2002/4~2004/6	Phase IV 2004/7~2010/3	Final Phase 2010/4~2014/12	Control Standard
SO <sub>2</sub> (ppb)	No. 6 Naphtha	4	6.8	6.1	3.9	5.2	4.2	4.2	250
	Tucheng(Northern Taiwan)	7.9	6.3	4.1	3.8	3.6	4.4	3.4	
	Hsienhsi(Middle Taiwan)	6.4	5.7	4.5	3.6	3.4	4.5	4.2	
	Tiayi (Yunlin, Chiayi, Tainan)	3.7	3.3	2.5	3.0	3.2	4.6	3.1	
	Hsiaokang (Kaohsiung-Pintung)	19.4	18.9	16.2	13.3	11.1	12.7	9	
NO <sub>2</sub> (ppb)	No. 6 Naphtha	7	8.2	17.8	17.2	14.3	9.8	9.1	250
	Tucheng(Northern Taiwan)	27.0	25.2	26.1	24.3	23.5	22.6	18.3	
	Hsienhsi(Middle Taiwan)	18.0	18.3	18.7	18.2	16.5	14.8	13.0	
	Tiayi (Yunlin, Chiayi, Tainan)	12.0	9.9	11.3	11.5	10.7	10.1	8.0	
	Hsiaokang (Kaohsiung-Pintung)	34.2	34.0	35.3	32.8	29.3	27.8	23.0	
O <sub>3</sub> (ppb)	No. 6 Naphtha	30	24	31.3	35.5	35.0	32.9	28.6	120
	Tucheng(Northern Taiwan)	19.1	19.6	22.0	25.6	24.3	26.9	27.2	
	Hsienhsi(Middle Taiwan)	-	-	-	-	30.9	29.9	30.7	
	Tiayi (Yunlin, Chiayi, Tainan)	28.5	30.9	32.4	30.2	33.9	36.5	36.0	
	Hsiaokang (Kaohsiung-Pintung)	16.0	21.0	22.9	26.3	24.9	26.0	26.0	
CO (ppm)	No. 6 Naphtha	0.6	0.5	0.4	0.4	0.4	0.4	0.4	35
	Tucheng(Northern Taiwan)	1.0	0.9	0.8	0.8	0.7	0.6	0.5	
	Hsienhsi(Middle Taiwan)	-	-	-	-	0.3	0.4	0.4	
	Tiayi (Yunlin, Chiayi, Tainan)	0.5	0.4	0.4	0.4	0.4	0.3	0.3	
	Hsiaokang (Kaohsiung-Pintung)	1.1	1.0	0.9	0.8	0.7	0.6	0.5	
PM10 (µg / m <sup>3</sup> )	No. 6 Naphtha	69	106	63	71	69	63	55	125
	Tucheng(Northern Taiwan)	73	53	46	45	43	50	43	
	Hsienhsi(Middle Taiwan)	57	53	52	56	60	61	54	
	Tiayi (Yunlin, Chiayi, Tainan)	67	70	62	64	61	56	51	
	Hsiaokang (Kaohsiung-Pintung)	103	89	93	72	73	81	69	
PM2.5 (µg / m <sup>3</sup> )	No. 6 Naphtha	-	-	-	-	-	30	30	35
	Tucheng(Northern Taiwan)	-	-	-	-	-	29	26	
	Hsienhsi(Middle Taiwan)	-	-	-	-	-	34	30	
	Tiayi (Yunlin, Chiayi, Tainan)	-	-	-	-	-	31	29	
	Hsiaokang (Kaohsiung-Pintung)	-	-	-	-	-	52	45	
NMHC (ppm)	No. 6 Naphtha	0.28	0.4	0.46	0.45	0.3	0.3	0.2	-
	Tucheng(Northern Taiwan)	-	-	-	-	0.3	0.3	0.3	
	Hsienhsi(Middle Taiwan)	0.2	0.1	0.1	0.1	0.3	0.2	0.2	
	Tiayi (Yunlin, Chiayi, Tainan)	-	-	-	-	-	0.1	0.1	
	Hsiaokang (Kaohsiung-Pintung)	0.5	0.4	0.5	0.4	0.5	0.3	0.3	

- 2012 particulate matters (PM2.5) detected by the Mailiao Monitoring station was acquired by an automated system. All records after April 2010 were acquired manually. Records provided by the monitoring stations of the Environmental Protection Administration (EPA) were all acquired through an automated system.
- EPA sets the standard as an average amount per hour. The value of particulate matter 2.5 (PM 2.5) in the Mailiao monitoring station is lower than the Hsiaokang monitoring station and similar to monitoring stations in other air quality or industrial zones.

Source: Monitoring stations of the Environmental Protection Administration and No. 6 Naphtha Cracker Project.

## 4 Local Sustainable Development

### (3) Water Consumption

Based on the “Monthly Report of Industrial and Public Water Consumption from Agriculture Water in Jiji Weir provided 2.45 to 6.97 billion tons of water annually for the past 5 years (2010-2014); of which 2.4% was for industrial purposes. This accounts for only 1.8% of agricultural water was used for industrial purposes annually. The water consumption record is listed in the table below.

Statistics of Water Supplied by Jiji Weir from Year 2010 to 2014

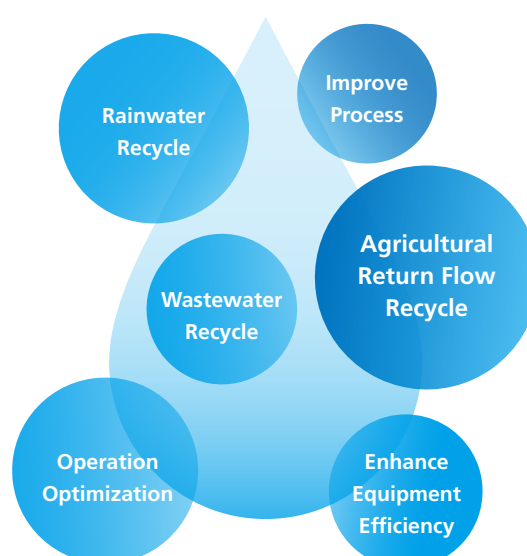
Unit: 10,000 tons

Year	Inflow	For agriculture	For industry			
	(A)	Average consumption (B)	Average consumption (C)	Percentage of Inflow (C)/(A)	Water from Agricultural Purposes (D)	Percentage of Water from Agricultural Purposes (D)/(B)
2010	276,179	174,525	10,879	3.9%	3,712	2.1%
2011	245,401	175,162	9,830	4.0%	3,469	2.0%
2012	696,942	205,742	10,215	1.5%	3,527	1.7%
2013	622,348	218,289	10,075	1.6%	3,294	1.5%
2014	315,258	182,795	10,462	3.3%	3,646	2.0%
Annual Average	431,226	191,303	10,292	2.4%	3,530	1.8%

Source: Annual Report of Jiji Weir Operations, Central Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs.

In Taiwan, the dry period starts in November. The occasional monsoons in winter cause blowing dust at the estuary of the Zhuoshui River. The main function of Jiji Weir is to build a common water channel mechanism to provide a steady supply of water for the south and north shores. The blowing dust at Zhuoshui River during the dry period is a long-term phenomenon, not the result of Jiji Weir.

Based on the aforementioned information, water consumption in the Mailiao plant will neither exclude other industries nor farmers. However, to take advantage of precious water resources and fulfill our responsibility to society, we strive to improve processes, enhance facility performance, optimize operations and recycle wastewater to increase the efficiency of water consumption and promote wastewater recycling and rainwater recycling.



## (4) Ecology

### A. Terrestrial Ecology Survey

To understand the impact of the Mailiao Plant on the surrounding ecological and the environmental, we asked professional agencies to investigate birds, mammals, amphibians, reptiles, butterflies and the ecology of botany to analyze the dynamics of species, population and quantity. Understanding animals and the ecology of botany in the investigation area will allow us to evaluate the impacts of No. 6 Naphtha Cracker Project on the local environment.

Taking the investigation results of the 4th quarter of 2014 as an example, the Japanese house bat is the dominant mammal species; most amphibian species are more active and have their breeding season in spring and summer, and their activities change with the seasons. During spring and summer, when there are more sources of nectar, more species of butterfly are observed. The activities of reptiles are determined by the temperature differences of day and night.

For birds, summer birds such as the cattle egret and the barn swallow, and winter birds such as the great egret and the black-winged stilt can be observed. These four types of birds are greater in numbers and sizes. The changes in species type and quantity are in line with seasonal changes and local habitat changes. As the seasons change, local species experience diversification trends are unaffected by significant negative impacts.

The Mailiao Industrial Complex is located along the coastal region of Yunlin County. The scope of botanical investigations is a developed area without any coastal forests. The herbs and grass species observed are commonly seen in coastal fish farms, dry areas, grass habitats and windbreaker forests. Phanerophyte plants include Casuarinaceae, Hibiscus Tiliaceus, Ricinus communis, Broussonetia Papyrifera, Macaranga Tanarius and Leucaena leucocephala while grasses include Bidens Alba and Maesa Perlaria.

Chart of Previous Ecological Investigations of Total Fauna Species

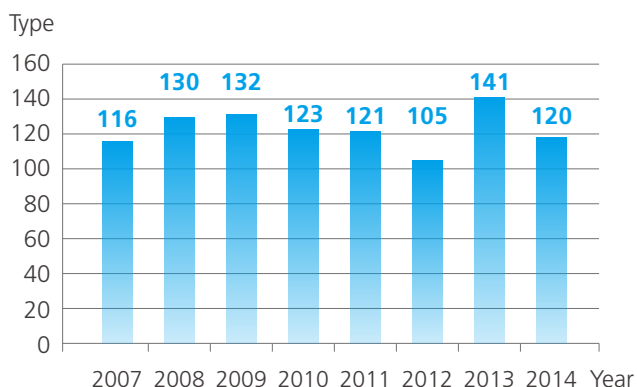
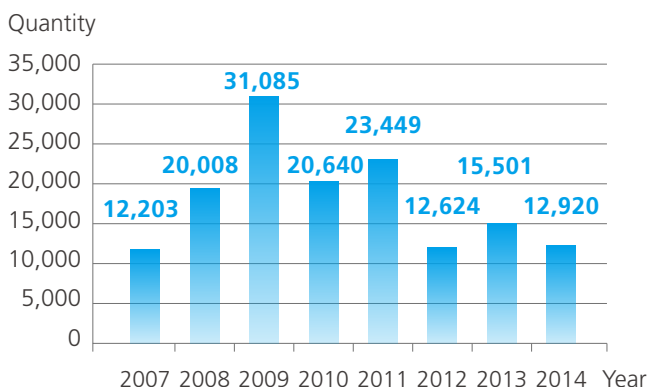
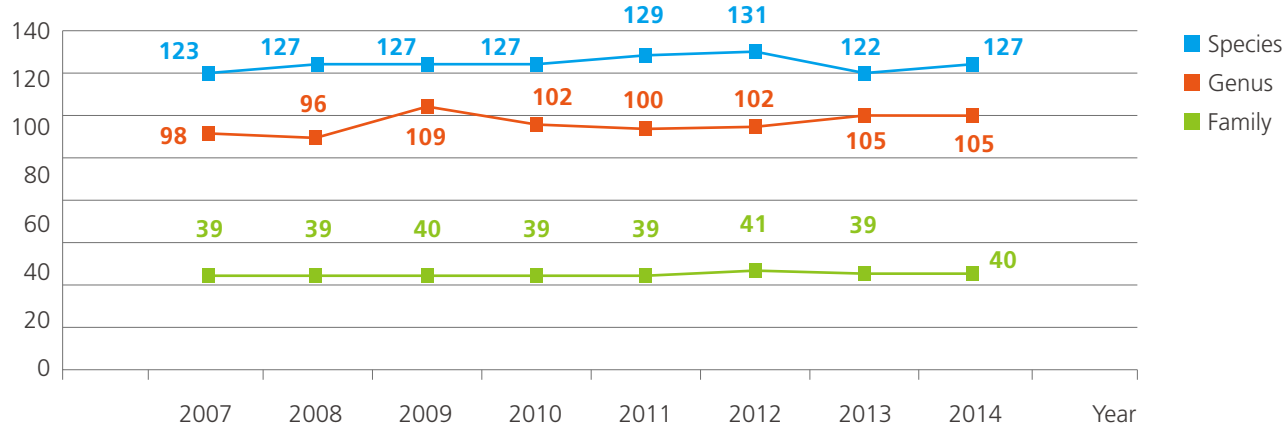


Chart of Previous Ecological Investigations of Total Fauna Quantity



Trend of Previous Ecological Investigations of Botany Species and Quantity



## 4 Local Sustainable Development

### B. Marine Ecology

Following the results of the Environmental Impact Assessment, we established 17 water monitoring stations in coastal regions, tidal regions, intertidal regions, ash ponds, ports and in the New Huwei River to conduct quarterly water quality monitoring. The recorded data revealed only water neighboring the mouth of Zhuoshui River and New Huwei River did not meet national standards in terms of ammonia nitrogen, oxygen level and mineral oil levels. As the monitoring stations in these two areas are located in the intertidal zones, some of the data that have exceeded standards are due to the re-suspension of organic matter or due to discharge originating upstream.

The average daily wastewater disposal of Mailiao Complex is approximately 90 to 150 thousand tons. Due to our strict self-regulation that wastewater in each treatment center not be emitted until standards are met, and reinforced by daily inspection of effluent quality, the pH inspection results in previous years have met discharge standards. In 2010, the EPA conducted a comprehensive assessment of the 10-year operation of the Mailiao Complex and observed from the tendency of pH value of all the monitoring stations each year. The research found that most of the statistics met the water quality of type A standard. There was no significant variation in pH values at any monitoring stations, except in regions within 1km of the discharge zone. During 2005 to 2007, few monitoring stations in the sea area neighboring Mailiao revealed results that statistics were lower than the water quality of type A standard. However, the pH values 7.5~8.5 of the disposed water measured in each monitoring station met the water quality of type A standard since 2007.

From a long-term perspective of the surrounding marine ecology of Mailiao, the changes in variety and diversity of the sea plankton are mainly due to seasonal changes. In general, the diversity of the sea plankton is highest from spring to summer. Therefore, the marine-ecology investigation yields results showing higher diversity in the 2nd and 3rd seasons and lower diversity in the 1st and 4th seasons. In addition to being affected by seasonal changes, the diversity of the sea plankton is also affected by environmental conditions such as turbidity and concentration of suspension matter. Similarly, the investigation of benthos and fish resources demonstrated a similar trend that the quantity of benthos and fish resources also changes with seasons. Generally speaking, investigations during spring and autumn yielded an abundant quantity while summer and winter investigations demonstrated fewer. Using the shrimp trawler method to conduct fish resource investigations, crustaceans were the main catch, amongst which shrimps

were the dominant species, followed by Sciaenidae, Ariidae, and Cynoglossidae from the Osteichthyes family. These fish are the main economical resource of fishermen in Mailiao.

### C. Impact on Chinese White Dolphins' Ecosystem

The Chinese White Dolphins are protected under the International Union for Conservation of Nature as a critically endangered species in August 2008. According to the research, the dolphins' habitat is in a 3km ocean region, spanning from Mailiao to the Tainan coastal area.

To protect the habitat of the Chinese White Dolphin, Professional institutes employed by FPG have conducted a 6-year project since 2008. Since then, 172 sailing trips were made, where White Dolphins groups were sighted 188 times, including total 923 dolphins. According to the investigations, 54 adult dolphins in the surrounding waters of Yunlin were identified based on the photo image recognition. 33 to 42 dolphins seen repetitively each year (repetition rate: 60%~90%) are mainly found in the long and narrow range along the Yunlin coast (offshore <3km and depth <15m). The group members are primarily teenagers, accounting for 87% of the population.

### Witness summary of Chinese White Dolphins in Yunlin's sea area in recent years

Year	Number of sailing trips	Number of group sightings	Number of individual sightings
2008	40	48	267
2009	33	36	180
2010	29	33	158
2012	24	27	140
2013	24	23	104
2014	24	21	74
Total	174	188	923

2008



2012



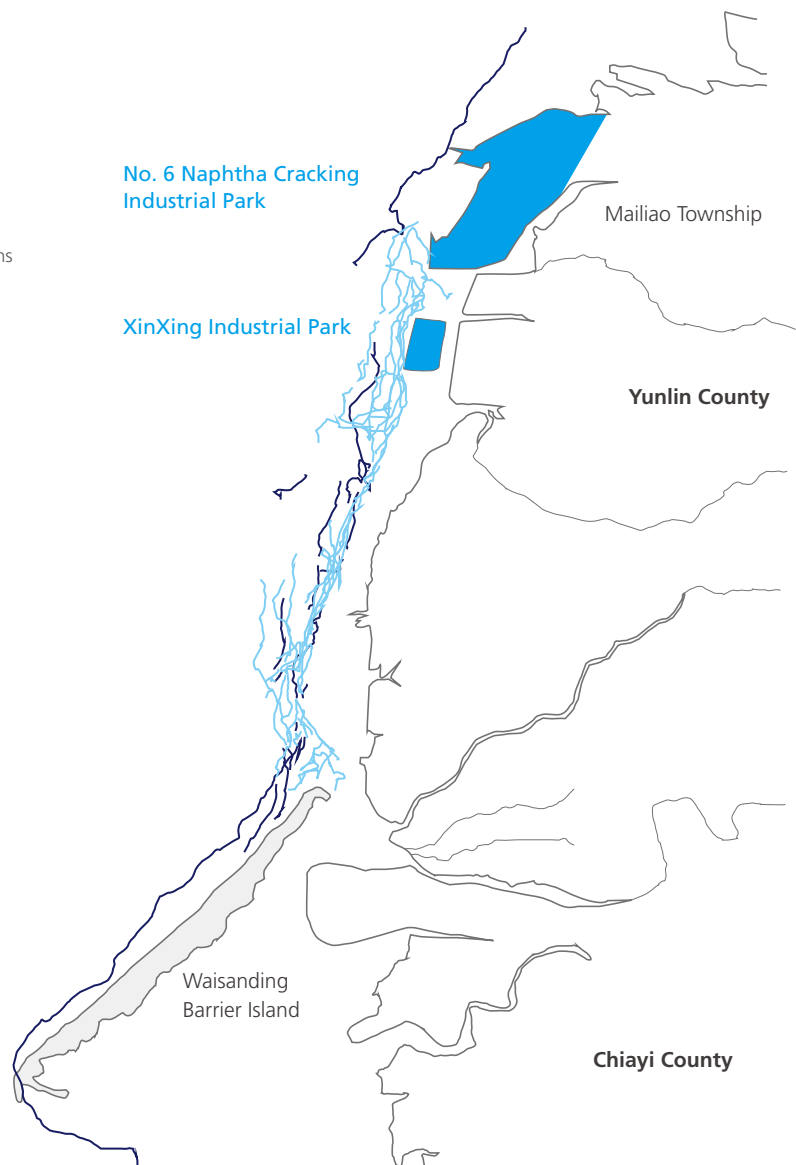
2013



White Dolphin (Individual name: Choppy) record  
 2008/06/21 The first sighting  
 2012/09/06 and 2013/07/04 found black plastic collar.

0 2.5 5 10  
 Kilometers

— Traces of both mother and baby dolphins  
 — Other traces excluding mother and baby dolphins





## 4 Local Sustainable Development

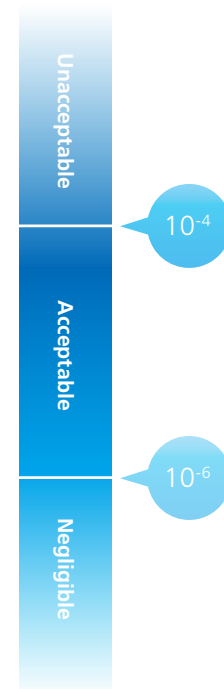
### 4.2 Healthcare

#### 4.2.1 Risk Assessment and Improvement

##### (1) Health Risk Evaluation

We have entrusted National Cheng Kung University to proceed a health risk evaluation program for specific hazardous air pollutants since 2009. As of 2012, 32 specific hazardous air pollutants were assessed for health risks. The area being evaluated was 20km x 20km from the No. 6 Naphtha Cracker industrial zone, including Mailiao, Taixi, Dongshi, Lunbei and Baozhong Township. The average value of cancer risk was  $2.30 \times 10^{-6}$ , and the largest value was  $2.76 \times 10^{-5}$ , which are both between  $10^{-6}$  and  $10^{-4}$ . In addition, the largest value of non-cancer risk was lower than 1, which is acceptable for human health. Starting from 2013, an additional 30 types of specific hazardous air pollutants were included in the health risk assessment and the assessment would be conducted an larger area encompassing 30km x 30km from the No. 6 Naphtha Cracker industrial zone. The new assessment is expected to be completed by the end of 2015.

##### Benchmark of International Cancer Risk Assessment



##### (2) Health Promotion

To engage local community and provide health care service for locals, we established Chang Gung Hospital Yunlin Branch in December 2009 to provide medical services to local residents. In 2010, we synchronize the medical and educational resources of the Chang Gung group to facilitate health education and promotion for nearby residents, realizing our vision to make Mailiao a model community for health promotion.

##### A. Improving the Quality of Medical Services in Mailiao

Chang Gung Hospital Yunlin Branch was established in the coastal region of Mailiao, Yunlin County, a region which was formerly lacking in medical services. Since its operating in December 2009, the hospital has assumed the responsibilities of providing 24-hour emergency services for communities in the coastal region. In 2010, it was rated Excellent by the Ministry of Health and Welfare. By 2014, Chang Gung Hospital Yunlin Branch had a medical team of 296 personnel, 522 hospital beds and offered 25 specialist fields of Western medicine and Chinese medicine outpatient services, allowing it to provide medical services to 117,451 outpatients, 14,838 emergency patients, including 20,553 hospitalization days. The scope and scale of its services shall continue to expand so as to improve the quality of medical services of Yunlin County coastal regions.



Chang Gung Hospital Yunlin Branch has assumed the responsibilities of providing 24-hour emergency services and improving the quality of medical services for communities in the coastal region



128-layer CT Scanner



Digital Mammography X-ray scanner



## B. Free Health Checkups for Mailiao Residents

To offer our concerns and medical assistance to the residents of Mailiao, we have entrusted Chang Gung Hospital Yunlin Branch to provide free health checkups to residents of Mailiao and Taixi Township since 2010. In 2014, a total of 10,496 residents had their free checkups. Moreover, FPG offered further subsidies for the registration fee of 487 individuals with abnormal checkup results so that the residents may understand more about their health, discover potential disease threats and receive early treatment.



2014 Mailiao Village and Taixi Village's resident health checkup illustration meeting



Assist residents in developing a habit for regular health checkups, discovery of potential diseases, and early treatment



Mailiao and Taixi Residents' Free Health Check-up includes 21 inspection items. If there are abnormal results or doubts, the residents may also make free appointments with experienced specialist physicians for consulting, which fully demonstrates our concern for local residents

## C. Health Promotion for Residents

Starting in 2010, we integrated the medical and educational resources of Chang Gung Memorial Hospital so as to promote health activities and encourage sharing of information with residents. This includes community health education, which attracted 2,223 participants in 2010 and 3,523 in 2014. In the implementation of health awareness events, participating schools increased from the first pilot school in 2010 to 12 schools in 2014. In 2014, 380 people were screened for hepatitis B, 488 people received vaccine injections and 81 residents that tested positive for antibodies were tracked. We also continue to organize weight-loss classes for elementary school children. 239 school children participated in 2014 and lost a total of 478 cm from the waistline.



Residents participate in Community Health Awareness Event



Administration of the Hepatitis B vaccination



Weight-Loss Classes for School Children

## 4 Local Sustainable Development

### 4.2.2 Improvement of Living Quality

#### (1) Improvement on Transportation

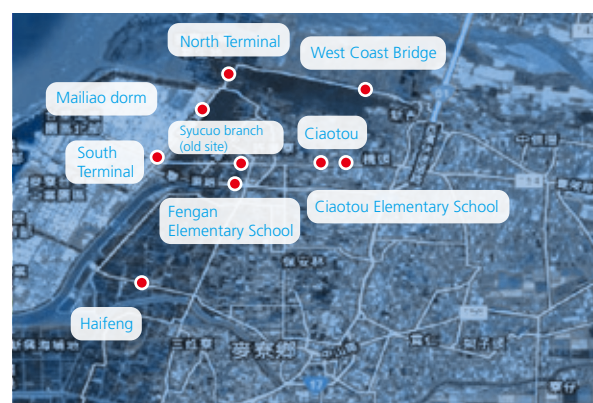
To reduce the traffic flow around the Mailiao Industrial Complex during peak hours, we have set different working hours for employees and contractors, hired traffic police for traffic control, and provided public transportation for our employees. Traffic jams have been effectively resolved.

In addition, to improve the air quality in Yunlin County, an emission qualification certificate is required to be attached when applying for entrance permits for diesel vehicles. Furthermore, when the competent authority filed complaints regarding diesel vehicles, the firm was required to re-attach qualifications, otherwise entrance was prohibited. Based on the statistics of each diesel vehicle emissions inspection by the Department of Environmental Protection, Yulin, there were five roadside inspections around the Mailiao plant in 2013. Among the 95 checked diesel vehicles, only one vehicle was disqualified (disqualification rate: 1%).

#### (2) Improvement on Noise Pollutions

To understand the noise changes around the Mailiao plant, we routinely ask certified firms to set up noise monitoring stations at North Terminal, South Terminal, Mailiao dorm, West Coast Bridge, Ciaotou Elementary School, Syucuo branch (old site), Fengan Elementary School, Ciaotou, and Haifeng. The result indicated that all values met standards except some abnormal values resulting from human activities or biological sounds. Therefore, it has been demonstrated that we are paying close attention to managing local residents' living quality.

#### Locations of Noise Monitoring Stations Around the Mailiao Complex



#### (3) Road Maintenance Fund

A large number of trucks and heavy vehicles entered the district during the operation of the Mailiao Industrial Complex. We have cooperated with the local Government to establish the Road Maintenance Fund to repair and maintain roads in the community. In the meantime, we will also help maintain the cleanliness of three roads.

Road Name	Starting Point	Distance (km)	Number of Time Swept (trips)	Distance Swept (km)
No. 1 Union Road	Mailiao Industrial Complex to Taiwan Highway 61	6.0	16	96
154 Road	Mailiao Industrial Complex to SanSheng office	0.7	16	11.2
	XuChu Bridge to Sansheng. Town 16th neighborhood	1.8	16	28.8
Beiti Sand stone vehicle road	Mailiao Industrial Complex to Taiwan Highway 17	6.4	16	102.4
Total	-	-	-	238.4

### 4.2.3 Education Improvement

To prevent the chemical leakage of the Mailiao Complex from threatening the health of neighboring campus, we held evacuation drills in LunFeng and Ciaotou Elementary Schools. The doors and windows of student activity centers were modified to be airtight, and drinking water is supplied. They can be used as shelters should there be any odor or leakage from the plant.

To familiarize the local schools with the emergency management plan, we conduct drills with them on a regular basis and we have invited the local government to participate and provide advice. The whole process is filmed and provided to other schools for reference.



The teachers check off each pupils to ensure no one's missing



Students are sent to emergency sites when discomfort occurs



Students evacuated to hide against the obscure odor on campus



LunFeng Elementary School presents certificate of Recognition to FPG

## 4 Local Sustainable Development

### 4.2.4 Promotion of Emergency Plans

To enhance the disaster relief capacity and promote emergency response ability, in addition to regularly carrying out disaster prevention training in accordance with regulations, each of the Company's factory areas also cooperates with competent authorities to carry out joint drills, which better enables each disaster relief unit to understand disaster-causing factors and possible reasons for disasters. The drill includes poisoning accident disasters, factory-area complex disaster response drills, and other projects, as well as problems that may arise from hypothetical accidents, simulated rescue programs, and disaster relief task allocation.

There are total 6 main cases of joint drill and collaborative support in 2014. Improve factory-wide staff's response rescue ability and collaborative response capacity through the simulated drill:

Drill date	Factory area	Drill issues
06/24	Mailiao	Oil storage tank T-8454D (methyl tertiary butyl ether)'s water cutting pipe is leaking and causes fire emergency response drill
09/03	Shulin	New Taipei City's toxic chemicals and air pollution response and regional joint drill
09/18	Mailiao	2014 Annual marine pollution emergency response drill
10/02	Hsinkang	2014 Chiayi County's annual toxic chemical disaster joint drill
10/07	Mailiao	Toxic chemicals transportation without warning test
12/17	Mailiao	National toxic chemical disaster prevention and response drill



**"Fire accident response drill" -**  
oil tank leaked and caused a fire. The factory's fire brigade worked with Yunlin's Mailiao Fire Department squad to stop the fire.

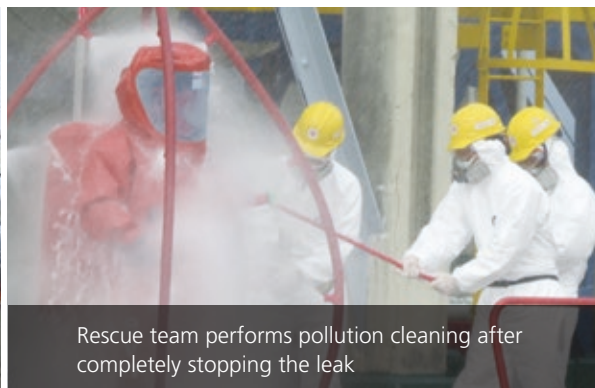




Centralized collection of poisonous chemical wastes



**“New Taipei City’s toxic chemicals and air pollution response and regional joint drill” –**  
a fire was caused by the improper heating of potassium dichromate solution. Nan Ya Plastics Corp. worked with the emergency response team and zone defense group to stop the fire.



Rescue team performs pollution cleaning after completely stopping the leak

**“Factory complex disaster drill” –**  
FCFC ARO-2 plant process 700 area had a leakage in the buffer tank pipe and the leakage of benzene caused a fire. The fire brigade helped the factory’s rescue time with water to carry out isolated pipeline repair. Once the repair was made, the fire brigade helped the rescue team carry out decontamination work.

## 4 Local Sustainable Development

### 4.3 Dedication to Local Industry Development

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To protect the livelihood of local residents and demonstrate our determination in encouraging co-development with other local industries, the Formosa Plastics Group has commissioned professional teams to conduct specialized counselling for the agriculture and fishery industries in Mailiao, Taixi, Dongshi, Sihu and Kouhu regions to improve the economic value of agricultural and aquacultural products.

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#### 4.3.1 Agricultural Counseling

##### **(1) Agricultural products quality improvement and business strategy counseling**

Since July 2011, FPG has been pushing for improvements in agricultural production, product quality and has provided agricultural management and strategy counselling. Focusing on the five topics of "Soil Fertility Investigation", "Healthy Cultivation and Management", "Meteorological Data Analysis", "Pesticide Residue Inspection" and "Agricultural Economy", counseling services are offered to 100 farmers in Mailiao, Taixi, Dongshi and Sihu regions.

Since the implementation of this plan, farmers have acknowledged the long-term benefits of healthy cultivation and have gradually established the habit of using less fertilizers and pesticides through long-term communication with counseling professionals. Pesticide residue inspections have also been conducted to offer certification. In 2014, the qualification rate for pesticide residue inspections was 100%, which demonstrates that farmers have acknowledged and adopted the agricultural methods recommended by the counseling teams.

In future, we will more continue to provide solutions to improve the agricultural products' quality, aiming to deliver

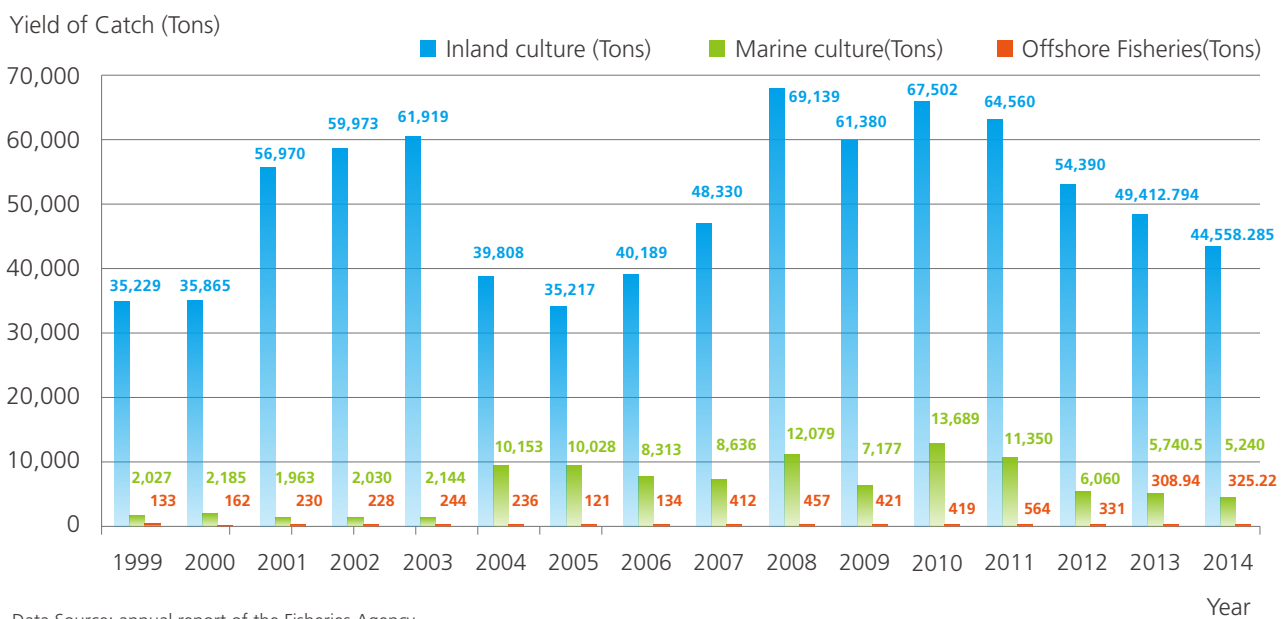
"non-toxic" brands. In this way, the farmers' income can increase, and a win-win outcome can be realized. Furthermore, through the endorsement of successful farmers, we hope that more people will be actively involved in this model so the living standard can be elevated.

##### **(2) Subsidy for Afforestation and Reduction of CO<sub>2</sub> Emissions**

To align with Yunlin County government's campaign in afforestation and carbon dioxide reduction, we launched a 10-year subsidy program for the afforestation of urban regions since 2011. Until Year 2014, the involved area of lands have reached 1,103.9 HA, and we've also contributed 0.582 billion as subsidy for applicants.

### 4.3.2 Fishery Counseling

According to the annual report provided by the Fisheries Agency, from 1993 to 2013(since the establishment of the Mailiao Industrial to date), the average weight of fish caught annually is approximately 53,325 tons, and the fishing industries along coastal regions accounts for 0.62% (331 tons) of that amount, marine culture accounts for 12.20% (6,506 tons), and inland culture accounts for 87.18% (46,488 tons). We can conclude that the fishing industry in the region depends mainly on inland sources and the establishment of the Mailiao Industrial Complex has little impact on this industry.



The Formosa Plastics Group has retained several institutes to study the impact of the Mailiao Industrial Complex on the local fishing industry since August 2009. Although we have yet to reach a conclusive result, we found the four townships on the Yunlin coast have different models, skills, and habits of aquaculture, and so are their incomes. However, their incomes in the past two years all made progress.

On the aspect of fishing, initial reports indicate that the annual amount is 7 times more than those recorded by the Fisheries Agency. In addition, the Formosa Plastics Group has employed experts to conduct the Increment of Added Value to Fishing Industries Neighboring the Mailiao Industrial Complex project. Through the training, farmers have formed

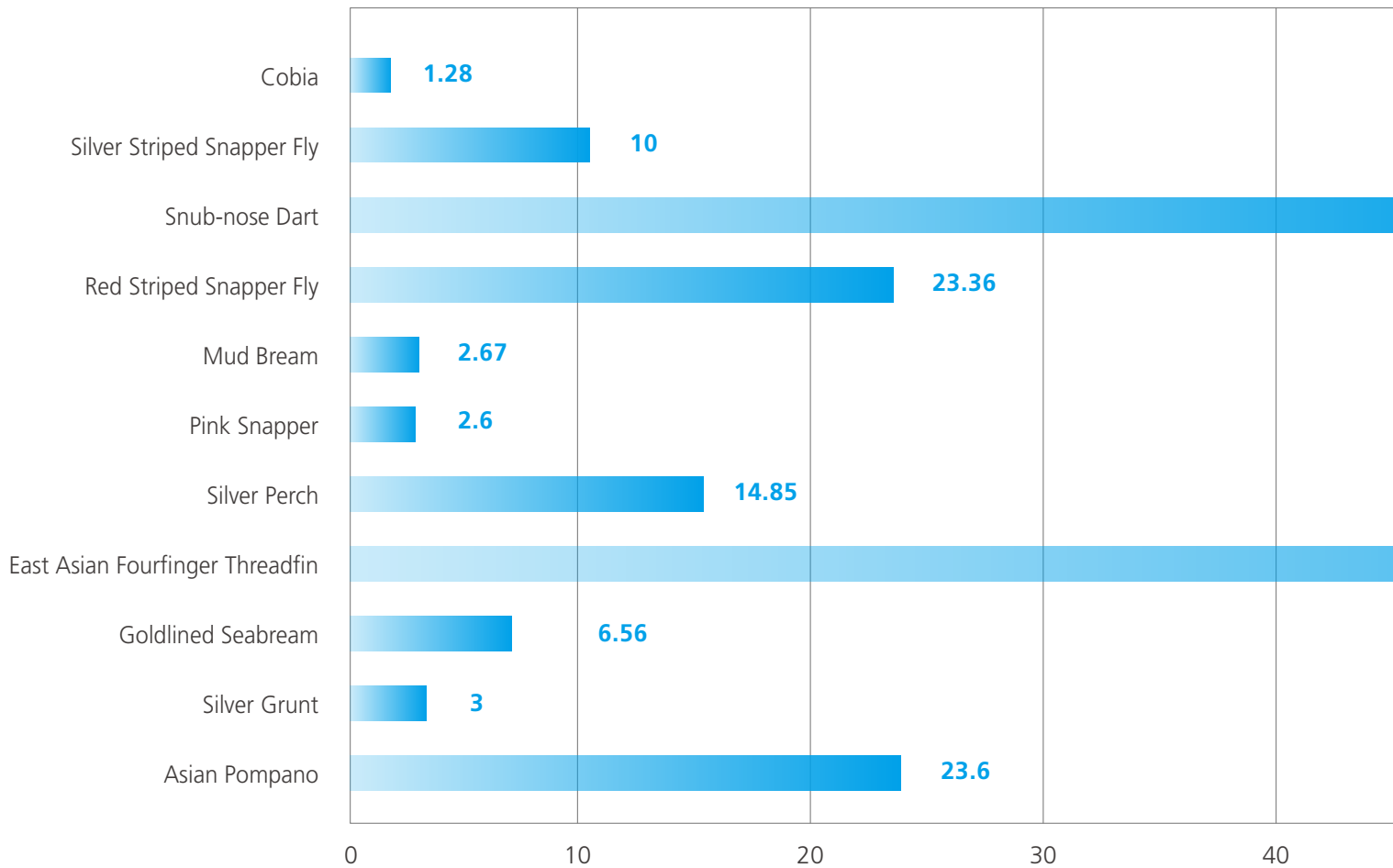
the knowledge of aqua examinations. We also foster the interactions among farmers, improve the aquaculture environment and enhance the disease control. The feedbacks are generally quite positive. We continue to extend our reach to more farms to increase the value of their products and help them obtain production certificates. We have also helped them establish a non-pharmaceutical farming method for their own branded products.

In the other hand, in light of the depletion of marine resources due to long-term over consumptions, we took the initiative by adopting eco-friendly measure of fry releasing to enrich the local fishery resource. During 2008 to 2014, the released fry has reached 2.23 million in total.



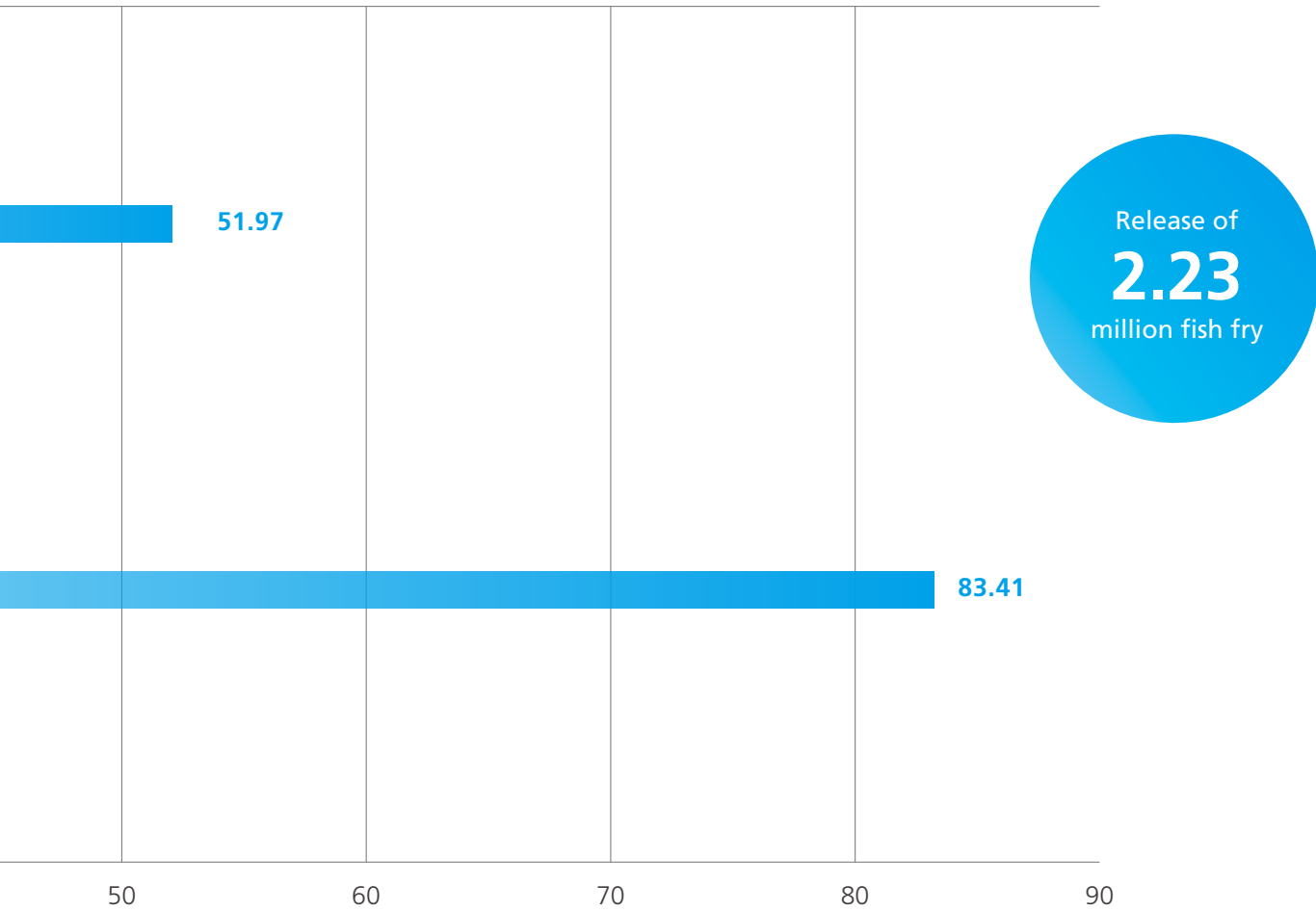
## 4 Local Sustainable Development

Year 2008~2014 Fish Fry Releasing Achievement Near Mailiao Complex



Data Source: Formosa Plastics Group

Releasing Quantity (10 thousand)



To further promote the importance of marine ecosystem protection, we engaged experts to conduct speeches for youths and teachers in the neighboring fishing zones. We hope that this will enable the local fishing industry to continue to flourish forever.



Students from Sanlun Elementary School attend classes of fishery resource protection.



Students from JianYang Elementary School attend classes of fishery resource protection.

5



Corporate  
Governance



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## 公司103年股東常會



## 5 Corporate Governance

### 5.1 Shareholders: A Trustworthy Corporation for Investors

It is the basic conviction of Nan Ya Plastic Corporation that shareholders should be provided with reasonable returns and that the only way to achieve this is through a profitable organization. To gain the trust of our investors, we believe that it is necessary for us to earn sufficient profit to ensure our employees' welfare and increase the tax revenue for the government. By doing so, we can fulfill our responsibility to all interested parties, promote both the growth of society and the success of The Company.

#### 5.1.1 Corporate Management Profile

##### (1) 2014 Corporation Overview

(Unit: NT\$ billion)

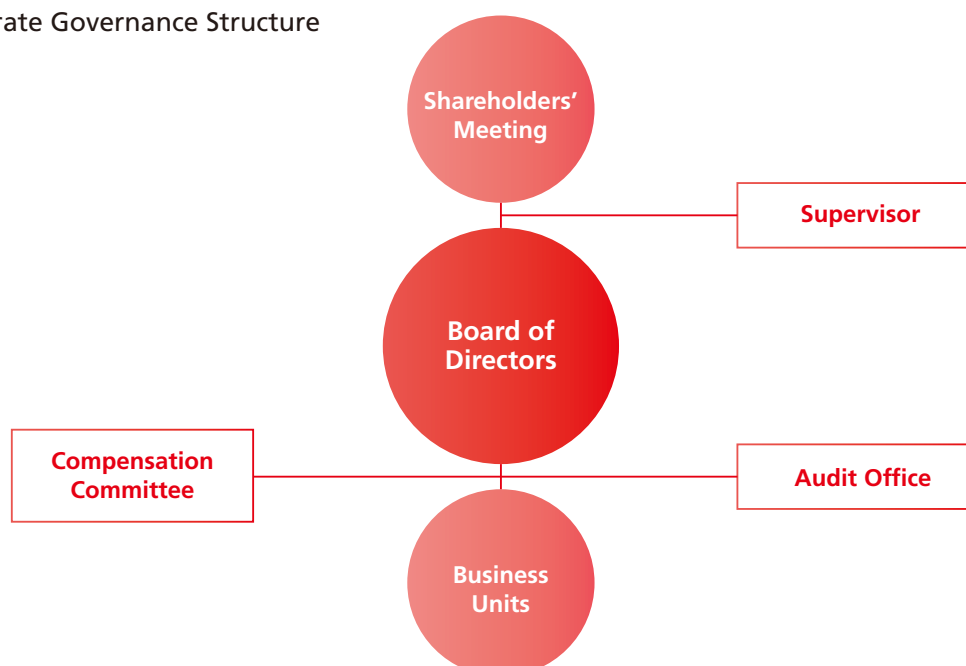
Company	Date Founded	Date of Listing	Stock Code	Number of Employees	Total Assets
	1958.08.22	1967.11.05	1303	32,378	532.651
Nan Ya Plastics	Net Income	Operating Costs	Retained Earnings	Dividend (NT\$/per share)	Market Capitalization
	325.473	296.426	154.809	2.3	519.469

Note 1: Employee data comes from the 2014 Annual Report, which includes employee numbers from Nan Ya Plastics and its subsidiaries which are listed in consolidated financial statements as of 31<sup>st</sup> December 2014.

Note 2: The data of Total Assets, Net Income, Operating Costs, and Retained Earnings comes from 2014 Consolidated Financial Statements.

Note 3: Dividend refers to the distribution of dividends per share in 2014, whose market value is determined using the closing price disclosed by Taiwan Stock Exchange Corporation on 31<sup>st</sup> December 2014.

##### (2) Corporate Governance Structure



### (3) Professional and Effective Board of Directors

As the highest management level in our corporate structure, the Board of Directors is at the center for formulating business strategies. The Nan Ya Plastics Corporation's Board of Directors is appointed by the Shareholders, it not only executes decisions made at the Shareholders' Meeting, but also abides by "the Taiwan Company Act", "the Securities and Exchange Act", "the Company Articles of Incorporation" and the Board of Directors Regulations. The "A Code of Ethical Conduct for Directors, Supervisors, and Managerial Officers" is also stipulated to ensure that all personnel abide by this policy under all circumstances to prevent wrongdoing-both toward the company and its shareholders.

The main responsibility of the Board of Directors is to ensure the transparency of corporate information and that the company conforms to all laws and regulations, appoint the high managerial level, supervise corporate operations and draft earning distribution plans so that shareholders may receive dividends based on the company's success. Moreover, in order to respond to changes in the global economy, enterprise business, and relevant laws and regulations, the directors shall take upgrading courses every year and will be encouraged to understand current

changes so that they can prepare operating countermeasures (for further details about the upgrading courses, please refer to page 48 of the 2014 Company Annual Report).

As directors and supervisors are elected via nomination, a list of nominees is first reviewed to ensure the candidates qualify, following transferred to the shareholders' meeting to elect optimal directors during the designated meeting. Each term of duty is three years. The Board of Directors holds a Directors' Meeting at least once every quarter on principle. Currently, the Board consists of 15 directors (including 3 independent directors) and 3 supervisors, aged 50~80 years old. They are equipped with professional expertise and have a rich industrial experience, many of whom have a long service record in the fields of petrochemicals and plastics. Based on their diversity in expertise and competency in business management, they are able to provide optimal strategic guidance to the future development of the company. The board also included Independent directors and female directors to enhance the independence and diversity of corporate governance. The current members of the Board of Directors are listed in the table below:

Title	Name	Gender	Education	Experience	Position in Company or in other Companies in 2014
Chairman	Chia-Chau Wu	Male	B.S. in Business Administration, National Chengchi University	- President of NPC - Executive Vice President of NPC	- President of NPC <sup>Note 1</sup> - Chairman of Nanya Technology Corp. - Chairman of Nan Ya PCB Corp. - Director of Inotera Memories, Inc.
Executive Director	William Wong	Male	M.S. in Industrial Engineering, University of Houston, USA	- Chairman of Formosa Chemicals & Fibre Corp. - Chairman of Formosa Taffeta Co., Ltd. - Chairman of Formosa Advanced Technologies Co., Ltd.	- Chairman of Formosa Chemicals & Fibre Corp. - Chairman of Formosa Taffeta Co., Ltd. - Chairman of Formosa Advanced Technologies Co., Ltd. - Executive Director of Formosa Plastics Corp. - Executive Director of Formosa Petrochemical Corp.
Executive Director	Representative: Wilfred Wang (Formosa Petro-chemical Corp.)	Male	B.S. in Mechanical Engineering, University of London	- Chairman of Formosa Petrochemical Corp. - Chairman of Nan Ya Photonics Inc. - Chairman of Formosa Plastic Marine Corp.	- Chairman of Nan Ya Photonics Inc. - Chairman of Formosa Plastic Marine Corp. - Executive Director of Formosa Chemicals & Fibre Corp. - Executive Director of Formosa Petrochemical Corp.
Executive Director	Ruey-Yu Wang	Female	M.S. in International Business Management, National Taiwan University	- Chairman of Formosa Biomedical Technology Corp. - Chairman of Hong Jing Resources Co., Ltd.	- Executive Director of Formosa Chemicals & Fibre Corp. - Chairman of Formosa Biomedical Technology Corp.
Executive Director (Independent Director)	Chih-Kang Wang	Male	Ph.D. in Business Administration, Texas A&M University, USA	- Chairman of TAITRA, Taiwan - Minister of Economic Affairs, Taiwan - Chairman of Fuh Hwa Securities Investment Trust Co., Ltd.	- Top Advisor of TAITRA, Taiwan - Chairman of CTBC Venture Capital Co., Ltd. - Independent Director of Formosa Sumco Technology Corp.
Independent Director	Yung-San Lee	Male	Ph.D. in Economics, University of Wisconsin, USA	- Minister of Finance, Taiwan - Chairman of Chang Hwa Commercial Bank, Ltd. - Chairman of GreTai Securities Market - Chairman of Fuh Hwa Securities Investment Trust Co., Ltd.	- Independent Director of Goldsun Development & Construction Co., Ltd. - Director of eMemory Technology Inc. - Chairman of Deutron Education Foundation



## 5 Corporate Governance

Title	Name	Gender	Education	Experience	Position in Company or in other Companies in 2014
Independent director	Yun-Peng Chu	Male	Ph.D. in Economics, University of Maryland, USA	- Minister without Portfolio of Executive Yuan - Commissioner of Fair Trade Commission - Director of Research Center for Humanities and Social Science	- Independent Director of Adimmune Corp. - Independent Director of China Petrochemical Development Corp. - Professor of Department of Economics, National Central University
Director	Chin-Jen Wu	Male	B.S. in Chemical Engineering, National Cheng Kung University	- Chairman of NPC - Chairman of Nan Ya PCB Corp.	Nan Ya Plastics Supreme Advisor
Director	Kuei-Yung Wang	Female	B.S. in Chemistry, University of London	- Vice President of NPC	- Vice President of NPC
Director	Representative: Shen-Yi Lee (Formosa Chemicals & Fibre Corp.)	Male	Ph.D. in Law, Chinese Culture University	- Managing Partner Emeritus - Member, Control Yuan, Taiwan - Commissioner, Fair Trade Commission, Executive Yuan, Taiwan - Chairman of the Board, Consumer's Foundation, Taiwan, R.O.C.	- General Secretary, Dharma Drum Mountain Humanity and Social - Foundation Managing Partner Emeritus - Independent Director of EnTie Commercial Bank.
Director	Ming-Jen Tzou	Male	Chemical Engineering, Provincial Taipei Institute of Technology	- Executive Vice President, NPC - Senior Vice President, NPC	- Executive Vice President of NPC <sup>Note 1</sup> - Director of Nan Ya Printed Circuit Board Corp. - Director of PFG Fiber Glass Corp.
Director	Fong-Chin Lin	Male	M.S. in Business Administration, National Chengchi University	- Senior Vice President, NPC - Vice President, NPC	- Senior Vice President, NPC - Director of Nan Ya Plastics (Hong Kong) Corp.
Director	Yuan-Shan Liu	Male	B.S. in Chemistry, National Taiwan University	- Senior Vice President, NPC - Vice President, NPC	- Senior Vice President, NPC - Director of Nan Chang Petrochemical Corp.
Director	Zo-Chun Jen	Male	B.S. in Electrical Engineering, Tatung Institute of Technology	- Senior Vice President, NPC - Vice President, NPC	- Advisor, NPC
Director	Representative: Ching-Cheng Chang (Freedom International Enterprise Company)	Male	B.S. in Business Administration, Tunghai University	- Director of Fu Tak Investment Company	- Director of Fu Tak Investment Company
Supervisor	Representative: Chen-Ching Fu (Formosa Plastics Corporation)	Male	B.S. in Law, Chung Hsing University	-	-
Supervisor	Te-Yao Chen	Male	Industrial Design, Ming Chi Institute of Technology	-	-
Supervisor	Cheng-Hsiao Lei	Male	Executive Master of Business Administration, National Taiwan University	- Finance Manager of Formosa Plastics Corp.	- Finance Manager of Formosa Plastics Corp.

Note 1: Chairman Chia-Chau Wu was replaced in the position of President of NPC by Executive Vice President Ming-Jen Tzou on July 1<sup>st</sup>, 2015

Note 2: Data Sources: 2014 NPC Annual Report, NPC Company Website



The Board of Directors has inherited the inquisitive mind and culture necessary to shape the whole staff with the attitudes of seeking the truth. Under the Board's systematic management, all the business units are able to report real-time and accurate data to achieve operational efficiency, so that the Board of Directors is able to make necessary adjustments to decisions for making process.

#### (4) Board of Directors in relation to Interested Parties

To prevent conflicts of interest, the Nan Ya Plastic Corporation's Board of Directors can't lift the restrictions of the prohibition from participation in competitive business without the consents of shareholders' meeting and needs to abide by the domestic Company Act. With regards to the avoidance of conflicts of self-interest of the directors, clauses are also stipulated in "Rules of Procedure for Board of Directors Meeting" and "Corporate Governance Principles". During Board meetings, if the interests of directors or representatives conflict with the corporation, they may express their opinions and answer queries but may not participate in discussions and voting. Directors should also avoid discussions and the voting process and may not act on behalf of other directors during voting.

In addition, Nan Ya Plastic Corporation's Board of Directors has the following 2 features to ensure that they share loss and benefit with shareholders.

##### A. Shareholding and Hypothecation Proportion

The shareholding and hypothecation proportion of directors and supervisors is key to minimizing agency issues and ensuring the interests of the shareholders and the Board of Directors are aligned. The shareholding proportion of directors and supervisors of Nan Ya Plastics Corporation was much higher than the requirement from the Financial Supervisory Commission and reflects mutual trust between shareholders and the Board of Directors.

#### Shareholding and Hypothecation Proportion of Nan Ya Plastics Corporation's Board of Directors

Unit: %

Corporation	Item	End of 2010	End of 2011	End of 2012	End of 2013	End of 2014
NPC	Shareholding Proportion	17.54	17.54	17.55	17.79	17.79
	Hypothecation Proportion	7.15	7.15	7.23	7.06	5.83

Note: The Shareholding Proportion is the proportion held by the Board of Directors and the outflow shares; the Hypothecation Proportion is the proportion held by the Board of Directors with that of the total shares

## 5 Corporate Governance

### B. Remuneration of directors and supervisors

Since the global economic crisis in 2008, many countries have established policies to prevent companies' management teams from being overpaid. Such policies ensure that the shareholders' rights are maintained and to prevent Senior Management Teams from gaining a disproportionate share of the profits. The founders of the company set the pioneering example, as they have never received remuneration during their terms of the Board of Directors. Their core belief lies in that the directors will benefit from dividends since they are also members of the shareholders. This philosophy reflects our dedications to ensure that all shareholders receive their fair share of the corporation's profits. The investors and public have acknowledged the Founders' approach.

In order to implement corporate governance and ensure a sound remuneration system for directors, supervisors and the managerial staff, the Remuneration Committee, which is comprised of 3 independent directors, was established in 2011 to evaluate the salary policy of the directors, supervisors and managers. They provide stewardship to prevent these aforementioned members from making unnecessary risky decisions for the Company. In 2014, the committee convened twice and the members' attendance of these two meetings was 100%.

### The Proportion of Remuneration of the NPC Board of Directors Compared to Post-Tax Profit

(Unit: NT\$ ten thousand)

Corporation	Item	2010	2011	2012	2013	2014
NPC	Remuneration	14	18	18	8	6
	Proportion (%)	0.03	0.08	0.43	0.03	0.02

Note: The proportion is the ratio of the remuneration paid to the directors and supervisors compared to the post-tax profit.

### C. Remuneration of managers

As for the annual remuneration package of high level management teams, this includes a base salary, annual bonus, executive incentives, and a contributable pension funds and welfare funds. The salary standards and arrangement shall be assessed and approved by the Remuneration Committee, then reported to the Board of Directors to be examined. Performance evaluation is based on overall performance and individual "Annual Objectives" which are included in the overall management assessment conducted by the Chairman. The evaluation will ensure that high-level executives understand and strive to meet the strategic goals of our Company, and also ensures the integration of incentive mechanisms with personal and corporate performance.

## (5) Independent Supervisory Mechanism

Through the appointment of supervisors and independent directors, as well as the institution of a comprehensive audit management system, we have established an independent supervisory mechanism.

The supervisors are responsible for monitoring the Corporation's business operations, financial issues and accounting records. They should fulfill the responsibilities and obligations entrusted by "the Company Act" and the shareholders.

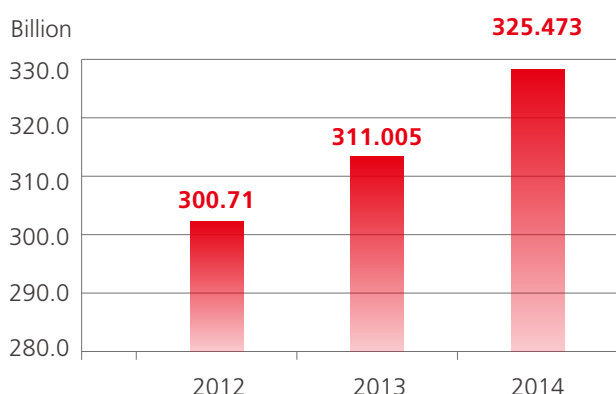
In recent years, the Financial Supervisory Commission promoted the independent director system in Taiwan : to echo the regulation, we have engaged experts from different fields in these roles, expecting that they provide objective guidance to improve monitoring and supervisory systems. In the near future, we will be establishing an Audit Committee consisted of independent directors to monitor and assist the Board of Directors with the monitoring, and fulfill the missions designated by "the Company Act", "the Securities and Exchange Act", and other related laws and regulations.

In addition, we have a complete and thorough auditing system and an Audit Office for internal auditing. This system has resulted in an independent, efficient and professional auditing process. The audit reports are provided to the Board of Directors to ensure financial transparency and compliance with the laws.

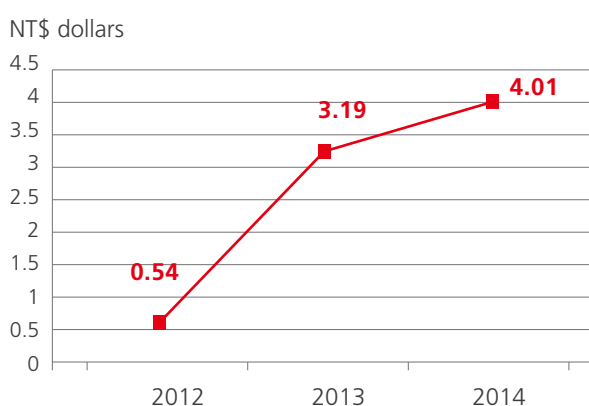
## 5.1.2. Financial Performance

Due to economic fluctuations, the only way to ensure existence and development of enterprises is to continually strive for improvement and enhance global competitiveness. The sum of NPC revenue in 2014 totaled 325.473 billion, and the net income before tax totaled 34.516 billion. We were ranked 702 in the World's Top 2000 Enterprises by Forbes in 2014, and then improved to 662 in 2015. This has demonstrated worldwide recognition for our performance.

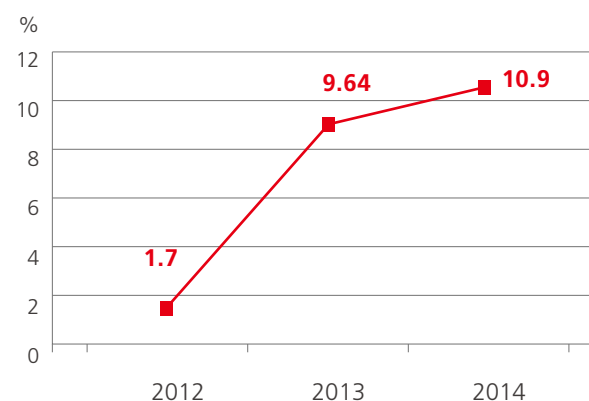
### Revenue of NPC in Recent 3 Years



### Earnings Per Share of NPC in Recent 3 Years



### ROE(Return On Equity) of NPC in Recent 3 Years



## 5 Corporate Governance

### 5.1.3. A Stable Dividend Policy

Nan Ya Plastics Corporation had already realized the risk of inflation that accompanies large variations in stock profit distributions, which could lead to the dilution of earnings per share, long before the Securities and Future Institute established the “Stable Dividend Policy” in 2001. Therefore, we provide cash dividends to allocate our profits to the shareholders and protect their right, the most ideal approach to protect the rights of the shareholders.

### 5.1.4. Investors Relations

#### (1) Shareholder Service

Nan Ya Plastics Corporation is part of Formosa Plastics Group. In order to improve shareholder service, the Financial Department established a Shareholder Service Department. The department serves as communication channel between the corporation and the shareholders and strives to elevate the service standard, including the development of a seal verification system and strengthening of storage security. In addition, the shareholders’ stocks are now fully computerized to ensure better services.

We also maintain an “Investors Relations” on our website to answer Investors’ inquiries. All statistics and relevant data are timely disclosed in the Market Observation Post System (M.O.P.S.).

#### (2) Relation with Institutional Investors

We have established the role of spokesperson to ensure there is an efficient communication channel with the institutional investors, thus receiving investment institutions’ suggestions and explaining any doubts in a timely manner. In addition, we not only participate in the investment forum held by domestic or international securities firms, but also periodically engages in one-on-one dialogues with investor. We have established a face-to-face communication channel for institutional investors.

### 5.1.5 Internal Control Mechanism

The internal control mechanisms of Nan Ya Plastics Corporation feature an integrated system to increase operational efficiency and minimize risks. The system ensures that the shareholders’ rights are protected. Details are provided below:

#### (1) Computerized Management Procedures

We implemented an integrated management system with goal-orientated procedures in 1968. The management system has been computerized since 1982 and features the following four strengths:

- One entry with multiple output
- Interlink between the 6 main management systems
- Consistency of information
- Management of abnormalities

The management system of Nan Ya Plastics Corporation is divided into several segments: HR, Finance, Sales, Production, Materials & Resources, and Engineering. All information is shared among different systems and checks are available between all links with an automated logic deduction system. System warnings are provided to relevant personnel when an abnormality is detected. A final report is available for all segments of the operation. This feature – unique to Nan Ya Plastics Corporation- uses a computerized management system, which minimizes human error.

## **(2) A Daily Analysis System**

Another achievement of Nan Ya Plastics Corporation's computerized management system is the daily analysis system, which was completed in May 2001. A daily analysis is provided and the Management Team is able to access the monthly P&L on the first day of the following month. This system has enabled the Management Team to respond and rapidly make any necessary adjustment to operations.

The computerized internal management system serves not only a management tool, but also as an indicator for improvement. The Founders of our company emphasized the continuous pursuit of rationalization. Every computerized system has room for improvement.

## **(3) Professional and Independent Internal Auditing System**

Nan Ya Plastics Corporation has established an Audit Office affiliated with the Board of Directors, to which it appoints internal auditors, who are required to receive additional training every year. They not only periodically inspect the management system's implementation system and enhance each system's computerization function, but shall also supervise, promote, and improve management and projects to ensure operational efficiency.

The scope of internal auditing includes:

- Validation and verification of financial and operational information
- Monitoring policy, system, procedural, and legal compliance
- Evaluation of asset protection measures
- Evaluation of the efficiency of resource consumptions
- Evaluation of operations or project plans to ensure consistency with the set goal

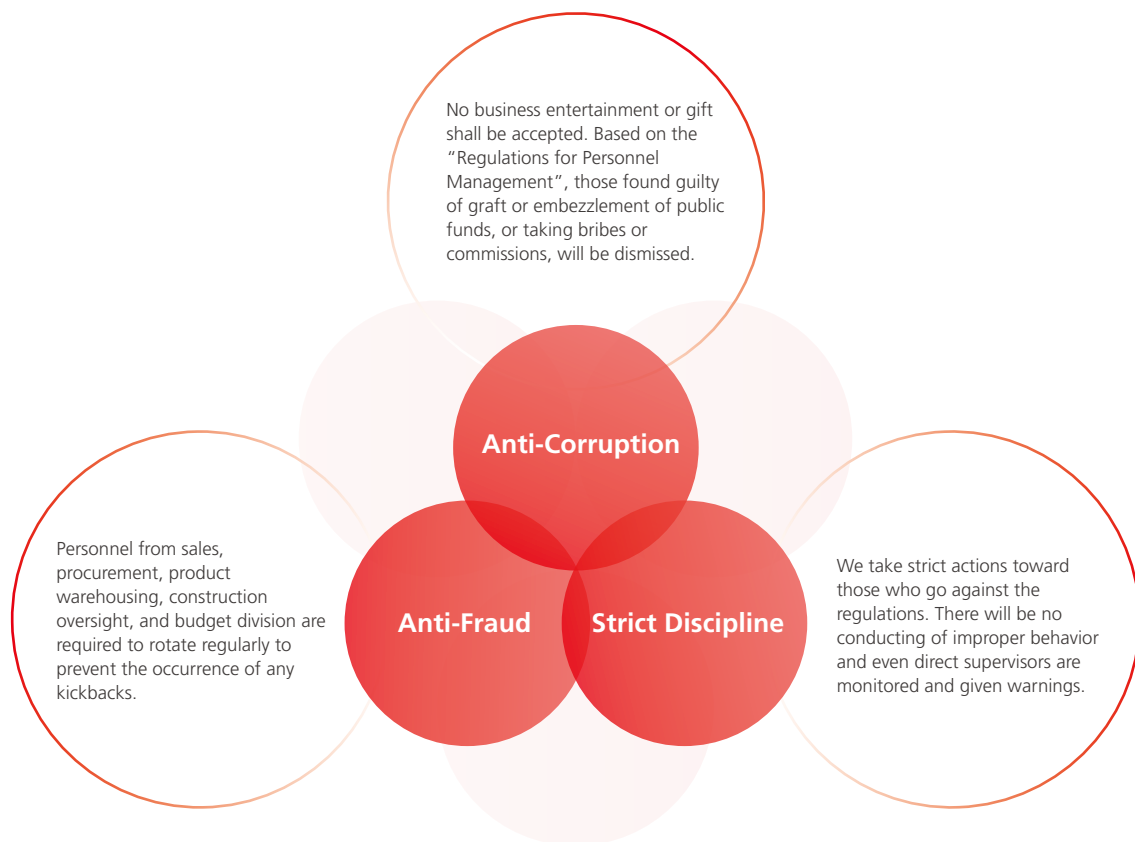
Each and every Department is required to conduct operational examinations of their own accord, on a regular or internal basis. They report their findings to the internal audit department for further evaluation.

## 5 Corporate Governance

### (4) Anti-Corruption

#### A. Specific methods and complaint channel

In order to uphold the spirit of Diligence and Frugality, Nan Ya Plastics Corporation has implemented a strict Code of Ethics, including the “Ethical Corporate Management Best Practice Principles”, “A Code of Ethical Conduct for Directors, Supervisors, and Managerial Officers”, and “Employee work rules”. We expect all employees to comply with norms and ethical standards in a responsible manner. We have set up strict rules and regulations to prevent the leak of classified data, false reports, misconduct, negligence, violence, embezzlement, misuse, instigation, rumor mongering, and sexual discrimination. The measures are as follows:



#### B. Employees suspected of receiving bribes from a manufacturer in July

Thanks to a proactive investigation by the Group Administration in July 2015, more than 20 of the Formosa Plastics Group's internal employees were found to be suspected of receiving bribes from a space package supplier (including two of our employees involved in the case). The bribery was able to occur mainly because of the employees' personal morality issues, and those employees have been dismissed pursuant to work rules and relevant laws and regulations.

Formosa Plastics Group's purchasing operations have been fully computerized and systematized, so online bidding and manufacturers' quotation data prior to the bid are protected with encryption; therefore, handling personnel cannot know that data in advance. The bribery case was caused by some employees with personal moral issues. As a result, the Group Administration has established the “Materials inspection group” while the Company has established the “Technical Audit Team” to audit the specifications and rationality of demands regarding exclusive, emergency, and designated specifications and other procurement cases. Furthermore, employees can report illegal and amoral behavior through the complaint mechanism, as well as enhance the advocacy of work rules and relevant punishments to internal employees. The Company can further implement internal auditing measures, internal control, independent inspections, and regular adjustment targeting on operating processes with the potential risk of corruption to truly achieve “anti-corruption, anti-fraud, and strict discipline”.

## 5.2 Customers: A Corporation that Grows with Customers

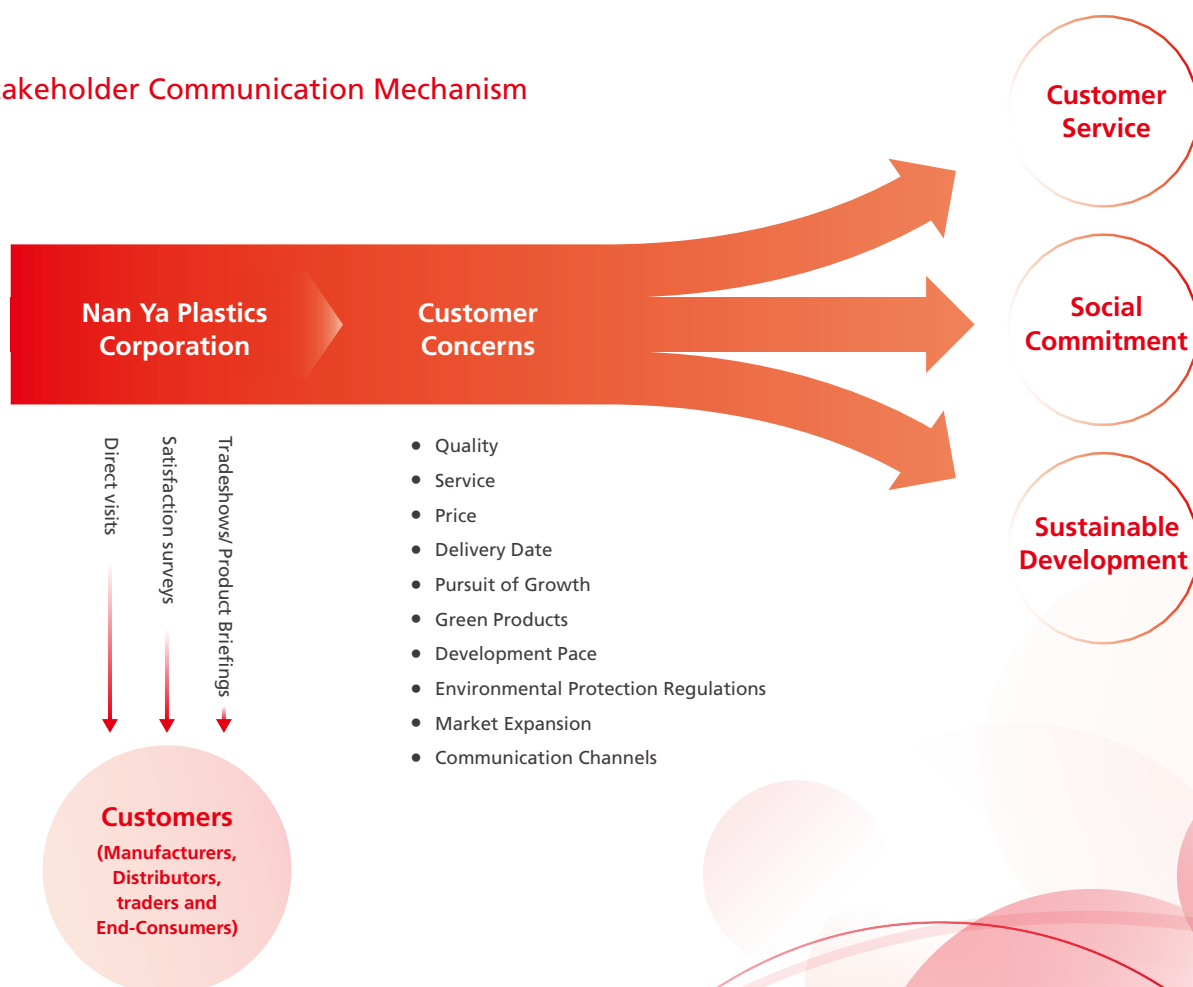
The “customer comes first” is not only our core value but also a fundamental tenet of business. To develop cooperative relationships with customers is always a priority for Nan Ya Plastics Corporation, which believes that its sales staff is the bridge between customers and the enterprise. Better customer service and an improved degree of customer satisfaction are not only the operating department’s responsibility but also the goal of all of our employees. The mission of the Company is to implement its daily business and relevant management activities while developing a business operating environment that grows together with its customers. Overall, the Company devotes much attention to customer’s interests and their valuable advice.

### 5.2.1 Customer Collaboration

#### • Model of Positive Interactions

Nan Ya Plastics Corporation develops alongside its customers. Therefore, we do our best to provide business partnerships on which customers can rely and with which they can grow. To strengthen our relationships with customers, the operating department routinely visits customers and has established interactive and timely communication channels to obtain their opinions regarding current and new products. Market information exchanges are directly carried out with customers through exhibitions (such as the 2014 TPCA Show), and customer feedback to the Company’s operations are considered an important reference for future improvement.

#### Stakeholder Communication Mechanism





## 5 Corporate Governance

### • Disclosure of Product Information

Nan Ya Plastics Corporation's website has established the "Product Map" area, which allows customers to inquire about a desired product catalog, specifications, usage purposes, features, and other authentication information.

### • Responses and Processing of Customer Feedback

Customer relationship management is vital to the Company's sustainable development. To understand customers' valuable opinions, Nan Ya Plastics Corporation has set up a customer complaint channel, as well as a return and compensation application process, both of which allow customers to express their opinions through a "Customer Feedback Form," and the Company's sales person will fill in a "Customer Complaint Treatment Form". Once the manager's office determines the accountability of the customer's complaint and approves an improvement plan, the return, discount, or compensation shall be carried out, and the treatment's progress shall be tracked on the computer. Regarding the customer's feedback channel, the Company offers special lines for various product sales services and an e-mail address on its website, which allows customers to use a number of channels to directly provide feedback. The relevant departments will collect the topics that are relevant to customers on a regular basis, perform classification and analysis, and determine the improvement priority according to importance and timeliness to guarantee that customer demands are being met.

### 5.2.2 Customer Satisfaction Survey

With the founders' spirit of "Diligence and simple perseverance, frugality and trustworthiness, achieving ultimate excellence and the sovereign good, sustainable operation and dedications to the society" at our foundation, Nan Ya Plastics Corporation has continuously developed its Taiwan market while vigorously expanding its overseas markets. Among the engaged industries, the Company stands behind its final result, looks for truth from facts, constantly aims to lower costs, and gives back to the community. Furthermore, the Company constantly aims to improve service quality and efficiency, bringing services closer to our customers' needs. The Company is also simultaneously dedicated to developing market-oriented products and leading the industry in value creation.

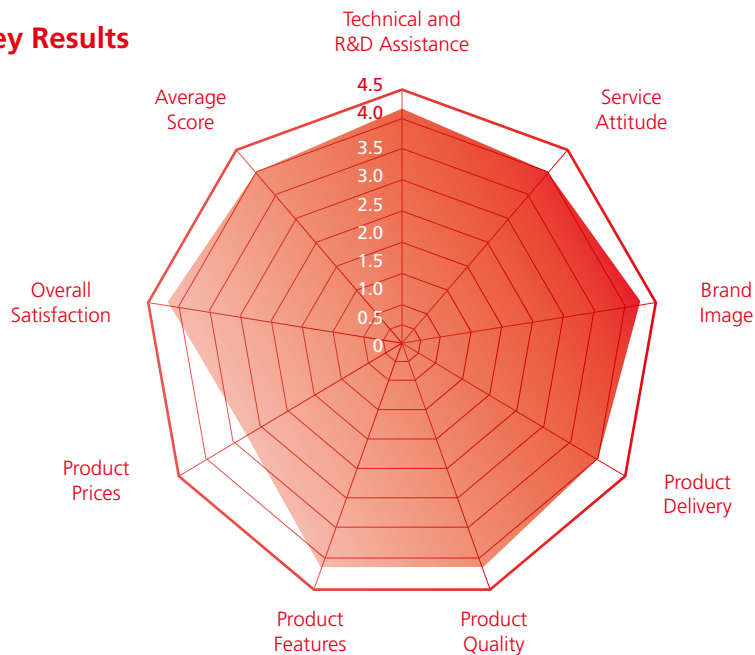
To best understand whether our products and services comply with our customers' needs and expectations, the Company welcomes customers to provide their opinions and suggestions regarding the Company's products and services as a reference for improving internal operations. Furthermore, in order to meet the quality guarantee of ISO 9001 for customers and properly value customers' degree of satisfaction, the Company sends out customer satisfaction degree surveys to domestic and foreign customers every year. The survey's items include product features, product quality, product delivery, product price, service attitude, technical and R&D service, brand image, and overall satisfaction. The survey will be regularly amended to reflect the topics that are relevant to customers.

#### Customer satisfaction degree investigation mode



According to the 2014 customer satisfaction survey results, the overall satisfaction is 4.1 points, accounting for 82% of the average score. Our performance in seven areas ranked higher than “satisfied”, but some of the Company’s product prices have failed to meet customers’ expectations, which is generally caused by the rise in the price of raw materials. The Company will continuously look for ways to lower costs in order to diminish the impact caused by the rising prices of raw materials.

## 2014 Customer Satisfaction Survey Results



Note: Satisfaction Scale: 5 = Very Satisfied; 4 = Satisfied; 3 = Neutral; 2 = Dissatisfied; 1 = Very Dissatisfied

### 5.2.3 Responsibility for Product Safety and Hygiene

Throughout the entire process, from purchasing raw materials to various stages of product sales, the Company seriously values customers’ health and safety. The Company constantly aims to improve its production processes (including reducing harmful ingredients, reducing carbon emissions, developing green products, etc.) and follows both market trends and downstream customers’ demands to produce non-toxic, eco-friendly products and improve production processes. Some of the Company’s efforts are described below:

#### (1) Non-toxic products

Prior to the EU issuing its “Waste Electrical and Electronic Equipment (WEEE)” regulations and “Restriction of Hazardous Substances”, the Company was already responding to the non-toxic product trend; its efforts included developing Barium zinc soap salt stabilizer in 2001 and completely replacing toxic heavy metal barium cadmium zinc soap salt stabilizer. Furthermore, since the orth-phthalate of plasticizer can be harmful to humans, the Company has developed and now produces non-phthalate plasticizers and applied them to the soft plastic products of toys, childcare and medical articles. Traditionally, dioxin would be produced after halogen combustion, and eutrophication would appear after phosphorus-containing flame retardant agents decompose in water; therefore, the Company developed a support plate without halogen and phosphorus and a copper foil without arsenic, integrating this new generation of circuit board into green domestic electrical appliances and other devices. The Company has also developed water-borne epoxy resin, using it in industrial and environmental protection coating and thus continuing to reduce the burden on the environment.

## 5 Corporate Governance

### (2) Eco-friendly Products

The Company regularly replaces worn-out equipment to improve energy use efficiency, as well as develops and uses high-performance catalysts. It has also increased its ethylene gas recovery equipment in order to decrease ethylene and energy consumed in the production of ethylene glycol products. The Company's carbon dioxide emissions in 2014 was 55,777 tons less than in 2013. Furthermore, the Company actively promotes and pursues rainwater recycling to improve water use efficiency and reduce its overall environmental impact.

### (3) Improvement on water saving and energy saving

Recently, the Company has become actively involved in improving its production processes in order to save both water and energy. For example, take the hydrogen peroxide production process; the Company has added another cooler and oil-water separator behind the purifying tower. First, the temperature is cooled to separate out and then remove the granules. The oil droplet condensation principle is applied to condensate small droplets into big droplets, after which the fat is separated and removed. By doing this, it is estimated that the process can save the Company NT\$ 229,000/m in steam fees, NT\$ 24,000 /m in electricity fees, and NT\$ 17,000 /m in water fees.

### (4) Green Energy

The Company's transformer products are also moving towards the green life culture. Materials of dry transformer products have strict environmental specifications imposed. Plastic parts are tested by a relevant authority to ensure that they have no cadmium, lead, hexavalent chromium, or mercury compounds. Exterior coatings and paint are also required to be free from mercury, mercury compounds or mixed with lead, cadmium, chromium (+6), and three other varieties of heavy metal oxides. Neither production nor usage have any poison contamination. This product (20KV 2500KVA) can save NT\$96,912 a piece when compared to general wet-type transformers, as well as reduce 18.7 mt of carbon dioxide emissions for each piece. Our transformer products, from their raw materials and production to sales and postconsumer waste, comply completely with environmental protection demands. All such products or packages are marked with the "Green Mark", which represents that each process involved is strictly controlled and makes every effort to reuse or recycle materials. The Company's low-pollution, energy-saving, resource-saving, and environmentally friendly policies are consistent with sustainable social development. The dry-type transformers sold in 2014 were estimated to reduce 4,675 mt of carbon dioxide emissions.

## Environmental and consumer-friendly products

No.	Product	Environmental / User-friendly Actions
1	Non-phthalate plasticizer	Develop non-toxic phthalate plasticizers in compliance with EU norms and regulations and apply them to soft plastic products, such as toys, childcare and medical articles, etc.
2	Barium salt zinc soap stabilizer	Fully replace toxic heavy metal cadmium, barium salt zinc soap stabilizers.
3	Epoxidized soybean oil	Edible soya oil is the main material, with its unsaturated bond reacted into epoxy bond. Apply it to PVC products to capture free radicals before PVC degradation. Modify heat resistance and weather resistance of PVC products to aid in non-toxic processing. In addition to winning approval from the Japanese JHPA (Food Hygiene Association) to apply it to PVC product food packaging containers, Nan Ya's epoxidized soybean oil also complies with U.S. FDA food additive rules, thus mainstreaming future PVC non-toxic formula production. This oil can also be applied to food packaging materials, medical products, all kinds of films, sheets, tubing, refrigerator sealing strips, artificial leather, plastic wallpaper, wires and cables, and other daily necessities, as well as a special ink liquid composite stabilizer.
4	SMC doors	Non-corrosive, non-rusting, and low thermal conductivity. These are made of an earth-friendly and low-carbon building material and can replace wood, aluminum, and iron doors while saving electricity and being 100% recyclable. This is an energy-saving and environmentally friendly building material.
5	Medical liquid oxygen	Improve gas separation equipment. Improve industrial liquid oxygen to meet the necessary quality for medical liquid oxygen. Granted the excellent pharmaceutical manufacturer certificate by the Ministry of Health and Welfare. Supply to hospitals and apply to medical and human healthcare purposes.
6	PP synthetic paper	Good chemical resistance, grease resistance, high-temperature resistance, and printability. Appropriate for non-toxic food, vacuum forming packaging, and stationery, among other purposes.
7	PP reflector	The use of PP energy-saving brightening shades can increase a lamp's brightness and reduce the use of modulator tubes; they are appropriate for both business premises and homes, as well as any premises without adequate light.
8	Solar cell back with PO film	Generally used to replace the back lining modified fluorine membrane to protect and support the battery module.
9	Window film	Applied to nano paste technology. Developed more than 99% of UV CUT 99%. Heat-insulating film can be used to block high-infrared radiation for use in automotive glass insulation and building curtain insulation purposes.
10	Green building materials-PU waterproof material resin	Green building materials are current growing trend. Resin is used in PU waterproof materials. Upon obtaining the green building material label issued by the Ministry of the Interior, such resin can be used in rooves and outdoor premises in order to waterproof them.
11	TPU rubber / tape	No solvents are used and no air pollution emissions are created during manufacturing. Materials can decompose environmental materials in nature, and this can be used to replace PVC materials.
12	Environmentally friendly bridging agent	Traditional bridging agents contain TDI toxic substances. A 100% TDI FREE bridging agent has been completely developed with the same functionality and characteristics as traditional bridging agents.
13	Non-tin matte printing rigid PVC tape	Replaced tin stabilizer with calcium zinc stabilizer to meet the "EN71-3: 2013 New Toy Safety Directives" regulations.
14	TPO+PP FOAM tape	Vehicle tape boasts environmental protection, low-volatility, low-odor, and light-weight characteristics. PVC can be replaced by TPO+PP FOAM, a new environmental protection material that can be applied in door panels and dashboards.
15	TPO rubber / tape	TPO environmentally friendly materials can be used to replace PVC products and is primarily applied to stationery, bags, strollers, etc.

## 5 Corporate Governance

No.	Product	Environmental/User-friendly Actions
16	Barium zinc stabilizer soft PVC tape is replaced by calcium zinc stabilizer	To comply with both domestic and European requirements regarding Phenol control, barium zinc stabilizer has been replaced by calcium zinc stabilizer in terms of soft PVC tape.
17	Al-plastic film	Applicable to flexible lithium battery shell encapsulation, 3C products, power vehicles, etc.
18	PVC pipes, fittings, and adhesives	PVC plastic powder is the main raw material and is stable, safe, and non-toxic. Pure water is added into VCM as the heat-transfer medium, and then polymerization is carried out. Afterwards, the most advanced removal technology is adopted to remove the non-completely reacted VCM. Due to constant innovations improvements, PVC pipe VCM residue content is controlled below 1 ppm, thus complying with the national standard. Said standard is stricter than the drinking water requirement of 0.002 ppm issued by the EPA, Executive Yuan. All materials, even those indirectly used, adopt a non-lead stabilizer, which complies with the health standards of international drinking water pipelines.
19	PVC cling film	Raw materials use non-heavy metal stabilizer and non-phthalates plasticizers to reduce the impact on the environment and consumer exposure to hazardous substances.
20	PE film	Applied in product and collective packaging or cargo pallet packaging. This film is moisture proof and dust proof, requires less labor, and has better efficiency. It can protect products while reducing costs. No hazardous substances are used in the harmless production process, and excess packaging is reduced, thus achieving the goal of “no harmful material products”. Combustion does not produce toxic gases, and byproducts can be recovered.
21	CPP film	The main raw material is polypropylene, which has good chemical resistance, grease resistance, high-temperature resistance, high transparency, printability, and heat sealing properties and is non-toxic, thus complying with food health standards. It can be used independently or laminated with food products, hygienic materials, stationery, and other packaging purposes. It can be recycled and used for other proposes. Combustion does not produce toxic gases.
22	PP board	The main raw material is polypropylene, which has good chemical resistance, grease resistance, and high-temperature resistance and is non- toxic, thus complying with food health standards. Once shaped, it can be used in food containers, tools, electronic parts, and other packaging purposes. It can be recycled and used for other proposes. Combustion does not produce toxic gases.
23	PVC plastic tiles	The main raw materials are calcium carbonate and PVC, which have good wear-resistance, as well as anti-acid, pressure-tolerant, and good flameproof characteristics. With non-combustible, non-corrosive, and non-conducting and other such features, PVC plastic tiles comply with healthy green building material standards and presents minimal damage to the environment.
24	Industrial board	This hardboard has particularly strong chemical and corrosion resistance, making it appropriate for use in chemical industrial corrosion prevention equipment. The test results of ROHS and SVHC are “not detected”.
25	Amorphous polyester transparent plate (A-PET board)	The product has excellent mechanical, thermal, and chemical resistance and good transparency. The combustion does not produce any toxic gases, thus making it environmentally friendly. It is the safest material for food and is widely used in various processing, display or exhibition, and vacuum forming purposes, among others. The test results of ROHS and SVHC are “not detected”.
26	Shu Mei Furniture board (Q-BOX board)	This is a special plastic material that is appropriate for humid climates and can be wiped off with a damp cloth. Moths and cockroaches cannot enter, thus lengthening the service life of furniture and reserve materials. The test result of ROHS+7P is “not detected”, and the test result of CNS 1349 testing mg HCHO is “not detected”.
27	Nan Ya crust foaming plate	This is lightweight and has a low specific gravity. The foam structure is subtle with a hard-skinned surface, which is insect-proof, termite-proof, chemical resistant, and corrosion resistant and has low-thermal conductivity, high insulation, and good soundproof effects. The test results of ROHS and SVHC are “not detected”.
28	Engineering plastic pellets	Develop non-halogen flame resistant PBT, NYLON66, and PC and other specifications for engineering plastic pellets. In addition to complying with RoHS standards, it also meets additional environmental protection requirements.
29	Halogen-free substrates resin	Halogen-free substrates do not contain substrates that are harmful to the environment (halogen combustion produces dioxin); they can be used in green home appliances and other devices, thus reducing the burden on the environment.

No.	Product	Environmental/User-friendly Actions
30	Halogen-free and phosphorus-free carrier board	Halogen-free substrates do not contain substrates that are harmful to the environment (halogen combustion produces dioxin) and use phosphorus-free flame retardant agents (Phosphorus-containing flame retardant agents that decompose in water cause eutrophication). Develop halogen-free and phosphorus-free carrier board, resulting in a new generation of circuits that are more environmentally friendly and can be applied in green home appliances and other devices, thus reducing the burden on the environment.
31	Epoxy resin for Wind turbine blade	This resin features low viscosity and excellent operability and mechanical strength. It can be applied to composite materials of green energy wind turbine blades.
32	Phosphorus-based epoxy resin	Replace bromide flame resistant epoxy resin with phosphorus-containing epoxy resin, which has a good burning effect. Reduce traditional bromine circuit boards and treat them by burying, thus considerably reducing the impact on the environment.
33	Waterborne epoxy resin	Develop an independently made emulgator to produce water-borne epoxy resin and replace organic solvent epoxy resin, thus reducing the impact on the environment.
34	Industrial-grade fiberglass cloth	This cloth features fire resistant and anti-corrosive characteristics. Can be used to replace plastic and wood in curtains, tiles, ceilings, and other building materials. It not only reduces the impact on the environment but also provides a safer living environment for consumers.
35	Arsenic-free copper foil	Used primarily as a circuit board material, it does not contain environmentally harmful arsenic. It can be used in green electronic products and other devices, thus reducing the burden on the environment.
36	Heavy metal free polyester fiber and pellets for bottle	Traditional polyester polymerization process use heavy metal antimony as catalyst, which produces a negative impact on the environment over the long term. However, the use of heavy metal free new catalyst, dyeing wastewater that is no longer treated by removing antimony, and the decomposition of waste fibers without residual heavy metals all comply with EU "ECO" standards.
37	Posted-consumer recycled Polyester fiber	Convert wasted PET bottle recycling materials into fiber through melting spinning process. This fiber not only reduces the impact of waste PET bottles on the environment, but also reduces the use of petrochemical raw materials and the CO <sub>2</sub> emission and energy consumption, thus contributing to the mitigation of global warming.
38	Bio-bass polyester for fiber and bottles	Ethylene glycol, one of raw materials polyester is changed to bio-base and it will reduce the use of petrochemical raw materials.
39	Atmospheric dyeable fiber	Traditional polyester dyeing is done at 120~135°C. After being specially modified, it can be dyed under 98°C, which will reduce the use of heat energy, thus contributing to the mitigation of global warming.
40	Dope dyed fiber	A master batch is added to the fiber spinning to directly spin out color filaments, which will save energy consumption for dyeing and reduces polluted water.
41	Nano charcoal fiber	Recycled wasted coffee grounds and coconut shells are reused and ground into nano size powders after carbonization. Add them to polyester fiber for a product that has warm and deodorizing characteristics, as well as far-infrared and anion function.
42	Switchboard and dry-type transformer (20KV 2500KVA)	<ol style="list-style-type: none"> <li>1. Clip plane powder coating: metal sheet uses exterior paint and has obtained the Green Mark issued by the Ministry of Interior. It can be used in transformers and the appearance protection of metal plates to waterproof and rustproof both indoor and outdoor venues and other purposes.</li> <li>2. Core metal paint: silicon steel uses exterior paint and has obtained the Green Mark issued by the Ministry of Interior. It can be used for the appearance protection of transformers' silicon steel and to waterproof and rustproof indoor places and other purposes.</li> <li>3. Transformer' s terminal cover: copper conductor insulation cover and has obtained the Green Mark issued by the Ministry of Interior. It can be used for transformer conductor insulation and other purposes.</li> <li>4. Transformer resin + hardener: copper conductor insulated materials and has obtained the Green Mark issued by the Ministry of Interior. It can be used in transformer conductor covering and to waterproof and rustproof indoor and outdoor venues, among other purposes.</li> </ol>

## 5 Corporate Governance

### 5.2.4 Regulatory Compliance

The Company's production and sales processes comply with relevant laws and regulations. Not only has the Company obtained OHSAS 18001 and ISO 14001 certifications, but it also developed the "personal data management approach", which it asked relevant departments to list as a voluntary inspection item. With regard to employee or customer data, only individuals with permission can make queries; in the case of business necessity, other individuals have to sign the "personal data collection, processing, and use application form", as well as have the related procedure approved and confirmed. The purpose for usage must be strictly limited. According to statistics, the Company received a total of 111 pieces of customer feedback in 2014 and had only one case of information privacy violation.

### 5.3 Suppliers and Contractors: Creating a Business Relationship based on Mutual Trust and Interests

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Nan Ya Plastics Corporation's procurement and contracting policy is primarily subject to local procurement and contracts. If the Company fails to find a local supplier, it will implement procurement and invitations for bids from foreign countries. In 2014, the domestic procurement ratio was 87%. Moreover, relevant operations shall have the lowest quotation, and both delivery and quality shall comply with the demands of manufacturer's preferential procurement contract through a constant e-trading mode, thus developing a harmonious trading relationship between two parties and reaching an open, fair, and impartial procurement contracting mechanism. Using a complete partner manufacturer management mechanism, the Company can change bad manufacturers and develop long-term relationships with good manufacturers.

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Furthermore, in accordance with international standards, national regulations, and environmental requirements of special processes, the company has participated in the compilation of a total of 276 technical specifications related to Formosa Plastics Groups' machinery, instruments, common construction, four aspects, the standards applied for purchase request regulations, project budgets, and construction drawings when performing equipment purchases and construction contracts.

#### 5.3.1 Supplier and Contractor Relation

Using an "open bidding" approach, the Company's procurement and contracting operations allows online suppliers and engineering manufacturers to make inquiries, quotations, negotiations, orders, deliveries, payments, and other functions using Formosa Technology E-Market Place. Furthermore, the Company holds regular meetings for manufacturer's instructions to improve two-way communication and advocacy.

To reduce the carbon emissions of delivery vehicles, the Company started working with "Kerry TJ Logistics" in January 2009 to promote "Procurement Supplier Centralized Delivery e-jobs", which provides online consignment services to Formosa Plastics Group's supplier zone. So that suppliers

could better understand "online consignment" and related issues, the Company has held a number of presentations since March 2009 to actively communicate with suppliers. According to statistics, the supplier centralized e-delivery ratio has reached 99.18%.

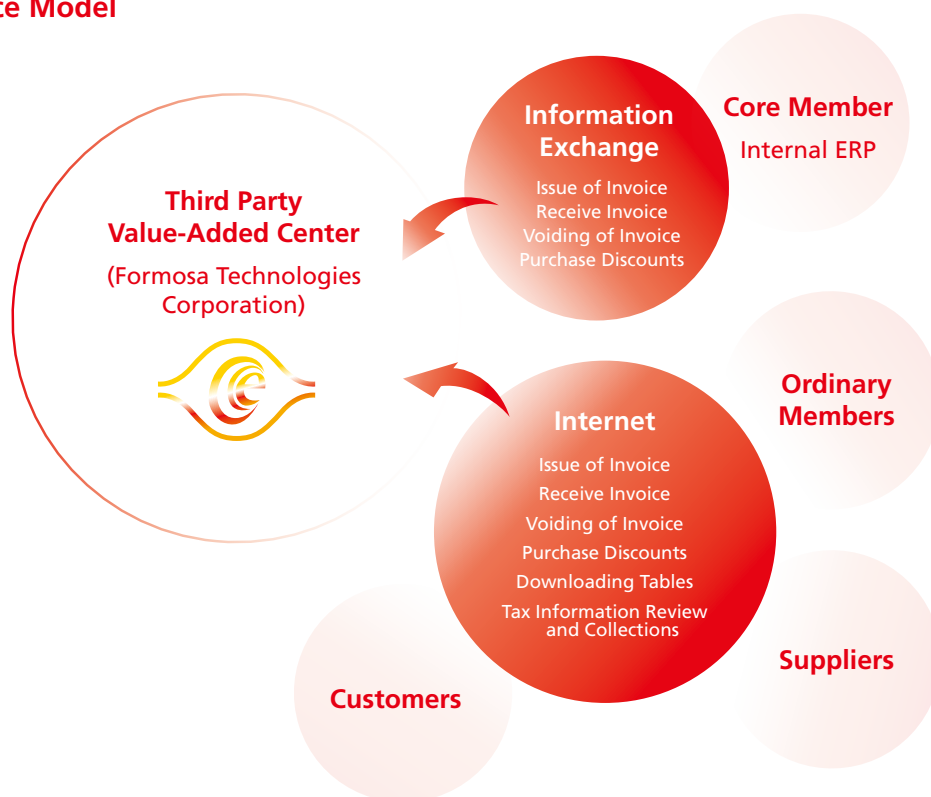
Furthermore, to save on open invoice costs, improve invoice data management efficiency, and eliminate the traditional invoice management fees, Nan Ya Plastics Corporation comprehensively promotes electronic invoices to replace the traditional paper ones. The open electronic invoice ratio among manufacturers is currently 46.88%, which has effectively lowered manual processing time, costs, and mailing and paper expenses.



## Formosa Plastics' e-Invoice value-added center (e-Invoice)

Since 2001, the Company has participated in the e-Invoice value-added center established by Formosa Technologies Corporation. Not only does the center provide the opening, canceling, and discount of e-Invoices and collection of tax data, it can also integrate value-added services between e-Invoices and procurement, finance, and business operations. These services can save the cost of opening an invoice and improve the relevant relationship between each operation, thus enhancing the response speed and business efficiency of Nan Ya Plastics Corporation. The system adopts "Digital Signature" and "encryption technology" and uses SSL3, PKI structure to ensure the invoice data's transmission privacy, completeness, source identification, and non-repudiation.

### FPG e-Invoice Model



### 5.3.2 Supplier Management

#### (1) Supplier Qualification

To apply to become a supplier of Nan Ya Plastics Corporation, a contractor must first pass a written evaluation. An on-site evaluation can be performed when necessary. The contractor can only be included as a manufacturing partner once a qualified evaluation file has been established. In the case of subsequent late delivery (project), poor quality, or violation of job safety, such instance will be automatically included in the manufacturer's assessment mechanism, and then a suitable long-term excellent manufacturing partner will be chosen for the Company.

## 5 Corporate Governance

### (2) Sustainability of Supplier

For every purchase it makes, the Company requires its upstream suppliers to comply with RoHS, relevant safety qualifications, ISO certification, hazardous marks on goods, and other relevant standard conditions. Our manufacturing partners shall properly recycle containers and loading aids, preferentially purchase products from disability groups, and attach non-radiation polluted certificates to their goods. The "Inquiry Sheet" and "Order Notice" both require suppliers to observe relevant regulations and the rules of fair trade.

Furthermore, in response to international human rights issues and with regard to purchased materials, components, or products containing metal, the Company's suppliers must investigate to ensure that they comply with "non-conflict metals" and that all their raw materials are purchased through legal channels. Moreover, when the purchase object is electronic technology manufacturers, they must sign the "Electronic Industry Citizenship Coalition (EICC) Code of Conduct" to guarantee both the safety of the working environment and the respect of employees' interests, thus ensuring that both the processes and products implement pollution prevention and fulfill social responsibility.

#### 無衝突金屬宣告書

##### Declaration of Metal Conflict-Free

本公司(包含子公司)特此聲明所有提供台塑關係企業皆為無衝突金屬之產品(以下簡稱產品)：

**Supplier** including its subsidiary, associated and holding companies) herein declare the metal Conflict-Free on products supplied to Formosa Plastics Group(herein after referred to as "Products"):

本公司亦正或將致力於詳實調查供應鏈確保金(Au)、鉭(Ta)、鎢(W)、錫(Sn)、鈷(Co)這類金屬並非透過無政府軍團或非法集團，由剛果民主共和國衝突區域之礦區開採或是循非法走私途徑取得。此外，下列國家出口之金屬皆不符合「無衝突規範」：剛果民主共和國(DRC)、盧安達(Rwanda)、烏干達(Uganda)、蒲隆地(Burundi)、坦尚尼亞(Tanzania)、肯亞(Kenya)（聯合國安全理事會認定上述國家皆為剛果礦脈之礦產）。

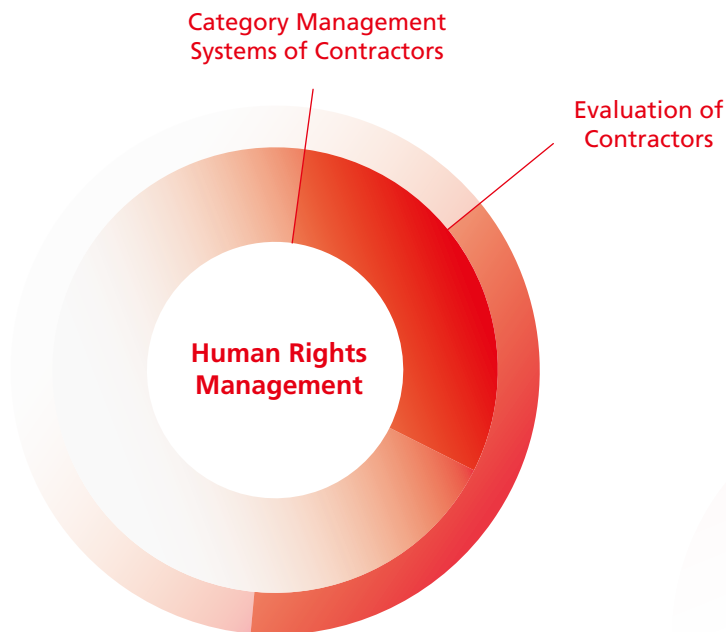
**Supplier** is taking and will take due diligence within our supply chain to assure "DRC Conflict-Free" for the metals of gold (Au), tantalum (Ta), tungsten (W), tin (Sn) and cobalt (Co) are not derived from or sourced from mines in conflict areas of the Democratic Republic of Congo (DRC), or illegally taxed on trade routes, either of which are controlled by non-governmental military groups, or unlawful military factions. Trade routes not confirmed to be "Conflict Free" include direct exports from the DRC, as well as exports through Rwanda, Uganda, Burundi, Tanzania and Kenya (countries of whom the U.N. Security Council note are global export routes for DRC-mined minerals).

本公司保證任何出售於台塑關係企業任何產品所含金屬皆符合無衝突規範(DRC Conflict-Free)，如有例

### (3) Contractor Category Management System

To enhance good safety management practices, control contractor quality, improve contractors' industrial safety level, and prevent employees from suffering occupational injuries, the contractors that the Company hires shall adopt a hierarchical management system. Engineering manufacturers gather relevant data and investigate and evaluate plant sites, construction machinery equipment, site safety management and technical ability and contracting achievements in relation to various professions. Furthermore, pursuant to their contracting ability and achievements, manufacturers shall develop abnormal controls, which are divided into level A, B, and C. In the case of poor construction quality, delays to the schedule, improper management, contract with a borrowed license, subcontracting without permission, and other abnormal engineering contract issues, management shall be enhanced or the relationship dissolved. Furthermore, to help stop the use of child labor and forced labor, the contract entered into between contractors and the Company shall include adherence to human rights rules. Contractors shall comply with worker and occupational safety regulations established by the government, and the engineering contracting requirements shall explain that contractors must hire laborers older than the age of 16. In 2014, the Company has found that none of their contractors have hired child labor or violated forced labor regulations.

The Company shall include safety and health management fees into necessary budget wages, as well as in the safety and health facility project contract specifications. Said fee will be automatically filled in by the computer so that the budget department will not be able to miss it; the safety and health management fee shall not be less than the budgeted amount, thus ensuring that the manufacturer will not neglect safety and health management in order to make a low bid.



## 5 Corporate Governance

### 5.3.3 Contractor/Agency Safety

To preserve the spirit of Formosa Plastics Group, Nan Ya Plastics Corporation not only considers contractors important working partners, but also important interested parties of the Company. The goal of the Company is to always maintain good relationships with contractors and promote the independent management of such contractors. This mutual trust and cross supervision enables the Company to aim for zero accidents. To establish good bilateral communication and a coordination platform, the Company's main management methods are described below:

- Regularly hold organization meetings: exchange suggestions for improvement with contractors with regard to working environment hazards in order to maintain secure and safe operations.
- Enhance access management: handle the number of workers through access control. Contractors are required to receive education training and pass a test before entering the plant in order to improve safety and health knowledge and concepts.
- Tool box meeting: before entering the plant for work every day, the Company will remind the contractor's operating workers of the potential risks, as well as inspect workers' mental states, in order to prevent accidents at work caused by negligence.

Furthermore, the Company requests that both its contractors and employee follow SOP operations for any job. Should any abnormal item be found during an audit, a review meeting shall be immediately held that afternoon, in which measures to improve the abnormality and prevent the recurrence of similar abnormalities shall be proposed.

#### (1) Contractor/Agency Safety

The Company carries out all operation checks pursuant to the safety and health checklist, which should be posted on the applicable in accordance with the relevant law. When a hiring contract is signed with a contractor, said contractor shall be requested to comply with occupational safety and health laws to set up safety and health management personnel. The contractors' employees shall only be qualified to enter the factory once they receive the corporate safety and health education and hazard identification training. Furthermore, the Company should enhance its review of contractors' protection facilities for safety and health, as well as the implementation of such administrative operations as automatic checks and joint actions. The vehicles and electrical and mechanical equipment should be carefully inspected when passing the entrance guard, and any item found to be

unqualified shall not be allowed into the factory. Fireworks are especially prohibited in order to prevent fire in the factory and the related potential hazardous factors.

With regard to all engineering safety inspections, daily checks with non-scheduled times and places shall be carried out on the project site. Furthermore, regarding projects with higher accident frequency or risk level, said checks will be enhanced according to the project. If workers are violating rules, they shall informed immediately and punished appropriately; then the causes of exceptions will be explained in order to guide construction and prevent mistakes. Finally, all abnormal cases will be summarized as training materials in order to enhance contractors' safety and health knowledge through advocacy and education, thus realizing the goal of operation security.

## (2) Engineering Safety Inspections in Mailiao Industrial Complex

The Company, whose primary manufacturing plants, such as EG and 2EH located in Mailiao Industrial District, is the principal member of Formosa Plastics Group. In view of the operation risks of stop driving, regular check and annual plant maintenance in the petrochemical process, as well as prevent fire accidents and improve construction safety, Formosa Plastics Group has designated four companies, including Formosa Plastics, Nan Ya Plastics, Formosa Chemicals & Fibre, and Formosa Petrochemical Corporation, to be responsible for establishing an engineering safety inspection team at Mailiao Industrial, which carries out written instructions aimed at stop driving in the petrochemical process, such as regular checks, annual plant maintenance, fire accident prevention, and high-risk work fields. Regarding the daily checks of operation compliance of field staff and the integrity of safety facilities, the results shall be reported to the plant operation director, as well as the director of the safety and health center in Formosa Plastics Group.

Then engineering safety inspection team of Mailiao Industrial complex was founded in September 2011. The average abnormal audit has decreased from 3.1 cases/plant in 2011 to 0.76 cases/plant in 2012, 0.3 cases/plant in 2013, and 0.15 cases/plant in 2014, thus surpassing the annual objective of 0.27 cases/plant. By diligently promoting contractors' safety management in field operations, the Company has achieved self-management performance for engineering safety and plans to further enhance the safety management of processing plants in 2015. By analyzing abnormal fire or office disaster accident statistics during 2013 to 2014, the processing plants and office disaster projects with the highest accident rates will be examined and enhanced in order to prevent the similar accidents from reoccurring.

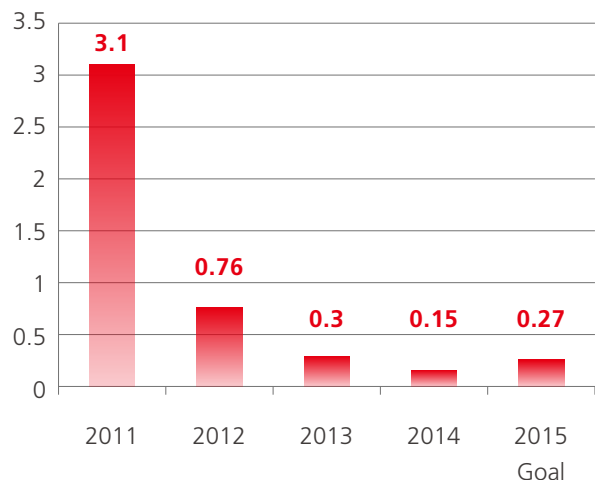
## (3) Safety and Quality Assessment System for Hazardous Goods from Contractors and Suppliers

To promote transportation safety, the Company not only cooperates with the enterprise to promote the Safety & Quality Assessment System (SQAS), but also includes merchants' delivery transport among SQAS management. Any entity that has not obtained an SQAS evaluation certificate may not contract or undertake the enterprise's dangerous goods. Clearly, the Company aims to properly implement transport safety management and fulfill its duties as a corporate citizen.

Furthermore, all transport vehicles of qualified transportation companies evaluated by SQAS are required to install GPS and driving recorders, as well as the necessary safety protective equipment; once the regular inspection featuring dangerous goods is implemented, then the vehicle may enter the factory for operation.

### Abnormalities of Engineering Security

Case / Plant



## 5 Corporate Governance

### (4) Training and Certification of Safety Supervisors

To ensure the safety of all operations, in addition to its safety and healthy manpower policies that surpass those demanded in laws and regulations, the Company has a safety supervisor that is specially assigned to professionally supervise engineering safety in a timely manner and remind the manufacturer of construction safety. Said supervisor should ensure that manufacturers comply with standard safety operating procedures, promote the manufactures' safety concepts, accompany the contractors when performing self-inspection before an operation, and carry out reexaminations in a timely manner during the operation to actively maintain the contractor and processing safety.

Relevant training and certification has been promoted since 2011 to provide specialized knowledge regarding Taiwan's relevant engineering safety laws and regulations, the safety of all construction operations, and cases of office disasters in a class setting, including the practice body's training to strengthen professional abilities. In 2014, the Company increased individuals receiving training to 326 people, for a current total of 186 full-time and 332 part-time authorized safety supervisors.

### Professional knowledge and hazard identification training courses for Contractor/Agency



Training of Managerial Personnel of Contractors on Labor Safety and Health



Actual Demonstration and Training on Confined Space



Space and Power Usage for Construction Personnel

### 5.3.4 Eco-friendly Material Procurement

Using products with green marks can reduce the consumption of natural resources, environmental pollution, and the impact on earth; therefore, the Environmental Protection Administration (EPA) has actively promoted policies encouraging the purchase of green products since 2007. Consequently, the company has preferentially procured green labels in accordance with renewable materials, recycling, low pollution, and energy saving, as well as the second category of environmental protective products and other products with the same or similar efficiency, which can enhance social benefit or decrease social cost (such as energy-saving labels, water-saving labels, and energy star labels). Furthermore, the Company primarily purchases 26 green products, including ink cartridges and fluorescent lamps, and has repeatedly garnered green consumption praise from the local government. According to statistics, the Company's purchasing amount of green products in 2014 reached NT\$ 22.38 million.



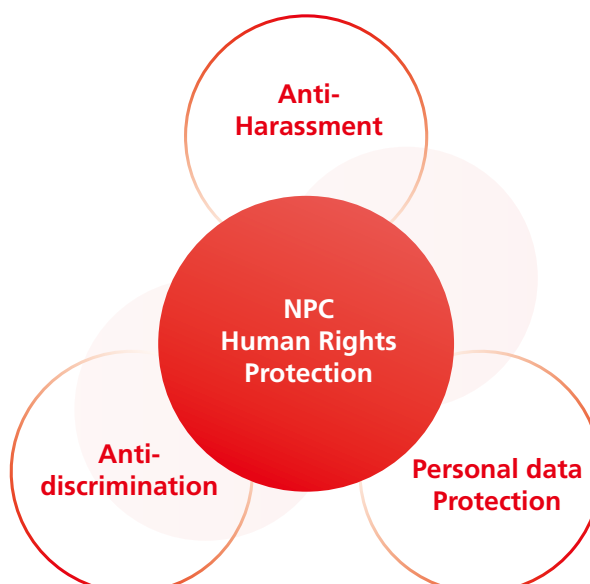
## 5.4 Employees: A Healthy, Safe, and Challenging Working Environment

Nan Ya Plastics Corporation continuously pursues the goal of every employee working contentedly and fully utilizing their professional knowledge. In order to attract excellent talents, the Company offers stable and excellent salaries, comprehensive educational training, and a promotion development system that continuously stimulates its employees' professional ability. Furthermore, the Company boasts perfect welfare measures and has developed a safe and healthy work environment, in the hope of taking care of both the physical and mental health of each employee so that its human resource can give full play to its fundamental policies. More importantly, the Company has set up multiple communication channels to encourage employees to give their advice, as well as to protect the rights and interests of the employees, as they are the cornerstone that supports the business and moves it toward sustainable development. Moreover, the procedure for regular performance appraisal is set forth in the assessment method. In accordance with the different positions, all employees shall receive regular performance evaluations every one to six months, which can create a challenging work environment.

### 5.4.1 Protection of Human Rights

The Company strictly adheres to laws and regulations related to labor and human rights both at home and abroad and treats all its employees fairly; the Company's efforts to do so include the following:

- A. Create working conditions that comply with government labor laws.
- B. Adhere to the regulations of the Employment Services Act and provide open, fair, and impartial work opportunities to all candidates.
- C. Establish "Guidelines for Employee Appeals" and set up multiple complaint channels. Should an employee believe that his / her rights are being infringed upon or are improperly fired, he / she can complain whenever and wherever. Unblocked complaint channels have been built and are provided to employees.
- D. Hold "Human Rights Assessment Meetings" aimed at discussing and determining the cases of great rewards or punishment by senior officers.
- E. Enhance sexual harassment prevention and advocacy, establish sexual harassment prevention measures, and provide employees with a direct complaint channel to ensure their rights and interests.
- F. Create a management method for personal data and properly store and handle employees' personal data.



## 5 Corporate Governance

### (1) Recruitment

The Company insists on upholding the principles of fairness, impartiality, and publicity in its recruitment process and determines the best candidates based on their performance and professional background. Furthermore, the Company complies with the "Labor Standards Act" and has never hired any child laborers. In accordance with the basic human rights of equal employment opportunities, the Company only considers professional abilities and experiences in its hiring decisions and has never given different consideration due to such factors as age, ethnicity, gender, sexual orientation, religion, political party, native place, marriage, appearance, or physical or mental disorder. Once employees are hired, all promotion, assessment, training, and reward and punishment systems are clearly specified so that all employees can enjoy equal treatment. No incident of human rights violations or discrimination occurred in the Company's 2014 recruitment.

#### Distribution of Age and Area for New Recruits in 2014

Unit: number of people

Classification	Group	Female	Male
Age	≤29	12	265
	30~39	8	108
	40~49	0	1
	50~59	0	0
	≥60	1	0
Area	North	13	201
	Central	0	36
	South	8	137
	East	0	0
Total		21	374
Percentage		1.2%	3.8%

### (2) Human Capital Structure

Regarding the Company's 2014 human resource structure, permanent personnel accounts for 97.1% of employees and informal personnel (such as consultants, regular contract personnel, guest workers, and part-time students) account for 2.9%. In the past five years, permanent personnel have maintained a ratio of 90%, and more than 90% of the Company's employees are from Taiwan. Regarding outsourcing, as of the end of 2014, such personnel added up to 162, including 104 males and 58 females, and they are all from Taiwan. Furthermore, the Company's permanent employee arrangement in our country is described as follows: the proportion of males is 5.6:1, the average age of employees is 46, and the average term of service is 21 years.

## Structure of Human Resource of NPC in 2014

Item	Category	Female		Male		Total
		Number of People	Ratio to the Group	Number of People	Ratio to the Group	
Position	Senior Managerial Level	2	0.1%	50	0.5%	52
	Junior Managerial Level	49	2.8%	1,967	20.0%	2,016
	Entry Level of Management and Staff	1,011	57.6%	7,797	79.4%	8,808
	Assistants	692	39.5%	0	0%	692
Locations	Northern Part of Taiwan	1,070	61.0%	4,637	47.2%	5,707
	Middle Part of Taiwan	59	3.4%	1,381	14.1%	1,440
	Southern Part of Taiwan	625	35.6%	3,796	38.7%	4,421
	Eastern Part of Taiwan	0	0%	0	0%	0
Age	Under 29 Years Old	19	1.1%	404	4.1%	423
	30-39 Years Old	508	29.0%	1,121	11.4%	1,629
	40-49 Years Old	790	45.0%	4,125	42.0%	4,915
	50-59 Years Old	387	22.1%	3,314	33.8%	3,701
	Above 60 Years Old	50	2.9%	850	8.7%	900
Years of Service	Less than 10Years	45	2.6%	785	8.0%	830
	11-20 Years	746	42.5%	3,302	33.6%	4,048
	20-30 Years	653	37.2%	3,866	39.4%	4,519
	Above 30 Years	310	17.7%	1,861	19.0%	2,171
Education	Doctor's Degree	0	0%	25	0.3%	25
	Master's Degree	20	1.1%	372	3.8%	392
	Bachelor's Degree	75	4.3%	2,699	27.5%	2,774
	Others	1,659	94.6%	6,718	68.5%	8,377
Sum (by Gender)		1,754	100%	9,814	100%	11,568

Note: The human resource structure represents the number of employees employed by Nan Ya Plastics Corporation on December 31, 2014 as a statistical standard.

## 5 Corporate Governance

### (3) Percentage of Local Recruits as Senior Management Level

As the Company has developed, we have also contributed to the local community by providing stable work opportunities and prioritizing local residents when filling employment positions. Furthermore, we actively foster locals to be senior management personnel. The percentage of making locals senior managers has been at least 46% for the past five years.

#### Percentage of Local Recruits as Senior Managers in Recent 5 Years

Year	2010	2011	2012	2013	2014
Number of People	2,217	2,221	2,162	2,138	2,088
Percentage of Local Recruits (%)	47.4%	47.6%	46.7%	46.7%	47.5%

Notes: Senior managers in this chart refer to those people with 5 service years and above, and the birthplace is identical with his working place.

### 5.4.2 Rights and Welfare of Employees

#### (1) Compensation

Employees' welfare expenses are summarized in the following table:

Unit: NT\$ thousands

Function Account	2014			Total
	Operating costs	Operating expense	Non-operating expense	
Salaries	8,600,932	4,099,120	-	12,700,052
Labor and health insurance	629,621	224,419	-	854,040
Pension	752,744	288,745	-	1,041,489
Others	184,492	58,781	-	243,273

Note: Data of Employees' welfare expenses is based on the 2014 Individual Financial Statements.

Nan Ya Plastics Corporation always provides better salaries than the local minimum wage. To attract and retain excellent talents, the Company's salaries are consistently maintained in the upper level when compared to companies in the same industry. New employees' starting salaries are determined by such conditions as the education and experiences required by the position. In upholding the spirit of "equal pay for equal work", male and female employees with the same position and grade shall have the same basic salary. Once employees are hired, raises and promotions will rely on annual work performance, and the relative salary will be given.

#### Female/Male Salaries of Same Positions Ratio

	Female	Male
<b>Junior Management Level and Above</b>	100	125
<b>Entry Level of Executives and Below</b>	100	140

## (2) Employment Security

In response to the rapidly changing business environment and constantly advancing science and technology, the Company bases its management rationalization on the spirit of protecting employees' work rights and interests. Even in the most difficult operating environment, the Company will still face those difficulties together with its employees, establish a manpower integration mechanism, and replace severance with transference. Furthermore, manpower in the department to be reduced will be used instead of outsourced employees or guest workers. For the employees' severance and job transference, the Company adheres to labor standards acts and relevant laws and regulations in providing notification. Department managers will first completely communicate with the people involved and handle it according to the established procedures before implementing any department mobilization or position changes.

In the past five years, the Company's employee resignation ratio has been kept below 0.1% (between 0~0.2% each month), and the absenteeism ratio is 0.24% (male is 0.25%, female is 0.21%), which accurately reflects the company's effectiveness in being devoted to taking care of its employees and their job security, as well as the employees' strong confidence and sense of identity in relation to the Company's operation and management.

#### Age and Area Distribution of Resigned Colleagues in 2014

Item	Category	Female	Male
Age	≤29	3	51
	30~39	12	59
	40~49	13	40
	50~59	3	101
	≥60	4	76
	Compulsory Retirement	7	53
Age	North	19	228
	Central	3	40
	South	20	112
	East	0	0
<b>Total</b>		42	380
<b>Percentage</b>		2.4%	3.9%

Note: The number of resigned colleagues in the above table includes retired and lay-off staffs.

## 5 Corporate Governance

### (3) Employee Welfare

So that all employees can focus on their work and specialty, the Company promotes the concept of “treating employees like family members”. When building a factory, basic lodging and relaxation facilities should be addressed first, and then the company will plan the perfect welfare system to take care of employees’ long-term well-being.

The welfare system not only considers corporate culture, national laws, social customs, and international trends to properly care for all aspects, including employees’ basic necessities, sports, and entertainment, but also considers their family dependents to make the employees’ life more stable and secure. Furthermore, all the factories have established its own employee welfare committee pursuant to relevant laws, which is responsible for dealing with tourism activities, benefits for the three festivals, birthday presents, children’s scholarships, group insurance, recreation entertainment, community assistance, etc. To serve and care for employees’ living needs, all of the factories have established administrative offices (classes) to be responsible for significant areas, such as logistics support and welfare services. With the goal of understanding the service effect of each administrative office, the Company gives a performance review and satisfaction degree survey about the services offered by each administrative office in order to improve the quality of service.

Many of the benefits and incentives that the Company provides are better than what the relevant laws and regulations require, including:

#### A. Leave Benefits

We provide annual leave, marital leave, bereavement leave, official leave, occupational injury leave, paternity leave, maternity leave, sick leave, menstrual leave, personal leave, family care leave, relocation leave, quarantine leave, and family visit leave for expatriates returning to Taiwan. Of these, the salary standards provided for sick leave, bereavement leave for some relatives, and typhoon leave are all better than those required by “the Labor Standards Act”.

#### B. Insurance Benefits

In addition to labor insurance and national health insurance, each plant’s welfare committee provides casualty insurance and medical insurance. Employees can choose from a variety of group insurance policies with discounted premiums, including casualty insurance, medical insurance, and cancer insurance.

#### C. Retirement Benefits

The Company makes monthly contributions to workers’ pension funds and retirement reserves so that employees with retirement plans can get pensions once they meet the legal retirement conditions.

#### D. Marital and Parental Benefits

- (A) Wedding or bereavement cash gifts and subsidies will be given to employees when they marry or when their relatives pass away.
- (B) Some plants provide breastfeeding rooms for when they are needed during office hours.
- (C) Parental leave is provided, and approved employees can adapt their working schedule based on their family needs.
- (D) Parental leave without pay can also be taken. The interested employee must apply pursuant to the requirements. In 2014, 14 employees applied, including 13 women and 1 man; their rate of return is 63.6%.



## Applications for Parental Unpaid Leave and Reinstatement Rates

Unit: number of people; %

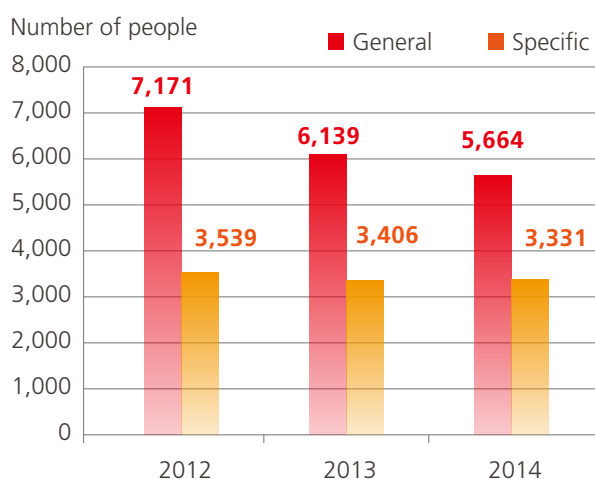
	2012			2013			2014		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Actual Applications for Unpaid Parental Leave	11	2	13	15	5	20	13	1	14
Employee Reinstatement in Current Year (A)	13	1	14	5	5	10	19	3	22
Reinstatement Applications in Current Year (B)	9	1	10	5	4	9	13	1	14
Reinstatement Rate %(B/A)	69.2	100	71.4	100	80	90	68.4	33.3	63.6
Retention Rate %	88.9	0	80	100	100	100	92.3	100	92.9

Note: "Retention rate" indicates the rate of employees retained more than one year after unpaid parental leave.

### E. Healthcare Benefits

- (A) Routine checkups with more favorable age requirements than those set forth in relevant laws are provided to employees.
- (B) For employees working on assignments that pose a particular risk to health, such as noise or certain chemicals, the Company will arrange special health checks for them and implement classified health management, such as metabolic syndrome of high density lipo-protein cholesterol, alpha-fetal protein, CEA, and oral mucosa and cancer screening programs. No abnormal cases of occupational diseases were found in 2014 according to the results of the special health checks.
- (C) Subsidies are provided for employees and their family members who seek medical services at Chang Gung Memorial Hospital. Furthermore, discounts will be given for items not covered by National Health Insurance.
- (D) Some plants have established fitness and entertainment facilities, such as basketball courts, volleyball courts, table tennis courts, and fitness rooms.
- (E) Each plant periodically sends out information about healthcare and holds health lectures.
- (F) Each plant has designated infirmary and medical staff to provide employees with medical services and counseling. Activities for weight management, smoking cessation clinics, and preventive healthcare sessions are periodically held. The Company has also partnered with the John Tung Foundation to hold "Pressure Release Day".

### 2012-2014 Employee Health Examinations



## 5 Corporate Governance



Exercise and stress free lecture



CPR + AED first aid treatment training



Guidance on losing weight in a healthy approach



Nutritionists provide guidance on diet

### Medical service and consultation in the factory



In-plant medical professionals provide health guidance



Cardiovascular disease prevention lecture



### F. Employee Welfare

- (A) Cash bonuses for Chinese New Year, Boat Festival, and Mid-Autumn Festival are given.
- (B) Gifts are given for employee birthdays and the three major holidays mentioned above.
- (C) Subsidies are provided for annual employee tours and gatherings.
- (D) Each plant provides an employee cafeterias, dormitories for single employees and dependents, welfare buildings, canteens, salons, libraries, guest houses, and recreational facilities.
- (E) Cash bonuses for purchasing the stock of FPG-listed affiliated companies.
- (F) Scholarships are offered to employees' children.
- (G) Employees can obtain favorable bank-issued mortgages through the Company.
- (H) Resources are shared between subsidiaries, and discounts are offered at cooperating stores.

### G. Welfare for Employee Cafeteria

- (A) Subsidies are provided for daily meals.
- (B) Ingredients used in the cafeteria are periodically tested for pesticide residue.
- (C) Dietitians shall be assigned to constantly improve cooking techniques, spices, ingredient selection, and menus in order to offer low-oil and low-sodium dining. For example, our employee cafeteria provides over 4,000 dishes each month, with less than 6% of them being fried dishes.
- (D) Special meals are provided for Chinese New Year and other certain holidays to treat our hardworking employees.

#### H. Enhance Employee Interaction

- (A) An amazing year-end party and lottery are planned each year.
- (B) Club activities are subsidized.
- (C) "Corporate Sports Day" is held to encourage athletic participation, and outstanding employees are recognized with rewards and prizes.
- (D) Commemorative gold coins are sent to employees on their five-year anniversary with the Company to express our gratitude.
- (E) A variety of trips, hiking, athletic competitions, art exhibitions, and lifestyle seminars are arranged to help employees cultivate healthy bodies and strong minds.

#### I. Self-Learning Benefits

The Company's provides comprehensive educational training and opportunities for further study to help employees obtain professional certificates and study foreign languages. Participating employees will be rewarded after obtaining certification.

#### J. Personal Safety and Family Care

- (A) We provide employees with flame-retardant uniforms and steel-toed shoes.
- (B) In the rare case of an on-the-job death, we compensate better than what is legally required and do not offset labor insurance benefits (even though it is allowable under the law). Furthermore, we provide benefits that exceed what is legally required for employee deaths unrelated to business. Such benefits are at least six months' average salary.
- (C) NT\$ 0.65 million ~ NT\$ 2.57 million will be provided as compensation (whether on-duty or off-duty cause of death).

#### K. Expatriates Welfare

- (A) Casualty insurance and travel accident insurance are provided for expatriates and business trips.
- (B) Subsidies are provided for family visits, health, and trips home for expatriates in China and Vietnam.
- (C) Health examinations for expatriates are provided prior to dispatch and then once every two years.

#### L. Retirees Association

To show our gratitude for our retired employees' outstanding contribution to Formosa Plastics Group, "The Retiree Association" was established in 2013. Each year, the Company allocates funds to subsidize the activities of club members, so retired employees can stay in contact with one another and socialize through association activities.

## 5 Corporate Governance

### 5.4.3 We Value Employees' Suggestions: Creating a Harmonious Relationship

Employees are among the Company's most important assets and are closely related to our operation and growth. The Company and Formosa Plastics Group make every effort to pursue harmonious labor relations and emphasize employees' right to express their opinions. Therefore, we offer a number of open communication channels to encourage employees to actively share innovative ideas.

Employees can participate in such organizations as the Labor Union (Labor and Management Meeting) and Welfare Committee, as well as make suggestions to the Company for discussion through regular staff meetings. Regarding the regular supervisory committee and Labor and Management Meeting held by the Labor Union, supervisors in all relevant departments are encouraged to attend and communicate with the workers' representatives. For serious labor issues, the top-level managers ought to have an informal discussion with the labor union to reach a consensus in order to ensure harmonious industrial relations and a business moving toward sustainable development. Employees of Formosa Plastics Group are all protected by the mutual agreement of employer and employees.

Furthermore, employees can submit their related welfare opinions through the welfare committee or through real suggestion boxes that we have placed in areas where employees most commonly are. We also welcome employees to use the network suggestion boxes in the Company's information system, as well as the "799" special line that has been set up in each factory. Therefore, the employees can respond to relevant work or problems found in daily life. The Company has designated specific personnel to record employee comments and respond, thus providing smooth communicating channels for employees.

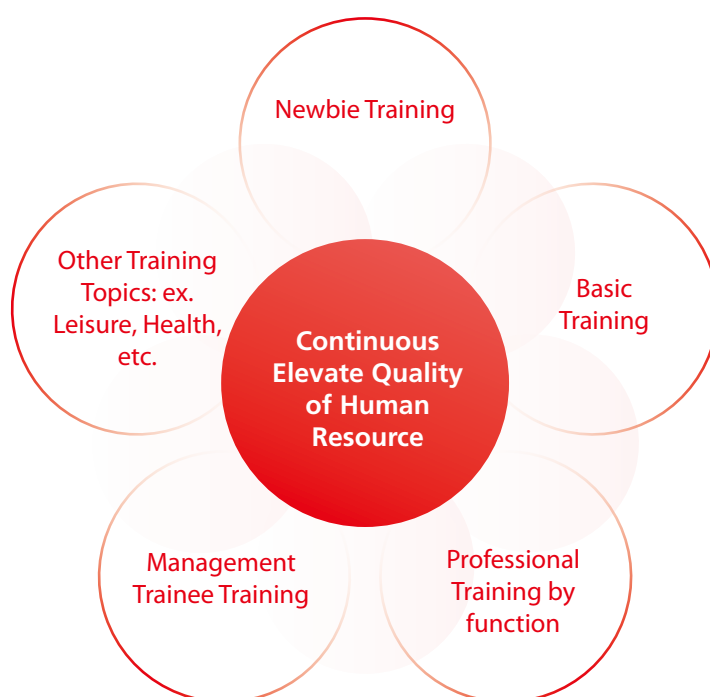
#### NPC Internal Communication Channels



## 5.4.4 Human Capital Cultivation

Employees are among the Company's most important assets, as well as the foundation for its sustainable development. Nan Ya Plastics Corporation has developed a comprehensive training system for the cultivation of staff. Through the e-training management system, employees can go through all stages of training. The training system is currently categorized into pre-service training for new employees, basic training for positions, professional training by function, and management trainee training. We use a computer system to manage which training courses should be taken by who and when; we also use the computer system to remind all departments to handle the training within the time limit. If the department fails to complete its training within the designated time, the computer will not stop sending prompts until the training is finished, which can help implement the training goals of all employees.

### NPC Employee Education System



## 5 Corporate Governance

### (1) Employee Training

In 2014, employees had an average of 69 training hours; senior managers had an average of 20 hours, junior managers had an average of 40.4 hours, entry level managers had an average of 146.2 hours, and regular employees had an average of 63.7 hours. The training primarily tries to be in line with the demands of a unit's operation and security to arrange and tutor employees to obtain the relevant professional certification. Furthermore, the Company periodically holds seminars with a variety of topics, such as "Specialized Business English Courses", "Visual Inspection Training", and "Basic Safety Training for Supervisors", in order to promote both employees' personal abilities and their professional and managerial capabilities at work. Moreover, to improve employees' awareness of human rights and job safety, the Company periodically publishes "Occupational Safety and Health Act", "Labor Standard Law", "Sexual Harassment Prevention Act", and "Act of Gender Equality in Employment"; more importantly, the Company supports employee learning through general meetings, ten minutes of educational training in the factories, communication meetings, staff meetings, class meeting, and formal educational training. The new reserve cadres from junior college received training related to human rights in 2014, which benefits them so that they can educate colleagues belonging to their department when they become managers in the future. In 2014, the total training hours were 65 hours, and the proportion of employees that received training was 0.56%.

#### Employee Training Overview (2011-2014)

Unit: Hours

Year \ Position	Position	1 <sup>st</sup> Level Directors	2 <sup>nd</sup> Level Director	Entry Level Managers	Entry Level Staff
2012		19,472	56,435	185,883	354,155
2013		9,117	31,184	130,806	298,045
2014	Total	13,478	40,944	189,158	448,688
	Female	0	1,084	2,640	70,936
	Male	13,478	39,860	186,518	377,752
Average	Female	0 (hr/person)	68 (hr/person)	106 (hr/person)	43 (hr/person)
Average	Male	20 (hr/person)	40 (hr/person)	147 (hr/person)	70 (hr/person)

#### Completion Rate of Training (2012-2014)

Unit: %

Year \ Training courses	Basic Training	Professional Training	Annual Training Program
2012	99.6	99.5	99.6
2013	98.8	99.2	99.7
2014	99.8	96.1	99.7

Note: The completion rate refers to the percentage of courses that have been completed on schedule.



## (2) Seminar Courses for Board of Directors and Supervisors

We also promote relevant seminar courses for directors and supervisors.

Details are as follows:

Corporation	Title	Name	Date	Host	Course	Hours
NPC	Chairman	Chia-Chau Wu	2014/11/21	Securities & Futures Institute	Risk Management Mechanisms for Business Operations	3
	Executive Director	William Wong, Wilfred Wang, Ruey-Yu Wang				
	Independent Director	Yung-San Lee, Yun-Peng Chu				
	Director	Chin-Jen Wu, Kuei-Yung Wang, Ming-Jen Tzou, Shen-Yi Lee, Fong-Chin Lin, Yuan-Shan Liu, Zo-Chun Jen, Ching-Cheng Chang				
	Supervisor	Chen-Ching Fu, Te-Yao Chen, Cheng-Hsiao Lei	2014/11/27	Taiwan Corporate Governance Association	The analysis and application of combined tax for real estate and land	3
	Executive Director (Independent Director)	Chih-Kang Wang				
	Director	Shen-Yi Lee	2014/06/13	Taiwan Corporate Governance Association	The reborn competition for Taiwan's enterprises	3

Data Source: 2014 NPC Annual Report

## (3) Security Personnel Training

The access control security management for factories affiliated with the Company and Formosa Plastics buildings is responsible for internally guarding the enterprise. The security guards are the first block preventing unauthorized people, vehicles, and goods from entering the factories and office buildings. According to the Company's provisions, all the security guards are required to have completed all professional training courses for guards, including industrial safety (fire-fighting, first aid, safety and health), security work regulations, principles and relevant rules for access management, the common sense of relevant laws (criminal law and civil law), physical training and the martial arts skills of grappling and Taekwondo, and driving training for fire engines and ambulances. Every month, the guards should undergo an examination of the rules system and a physical fitness test in order to maintain both their excellent professional abilities and physical fitness.

Finally, the guards should share on-site cases when on duty and case studies, including training for the stress of emergency accidents, telephone etiquette, and work etiquette, thus learning to prevent issues of overstepping the service code of conduct or violating human rights.

## (4) Implementation of E-learning Platform for Digital Learning

To provide our employees with a number of independent learning channels, Formosa Plastics Group started developing the e-learning digital learning system in 2000 and established the Employee Learning Website, which offers study resources, including all kinds of online courses, articles, new books, and lectures in order to help employees study online according to their own schedule. Furthermore, since April 2005, the Company has published the monthly "learning e-paper" to notify employees of their opportunities to study online and obtain the newest study information in a timely manner, thus helping employees to obtain new knowledge.



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### (5) Knowledge Management System

Furthermore, we have promoted a knowledge management system since 2000 and have incorporated all the enterprise systems and documents of enlightening knowledge and technical experience with reference value in every unit on the sharing platform so that employees can easily share, look up, and effectively inherit the Company's knowledge management. Fourteen categories have been established based on different functions, and 19,000 documents have been accumulated so far.



### 5.4.5 Work Environment

Regarding work environment, Nan Ya Plastics Corporation makes all its personnel participate in safety, health, and environment management activities through investigations, checks, communication, and educational training and demands. Furthermore, the Company adopts appropriate measures to correct and constantly improve any abnormalities found and emphasizes safety, health, and environment requirements for the purchasing and contracting system, thus further achieving its "zero injury, zero disaster, zero pollution" goal to create an operational environment of sustainable development. All the personnel responsible for any operations should follow SOP, and all the equipment and facilities should be intrinsically safe in accordance with strict requirements in order to provide a safe operational environment for relevant workers. Regarding high-risk operations and construction on weekends, an application procedure is in place so that the operation can only begin after senior managers have evaluated and approved it, which can improve personnel safety in such operations. It is our responsibility to provide our employees with a safe working environment. More importantly, we pay attention to employee opinions and make "safety and caring" part of our management guidelines. All management advice for safety and health can be submitted through clear channels in order to realize effective improvement in a timely manner. Nursing personnel are employed in all factories to give professional medical guidance and advice according to employee requirements.

We have also been cooperating with government agencies recently to organize safety advocating meetings for high-risk operations and executive symposiums in Mailliao Industrial District. In these meetings, we improve and discuss all potential high-risk dangerous operations, such as fire disasters, explosions, and confined spaces, in order to constantly promote the environmental safety of field operations. Furthermore, we work with the enterprise committee and ask professional foreign technicians to provide specialized examinations of factories in order to further obtain more comments and suggestions, improve the safety of all the equipment and facilities, and enhance both facilities and management styles, thus creating a safe operational environment for international integration.

When comparing the statistical data of workers' safety performance between the Company and the national plastic products manufacturing industry, apart from one accident in 2013 and 2014, which seriously rose our damage rate, the Company's frequency of injury and combined damage index are lower than the documents announced by the Ministry of Labor (For example, in 2014, the Company's frequency of damage was 0.44 lower than the 2.54 of the plastic products manufacturing industry, and the Company's combined damage index was 0.34 lower than the 0.64 of the plastic products manufacturing industry).

## Comparison of occupational hazards index between NPC and other plastics manufacturers over the past three years

Year	Nan Ya Plastics Corporation			Plastics manufacturers		
	Disabling injury frequency rate	Disabling injury severity rate	Disabling Injury Index	Disabling injury frequency rate	Disabling injury severity rate	Disabling Injury Index
<b>2012</b>	0.34	30	0.10	2.45	170	0.64
<b>2013</b>	0.26	270	0.26	2.34	217	0.71
<b>2014</b>	0.44	277	0.34	2.54	165	0.64

Notes:

(1) Disabling injury frequency rate (FR)=Disabling injury times $\times 10^6 \div$  total man-hours worked

(2) Disabling injury severity rate (SR)=No. of injured days off work $\times 10^6 \div$  total man-hours worked

(3) Disabling Injury Index=(FR $\times$ SR $\div$  1000)<sup>1/2</sup>

## Occupational injury data of NPC factories in 2014

Factory	Occupational injury rate	Male			Female		
		Disabling injury frequency rate	Disabling injury severity rate	Disabling Injury Index	Disabling injury frequency rate	Disabling injury severity rate	Disabling Injury Index
<b>Taipei</b>		0	0	0	0	0	0
<b>Shulin</b>		0	0	0	2.49	149	0.6
<b>Linkou</b>		0	0	0	0	0	0
<b>Kungshan</b>		0	0	0	0	0	0
<b>Jinghsin</b>		0	0	0	0	0	0
<b>Mailiao</b>		1.04	2,106	1.47	0	0	0
<b>Chiayi</b>		0.52	11	0.07	0	0	0
<b>Hsinkang</b>		0.37	3	0.03	0	0	0
<b>Renwu</b>		2.46	50	0.35	0	0	0

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An accident occurred in 2014 when one employee disobeyed operational regulations and fell into a tank without sufficient protection, resulting in a single death case caused by poisonous gas. The Company immediately established an accident investigation team after the accident to determine responsibility. The team adhered to an inquisitive spirit and called meetings with the relevant departments for joint review to thoroughly clarify the cause of the accident, and determine specific improvement measures. Not only did the Company thoroughly review the reasonableness of its regulation systems and operational procedures, but it also constantly updates its management policies to keep up with the times and improve operational procedures in a timely manner (such as revising and enlarging the “Confined Spaces Control and Operational Guidelines”, emphasizing protective tank exit measures, and implementing staff access control to prevent employees from entering dangerous areas). The Company also emphasizes educational training for all departments to ensure that all employees have the knowledge to comply with the Company’s regulations and to prevent further abnormalities from occurring. Furthermore, all the departments should cooperate with the Company to carry out project activities “To implement the SOP- full participation”, and all personnel should regularly complete SOP reviews and participate in the revision and implementation of SOP. Even more important, the Company will reward departments with excellent SOP performance and encourage all employees to participate in improving and maintaining the safety of the work environment.

### (1) Workplace Safety Management

To establish a specified organization for occupational safety and health, all of the Company’s factories have set up a labor safety and health committee pursuant to relevant laws and regulations. The total number of committee members is 215, including 84 labor representatives, which accounts for 39%, surpassing what is specified by relevant laws and regulations. Furthermore, in order to absorb all the professional knowledge, the Company contacts professional teams at home and abroad to obtain all kinds of guidance and technology. Some of the Company’s efforts include periodically holding various symposiums and rallies with labor inspectorates, performing emergency drills with local authorities, appointing firefighters to domestic professional fire training units to receive real fire training, entrusting the TUV and LRQA authentication association to provide complete reviews, validating, suggesting, and appointing HIS to guide the PHA of the Company, and ensuring that the health and safety, risk assessment, and fire management of the Company complies with international standards. The Company and the government can also support one another to display the various resources to the maximum benefits.

#### A. Process Safety Management (PSM)

According to company regulations, 154 specially-assigned PSM employees (92 in Taiwan, 59 in mainland China, and 3 in Vietnam) have been designated to kick start 14 PSM performances. These individuals are dedicated to promoting and managing administrative PSM operations of all departments and ensuring PSM operational quality. The content of their management work is summarized as follows:

- a. Handling audit assignments for the processing plant’s 14 primary PSM projects every month and ensuring that all the companies can implement the operations according to the Company’s rules and regulations, normative procedures, and work practices.
- b. All factories (only in Taiwan) submit the results of the KPI index of processing safety management each month to control the management risk of processing safety.
- c. Organizing the “PSM operational communication and PSM specialist symposium” twice a year to achieve PSM operational communication in the Company and improve the PSM operational quality of all departments.
- d. Organizing the published process risk management achievement activities each year and giving an observation tour based on the achievements to communicate and improve the overall ability for process risk analysis and assessment.

#### B. Process safety management (PHA)

PHA refers to understanding and mastering the operating risk of the Company, constantly reexamining processes and personnel’s PHA, proposing and registering suggestions for improvement, and controlling schedules.

To improve the quality of process safety management, the Company has entrusted IHS to handle the training and certification of its PHA Facilitators. Sixteen individuals (in Taiwan) have passed authentication and performed PHA inspection, which includes comprehensively counseling and promoting PHA issues in all factories, searching to identify potential hazards in workplaces, and effectively controlling process risk.

Furthermore, regarding the potential hazards of personnel and field operations in the workplace, the Company periodically makes JSA and examinations to ensure personnel’s operation safety.

### C. Management of Change (MOC)

To ensure that changes to any projects, facilities, raw materials, or operating conditions do not damage the processes, MOC controllers have been designated in all departments to control MOC procedures according to the Company's rules and regulations. Furthermore, the controllers regularly check and confirm the completeness of the hazard analysis of change.

## (2) Fire Control Management

To emphasize the factories' emergency response and disaster relief capabilities, as well as their ability to notify accident locations so that nearby factories can provide support of fire relief equipment and human resources when a major fire disaster occurs, the self-defense fire brigade (which assists the professional fire brigade in the case of a disaster) has been set up and consists of the four big companies: Formosa Plastics, Nan Ya Plastics, Formosa Chemicals & Fibre, and Formosa Petrochemical Corporation. In Mailiao District, 419 individuals have been authorized, with 1,707 more in reserve; furthermore, 601 individuals have been authorized in other factories outside of Mailiao District. To reinforce professional fire control and disaster rescue knowledge for self-defense firefighters, Formosa fire brigade in Mailiao industrial district holds real fire training in Mailiao District, while other factories have firefighters receive firefighting skills training in such fire stations as "Training Center of N.F.A. Ministry of the Interior, R.O.C" and "Hsinchu City Fire Training Facility" to improve their emergency response capacity when facing a disaster.



Real fire training for fire control (The participants should wear protective equipment.)



Real fire training for fire control (practice exercises in the fire pool)

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### (3) Transportation Safety

The company has included transportation contractors in its management since 2012 and holds seminars with them every month to convey the concepts and management requirements of Formosa Plastics Group. In such seminars, traffic accident cases are discussed in order to prevent similar cases from happening again and to reduce the number of accidents through educational training and analysis and review of accident causes. Furthermore, the Company has recently taken advantages of the managerial experience of its own motorcade to actively promote such good management measures as GPS TOSMS, security defensive driving skills, and considerate driving concepts in order to ensure the safety of both people and cars.

### (4) Healthcare for Employees

The Company employs planned and organized methods to constantly promote health measures. Furthermore, the Company provides a safe working environment for employee health and provides an excellent training plan and system so that employees can have clear objectives to follow and use their individual talents, thus stimulating their will to get involved.

#### Healthcare Promotions of NPC

Category	Management Rule
Health Management	Health Management Policy
Dietary Hygiene	Health Management policy
Violence Free in Working Place	HR Management Policy
Tobacco Hazards Prevention Act	Entry and Exit of Factory Policy
Infectious Diseases Prevention Act	Health Management Policy
Recreational Activities	Social and Employee Welfare Policy
Charity(Blood Donation, Volunteer, Afforestation Activities)	Evaluation of the General Management Division
Gender Equality	Anti-sexual Harassment Policy
Human-based Management	Safety Observation and Discussion Measures
Well-placed Talents	Health Management Policy
Recreation Facilities	Social and Employee Welfare Act
Preventive Measures for Misc Occupational Hazards	Health Management Policy
Promotion of Reward System for Divisions and Employees with Outstanding Performance	Occupational Safety, Reward and Punishment Management Policy



#### A. Entrusting a Third Party Public Trust Group to Oversee Environmental Monitoring

To truly master the actual situation of employees' work environment and assess their exposure to hazardous factors, the Company has designated an occupational health team to oversee environmental monitoring, a measure that is not required by relevant laws and regulations. In 2014, the Taiwan Society for Occupational Health supervised the implementation of work environmental monitoring in Mailiao industrial district, where 172 employees in five factories received personal exposure measurement, and 60 workplaces have been checked. The analysis results reveal that the concentration of chemical substances is lower than that required by occupational exposure at home and abroad. Furthermore, the results are reported to both the employees and the occupational health management and will be constantly shared.

#### B. Promoting Healthy Diets

The Company also implements health management of employees' restaurant environment in accordance with administrative measures. The administrative department periodically publishes the results of food inspections so that employees can eat confidently. To promote healthy diets, the Company also publishes health education information related to diet and nutrition, as well as improving conditioning methods, the use of spices, ingredient selection and purchasing, and menu planning, with the assistance of nutritionists from Chang Gung Hospital. Among the monthly dishes in the employee restaurant examined in 2014, the ratio of fried dishes was lower than the 6% demanded by the management objective.



Certificate of Qualified Operation Environment

## 5 Corporate Governance

### C. Better Employee Health Management and Constant Health Promotion

The Company seriously cares about employee health. In addition to implementing the health inspection project recommended by relevant laws and regulations, the Company has increased its metabolic syndrome and cancer screening projects, such as those for high density lipoprotein cholesterol, alpha-fetal protein, CEA, and oral mucosa. With regard to employees that work on operations potentially hazardous to health due to high temperatures, noise, ionizing radiation, lead, tetrachloroethane, dimethylformamide, normal hexane, benzene, arsenic and its compounds, dust, and chromium, they will receive special health inspections and hierarchical health management. In 2014, the special health inspection results revealed that no abnormal cases of occupational diseases were found. Factories have medical staff that can provide individual guidance and counseling so that employees can enjoy the healthcare system, including such features as weight management, smoke pollution prevention, health lectures, preventive healthcare, and diagnosis and treatment of injuries. More importantly, further integration with the medical and health services of Chang Gang Hospital medical centers allows the Company to promote medicine and disease prevention and control while reinforcing health concepts for its employees.



Staff Health Checkup

#### D. Building a healthy workplace and sharing the experience

To share our achievement of building a healthy working environment for our employees with the rest of the world, the Company seeks suggestions for improvement from foreign specialists and scholars and actively participates in health professional certification. Six factories obtained endorsement labels between 2012 and 2014. Moreover, Shulin industrial district has had good performance for healthcare management, such as promoting the improvement of employees' abnormalities in health checks and helping employees to quit smoking; in 2012, they won the excellent health career award issued by the Department of Health and Welfare. Furthermore, in 2014, the business office in Taipei won the excellent health career award issued by the Taipei government due to its good performance in preventing and controlling metabolic syndrome.



Nan Ya Plastics was awarded the Distinguished Health Workplace Prize from the Taipei Government in 2014.



Social Welfare





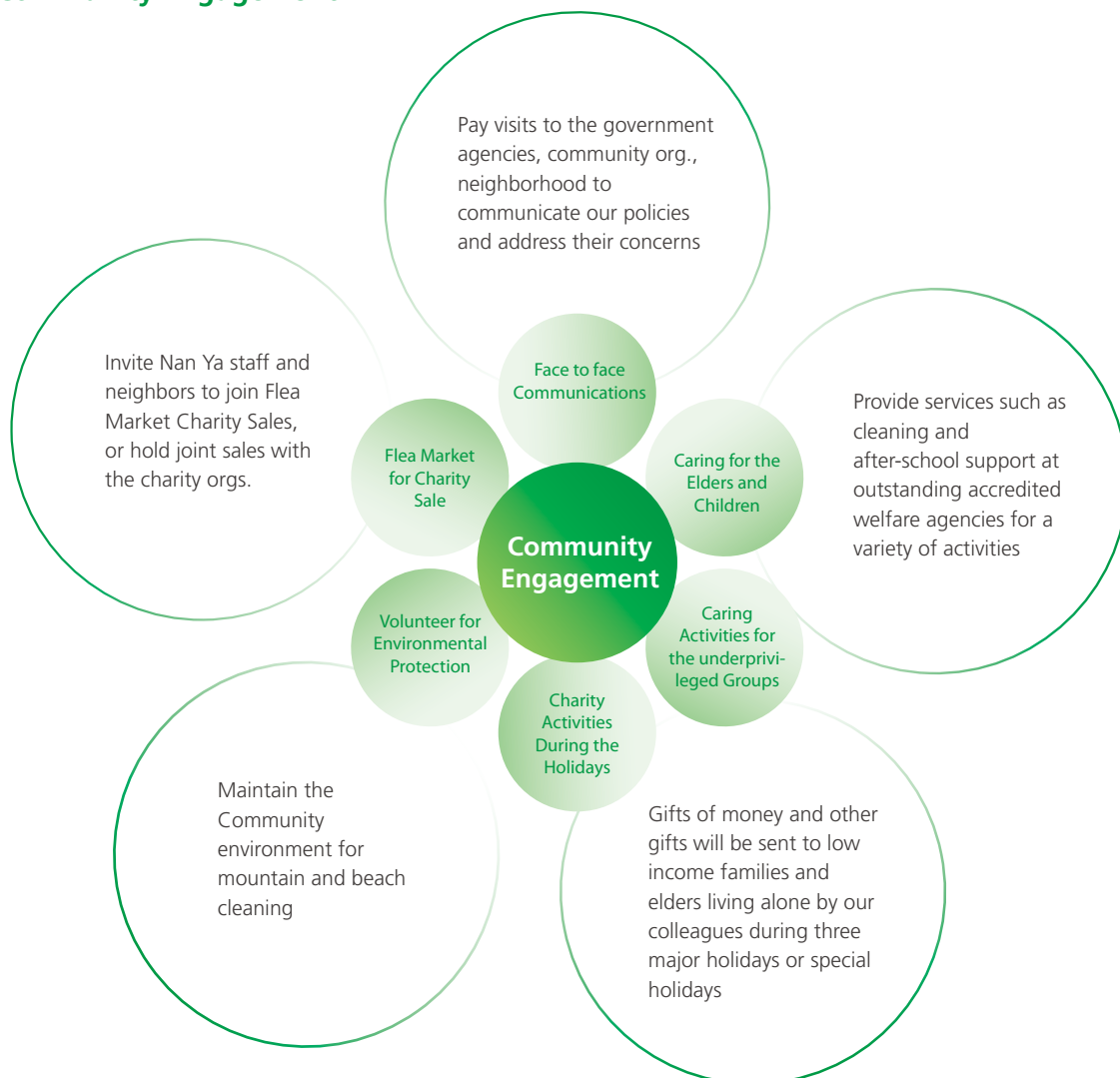
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## 6 Social Welfare

We make every effort to deeply understand the demands of the local community by visiting to the community organizations, maintaining the Community environment, caring for vulnerable groups. Furthermore, having inherited the concept of the two founders of "take from the society and use it for the society", the Formosa Plastics Group (FPG) makes long-term and systematic plans to donate and establish education, medical treatment, and public welfare systems. In addition to becoming devoted to the public welfare establishments of education and medical treatment in the 1960s, we have been actively cooperating with the government and various non-governmental organizations since the 1990s. In order to positively solve social problems and care for vulnerable groups, FPG integrates the industrial core values and management experiences to provide the most effective assistance.

### 6.1 Community Engagement





## (1) Building the Bridge of Mutual Trusts

To better improve our community relations, our company has appointed personnel from various plants to conduct community engagement plans in their local neighborhoods. Every month, visits are made to local government, environmental protection groups, heads of community offices, families, and local residents. Community meetings were conducted on a regular basis to gather feedback from local residents and we responded immediately to the questions they raised. We answered every question in detail and took the initiative to promote our policies neighbors. This helps them understand out intentions and build harmonious relationships of mutual trust and assistance.



Paperwindmill Theatre Performance.

## (2) Bring the Traditional Culture to Remote Townships

Furthermore, we feel that it is very hard to continue our traditional art with an uneven distribution of cultural resources. In order to carry forward traditional arts and features of local cultural, Linkou Plant of Nan Ya Plastics Corporation cooperated with the "Paperwindmill Theatre, Taiwan" to promote art through high-standard visual performances in the township. There were over 2,000 audience members attended the performances, which were always met with enthusiasm and great applause.



There were over 2,000 audience members attended the performances. This high-standard visual performances filled the seat.

## 6 Social Welfare

### (3) "Factory and Community as One" - Community Engagement

To implement the concept of "take from the society and use it for the society" and build the bridge of mutual trusts between our company and neighborhood, we not only contributed to the citizen patrols, activities of local temple, festival evening parties, but also visited and donated to the solitary elderly and charitable organization, including nursing homes and children's homes. In 2014, the charitable donations of our company and staff totaled NT\$ 4,589,114. In the future, we will still continue to deeply realize the residents' demand and hope to achieve our objective of building a harmonious neighborhood.

### (4) Volunteer for Environmental Day

To get closer to the community and promote a harmonious neighborhood, our company conducts the Environmental Protection Volunteer Day. Through this, we encourage our employees and their family members to commit themselves to volunteerism and help maintain the cleanliness of various communities. Personnel from the environmental protection volunteer team were appointed to clean the neighboring garbage on weekends or holidays. In 2014, we held a total of 48 volunteer service activities, in which 964 volunteers participated, to jointly improve the plant's surrounding environment and make active environmental protection efforts.

### (5) Mountain Cleaning Activities

The volunteers of the northern plants of Nan Ya Plastics Corporation participated in the mountain climbing and hiking activities, which was organized by the welfare association, and picked-up garbage simultaneously. They also cooperated with Cleaning Squadron of Township (City) Office to dispose garbage. Our Company hopes to promote green environmental protection concepts and invite everyone to protect the earth through such activities.

### Environmental Protection Volunteer Service



Environmental Protection Volunteers of Nan Ya, swept the streets near the factories and help maintain the cleanliness of various communities

### Mountain Cleaning Activity



Environmental Protection Volunteers assisted neighbors to clean the mountain area and advocate environmental protection.

## (6) Kind-hearted Services

The operation of the Company is built on the basis of giving back to society. In order to further encourage the volunteerism culture, promote volunteer service among employees, and maintain to kindhearted service activities in different aspects, we have continuously contributed to local public welfare. We cared for low and middle income families, solitary elderly, and children of nursing homes or children's homes. We also assist in the after-school care for children of vulnerable families and participate in the early intervention treatment service. Moreover, we donated materials, and provided volunteer services to the excellent social welfare institutions, publicized by the Ministry of the Interior or recommended by the county or municipal Social Welfare Office to maximize resource allocation and benefit utilization.



"Wang Jhan-Yang Social Welfare Foundation" caring for the early intervention community for developmentally delayed children

## Love Club Friendly Activity

### 南亞愛心社 贈愛維洗澡床

社員歲末關懷重障者 及時解決養護中心難題 盼能隨轉引至



The Love Club of northern plant of Nan Ya provided the caring and assistant service to vulnerable groups. In 2014, this club totally held 31 caring activities, with 1,758 volunteers participated. In Ai-Wei Mercy Home, the severely physically disabled Sing, who accidentally crushed the bath bed for overweight (140kg), so the Love Club of Linkou Plant jointly with Chin-Tsyr Charity Society donated the electric bath bed, to let the severely physically disabled take bath easily, and develop the spirit of mutual aid and human sympathy.



## 6 Social Welfare

### (7) Public Welfare Activities and Flea Market for Charity

In order to spread Love, the northern plant of Nan Ya Plastics Corp. invited the members of Chin-Tsyr Charity Society and love volunteer team of the plant to jointly hold the charity bazaar in the plant evening party, fair, and nearby community temple fair activity and donated all the proceeds to Chin-Tsyr Charity Society.



Love Flying – Flea Market Carnival



Baby Life, Love Flying – Flea Market Carnival

### (8) Healthcare Promotion

In addition to maintaining good relationships with neighbors, employee health is another issue about which we care greatly. The Health Center of Kungsan Plant teamed up with Chang Gung Memorial Hospital and Chang Gung University of Science and Technology to promote such occupational health activities as “promoting the prevention of metabolic syndrome” and offered blood drawing examinations for “metabolic syndrome” for free to achieve early detection and early treatment and thus prevent the three highs of cardiovascular disease.



Employees participating in “promoting the prevention of metabolic syndrome”



Healthcare promotion activity

## 6.2 Charity Donations

In addition to caring for our local neighbors, we actively cooperate with the government and private organizations to comprehensively understand social needs as well as help vulnerable groups to implement the concept of “take from the society and use it for the society” of our two founders. In recent years, FPG has invested nearly \$50.42 billion in charities for educational, medical, and social welfare causes to continuously provide assistance for those in need. For example, we assisted underprivileged minority to apply for emergency allowances of Pro-Diligence Charitable Foundation. In 2014, total of NT\$ 181,591 was donated to help low-income families near Linkou, Shulin, Kungshan, and Jinghsin Plant to apply for their unpayable medical expenses and funeral expenses, etc.

### Summary of Charitable Donations Made by Formosa Plastics Group

Unit: NT\$ 0.1 Billion

Year	Category	Charity Content	Donations
1960   1980	Education	Founding of Ming Chi University of Technology and subsequent donations	278.1
		Founding of Chang Gung University and subsequent donations	
		Founding of Chang Gung University of Science and Technology and subsequent donations	
	Medical	Founding of Chang Gung Memorial Hospital	28.4
		*Assisting the poor with access to medical services	
1990	Care for the infirm	Assisting indigenous students with receiving education, employment, and other subsidies	26.3
		*Donation of cochlear implants	
		Improve the service quality of physically and mentally disabled welfare groups	
		Children's and women's welfare	
2000   Now	Environmental Care	Donation to Taipei, Kaohsiung, and Yunlin Second prisons for the Rainbow Project and drug withdrawal program for prisoners with AIDS	12.2
		Recycling of kitchen waste	
		Planting of organic crops	
	Care for the Elderly	Afforestation	4.2
		*Establishment of Chang Gung Health and Culture Village	
	Reconstruction of Disaster Zones	Donation of pneumococcal vaccines to the elderly	46.5
		**Donations for the reconstruction of 68 old and dangerous schools in areas damaged by the 921 Earthquake and hurricane Morakot, as well as other counties/cities	
	Cultural Promotion	Donations to local culture and performance groups	0.5
	Sports Promotion	Promotion of sports and training of athletic talents	1.1
	Health Promotion	Health promotion and related academic research	1.4
	Community Investment	A variety of involvement in partnerships with FPG factories' neighboring communities to address social issues	99.6
	Others	Chang Gung Social Welfare Fund and other donations	5.9
Total			504.2

- Notes: 1. 「\*」 Denotes donations that are contributed from the profits of Chang Gung Memorial Hospital and are not included in the total donation amount.  
2. \*\* Denotes reconstruction of old and dangerous schools, including those under construction.  
3. The chart only records those donations in Taiwan only.

## 6 Social Welfare

### 6.3 Advancement of Medical Services

#### 6.3.1 Chang Gung Medical System

Being aware of the lack of medical resources in Taiwan during the 1970's, the two Founders of the Formosa Plastics Group dedicated themselves to promoting social welfare donation and decided to establish a non-profit teaching hospital. In March, 1973, Chang Gung Memorial Hospital, which began providing medical treatment services to the people of Taipei in December of 1976, was established and Taipei, Linkou, Keelung, Kaohsiung, Chayi, Taoyuan and Yunlin Chang Gung were formed one after another after 30 years' efforts. Besides, it also provided the preventive, emergency, chronicle, Chinese and long-term medical care. An integrated health care system is formed and becomes the first proton radiation therapy center of Asia. The service is scheduled on market in 2015.

Since the establishment of Chang Gung Memorial Hospital, we proactively recruit excellent medical care talents to nurture the potential ones, providing the patients with high quality and secure care. We also have many pioneering management achievement that made the records. For example, the guarantee for medical expenses incurred during hospitalization, doctors reject red envelopes, lowering the dialysis afford and further upward the overall quality of Taiwan medical services. Due to the efforts from Chang Gung Memorial Hospital, the average health bed for every 10 thousand has increased from 19 to 69 beds (source: statistics from Ministry of Health and Welfare). The effects have surpassed some of the advanced countries such as Britain and the USA.

Chang Gung Memorial Hospitals have evolved as one of the hospitals of large scale in Taiwan, and its extraordinariness in medical equipment and service are no inferior to the first tier world-wide hospitals. It's been operated with 9,000 beds and 22,000 employees, and serves more than 8.82 million emergency and out-patients visits, as well as over 278,000 in-patient admissions (average patients: 28,500/day). It proves that the Chang Gung Memorial Hospital has become one of the most trust-worthy one in Taiwan.



### 6.3.2 Local and Overseas Medical Care

Holding to our mission of providing healthcare services while promoting public welfare without profit, Chang Gung Memorial Hospital not only serves walk-in patients, but also reaches out into the community and beyond, providing healthcare services and humanitarian assistance that exemplify mankind's philanthropic deeds.

#### (1) Emergency Medical Services

Chang Gung Memorial Hospital assists the Government by providing medical preparedness and responding to major disasters. All facilities are designated by the Government as area disaster response centers and facilitate local disaster response, as well as training. They have participated in many rescue operations over the years.

#### (2) Medical Assistance

Chang Gung Memorial Hospital has provided medical assistance to areas lacking in medical resources. For instance, the Linkou Branch established a medical station in Fuxing Township of Taoyuan County in 2002, providing daily medical diagnostic services and mobile medical services. Since 2001, the Kaohsiung Branch has provided free annual medical services to remote townships, such as Liukuei, Maolin, Neimen, Sanmin in Kaohsiung County; Mudan, Santimen, Liuchiu in Pingtung County; and Wangan Township in the off-island Penghu County. Medical service tours were provided along with health education lectures and cancer screenings in 8 non-medical townships such as Jiaxian and Shanlin since 2009. In 2011, we have built a community long-term care center and recruited rehabilitation physicians, family medicine physicians, Chinese medicine doctors, social

workers, dietitians, registered nurses, physical therapists, and occupational therapists to provide integrated medical services along with long-term home care in remote and aboriginal communities. Moreover, the Chiayi Branch has provided mobile medical services to villages without Chinese medical access in Bu Dai Township Since November 2012 and began to provide medical support for the Alishan Tourist Zone, providing both locals and tourists with high-quality emergency medical services. The Keelung Branch was set up and began providing mobile medical services to non-medical areas, such as Mei Fung of Gongliao Township and Nan Shan, Bai Shi, Hai Bin Tribe of Pingxi Township, and also regularly stations medical personnel at these remote locations. Currently, the services have benefited up to 3,000 people. As these areas only have 2,809 residents, surveys have confirmed that the satisfaction level with the medical assistance provided by Chang Gung Memorial Hospital is 100%.

Meanwhile, all facilities of Chang Gung Memorial Hospital also serve as transfer centers to provide tertiary neonatal care for high-risk newborns from other hospitals or clinics with substandard medical equipment. They provide advanced, delicate examinations, medical inspections and intervention treatments to save precious newborns' lives.

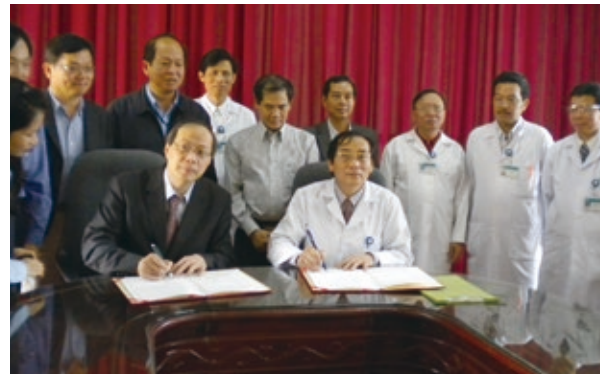
Furthermore, we also actively provide services for specific socially vulnerable groups such as free tattoo removal service for juveniles under probation, assistance for juveniles reintegrating into society, health management and healthcare for kids in children's home, care and comfort services for solitary elders, foot or mouth painter recruitment, and the establishment of massage stations run by blind people to increase job opportunities for people with disabilities.

## 6 Social Welfare

### (3) International Medical Assistance and Diplomacy

The international medical team from Chang Gung Memorial Hospital's Linkou Branch, which consists of medical staff from ophthalmology, cardiology, and plastic surgery departments, visited Hanoi, Vietnam on July 27, 2014 and offered complimentary medical services to approximately 100 people, in the spirit of medical diplomacy. Moreover, Ms. Xiao-Ling Yi from Hong Kong had her lower jaw seriously injured from a gunshot wound in the Philippines hostage incident of 2010. After over 30 operations, even experts from South Korea's plastic surgery industry announced that they were unable to repair the injuries. In March 2014, Ms. Yi began treatment at Chang Gung Memorial Hospital's Linkou Branch. Plastic surgery physician, Dr. Wei, and dentist, Dr. Tsai, led the medical treatment team and handled her microscopic plastic surgery and three-phase tooth implantation surgery. They smoothly completed the lower jaw reconstruction and scar mending operation to recover the patient's good appearance and chewing functions, which had been lost for a long time, and restored Ms. Yi's hope in life.

To promote international medical assistance and assist our allies in the development of medical professionals, Chang Gung Memorial Hospital's Kaohsiung Branch participated in an international friendship and medical treatment mission to Guatemala in September 2010. In addition to offering 13 Guatemalan physicians in different fields of expertise medical training in Taiwan, the Kaohsiung Branch also provided assistance for the establishment of the "National Organ Transplant Center" in Guatemala in 2012. In October 2013, Kaohsiung Branch accepted an invitation from the Guatemala President to perform an operation on a Guatemalan baby with Biliary Atresia symptoms, completing the first case of the highly difficult hyper-reduced size living donor liver transplant in Taiwan. On January 14<sup>th</sup> 2015, the Ministry of Foreign Affairs issued an invitation to the Kaohsiung Branch President Chen to lead a team to Guatemala, Paraguay, and the Dominican Republic to assist in the development of advanced medical technology and provide short-term and middle-term professional training for medical personnel from our diplomatic allies. Chang Gung Memorial Hospital also sent a delegation of physicians over to provide short-term training and guidance for surgery operations, thus further increasing the professional proficiency of local medical staff. The kind intentions of Hospital President Chen deeply moved the Guatemalan Minister of Health, who resolved to procure all the necessary equipment for the liver transplant within six months and pushed for greater implementation of the "National Transplant Center". In addition to improving the international image of Chang Gung Memorial Hospital, the medical assistance to Central and South America has also assisted the Taiwan government in its diplomatic relations.



Signing of Medical Exchange Cooperation between Keelung Chang Gung Memorial Hospital and Ha Tinh Municipal Hospital, Vietnam



Vice President of Keelung Chang Gung Memorial Hospital led the medical team for free medical service in Nghe An, Vietnam.

In March 2014, the Keelung Branch signed a medical cooperation agreement with Ha Tinh Provincial Hospital (Vietnam) and Cheng An Hospital and sent a professional medical team consisting of physicians, pharmacists, nurses, and administrative staff to provide actual medical services and deepen bilateral cooperation. The scope of international medical assistance was focused primarily on providing free physical examinations, medical consultations, and health education seminars at the Ky Long Medical Station in Ha Tinh, Vietnam. The medical team also conducted medical seminars at the Cheng An Hospital in Nghe An, Vietnam in order to share the medical experiences of Taiwan while also providing substitutes for medical staff receiving training to improve the quality of medical services and promote the localization of medical services. Therefore, the medical team was widely welcomed by the locals and received positive comments from the local media, marking a big step for Taiwan in medical diplomacy.

Chang Gung Memorial Hospital's Chiayi Branch also cooperated with Bodhicitta Mandala Foundation, Indonesia during a

visit from December 1<sup>st</sup> to 7<sup>th</sup>, 2013. Led by the vice-president of the hospital, Mr. Li Xuan-Sheng, the medical team visited Kota Medan, Sumatra to offer health checkup services and health education lectures. Among the 917 people that received medical services, 678 were found to have abnormalities, thus providing them the opportunity to seek early medical treatment. Furthermore, A memorandum of understanding was also signed with the University of North Sumatra to promote bilateral cooperation in education and research.

#### (4) Welfare Service and Medical Subsidy

Chang Gung Memorial Hospital designates a fixed portion of its monthly income and donations from the community to its social charity funds for community welfare services, including the donation of cochlear implants, an umbilical blood bank subsidy, deep brain stimulation treatments, etc. Medical Subsidies are given to the poor and disabled to provide them with equal access to medical services. Many lives were saved in indigent populations. Meanwhile, patient forum activities, community services, and organ donation campaigns were held to promote welfare to the larger community. As of 2014, the medical subsidies offered have exceeded NT\$ 550 million, adding up to a total of NT\$ 6.46 billion in overall subsidies.

#### (5) Health Promotion – Community Services

As the number of patients with chronic illnesses has increased in our country, Chang Gung Memorial Hospital has acted in accordance with national policy, conducting countless free health counseling sessions, preventive services, screenings, and health promotion events each year. These community events help local residents identify health issues prior to experiencing advanced complications, thus receiving treatment at an early stage.

#### Community Health Promotion and Lecture Activities

<b>Item \ Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Number of Activities</b>	1,442	1,979	1,928	1,846	1,345
<b>Number of People Served</b>	106,713	135,500	132,561	116,939	106,321
<b>Expenses (NT\$ Ten Thousand Dollars)</b>	596	1,006	1,061	1,163	1,426

## 6 Social Welfare

### 6.4 Education

#### 6.4.1 The Establishment and Current Profile of the Three Universities

Due to the rapid economic growth in Taiwan during the 1960s, there was a critical need for mid-level skilled industrial professionals. In response to Taiwan's developmental needs, in December 1963, the founders of the Formosa Plastics Group donated funds for the establishment of Ming Chi Institute of Technology, now known as Ming Chi University of Technology. With the establishment of Chang Gung Memorial Hospital in 1976, the founders also determined that there was a serious shortage of quality medical professionals in Taiwan. To train outstanding medical professionals and increase the medical standards of Taiwan, Chang Gung Medical College (now known as Chang Gung University) was founded subsequently in 1987, as well as Chang Gung Institute of Nursing (now known as Chang Gung University of Science and Technology) in 1988.

These three universities share the same core values of Diligence, Perseverance, Frugality, and Trustworthiness. These values serve as a reminder and encouragement for the students to become diligent and practical youths. Furthermore, the collaboration of industry and academics and the development of the internship system are implemented to develop students that are independent and diligent that can integrate theory and practice in order to cultivate outstanding professionals with knowledge and ability.

##### (1) Ming Chi University of Technology

Starting from the core values of Diligence and Perseverance, the Ming Chi University of Technology (MCUT) has three colleges - College of Engineering, College of Environment and Resources, and College of Management and Design. The educational objective of MCUT is to provide a well-rounded curriculum for the development of professionals with diligent attitudes, the ability to integrate theory and practice, and the desire to practice lifelong learning. MCUT was evaluated as a merit running school in an annual Ministry of Education evaluation. In 2012, MCUT was recognized for excellence in the University of Technology evaluation results announced by the Ministry of Education, and was ranked number one domestically. It was also awarded by the Teaching Excellence Program for having the highest average subsidies per student for nine consecutive years. All of our faculties in the College of Engineering have been certified by IEET (Institute of Engineering Education Taiwan) and MCUT has been presented with multiple distinguished awards for Successful Collaboration with the Manufacturing Industry over the years. MCUT now operates four research centers - Biochemical Technology R&D Center, Center for Thin Film Technologies, Biochemical Engineering Research Center and Application, and Battery Research Center for Green Energy. MCUT is truly a school with an outstanding educational tradition and academic performance.

##### (2) Chang Gung University

The Chang Gung University (CGU) consists of the College of Medicine, College of Engineering, and College of Management. CGU strives for excellence in both academic instruction and research since its establishment. Furthermore, CGU has pushed for the development of a well-rounded education, which will help youths possess the qualities of both academic proficiency and moral ethics, as well as build character. In the annual Ministry of Education (MOE) evaluations, CGU has always been recognized for its outstanding performance. For instance, MOE launched the "Aim for the Top University Plan" to support top performing domestic universities to develop into international educational and research powerhouses. Under this project, MOE sponsors 12 scholarly excellent universities. CGU is the only private university in this plan. CGU has also established university-level research centers and carried out top-tier research in several professional sectors, particularly in the "molecular medicine", "bio-signature", and "aging health" fields. Under the guidance and leadership of Nobel Prize winner Prof. Leland Hartwell, CGU has developed a highly sensitive and dedicated method of screening early stage oral cancer. Furthermore, CGU also signed partnership contracts with Compal Electronics, Inc to co-develop wearable technology devices for healthcare applications. According to the statistics of international professional institutions, CGU has ranked 5th in terms of overall domestic research in recent years, just behind National Taiwan University, National Tsing Hua University, National Cheng Gung University, and Jiao Tong University. In the world university ranking published by Shanghai Jiao Tong University, CGU has been ranked in the Top 500 for seven consecutive years, ranking 411<sup>th</sup> in 2014.

### (3) Chang Gung University of Science and Technology

The goal of Chang Gung University of Science and Technology (CGUST) is to cultivate talents for the medical industry and become a world class healthcare institute. To achieve this, CGUST has established the College of Nursing, College of Human Ecology, and Center for General Education. Moreover, CGUST has also established three research centers, including Chronic Diseases and Health Promotion Research Center,

Clinical Competency Center, and Research Center for Industry of Human Ecology. CGUST has shown outstanding performance in recent years and attained several educational program subsidies provided by MOE. CGUST also encourages teachers to collaborate with government sectors, Chang Gung Memorial Hospital, and the Formosa Plastics Group in the areas of research and R&D programs to gain practical skills.

#### 6.4.2 Education and Employment Assistance for Aboriginal Children

To care for the aboriginal population, Formosa Plastics Group has recruited many aboriginal female students to receive education in Chang Gung University of Science and Technology since 1995. The program is being conducted with Technical Training Classes for Aboriginals with the aspiration to train them so that they have the ability to participate in our modern-day society. Full tuition subsidies are provided to these students, along with internship opportunities to reduce the financial burden on their families. AS of today, more than 5,000 students have benefited from the program, and a total of NT\$ 1.67 billion has been provided.

Schools	Classes Offered	Number of Students	Amount of subsidies
Chang Gung University of Science and Technology	Nursing Classes for Aboriginals	Approx. 3,490	Approx. NT\$ 1.26 billion
Ming Chi University of Technology	Technical Training Classes for Aboriginals	Approx. 1,770	Approx. NT\$ 0.414 billion
	Diploma Classes for Aboriginals		
	Advanced Industrial Diploma Classes for Aboriginals		
	Technical Diploma Classes for Aboriginals		

## 6 Social Welfare

### 6.5 Social Support

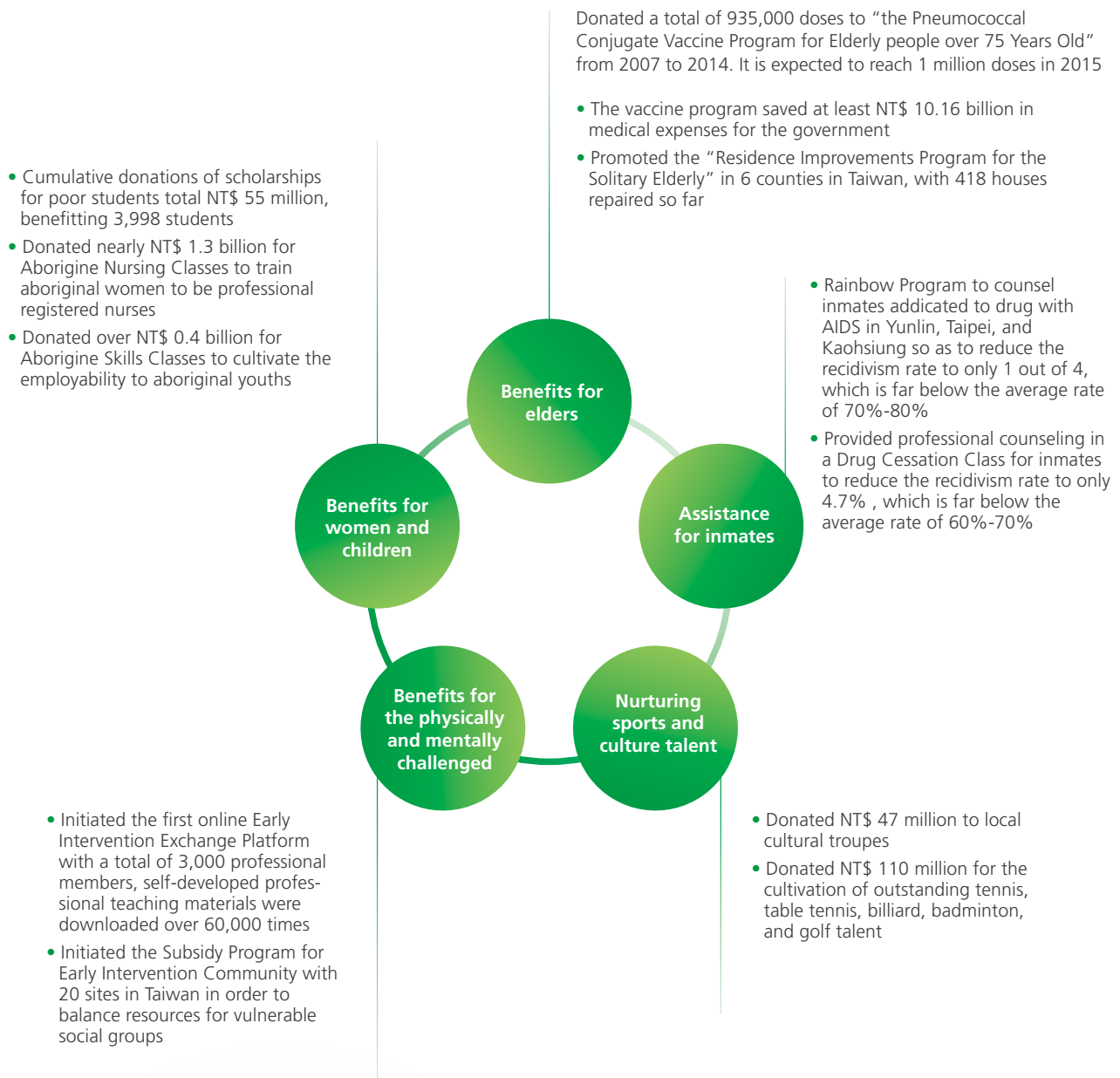
The two founders of the Formosa Plastics Group dedicated themselves to promote social welfare by establishing seven charitable trust and foundations to expand social welfare to the public. The aim of these foundations is to ensure that those in need are provided appropriate care. They serve as a social service improvement segment of our group, operating in concert with private groups and specialists. They minimize staffing and administrative costs so as to maximize their contributions to society and promote social welfare in a comprehensive, integrated, and systematic manner, thus achieving the best results for the public. Each charity project stands for a unique initiative in our country and it can also elevate service quality and sustainable management. For example, the Taipei Administration Department of Nan Ya Corporation can actively investigate local individuals with an emergency need and report them to these charitable trust or foundations so that they can receive help.

#### The Seven Foundations, Trust Funds, and Their Projects





## Social Responsibility Performance

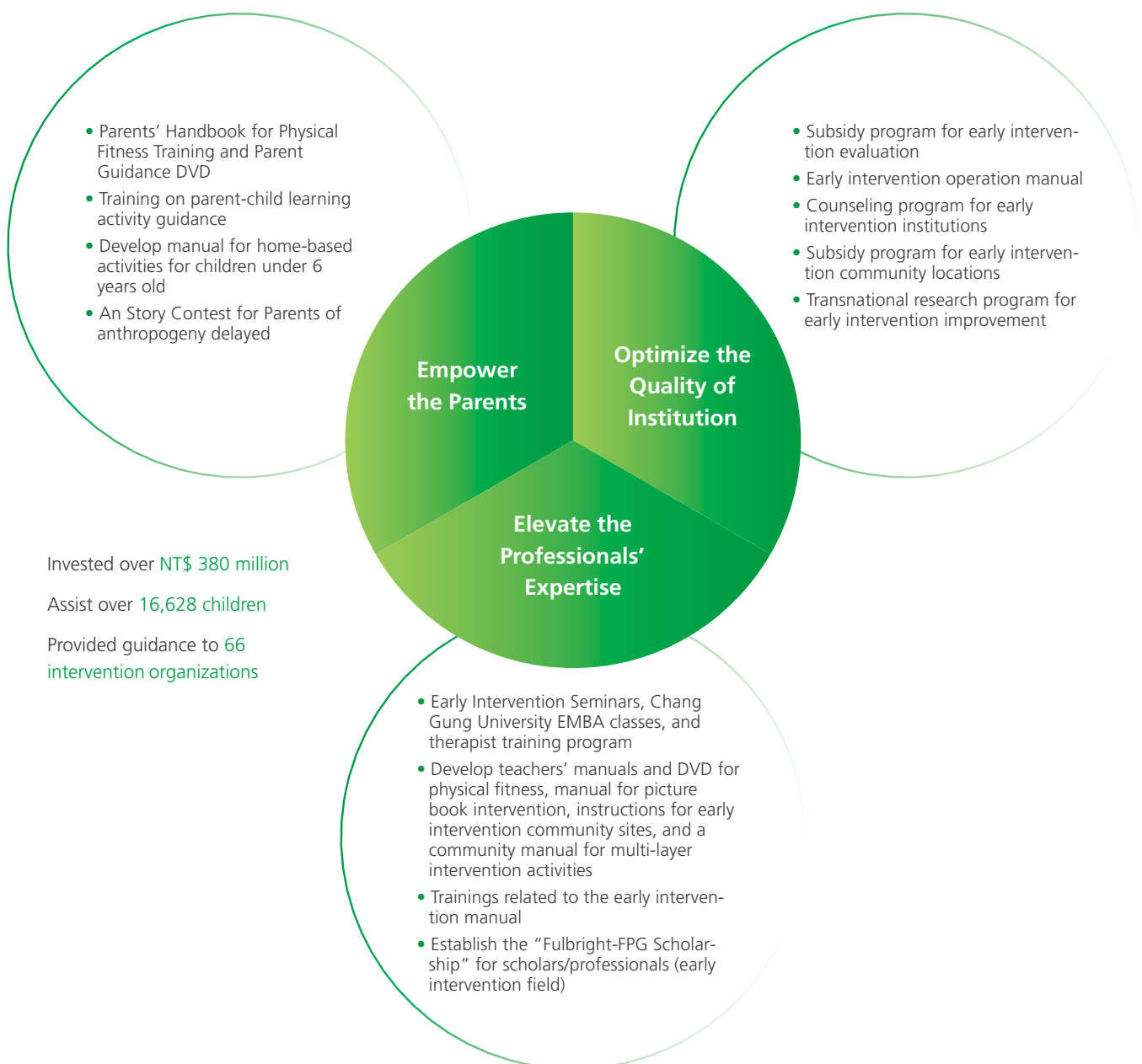


## 6 Social Welfare

### 6.5.1 Early Intervention Plan for Patients with Mental and/or Physical Impairments

It has stated the treatment before the age of 6 remains the golden period for congenital defects, but recent studies have concluded that intervention before the age of 3 produced 10-fold improvement in the prognosis, as compared to later treatments. Patients who receive treatment before the age of 3 displayed better social behavior, so they are also better able to adapt society and make their own contribution. The Formosa Plastics Group (FPG) has, therefore, donated to and participated in the improvement plan for Early Intervention Services in cooperation with the Parent's Association for Persons with Intellectual Disabilities and local experts to aid in the development of our national early intervention services. Through each planned personal intervention, we hope that agency quality, professionals' abilities, and the intervention knowledge of parents can be improved in the shortest possible time, allowing more children receive quality intervention services. From 2006 to 2014, FPG has donated NT\$ 0.38 billion to benefit 16,628 children and provided guidance and subsidies to 66 organizations.

#### The Three Approaches of FPG's Early Intervention Services



## (1) Quality Improvement of Organizations

- A. Applications for grant funding are evaluated based on 4 categories and 19 items. In 2014, a total of around NT\$ 23.5 million was provided to 37 of the 41 organizations that applied.
- B. Promotion of the Subsidy Program for Early Intervention Community Sites was continued in 2014, during which 20 treatment sites were set up by commissioned superior agencies in areas with poor early intervention resources. This provided services for developmentally delayed children.



Formosa Plastics Group offered full subsidies for learning, meals and accommodation expenses to encourage employee participation and improvement of professional proficiency.

## (2) Improvement of professional skills

### A. Seminar and presentations

We have organized annual seminars and presentations on early intervention since 2009 and conducted courses for organizations that have been previously evaluated as requiring improvements. The goal of these seminars and presentations is to improve the quality of the respective organizations' early intervention practices. In 2014, 194 participants, representing 80 organizations, attended the seminars.

### B. Establishment of an Early Intervention Forum

We established the Early Intervention Forum on the Wang Jhan-Yang Social Welfare Foundation website for professionals to share their experiences. We encourage all organizations to share information, new knowledge, early intervention manuals, and educational videos via the free online forum. The online forum had approximately 840,000 visitors between May 2010 and the end of 2014. These visitors include more than 3,000 early intervention professionals and parents. So far, the forum has accumulated around 3,000 articles, tutorial videos, and teaching materials with downloading number of early intervention manual exceeding 60,000 times.



The story telling contest encourage parents to share their experience and psychological journey, so that parents are able to gain emotional supports from each other.

## (3) Early Intervention Training for Parents

### A. Solicit Articles on Activity for Early Intervention

To encourage parents to share their experiences and provide emotional supports for each other, the 5th Annual Solicit Articles on Activity for Early Intervention was conducted by the Formosa Plastics Group in 2014. A total of 37 articles were received and 9 awards were presented. Articles receiving awards were published on the foundation's website.

## 6 Social Welfare

### 6.5.2 Donation of Pneumococcal Vaccines for the Elderly

The Formosa Plastics Group (FPG) is especially concerned with the health issues of aging population. In 2007, the founders of FPG decided to donate pneumococcal vaccines to “the Center for Disease Control, Ministry of Health and Welfare”, and collaborate to promote this program for seniors over the age of 75 since then. As of the end of 2014, FPG has donated total of 935,000 vaccines. It has been estimated that the donation has helped the government to reduce medical expenses by NT\$ 10.16 billion, in addition to providing the elderly with better quality of life. In order to enhance the health of the elderly, FPG decided to donate 60,000 doses of vaccine each year from 2013 to 2015. The doses in total are expected to reach 1 million in 2015.

#### Donation of Pneumococcal Vaccines for the Elderly



In 2014, Director of “the Center for Disease Control, Ministry of Health and Welfare” awarded a trophy of gratitude to Wang Jhan-Yang Social Welfare Foundation.

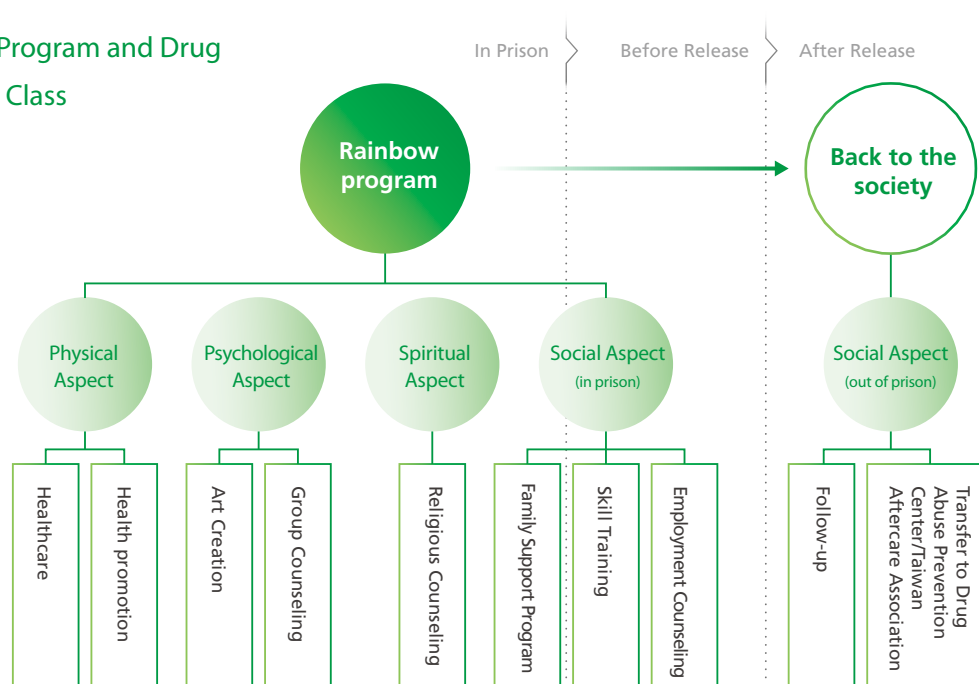


Vaccine of flu shot in the left hand and PCV shot in the right hand. Effects are better if both vaccines are taken at the same time.

### 6.5.3 The Rainbow Program

The Rainbow Program, which was subsidized by the Wang, Chan-Yang Charity Foundation, fully supports The Second Prison in Yunlin, Taipei Prison, and Kaohsiung Prison to assist inmates with AIDS who are addicted to drugs. Inmates learn a skill to help them return to normal social and family life. Furthermore, the Wang, Chan-Yang Charitable Trust provides subsidies to The Second Prison in Yunlin and Kaohsiung Prison for drug cessation classes to help general inmates addicted to drugs and return to normal life.

#### Rainbow Program and Drug Cessation Class



## Number of People and Aftermath of the Rainbow Program & Drug Cessation Class Participants

Program	Item	Yunlin Second Prison	Taipei Prison	Kaohsiung Prison	Total
Rainbow Program	Number of Inmates Counseled as of 2014	337	159	222	718
	In counseling or awaiting counseling	25	120	101	246
	Recidivism / Released	86/255	8/70	13/146	107/471
	Percentage	33.7%	8.9%	11.4%	22.7%
Drug Cessation Class	Number of Inmates Counseled as of 2014	254	-	148	402
	In counseling or awaiting counseling	275	-	250	525
	Recidivism / Released	7/115	-	1/57	8/172
	Percentage	6.1%	-	1.1%	4.7%

The recidivism rate of general inmates with AIDS addicted to drugs is 70%-80%.

The recidivism rate of general inmates addicted to drugs is 60%-70%.

### 6.5.4 Senior Wellness Center

As Taiwan progresses into an aging society and children are away at work, the need for elderly health promotion services in the community has grown considerably. FPG is committed to maintaining and improving healthy environments for the elderly to greatly reduce the psychological, personal care, and medical burdens of their children and the overall burden to society. Through partnership with the Pro-Diligence Charitable Foundation and Federation for the Welfare of the Elderly, FPG established a professional team to propose a framework for action, as well as to review and revise service programs and evaluation indicators. After revision and review was completed, trial-runs were held in Taoyuen, Taichung, Tainan, Pingtung, and Taitung. 1,034 people were served from July 2013 to the end of 2014, in which the five goals of "health, strength, vitality, mental ability, and social involvement" were all achieved.



Student Response: Using Line to interact with classmates, teachers, and family members will give them a pleasant surprise.



## 6 Social Welfare

### 6.5.5 Residence Improvements for Solitary Elderly

Falling is the primary cause of accidental deaths and physical degradation of elderly people in Taiwan, so providing them with a safe and hazard-free living environment is very important. However, many low income families or moderately low income families are unable to afford renovations, and thus must live in danger every day. Therefore, the Pro-Diligence Charitable Foundation and Ching Pao Charitable Trust Fund promoted the Residence Improvement Program for the Solitary Elderly to reduce inconveniences, obstacles, and dangers at home. Since 2011, they have worked with the Federation for the Welfare of the Elderly and the Elderly Welfare Association in Yunlin country to promote home improvement program in Pingtung, Taitung, Taoyuan, Yunlin, Chiayi, Hualien, Hsinchu, and Yilan. As of the end of 2014, renovations were completed on 418 houses, and 29 houses were under construction and review.



Before Repairment



After Repairment



Before Repairment



After Repairment

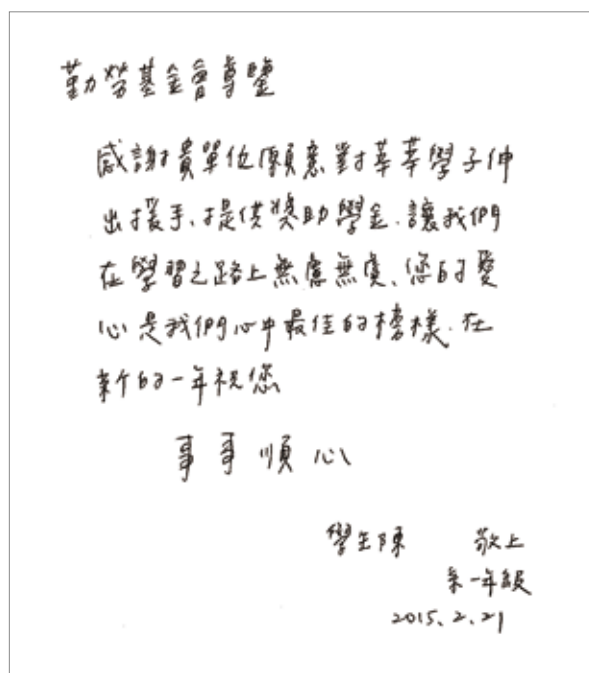


## 6.5.6 Scholarships for Underprivileged Students

Since 2011, the Pro-Diligence Charitable Foundation has financially supported high school and college students from low-income families through scholarships. In order to allow supported students to focus on their studies without being burdened with financial concerns, this scholarship prioritizes those supported students (students who meet a variety of application requirements without receiving other scholarships) so that they will be continuously assisted with completing their studies. This is done with the expectation that they will in turn help those in need in the future when they have the ability. As of 2014, 3,998 underprivileged students received assistance.



The Cards of gratitude from assisted students



Letters of gratitude from assisted students

# 7



## Appendix

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## 7 Appendix

### Appendix 1. Global Reporting Initiative (GRI) Comparison Chart

The following standards refer to the Global Reporting Initiative (GRI) Version G4.0, and the criteria's corresponding contents in the Report are described below. As shown in the external review statement, relevant information has already been checked to meet the G4 requirements on the external review list:

Aspects	Content description	Reference Chapter	Remark
Strategy and Analysis	* G4-1 Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Preface –A Message from the Management Team	
	G4-2 Provide a description of key impacts, risks, and opportunities.	Preface –A Message from the Management Team 4. Local Sustainable Development 5.1.5 Internal Control Mechanism	
Organization Overview	* G4-3 Report the name of the organization.	2.1 Company Profile	
	* G4-4 Report the primary brands, products, and services.	2.3 Main Products and Market Share	
	* G4-5 Report the location of the organization's headquarters.	2.1 Company Profile	
	* G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	2.1 Company Profile	
	* G4-7 Report the nature of ownership and legal form.	2.1 Company Profile	
	* G4-8 Report the markets served.	2.1 Company Profile	
	* G4-9 Report the scale of the organization.	2.1 Company Profile 5.1.1 Corporate Management Profile 5.1.2 Financial performance	
	* G4-10 Report the total number of employees.	5.4.1 Protection of Human Rights	
	* G4-11 Report the percentage of total employees covered by collective bargaining agreements.	5.4.3 We Value Employees' Suggestions: Creating a Harmonious Relationship	
	* G4-12 Describe the organization's supply chain.	5.3 Supplier and Contractors: Create a Business Relation based on Mutual Trust and Interest	
	* G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	-	No major changes in the company in 2014.
	* G4-14 Report whether and how the precautionary approach or principle is addressed by the organization.	5.1.1 Corporate Management Profile	
	* G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	3.1.4 SHE Management	
	* G4-16 List memberships of associations and national or international advocacy organizations in which the organization.	2.5 Participation in 3 <sup>rd</sup> Party Associations	

General standard disclosure (\* Core Items)



Aspects	Content description	Reference Chapter	Remark
Identified Material Aspects and Boundaries	* G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Appendix 5. List of subsidiaries included in the consolidated financial statements
	* G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	1.4 Stakeholder Identification and Communication
	* G4-19	List all the material Aspects identified in the process for defining report content.	1.5 Identification of Critical Issues
	* G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1.5 Identification of Critical Issues
	* G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1.5 Identification of Critical Issues
	* G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	- Published 2014 Corporate Social Responsibility Report for the first time
	* G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	- Published 2014 Corporate Social Responsibility Report for the first time
Stakeholder Engagement	* G4-24	Provide a list of stakeholder groups engaged by the organization.	1.4 Stakeholder Identification and Communication
	* G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1.4 Stakeholder Identification and Communication
	* G4-26	Report the organization's approach to stakeholder engagement.	1.4 Stakeholder Identification and Communication 5.1.4 Investor Relations 5.2 Customers: A Corporation that Grows with Customers 5.3.1 Supplier and Contractor Relations 5.4.3 We Value Employees' Suggestions: Creating a Harmonious Relationship
	* 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.	1.4 Stakeholder Identification and Communication 4. Local Sustainable Development
Report Profile	* G4-28	Reporting period for information provided.	1.1 Overview

## 7 Appendix

General standard disclosure (* Core Items)	Aspects	Content description	Reference Chapter	Remark
	Report Profile	* G4-29	Date of most recent previous report.	-
				Published 2014 Corporate Social Responsibility Report for the first time
		* G4-30	Reporting cycle.	1.1 Overview
		* G4-31	Provide the contact point for questions regarding the report or its contents.	Back Cover
		* G4-32	a. Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report	Appendix 1. Global Reporting Initiative (GRI) Comparison Chart
		* G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved	Appendix 7. GRI G4 Check Independent Opinion Statement
	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.	1.3 Report Compilation Process 5.1.1 Corporate Management Profile
		G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	1.3 Report Compilation Process 5.1.1 Corporate Management Profile
		G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	1.3 Report Compilation Process 5.1.1 Corporate Management Profile
		G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Preface –A Message from the Management Team 5.1.1 Corporate Management Profile



Aspects		Content description	Reference Chapter	Remark
Governance	G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>• Executive or non-executive</li> <li>• Independence</li> <li>• Tenure on the governance body</li> <li>• Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>• Gender</li> <li>• Membership of under-represented social groups</li> <li>• Competences relating to economic, environmental and social impacts</li> <li>• Stakeholder representation</li> </ul>	5.1.1 Corporate Management Profile	
	G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	5.1.1 Corporate Management Profile	
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>• Whether and how diversity is considered</li> <li>• Whether and how independence is considered</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>• Whether and how stakeholders (including shareholders) are involved</li> </ul>	5.1.1 Corporate Management Profile	
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> <li>• Cross-board membership</li> <li>• Cross-shareholding with suppliers and other stakeholders</li> <li>• Existence of controlling shareholder</li> <li>• Related party disclosures</li> </ul>	5.1.1 Corporate Management Profile	
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	5.1.1 Corporate Management Profile	
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	5.1.1 Corporate Management Profile	

## 7 Appendix

Aspects		Content description	Reference Chapter	Remark
General standard disclosure (*Core Items)	Governance	G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Preface –A Message from the Management Team 5.1.1 Corporate Management Profile
		G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	5.1.1 Corporate Management Profile 5.2.1 Customer Collaborations
		G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	5.1.1 Corporate Management Profile
		G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	1.3 Report Compilation Process 5.1.1 Corporate Management Profile
		G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	1.3 Report Compilation Process 5.1.1 Corporate Management Profile
		G4-49	Report the process for communicating critical concerns to the highest governance body.	1.4 Stakeholder Identification and Communication
		G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	1.4 Stakeholder Identification and Communication
		G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> <li>• Fixed pay and variable pay: Performance-based pay, Equity-based pay, Bonuses, Deferred or vested shares</li> <li>• Sign-on bonuses or recruitment incentive payments</li> <li>• Termination payments</li> <li>• Clawbacks</li> <li>• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> </ul> b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	5.1 Shareholders: A Trustworthy Corporation for Investors

	Aspects	Content description	Reference Chapter	Remark
General standard disclosure (*Core Items)		G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	5.1 Shareholders: A Trustworthy Corporation for Investors	
		G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	5.4.2 Rights and Welfare of Employees	
	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.	2.2 Concept of Management	
		G4-57 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	5.1.5 Internal Control Mechanism	
		G4-58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	5.1.5 Internal Control Mechanism	
Specific standard disclosure (* Material Aspects)	Economic Performance	G4-DMA Managerial principles	2.Nan Ya Plastics Corporation - An Overview	
		G4-EC1 Direct economic value generated and distributed from the organization.	2.1 Company Profile 2.6 Economic Contributions 4.2.1 Risk Assessment and Improvement 5.1.1 Corporate Management Profile 5.1.3 A Stable Dividend Policy 5.4.2 Rights and Welfare of Employees 6.2 Charity Donations 6.5 Social Support	
		G4-EC2 Financial implications and other risks and opportunities on the organization's activities due to climate change.	2.3.2 Main Brands 3.2 Environmental Accounting 3.3 Water and Energy Conservation and Greenhouse Gas Reduction 5.2.3 Responsibility for Product Safety and Hygiene	
		G4-EC3 Coverage of the organization's defined benefit plan obligations.	5.4.2 Rights and Welfare of Employees	
	Market Presence	G4-DMA Managerial principles	5.4.1 Protection of Human Rights	
		G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	5.4.2 Rights and Welfare of Employees	
		G4-EC6 Proportion of senior management hired from the local community at significant locations of operation.	5.4.1 Protection of Human Rights	

## 7 Appendix

Aspects		Content description	Reference Chapter	Remark
Indirect Economic Impacts	G4-DMA	Managerial principles	2. NAN YA PLASTICS CORPORATION - AN Overview 3. Environmental Protection 4. Local Sustainable Development 6. Social Welfare	
	G4-EC7	Development and impact of infrastructure investments and supporting services.	2.1 Company Profile 3.1 Commitment to Environmental Sustainable Development 4.2 Healthcare 4.3Dedications to Local Industry Development 6. Social Welfare	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	-	The Company provides no explanation on indirect economic impact in 2014
Procurement Practices	G4-DMA	Managerial principles	5.3 Supplier and Contractors: Create a Business Relation based on Mutual Trust and Interest	
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	5.3 Supplier and Contractors: Create a Business Relation based on Mutual Trust and Interest	Calculation principles are differentiated by “Whether customs clearance is handled in the name of the Company”
Materials	G4-DMA	Managerial principles	3. Environmental Protection	
	G4-EN1*	The weight or volume of Materials used	2.3.3 Raw Material Consumption	
Energy	G4-DMA	Managerial principles	3. Environmental Protection	
	G4-EN5*	Energy intensity	3.3.3 Greenhouse Gas Emission Intensity and Reduction Result	
	G4-EN6*	Reduction of energy consumption	3.3.4 Water Conservation Performance 3.3.5 Energy Conservation Performance 3.3.6 Greenhouse Gas and Energy Reduction Achievements	
	G4-EN7*	Reductions in energy demands of products and services	3.3 Water and Energy Conservation and Greenhouse Gas Reduction 3.4 Energy Conservation in the Office	
Water	G4-DMA	Managerial principles	3.3.4 Water Conservation Performance	
	G4-EN8	Total water withdrawn classified according to sources.	3.3.4 Water Conservation Performance	
	G4-EN9	Water sources significantly affected by withdrawal of water.	3.3.4 Water Conservation Performance 4.1.2 Environmental Impact Evaluation	
	G4-EN10	Percentage and total volume of water recycled and reused.	3.3.4 Water Conservation Performance 4.1.2 Environmental Impact Evaluation	
Biodiversity	G4-DMA	Managerial principles	4.1.2 Environmental Impact Evaluation 4.3.2 Fishery Counseling	

Specific standard disclosure (\* Material Aspects)

Aspects		Content description	Reference Chapter	Remark
Biodiversity	G4-EN11	Operation sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	4.1.2 Environmental Impact Evaluation 4.3.2 Fishery Counseling	We are not located in an ecological preservation area, but are close to the habitat of endangered species
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	4.1.2 Environmental Impact Evaluation 4.3.2 Fishery Counseling	We are not located in an ecological preservation area, but are close to the habitat of endangered species
	G4-EN13	Protected or restored habitats.	4.1.2 Environmental Impact Evaluation	We are not located in an ecological preservation area, but are close to the habitat of endangered species
	G4-EN14	Explain the total number of species listed on IUCN Red List and national conservation list in the habitats affected by operations according to the level of extinction risk.	4.1.2 Environmental Impact Evaluation 4.3.2 Fishery Counseling	We are not located in an ecological preservation area, but are close to the habitat of endangered species
Emissions	G4-DMA	Managerial principles	3.3 Water and Energy Conservation and Greenhouse Gas Reduction	
	G4-EN15	Direct greenhouse gas (GHG) emission	3.3.1 Greenhouse Gas Emission	
	G4-EN16	Indirect greenhouse gas (GHG) emission of energy	3.3.1 Greenhouse Gas Emission	
	G4-EN17	Other indirect greenhouse gas emissions	3.3.1 Greenhouse Gas Emission	
	G4-EN18	The intensity of Greenhouse gas emissions	3.3.1 Greenhouse Gas Emission	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.3.6 Greenhouse Gas and Energy Reduction Achievements 3.5.1 Air Pollution Control	
	G4-EN21	NOx, SOx, and other significant air emissions.	3.5.1 Air Pollution Control	
Effluents and Waste	G4-DMA	Managerial principles	3.5.2 Water Pollution Control 3.5.3 Waste Management	
	G4-EN22	Total water discharge classified according to quality and destination.	3.5.2 Water Pollution Control	
	G4-EN23	Total weight of waste classified according to type and disposal method.	3.5.3 Waste Management	
	G4-EN24	Total number and volume of significant spills.	3.5.6 Environmental Violations	
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Base Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	No toxic waste or residue exported in 2014

## 7 Appendix

Aspects		Content description	Reference Chapter	Remark
Effluents and Waste	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	4.3.1 Agricultural Counseling 4.3.2 Fishery Counseling	
Products and Services	G4-DMA	Managerial principles	5.2.3 Responsibility for Product Safety and Hygiene	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	2.3.4 Product Research & Development 3.1 Commitment to Environmental Sustainable Development 5.2.3 Responsibility for Product Safety and Hygiene	
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	5.2.3 Responsibility for Product Safety and Hygiene	
Compliance	G4-DMA	Managerial principles	3.5 Environmental Protection at the Plants	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3.5.6 Environmental Violations	
Transport	G4-DMA	Managerial principles	5.3.3 Contractor/Agency Safety	
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	5.3.3 Contractor/Agency Safety	
Overall	G4-DMA	Managerial principles	3.2 Environmental Accounting 3.5 Environmental Protection at the Plants 4.3.1 Agricultural Counseling	
	G4-EN31	Total environmental protection expenditures and investments by type.	3.2 Environmental Accounting 3.5 Environmental Protection at the Plants 4.3.1 Agricultural Counseling	
Environmental Grievance Mechanisms	G4-DMA	Managerial principles	4.1 Eco-Friendliness	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	4.1 Eco-Friendliness (2)Influence Analysis	
Employment	G4-DMA	Managerial principles	5.4 Employee: A Healthy, Safe and Challenging Working Environment	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	5.4.1 Protection of Human Rights	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	5.4.2 Rights and Welfare of Employees	
	G4-LA3	Return to work and retention rates after parental leave, by gender.	5.4.2 Rights and Welfare of Employees	
Labor/Management Relations	G4-DMA	Managerial principles	5.4.2 Rights and Welfare of Employees	
	G4-LA4	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	5.4.2 Rights and Welfare of Employees	

Specific standard disclosure (\* Material Aspects)



Aspects		Content description	Reference Chapter	Remark
Occupational Health and Safety	G4-DMA	Managerial principles	5.4.5 Work Environment	
	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.	5.4.5 Work Environment	
	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.	5.4.5 Work Environment	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	5.4.5 Work Environment	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions.	5.4.5 Work Environment	
Training and Education	G4-DMA	Managerial principles	5.4.4 Human Capital Cultivation	
	G4-LA9	Average hours of training per year per employee by gender and by employee category.	5.4.4 Human Capital Cultivation	
	G4-LA10*	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	5.4.4 Human Capital Cultivation	
	G4-LA11*	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	5.4.4 Human Capital Cultivation	No Percentage
Diversity and Equal Opportunity	G4-DMA	Managerial principles	5.4.1 Protection of Human Rights	
	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.	5.4.1 Protection of Human Rights	
Equal Remuneration for Women and Men	G4-DMA	Managerial principles	5.4.2 Rights and Welfare of Employees	
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	5.4.2 Rights and Welfare of Employees	
Supplier Assessment for Labor Practices	G4-DMA	Managerial principles	5.3.2 Supplier Management	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	5.3.2 Supplier Management 5.3.3 Contractor/Agency Safety	
Labor Practices Grievance Mechanisms	G4-DMA	Managerial principles	5.4.1 Protection of Human Rights	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	-	No grievance about labor conditions in 2014
Investment	G4-DMA	Managerial principles	5.4.4 Human Capital Cultivation	
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	-	No major investment in 2014

## 7 Appendix

Aspects		Content description	Reference Chapter	Remark
Specific standard disclosure (* Material Aspects)	Investment	G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	5.4.4 Human Capital Cultivation	
	Non-discrimination	G4-DMA Managerial principles	5.4 Employee: A Healthy, Safe and Challenging Working Environment	
		G4-HR3 Total number of incidents of discrimination and corrective actions taken.	-	No discrimination incidents in 2014
	Freedom of Association and Collective Bargaining	G4-DMA Managerial principles	5.3.2 Supplier Management	
		G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	-	No violated or seriously endangered operation and supplier found
	Child Labor	G4-DMA Managerial principles	5.3.2 Supplier Management	
		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 violated operation and supplier found.
	Forced or Compulsory Labor	G4-DMA Managerial principles	5.3.2 Supplier Management	
		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 violations of forced or compulsory labor by suppliers
	Security Practices	G4-DMA Managerial principles	5.4.4 Human Capital Cultivation	
		G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	5.4.4 Human Capital Cultivation	
	Indigenous Rights	G4-DMA Managerial principles	5.4.1 Protection of Human Rights	
		G4-HR8 Total number of incidents of violations involving rights of indigenous peoples and actions taken.	-	No violations of Indigenous rights occurred.
	Assessment	G4-DMA Managerial principles	5.4.1 Protection of Human Rights	
		G4-HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	-	No activities influenced in 2014
	Human Rights Grievance Mechanisms	G4-DMA Managerial principles	5.4.3 We Value Employees' Suggestions: Creating a Harmonious Relationship	
		HR-12 Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	-	No relevant compliance in 2014
	Local Communities	G4-DMA Managerial principles	6. Social Welfare	
		G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs.	4. Local Sustainable Development 6.1 Community Engagement	
		SG4-O2 Operations with significant actual and potential negative impacts on local communities.	4.1 Eco-Friendliness	
	Anti-corruption	G4-DMA Managerial principles	5.1.5 Internal Control Mechanism	

Aspects		Content description	Reference Chapter	Remark
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	5.1.5 Internal Control Mechanism	1. Internal corruption punishment was regulated. 2. Regular rotation for units with high corruption risk.
	G4-SO4	Communication and training on anti-corruption policies and procedures.	5.1.5 Internal Control Mechanism	
	G4-SO5	Confirmed incidents of corruption and actions taken	5.1.5 Internal Control Mechanism	
Anti-competitive Behavior	G4-DMA	Managerial principles	5.2.4 Regulation Compliance	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-	No violations of unfair business practices in 2014
Compliance	G4-DMA	Managerial principles	3.5.6 Environmental Violations 5.2.4 Regulation Compliance 5.4.1 Protection of Human Rights	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	3.5.6 Environmental Violations 5.2.4 Regulation Compliance 5.4.1 Protection of Human Rights	
Grievance Mechanisms for Impacts on Society	G4-DMA	Managerial principles	1.4 Stakeholder Identification and Communication	
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	-	No grievances about impacts on society filed, addressed, and resolved in 2014
Customer Health and Safety	G4-DMA	Managerial principles	5.2.3 Responsibility for Product Safety and Hygiene	
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	5.2.3 Responsibility for Product Safety and Hygiene	No relevant statistical data
	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 violations in 2014
Product and Service Labeling	G4-DMA	Managerial principles	5.2.2 Customer Satisfaction Survey 5.2.3 Responsibility for Product Safety and Hygiene	
	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 violations in 2014
	G4-PR5	Results of surveys measuring customer satisfaction.	5.2.2 Customer Satisfaction Survey	
Marketing Communications	G4-DMA	Managerial principles	5.2 Customers: A Corporation that Grows with Customers	

Specific standard disclosure (\* Material Aspects)

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Aspects		Content description	Reference Chapter	Remark
Specific standard disclosure (* Material Aspects)	Marketing Communications	G4-PR6 Sale of banned or disputed products.	-	We have fewer marketing activities, such as media advertisement and promotion, due to most of our products not being sold directly to general consumers; each unit will consult the legal department if any campaign involved regulation to prevent violation of the law
		G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	No violations in 2014
	Customer Privacy	G4-DMA Managerial principles	5.2.4 Regulation Compliance	
		G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	No violations in 2014
	Compliance	G4-DMA Managerial principles	5.2.4 Regulation Compliance	
		G4-RR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	No violations in 2014

## Appendix 2: Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Subjects	Content	Reference Chapters
Chapter I General Principles	List of development objectives, applicable targets and principles of practice	1. About the Report
Chapter II Exercising Corporate Governance	Regulations for the implementation of corporate governance	5. Corporate Governance
Chapter III Fostering a Sustainable Environment	Regulations for sustainable environment development	3. Environmental Protection 4. Local Sustainable Development
Chapter IV Preserving Public Welfare	Regulations for public welfare preservation	6. Social Welfare
Chapter V Enhancing Disclosure of Corporate Social Responsibility Information	Regulations for improvement of social responsibility information disclosure	1. About the Report
Chapter VI Supplementary Provisions	Regulations for social responsibility system improvement and review	1. About the Report

## Appendix 3: ISO 26000 Guidance on Social Responsibility

	Subjects	Reference Chapters	Remark
Organizational Governance	Decision-making processes and structures	5. Corporate Governance	
Human Rights	Due diligence	5.4.1 Protection of Human Rights	
	Human rights risk situations	5.4.1 Protection of Human Rights	
	Avoidance of complicity	5.4.1 Protection of Human Rights	
	Resolving grievances	5.4.1 Protection of Human Rights	
	Discrimination and vulnerable groups	5.4.1 Protection of Human Rights	
	Civil and political rights	5.4.1 Protection of Human Rights	
	Economic, social and cultural rights	5.4.1 Protection of Human Rights	
	Fundamental principles and rights at work	5.4.1 Protection of Human Rights	
Labor Practices	Employment and employment relationships	5.4.1 Protection of Human Rights	
	Conditions of work and social protection	5.4.1 Protection of Human Rights	
	Social dialogue	5.4.1 Protection of Human Rights	
	Health and safety at work	5.4.5 Work Environment	
	Human development and training in the workplace	5.4.4 Human Capital Cultivation	
The Environment	Prevention of pollution	3. Environmental Protection	
	Sustainable resource use	3. Environmental Protection	
	Climate change mitigation and adaptation	3.3 Water and Energy Conservation and Greenhouse Gas Reduction	
	Protection of the environment, biodiversity and restoration of natural habitats	3. Environmental Protection 4. Local Sustainable Development	
Fair Operating Practices	Anti-corruption	5. Corporate Governance	
	Responsible political involvement	2.5 Participation in 3rd Party Associations 2.6 Economic Contributions	
	Fair competition	5.3.2 Supplier Management	
	Promoting social responsibility in the value chain	Preface –A Message from the Management Team 2.2 Concept of Management	

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Subjects		Reference Chapters	Remark
Fair Operating Practices	Respect for property rights	-	All of our employees must sign "Statement of Respecting Intellectual Property Rights" to announce our policy and opposition of illegal software. Those who violate it will be punished by internal provisions and regulations.
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	5.2.4 Regulation Compliance	
	Protecting consumers' health and safety	5.2.1 Customer Collaborations	
	Sustainable consumption	5.2.3 Responsibility for Product Safety and Hygiene	
	Consumer service, support, and complaint and dispute resolution	5.2.1 Customer Collaborations 5.2.2 Customer Satisfaction Survey	
	Consumer data protection and privacy	5.2.4 Regulation Compliance	No violations in 2014
	Access to essential services	5.2.1 Customer Collaborations	
	Education and Awareness	5.2.1 Customer Collaborations	
Community Involvement and Development	Community involvement	4.2 Healthcare 4.3Dedications to Local Industry Development 6. Social Welfare	
	Education and culture	6.1 Community Engagement 6.4 Commitments to Education	
	Employment creation and skills development	4.3Dedications to Local Industry Development 6.4.2 Education and Employment Assistance for Aboriginal Children	
	Technology development and access	4.3Dedications to Local Industry Development	
	Wealth and income creation	4.3Dedications to Local Industry Development 6.4.2 Education and Employment Assistance for Aboriginal Children	
	Health	4.2 Healthcare 6.3 Advancement of Medical Services 6.5 Social Support	
	Social investment	6. Social Welfare	



## Appendix 4: United Nations Global Compact

Category	Principles	Reference Chapters
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	5.3.2 Supplier Management 5.4.1 Protection of Human Rights
	Principle 2: Make sure that they are not complicit in human rights abuses.	5.3.2 Supplier Management
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.4.3 We Value Employees' Suggestions: Creating a Harmonious Relationship
	Principle 4: The elimination of all forms of forced and compulsory labour.	5.4.1 Protection of Human Rights
	Principle 5: The effective abolition of child labour.	5.4.1 Protection of Human Rights
	Principle 6: The elimination of discrimination in respect of employment and occupation.	5.4.1 Protection of Human Rights
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	5.2.3 Responsibility for Product Safety and Hygiene
	Principle 8: Undertake initiatives to promote greater environmental responsibility	3. Environmental Protection
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	5.2.3 Responsibility for Product Safety and Hygiene
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	5. Corporate Governance

### Appendix 5: List of subsidiaries included in the consolidated financial statements

Investor	The name of subsidiaries	Business activity	Percentage Shares Held	
			2014.12.31	2013.12.31
The Company	Nan Ya Plastics Corporation U.S.A.	production of plastic products	100 %	100 %
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100 %	100 %
The Company	Formosa Plastics Group Investment Corp	investment	100 %	100 %
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics trading, investment holding	100 %	100 %
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment holding	99.99 %	99.99 %
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97%	66.97%
The Company	Wen Fung Industrial Co., Ltd.	plastics processing	100 %	51.19%
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50%	50%
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	electronic materials repair	100 %	100 %
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment holding	100 %	100 %
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, production of steam and electricity	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	production of plastic products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	production of plastic products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	production of plastic products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of electronic materials	100 %	100 %

Investor	The name of subsidiaries	Business activity	Percentage Shares Held	
			2014.12.31	2013.12.31
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Construction Materials (Guangzhou) Co., Ltd.	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Rigid Film (Guangzhou) Co., Ltd.	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd.	production of polyester products	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Hsiamen) Co., Ltd.	production of plastic products	85 %	85 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticize	100 %	100 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Anshan) Co., Ltd.	production of plastic products	100 %	100 %
Wen Fung Industrial Co., Ltd.	Wenling Technology Corporation	production of electronic components	100 %	100 %
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Property (Kunshan) Co., Ltd.	real estate development	100 %	100 %

The Consolidated Company holds the fifty-percent voting shares of Nan Chung Petrochemical Corporation, and the general manager of Nan Chung Petrochemical Corporation was designated by the Company. As the Consolidated Company has control over the operations of Nan Chung Petrochemical Corp, the Consolidated Company included Nan Chung Petrochemical Corporation, a subsidiary company, in the consolidated financial statements.

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### Appendix 6: Production and Marketing Quantity Value Table

(1) Production value of quantity in the past two years

Production value: NT\$ Thousand

Production value of quantity Main products	Year	2014			2013		
		Capacity	Productivity	Production value	Capacity	Productivity	Production value
Flexible Sheetting	metric ton	258,000	133,382	9,353,010	238,800	134,292	9,310,009
Rigid PVC/Metallized PET	metric ton	264,600	138,982	9,446,868	241,200	136,485	8,717,398
PU synthetic leather	kiloyards	39,600	18,077	2,765,981	39,600	22,321	3,294,090
Plastic doors and windows	metric ton	28,860	22,807	3,710,899	28,860	19,493	3,701,075
PVC pipes	metric ton	238,200	134,639	6,200,609	271,900	135,202	6,078,723
BOPP	metric ton	149,760	86,270	6,597,469	167,500	87,129	6,287,385
Plasticizers and curing agent	metric ton	498,000	182,534	9,112,882	398,000	199,494	10,221,890
PA	metric ton	228,000	129,541	4,841,661	228,000	151,052	6,496,742
BPA	metric ton	420,000	372,607	18,959,645	420,000	362,226	17,977,422
Butanediol	metric ton	100,000	100,755	6,582,499	100,000	113,779	7,918,103
EG	metric ton	2,160,000	2,294,429	63,324,316	2,160,000	2,181,139	65,748,297
Copper Clad Laminates	Thousand sheet	85,200	57,643	30,090,083	85,200	46,867	24,555,179
Epoxy resin	metric ton	451,000	361,486	28,064,046	451,000	313,334	24,155,121
Glass fabric	kilometert	612,000	524,037	12,562,630	516,000	437,411	10,268,248
Copper foil	metric ton	74,400	64,196	19,799,221	68,400	41,400	13,823,249
PCB	thousand square feet	31,440	21,713	31,416,796	31,440	20,499	29,678,075
Polyester fiber	metric ton	1,617,300	1,153,160	60,614,386	1,617,300	1,253,566	69,884,512
Polyester film	metric ton	72,600	54,458	4,236,574	72,600	58,859	4,747,109

Note 1: Capacity refers to the Company's production quantity under normal operation by making use of current production equipment after considering necessary shut-downs, holidays, and other factors.

Note 2: Capacity of each product's production with substitutions shall be calculated together, and explanatory notes shall be provided.

## (1) Sales value and quantity in the past two years

Production value: NT\$ Thousand

Sales value of quantity Main products	Year	2014				2013			
		Domestic market sales		Foreign market sales		Domestic market sales		Foreign market sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Flexible Sheeting	metric ton	48,753	3,662,281	80,912	5,430,086	52,239	3,781,909	79,659	5,362,132
Rigid PVC/ Metallized PET	metric ton	24,095	1,962,321	112,265	7,306,325	22,758	2,002,387	115,709	6,841,603
PU synthetic leather	kiloyards	4,613	782,513	17,934	2,667,427	5,088	879,075	17,166	2,405,127
Plastic doors and windows	metric ton	7,754	1,098,075	14,656	2,548,229	5,824	772,529	13,323	2,862,852
PVC pipes	metric ton	102,781	5,485,183	32,480	744,071	101,121	4,723,841	34,105	1,355,961
BOPP	metric ton	35,365	2,876,324	16,188	1,066,174	29,876	2,242,678	21,895	1,493,210
Plasticizers and curing agent	metric ton	44,815	2,257,368	99,874	4,966,129	41,492	2,182,207	124,591	6,327,734
PA	metric ton	29,005	1,157,176	71,307	2,592,036	28,566	1,280,944	66,297	2,799,111
BPA	metric ton	160,922	8,055,714	108,121	5,634,205	154,935	7,705,061	119,051	5,892,974
Butanediol	metric ton	54,019	3,117,536	35,694	2,743,570	60,174	3,844,521	44,070	3,410,023
EG	metric ton	340,206	9,527,484	1,378,043	37,894,747	271,710	7,917,672	1,312,304	39,830,877
Copper Clad Laminates	Thousand sheet	7,791	4,431,745	36,395	18,633,682	6,952	4,070,907	29,564	15,061,039
Epoxy resin	metric ton	29,733	2,492,257	243,119	18,690,669	25,143	2,110,811	214,723	16,380,614
Glass fabric	kilometert	38,002	1,022,207	174,506	4,072,203	30,116	835,432	167,212	3,796,854
Copper foil	metric ton	3,344	1,150,912	23,307	7,068,744	1,791	703,841	9,333	3,010,406
PCB	thousand square feet	4,135	9,889,597	24,759	24,351,832	3,151	7,413,681	21,139	24,190,566
Polyester fiber	metric ton	249,324	17,119,590	915,510	44,108,425	246,325	13,854,103	970,975	54,008,631
Polyester film	metric ton	17,051	1,460,985	39,941	2,972,722	17,498	1,501,801	39,646	3,106,989
Others			11,729,154		42,703,448		17,067,603		27,977,583
Total			89,278,422		236,194,724		84,891,003		226,114,286

Note: Data sourced from the 2014 annual report. The statistics are analyzed according to the principles of the consolidated financial statement.

### Appendix 7: GRI G4 Check Independent Opinion Statement

#### **GRI G4 CHECK INDEPENDENT OPIONION STATEMENT**

##### **Nan Ya Plastics Corporation 2014 Corporate Social Responsibility Report**

The British Standards Institution is independent to Nan Ya Plastics Corporation (hereafter referred to as NPC in this statement) and has no financial interest in the operation of NPC other than for the GRI Check of this report.

This statement has been prepared for NPC only for the purposes of GRI G4 Check relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent opinion statement may be read.

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

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

#### **Scope**

The scope of engagement agreed upon with NPC includes the evaluation of the nature and extent of NPC 2014 CSR report's adherence to GRI G4 Sustainability Reporting Guidelines (2013): Core option is conducted in accordance with GRI G4 (2013), however, the data disclosed in the report is not verified through the verification process.

#### **Opinion Statement**

We conclude that the Nan Ya Plastics Corporation 2014 Corporate Social Responsibility Report Review provides a fair view of the NPC CSR programmes and performances during 2014 calendar year.

Our work was carried out by a team of CSR report assurors in accordance with the GRI G4 sustainability Reporting guidelines (2013). We planned and performed this part of our work to obtain the necessary information and explanations. We conclude that NPC provided sufficient evidence to satisfy the description of their approach and their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option were fairly stated.

#### **Methodology**

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

- review of issues raised by external parties that could be relevant to NPC policies to provide a check on the appropriateness of statements made in the report.
- interview with 10 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles described in the GRI G4 (2013)

#### **Conclusions**

A check against the GRI G4 Sustainability Reporting Guidelines (2013) Core Option is set out below:

#### **GRI-reporting**

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



### **Materiality**

The NPC publishes information completely with materiality analysis that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the NPC's material issues.

### **Stakeholder Inclusivity**

In this report, it reflects that NPC has made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the NPC's inclusivity.

### **Sustainability context**

This report presents the organization's performance in the wider context of sustainability.

### **Completeness**

Coverage of the material topics and Indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organization's performance in the reporting period, in our professional opinion the report covers the NPC's Completeness.

### **Responsibility**

This CSR report is the responsibility of the NPC's Principle. Our responsibility is to provide an independent opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### **Competency and Independence**

BSI is a leading global standards and assessment body founded in 1901. The verification team was composed of Lead Auditors experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000AS(2008), GRI G4 (2013), ISO14001, OHSAS18001, ISO14064 and ISO 9001. The verification is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



*Peter Pu*  
Managing Director BSI Taiwan  
23 November, 2015



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