

# **Editorial Principles**

Ta Ya Group as long been committed to corporate social responsibilities (CSR). We guarantee the continued publication of our CSR Report, with which we communicate to the public and stakeholders our dedication to business operations, the economy, society, and the environment, demonstrating our resolve for the pristine homeland. For the benefit of more stakeholders to understand our achievements in CSR, this Report is also published on our official website.

## Reporting Period

2016 financial year (January 1, 2016 to December 31, 2016). For full disclosure, part of the contents will refer to information from the 2014 and 2015 financial years. This report presents past performance, and also our vision for future developments. Except for the latter, it is solely based on the situation when the actual report was issued and not a guarantee of future performance.

#### Reporting Cycle

Annually. Current Issue: September 2017, Previous Issue: September 2016, Next Issue: September 2018 (scheduled).

# Boundaries and Scope of the Report

This report added the following entity: Ta Ya (Viet Nam) Electric Wire & Cable Joint Stock Company Hai Duong Branch. Boundaries of this report covered: Guanmiao Factory and Dawan Factory of Ta Ya Electric Wire & Cable Co., Ltd. ( "Ta Ya" ) plus affiliated enterprises that Ta Ya had close business relationships with, including: Cuprime Material Co., Ltd. ( "Cuprime" ), Ta Heng Electric Wire & Cable Co., Ltd. ( "Ta Heng" ) and Ta Ho Engineering Co., Ltd. ( "Ta Ho" ), United Electric Industry Co., Ltd. ( "UEI" ), Ta Ya Green Energy Technology Co., Ltd. ( "Ta Ya Green Energy" ), and Ta Ya (Viet Nam) Electric Wire & Cable Joint Stock Company ( "Ta Ya Vn" ). Given Ta Ya Green Energy's nature as an investment company, disclosures have been made on the contractor: Hengs Technology Co., Ltd. ( "Hengs" ). An equity-accounted associated company named: AD Engineering Co., Ltd. ( "AD" ) is also included.

The two affiliated enterprises in China: Heng Ya Electric (Kunshan) Ltd. and Heng Ya Electric (Dongguan) Ltd. were excluded from the boundaries of this report.

The report presents sustainability information in three major aspects: economic, environmental and social. Material topics are disclosed for relevant entities within the group, including the management approach taken and the outcome. Some of the entities that were not disclosed in this report may be disclosed progressively over the coming years.

#### Reference

This report is compiled in accordance with the GRI Sustainable Development Guidelines (G4), certified by SGS-Taiwan and meets the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

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# Chairman's Statement

In the book "Sapiens (From Animals Into Gods): A Brief History of Humankind", the author talks about topics from the cognitive revolution, agricultural revolution, and scientific revolution to globalization and Al. Do we understand ourselves? What do we actually want to have? What do we want to become?

Are more people benefiting from the evolution of human beings? Though I am not sure, I do believe that human beings have the capabilities of introspection and self-correction. 2016 was the year of breakthroughs and transition in terms of sustainable development. The "Paris Agreement" reflects the consensus eventually achieved by different countries in the world in December 2015 to "control the rise of the global average temperature under 2°C above the level before the industrial revolution, and make efforts to control the rise of the temperature within 1.5 °C above the level before industrialization." In Taiwan, President Tsai Ing-wen has declared achieving "the goal of 20% renewable energy before 2025" in different occasions, and, suddenly, photovoltaics, off-shore wind energy, and green energy building have become the focus in the conversation of people.

It is very clear that no enterprise shall develop at the cost of the environment. Ta Ya Group have defined "Enlightened Employees, Satisfied Customers, Positive Shareholders, and Pristine Homeland" as our missions since 2010. They are not used to create a positive corporate image but an interactive agreement between our business activities and the more extensive social needs.

Whether our values are actually recognized or suspected by the employees, customers, shareholders, or the public depends on how we put them into practice.

We have taken energy-saving and emission-reduction measures for many years. All of our business entities were requested to define their medium-term and long-terms goals in 2015 to "reduce the emission by 5% in 2020 in comparison with 2015 as the baseline." We have started to apply for a green mark for our Guanmiao Factory. It is expected to acquire the Clean Production certificate in 2017 and the Green Building certificate in 2018. Cuprime, an affiliate of the Group, successfully introduced the Electronic Industry Code of Conduct (EICC) in 2016. It supplemented and amended internal regulations and enhanced the management system to act as a model for other business entities.

We are the leading company of the industry in the introduction of the supplier CSR assessment system. Since 2018, the strategy map of the Group will ask all business entities to incorporate communication with stakeholders (including customers, employees, suppliers/contractors, communities, and government agencies), request more interaction through surveys and interviews, and give reasonable responses to their feedback.

The Ta Ya Group is developed in close relationship with the construction of energy facilities in Taiwan. In February 2016, Tainan City 's first enterprise PV plant started its operation on the roof of our Guanmiao headquarters in. It achieves a total capacity of 2.89MW. Cuprime also finished the construction of a solar power system with a capacity of 390 KW in July of the same year. A total capacity of 50MW is expected to be achieved before 2020 with supply of the electricity from the power systems on the roofs of other plants. As for the offshore wind energy, a renewable energy of higher potential, we joined the alliance of the W-Team and are the first cable manufacturer that has invested in the development of inner array grid cables, export cables, and dynamic cables to grasp the important opportunities in the development of the offshore wind farm. As a connector of energies in the past, we are now the provider of energy and are committed to becoming a storage solution provider in the future.

What deserves to be mentioned is that President Tsai visited our headquarters at the end of 2016 and highly recognized our green products and environment-friendly electricity generation systems. As a senior corporate citizen that has just celebrated its 60th anniversary, we are so honored and very proud of her visit. This indicates that we are responding to the challenge while grasping the opportunities of the epoch. Ta Ya is a member of both the Taiwan Team and World Team in the solution of the environmental problems left during the development of the old inclustries

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# Company Profile

# History

Ta Ya Industrial, the predecessor to our company, was founded in Tainan in 1955. The name was formally changed to Ta Ya Electric Wire & Cable Co., Ltd., in 1967. Other than the manufacturing of rubber wires and cables, we were also engaged in the production of magnet wires. Our factory was moved to its current location near Guanmiao in 1986. and we started to manufacture 69kV XLPE cables. Our company stock was officially listed in December 1988. We were certified by Taipower for the manufacture of 161kV XLPE cables and began mass-production in 1994. In 2008, Ta Ya became the first company in Taiwan to manufacture 345KV ultra-high voltage cables. That same year, the company received a Class I ecolabel for its environmentally-friendly cables. In 2011, the Board of Directors formed the Compensation Committee. In 2012, three seats for independent directors were added to the Board. We entered the renewable energy electricity generation industry in 2014. President Tsai Ing-wen visited our Guanmiao headquarters in 2016 and highly recognized our green products and environment-friendly electricity generation systems.

With our headwaters in Taiwan, we established production bases in China and Vietnam in 1992 and 1995, respectively. In the last 60 years, we were fortunate to have a team of employees who worked diligently together with the Company. They are constantly exploring and seeking diversification into new businesses.

# President Tsai Ing-Wen Acknowledged Ta Ya Group's Green Ambition and Business Transformation Efforts

In the afternoon of the 5th Nov., President Tsai Ing-Wen was accompanied by Tainan City Mayor Lai Ching-Te to a visit at Ta Ya Group's Guanmiao headquarter. President Tsai acknowledged the progress that Ta Ya Group has made in regards to green products and green electricity, and said that both the local government and businesses will play very important roles in green energy. The president went on to say that Taiwan's industry transformation will succeed only if contribution is made by everyone involved.

President Tsai's visit was welcomed by Group Chairman Shen Shang-Hung and President Shen San-Yi. At the headquarter lobby, Chairman Shen Shang-Hung briefed President Tsai on the efforts that Ta Ya Group had made in regards to solar power plant, then showed her how the system operates through the monitoring system.

Chairman Shen said in his speech: "Over the last 61 years since Ta Ya was founded, we have benefited from the growth of Taiwan's economy and made contributions in return. In addition to creating employment opportunities, we have also made significant technology advancements, such as building Asia's longest 345kV extra high voltage power cable." It has long been the company's policy to strengthen its foothold in Taiwan and expand into the rest of the world. "The company began constructing factories in China in 1993, but it closed none of its existing factories in Taiwan. From 1995 onwards, the company created new offices in southern and northern Vietnam, and later became the first foreign company to be listed for trading in Vietnam." said Chairman Shen with pride. The Vietnam offices will also be used as the frontier for southbound expansion in the future. In terms of future prospects. Chairman Shen said that business transformation is not an easy path, but as President Tsai had put it: "No matter how tough the challenge and pressure is, we must be patient and persistent about what needs to be done, because it is the right direction forward."

Next, Vice President Chuang, Pa Kuei of Ta Ya's Energy & Telecom Cable Business Group explained to President Tsai about Ta Ya's business groups, green products, renewable energy establishments, and corporate social responsibilities using a presentation titled "Ta Ya's Transformation and Practice in 60 Years." Ta Ya was the first local cable manufacturer to adopt lead-free production. Its unique Green Wire design had won the 1st "Green Classics Award" from the Ministry of Economic Affairs and the 2014 EPIF Green Mark Award. Ta Ya recently shifted its investment focus towards renewable energy. So far the company has constructed solar energy plants totaling 8MW in capacity, and plans to expand by 10MW per year, 50MW over 5 years. Meanwhile, the company has joined the Wind-Team and developed submarine cables as a means to support the government's vision of a nuclear-free homeland by 2025.

"Ta Ya Group has been an A-player whether in terms of solar power or cable manufacturing and research, which was why the President was invited to bear witness to the nation's pride." said Mayor Lai. "Tainan City Government has accepted its mission to develop the green energy part of President Tsai's new industrial policy. In the future, the city government will be working closely with district representatives, the city council and industry participants to fully support the President's policies."

President Tsai said: "Ta Ya Group has demonstrated strong business ambition and the utmost respect to corporate responsibilities. Ta Ya is a significant manufacturer in Taiwan' s cable industry. Not only does it possess the capacity to produce extra high voltage cables and magnet wires, it received many environmental and green certifications as well. Apart from its success in the cable business, Ta Ya has also been active in exploring opportunities for business persification and transformation. The company serves as a good example to many high-tech manufacturers in Taiwan."

President Tsai further pointed out that Taiwan's first "zero-carbon architecture" - the "Magic School of Green Technologies" located within National Cheng Kung University" - was constructed using Ta Ya's environmental-friendly cables. This appealing, energy-saving green

architecture offers several environmental-friendly features including absence of lead, while signifies the company's successful attempt at green energy besides cable manufacturing, and the viability of solar energy as a green factory solution. Starting from its own rooftop, the company is building up competitiveness through stable and safe green energy.

"Ambition of local businesses and local government's support to future industries are what Taiwan needs the most." said President Tsai. She then emphasized the importance of Shalun Green Energy Science City to the next generation of industries, and said: "Shalun will see occupants such as research institutions and modern businesses. It is a crucial industrial project at this juncture, one that requires the utmost wisdom and persistence to realize. I would like everyone to support the project that will be helping us progress to the next generation."

The President's visit was accompanied by: Director Fang Jin-Cheng of Tainan City Government Bureau of Economic Development, Director Chen Tsung-Yen of Tainan City Government Bureau of Civil Affairs, Deputy Secretary Li Junyi of Democratic Progressive Party, Legislators Wang Ting-Yu, Chen Ting-Fei, Yeh Yi-Jin and Huang Wei-Che, and Tainan City Councilor Lin I-Chin.



### Core Value

Since its inception, Ta Ya has held to its corporate vision of "Transcendence and Compatibility." We hold true to this and ensure that all colleagues and business owners adhere to it, too. With regards to product service and business management, we strive to gain the trust of society by constantly pursuing perfection in how we do things, while remaining cognizant of sharing our results, as our efforts have a symbiotic effect on our surroundings. Since the beginning of the new century, changes in the industry and our natural environments have become more pronounced, with social responsibilities becoming an essential part of every corporation. This reminded us to "seek for practicality and innovation" and to work together with our colleagues in achieving new corporate values and fulfill our mission to contribute to society.

For customers, we constantly ask ourselves to provide them with the most valuable products and services (in terms of quality, cost, speed, deadlines, and flexibility) via continuous research and development. For employees, we promise to provide a healthy and safe workplace and establish a fair and open HR development system in order to leverage their talents while improving their sense of participation and ambition. For shareholders, we abide strictly to an honest attitude, forward-looking business planning, and strict business management to fulfill our role as the asset manager and provide stable growth. For society at large, we believe in the ideal of operating-results sharing and pledge to continue caring for communities and society by continuing to pay attention to the environment and natural resources through our expertise in product development and manufacturing.

- Mission: Enlightened employees, satisfied customers, positive shareholders, pristine homeland.
- Vision: To become A leading brand in energy connection A creator of harmonious environment and pristine homeland A business trusted by employees, customers, shareholders and society

# Our basic management philosophy consists of:

- Transcendence: Through ongoing learning, progress, and improvement of quality, technology, process, costs and services, we make our "persistence in quality" one of our strongest reputations.
- Compatibility: Work as a team and create sustainable and shared benefits for society, the customers, shareholders and business partners based on the value of "respect for the environment, harmonious relations, and mutual gains."
- Prudence: Adhere to the integrity principle and devote full effort once a commitment is made. Clarify goals, assume responsibilities, resolve to pragmatic solutions, raise efficiency, tend to details, and maximize effort for the best results.
- nnovation: Innovation is the force that drives growth. It motives people to constantly think in introspection, search for opportunities, embrace challenges, change with time, and transform the industry with visionary ideas.

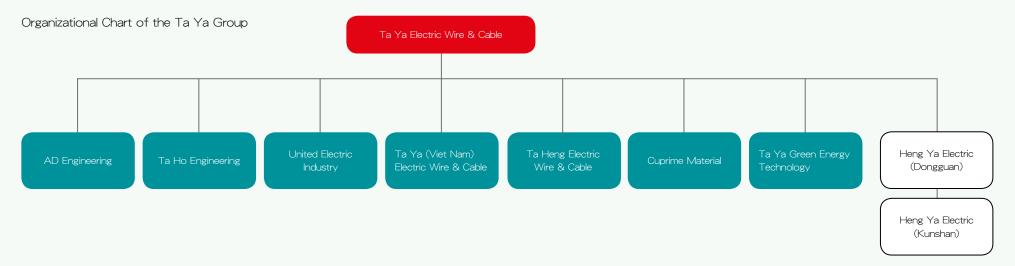
# Organization

Ta Ya Group comprises of the Head Office and five business groups. The Head Office controls finances, human resources, and information, with the Business Planning Office responsible for the integrated control and development of affiliated enterprises and business groups. The five business groups are:

- Energy and Telecom Communication Cable Business Group: Operates the production, development, and sales of electricity and communication cables and monitors affiliated enterprises, including Ta Ho, AD, and UEI.
- Magnet Wires Business Group: Operates the production, development, and sales
  of enamel wires and monitors affiliated enterprises, including Heng Ya Electric Ltd.
  (Hong Kong), Heng Ya Electric (Kunshan) Co., Ltd., Ta An Precision Co., Ltd., and
  Ta Yi Plastic Co., Ltd.
- New Business Development, Investment and Copper Management Business Group: Operates the production, development, and sales of encapsulation solder wires, copper procurement, management of the Taipei Branch, and the evaluation of overseas investments.
- Construction Business Group: Operates building construction and sales management.
- Vietnam Business Group: Operates the production and sales of electricity and communication cables in Vietnam.

The following are the fields of operation of the companies covered in this Report:

- Cuprime: Operates the production, processing, and sales of copper products.
- Ta Heng: Operates the production, processing, and sales of wire and cable materials.
- Ta Ho: Operates the design, installation, repair, and support services for electric cables.
- AD: Operates the planning, design, and installation of water, electricity, fire protection, air conditioning, and clean rooms for buildings and utilities for various production processes.
- UEI: Manufacturing and sale of transition joint, terminal joint and protective device for high-voltage power cables.
- Ta Ya Green Energy: An energy technology company that primarily invests in solar power plants.
- Hengs: Construction and installation of photovoltaic systems; manufacturing and sale of related equipment.
- Ta Ya (Viet Nam): Manufacturing, processing and sale of wire/cable materials.



Despite being a 60-year old business, Ta Ya continues to move forward and expand into the world. The Company has given its logo a complete new design, presenting the name Ta Ya with a metallic, copper-ish color in addition to the traditional red to symbolize sustainability and the Company's specialty in metals. The pen stroke resembles the figure of a dragon with its head turned back, which implies respect to our legacy. The group has adopted the brand value of "Sustainability through Technology," and the new logo provides Ta Ya with a new corporate image, one that includes tradition and modernism.



The brand logo is designed based on the name TAYA. It features a single stroke turning and twisting to resemble the shape of a rising dragon. The use of red symbolizes Ta Ya's transcendent spirit, while a copper-ish color was added to stress the Company's specialty in the cable business and its emphasis on innovation.

Chinese characters in the logo were printed in black, and have been refined and adjusted into a style that is exclusive and most appropriate for our image as a modern, professional business.



#### Financial Performance

Wires and cables is a mature industry in Taiwan. Material in wires and cables, is entirely imported from other countries and is often affected by political as well as economic issues around the world. Given the thin profit margins of the traditional wire/cable manufacturing industry, the price of copper has become one of the main determinants of our profitability.

The slowly rising price of copper in 2016 and the correct futures operation are helpful for improvement of profitability. However, we are continuously enhancing our operating capability. The ratio of the products that can make high profits for each branch, including Ta Ya 161 kV and 345 kV cables, Cuprime's copper balls, Ta Heng's solar power cables and network cable lines, UEI's 161 kV devices, Ta Ho's large construction contracts, and AD's plant construction projects, is continuously increased to make a great improvement in profitability.

The capacity of the Dongguan and Kunshan plants were integrated after the Zhang Zhou plant was closed down to increase the operating performance significantly. A substantial allowance for losses of invested business was provided on a lump sum basis in 2015. No such allowance was allocated in 2016.

Our consolidated revenue was NT\$ 14.268 billion in 2016. Though it decreased by 0.922 billion (-6.07%) in comparison with the amount of NT\$ 15.190 billion in 2015, the loss was eventually turned into gain to make a net profit after tax of NT\$28 million with an achievement rate of 93.01%. The anticipated considered revenue in 2017 is NT\$ 14.961 billion. To achieve this goal, it is needed to watch the development of the copper price, upgrade the equipment appropriately, and promote automation of the production to lower the available cost.

The following are the focuses of the Company's operation in 2017:

- Support domestic infrastructures by satisfying the nation's demand of power cables and telecom cables in economic and traffic projects.
   Offer the best products and services to support the nation's development, and help construct the most comprehensive power and telecommunication network.
- Introduction of new products in the magnet wire business group has yielded early success. The Company will build on top of this success by promoting these products to new customers in Japan, India and Southeast Asia
- Develop copper materials of different features; produce wires with special characteristics to satisfy customers' needs.
- Consolidate resources within the Ta Ya Group; promote intra-group support and collaboration to enhance operating performance.

- Strive for success in core business activities and pursue financial stability. Invest into other businesses only when there is excess capacity.
- Choose investment subjects with discretion; target investments that have the potential to deliver returns, accumulate resources, and create and dominate new business activities.
- Expand overseas business; diversify business operations for higher income.
- Train talents and raise professionalism; maintain a concise employee base and make use of information and computer technologies to create competitive advantage.
- Develop environmental protection products and commit to related charity activities as a contribution to Earth's environment.
- Continually reduce costs and serve customers at competitive prices.

#### Financial Performance (2016)

	Та Үа	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Ta Ya Vn	
Revenue	7,185,456	2,811,298	832,266	128,771	272,573	640,599	937,949	1,814,390	
Operating costs	6,789,447	2,743,173	786,430	114,194	196,427	525,302	712,299	1,665,143	
Net income	28,136	7,630	14,839	8,642	55,490	47,806	108,435	68,868	
Tax payable	(23,610)	4,827	(3,641)	1,806	14,799	8,827	22,101	1,694	
Employee benefits	444,062	68,565	65,279	22,654	37,392	68,838	72,771	87,181	
Donations	1,849	15	160	50	1,089	120	60	130	

Note 1: Employee benefits include salaries, bonuses, labor and health insurance, pensions, and other employee benefits. Note 2: As at December 31, 2016, the exchange rate of TWD:VND was 1:708.

#### Select Balance Sheet Items (2016)

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	Та Үа	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Ta Ya Vn
Capital	5,721,808	500,000	215,000	25,000	508,308	139,000	350,000	603,339
Total assets	17,700,995	1,504,055	371,063	114,310	787,435	473,978	1,091,667	1,009,013
Total liabilities	10,249,415	994,206	98,464	42,909	152,751	241,614	634,352	574,357
Total equity	7,451,580	509,836	272,599	71,401	634,684	473,978	457,315	495,256

Note: As at December 31, 2016, the exchange rate of TWD:VND was 1:708.

Unit: 1000 TWD

Unit: 1000 TWD

## Main Products and Business Contributions (2016)

Companies	Factories	Items of Business	Quantity(ton)	Proportion
		Plastic Wires and Cables	7,584	15.05%
		XLPE Power Cables	10,613	28.74%
Ta Ya	Rubber Wires and Cables	1,224	3.06%	
	Bare Copper Wires	5,409	12.52%	
		Magnet Wires	8,714	25.14%
		Telecom Cables and Optical Cables	1,496	5.16%
		Construction, Planning, and Other	5,598	10.33%
		Copper Rod (8mm)	34,649	29.43%
Cuprimo		Copper Rod (2.6mm)	3,830	21.84%
Cuprime		Copper Ball	2,613	46.8%
		Other	859	1.93%

Companies	Factories	Items of Business	Quantity(ton)	Proportion
		Data Transmission Cable	329	7.89
		Signal Control Cable	404	6.71
Ta Heng		Power Cable	4,581	77.64
		UL/CSA Applince Wire Matreial & Power Cord	298	6.64
		Other	2	1.12
		Power Cables	3,602	60.76%
	Dong Nai	Magnet Wires	2,591	37.52%
Ta Ya Vn		Other	93	1.72%
	Hai Duong	Power Cables	1940.14	100%

## Ta Ya Main Product Sales - by Region

Sales	Magnet Wires		Plastic Wires/Cables		XLPE Power Cables		Telecom Cables	
Region	Amount (1,000 TWD)	%						
Asia	286,519	16.18	5,781	0.55	19,435	0.96	363,751	100.00
Americas	1,081	0.06						
India	68,193	3.85						
Total Exports	355,193	20.09	5,781	0.55	19,435	0.96		
Domestic	1,415,569	79.91	1,054,769	99.45	2,005,674	99.04	363,751	100.00
Total	1,771,362	100.00	1,060,550	100.00	2,025,109	100.00	363,751	100.00

# Cuprime Main Product Sales - by Region

	Sales	Copper Rod (8mm)		Copper Rod (2.6mm)		Copper Ball, Copper Nugget		Other	
	Region	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%
E	Exports(Asia)	140,378	17.08			334,079	25.57		
	Domestic	681,268	82.92	609,856	100.00	972,499	74.43	53,833	100.00
	Total	821,646	100.00	609,856	100.00	1,306,578	100.00	53,833	100.00

# Ta Heng Main Product Sales - by Region

Sales	Data Transmission Cable		Signal Control Cable		Power Cable		UL/CSA Applince Wire Matreial & Power Cord	
Region	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%
Exports	55338	86.05	49902	88.12	627689	99.22	53027	98.04
Domestic	8969	13.95	6725	11.88	4946	0.78	1060	1.96
Total	64307	100	56627	100	632635	100	54087	100

# Ta Ya Vn Main Product Sales - by Region

Factories		Dong Nai						
Items	Power Cables		Magnet Wires		Other		Power Cables	
Sales	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%	Amount (1,000 TWD)	%
Exports(Asia)	76,243	5.55	292,479	21.29	4,905	0.36	4,313	0.97
Domestic	758,654	55.22	222,976	16.23	18,732	1.36	441,354	99.03
Total	834,897	60.77	515,455	37.52	23,637	1.72	445,667	100

# Better Corporate Governance

## Functions of the Board

The Board of Directors is the highest managing body, charged with the task of electing and nominating top managers, and defining CSR and sustainable development strategies. An able and functioning Board, accompanied by the auditing unit, engages in the auditing of the internal control system and promotes corporate governance issues.

The company is governed in accordance with the six principles provided by the Code of Practice for Governance of Listed and OTC Corporates: a) Establish an effective governance structure; b) Protect the benefits of the shareholders; c) Enhance the functions of the Board; d) Effectively employ the functions of the supervisors; e) Respect the benefits of the stakeholders; and f) Increase information transparency.

The Ta Ya Board is comprised of five directors, three independent directors and two supervisors. Each member has extensive management experience and professional backgrounds, and is dedicated to maximizing shareholder benefits. The Board defines the measures for proceedings in accordance with the Procedures for Public Company Boards. For matters related to a director's own interests and where there is conflict with the interests of the company, directors can participate in commenting and answering, but neither in discussions nor voting, and must avoid situations to execute any other voting rights for any other Board members.

In December 2011, the Ta Ya Board established a compensation committee, and added three independent directors at the shareholder's meeting held in June 2012. This made us the first company to establish independent directors in the wire and cable industry in Taiwan. The qualifications of the directors of the Board are in accordance with the relevant regulations of the relevant competent authorities. The company's Articles of Association also states that the election of directors and independent directors must be in accordance to the nomination system. The Compensation Committee is comprised of three independent directors, who periodically review the Articles and provide suggestions. These tasks include: a) to define and publicize our policies, regulations, standards and structures for performance evaluation and determining the salaries of our directors, supervisors and managers; and b) to periodically review the salaries of our directors, supervisors, and managers. The Ta Ya Board met five times in 2016 with an attendance rate of 90%: the compensation committee met twice with an attendance rate of 100%.

In November 2015, Ta Ya's Board of Directors passed the "Board of Directors Performance Assessment Policy" that introduced a set of performance targets aimed at improving board functionality and efficiency. Internal performance assessment of the Board of Directors must be made once a year and an annual performance assessment must be made at the end of the year. An assessment must be made by an external independent institution or expert team once every three years. In addition to the Board of Directors being assessed for its overall operation status, every director must be assessed separately.

The Board of Directors of Ta Ya is subject to assessment in five major aspects: 1. Involvement in the operation of the Company; 2. Improvement of the decision-making quality of the Board of Directors; 3. Composition and organizational structure of the Board of Directors; 4. Selection, appointment and continuous education of Directors; 5. Internal control. The results of the assessment are classified into five levels: Excellent, Outstanding, Good, Fair, and Improvement Required. The result of the assessment in 2016 was Excellent

In Ta Ya (Viet Nam), the Board of Directors approved the "Corporate Governance Regulations" on April 22, 2013. The "Internal Regulations" is approved in February 2014 to establish a good corporate government system and ensure sound operation and development of the Company. The Ta Ya Board of Directors held 11 meetings in 2016 at an attendance rate of more than 90%; the supervisors held 4 meetings in the same year at an attendance rate of more than 90%, too.

Ta Ya Board Members

Position	Name	Compensation Committee	Administrative Position
Chairman of the Board	Shen Shanghong		CEO
Vice Chairman of the Board	Shen Shangbang		
Director	Shen Shangyi		President
Director	Shen Shangdao		Executive Vice President
Director	Chen Mingde		President of Energy and Telecom Cable Business Group
Director	Zhang Liqiu	Convener	
Director	Wei Junxian	Committee Member	
Director	Zheng Dunxian	Committee Member	
Independent Director	Hong Yaokun		
Independent Director	Chen Huanlian		

Note 1: Effective June 2015.

Note 2: Mr. Chen Mingde retired at December 31, 2016 but still as the director.

#### 2016 Board Meetings and Board Member Detail

	Directors	Independent Directors	Supervisor	Meetings Held	Attendance Rate	Female Director(s) and Positions	Age:30-50	Age: over 51
Та Үа	5	3	2	5	90	0	0	10
Cuprime	7	0	2	3	100	0	0	9
Ta Heng	7	0	2	1	89	0	0	9
Та Но	3	0	2	2	100	0	0	5
UEI	8	0	2	3	75	0	0	10
AD	7	0	2	5	77.78	1	0	9
Hengs	5	0	1	6	97	0		
Ta Ya Vn	5	2	3	11	90	0	0	10

Note: the average attendance rates indicate the average of the actual attendance rate of the holding company.

Actual attendance rate is calculated by dividing the actual attendance by the number of board meetings held

Ta Ya Shareholder Structure (%)

Financial Institutions	Financial Institutions Other Legal Entities		Foreign Institutions and Foreigners	
0.04	6.99	84.70	8.27	

Note: Data as of April 10, 2017.

#### Proportion of Total Remuneration of Ta Ya Directors (including Independent Directors)

2014	2015	2016
8.2	-3.48	69

Note: The total remuneration of directors is the accumulated sum of: salary, retirement pay, surplus allocation rewards, and business execution fees. For detail, see page 24 in the 2016 Annual Report.

# Risk Management

Ta Ya has implemented risk management measures on a group scale based on Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies." It also has a robust, efficient internal control policy in place to oversee its eight main operational cycles and management systems. The Auditing Office serves two purposes:

- 1.Assist the Board of Directors and managers in the inspection and review of internal control system for defect, performance and efficiency, and offer improvement advices where appropriate to rectify the internal control system while ensuring its effectiveness.
- 2.Devise annual audit plans based on internal control self assessments and priorities, and execute accordingly in the following year with the approval of the accountable manager and the Board of Directors.

In order to facilitate self governance and timely adjustment to environmental changes, the Auditing Office prepares an internal control self assessment report in the fourth quarter every year and disseminates it to the relevant departments. The report gives each department an overview of their risk tolerance, which can be based upon to adjust the design and execution of internal control systems. All the audit actions were completed in both 2015 and 2016. The 2016 audit plan was devised with 87 audit actions, of which 87 (100%) were completed. The plan was comprised of 11 audit actions on the sales and collection cycle, 3 actions on the procurement cycle, 8 actions on the production cycle, 3 actions on the R&D cycle, 8 actions on the salary cycle, 36 actions on the financing cycle, 2 actions on the property, plant and equipment cycle, 10 actions on the data processing cycle, and 6 actions on the administrative cycle.

With regards to supervision of subsidiaries, the Company obtains monthly management reports as a means of insight into subsidiaries' operations, and regularly participates in subsidiaries' administrative meetings. In 2015, the Company audited its subsidiaries, which represented a completion rate of 94%. 14 subsidiaries were initially arranged in the 2016 audit plan. However, since the Zhang Zhou plant was closed down, the number of the plants to be audited in the plan was changed to 13. All of these plants were audited, representing a completion rate of 100%.

# Code of Conduct and Anti-Corruption

Ta Ya upholds the business philosophy of integrity toward its employees, clients and suppliers. The Ta Ya Employee' s Code of Conduct is required to be signed by all employees when reporting for duty to ensure all behaviors are in accordance with the regulations, which include employees being forbidden to accept any gifts, treatments or treats from any dealing manufacturers and clients. In addition, all employees are prohibited from engaging in transactions with individuals that have records of dishonesty in order to protect the interests of Ta Ya and its stakeholders. An employee may not engage in activities outside the company that are in conflict with the interests of the corporation, may not engage in external activities that may counteract their responsibilities at Ta Ya, and may not engage in relevant Ta Ya transactions for their own self interests.

Ta Ya has established the "Insider Trading Prevention Procedures" and "Code of Ethics" that explicitly prohibit corporate insiders from trading securities against non-public information.

## Information Disclosure

The Group values all comments and suggestions from stakeholders, given that it is the basis on which CSR is implemented upon. It is to this end that specialized personnel are responsible in coordinating and acting as a communications bridge between the corporation and its stakeholders. They are tasked with understanding and rapidly responding and implementing the necessary responses when required, and enhancing information disclosure. In terms of improving information transparency, details of the Investor Conferences, consolidation of operations, and the Group's financial-related information are periodically released on the official website. Furthermore, detailed listings are provided in the annual reports regarding the company's current operating status, future plans, strategic implementations and financial performance so as to provide investors with the best available service.

We have different mechanisms, such as the spokesman, deputy spokesman, and agent of stock affairs, to deal with the suggestions, questions, disputes, and litigations with respect to our shareholders and protect their rights and benefits. In order to allow a few shareholders' rights to be implemented without the constraints of space and time, the Investor Conferences starting in 2014 will adopt the method of electronic voting and vote-by-case. This protects shareholders' rights and makes possible another channel for them to express their opinions.

Moreover, all Ta Ya employees have by law the right to organize trade unions and are entitled to freedom of association. Employee representatives can provide suggestions and comments of their colleagues on specific topics via a laborers' conference. After a consensus is reached through discussions with company operators at the conference, the consensus will be reported to the Board and be handled by the operations group. Other affiliated companies should also uphold the principles of valuing all stakeholders, so that all employees and shareholders are entitled to present their suggestions to the management staff and have them reported to the Board if the situation requires such attention.

# Corporate Governance Rating

In December 2013, the Financial Supervisory Commission published a 5-year "Corporate Governance Enhancement Roadmap" and introduced a corporate governance evaluation system. The evaluation system is a comparison of corporate governance practices across the entire market and is aimed to help investors and businesses understand how effective a company's governance practices are. It is intended to inspire progressive competition and motivate companies to take the initiative in enhancing and improving their corporate governance culture.

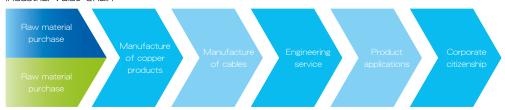
In 2015, Ta Ya's Board of Directors amended the Company's "Corporate Governance Code of Practice" and "Code of Ethics," and established "Corporate Social Responsibility Code of Practice" and "Board of Directors Performance Assessment Policy" as a means of enhancing corporate governance practice and protecting stakeholders' interest. The evaluation of 2015 and 2016 placed Ta Ya in the top 20% of all TWSE-listed companies.

# Sustainable Managment

# Business Activities and Responsibilities

Ta Ya's "Corporate Social Responsibility Code of Practice" was passed by the Board of Directors in August 2015 to provide foundation for the group's sustainability management. The Head Office has assigned dedicated staff to execute corporate social responsibility tasks. CSR progress is reported during monthly "management meetings" and escalated to the Board of Directors along with suggested solutions. The Group CSR Committee is chaired by the General Manager of Ta Ya's Head Office. The purpose of the CSR Committee is to perform thorough analysis of corporate activities so that the Company is aware of its responsibilities to stakeholders and society, and may take steps toward maximizing positive influences while minimizing negative impacts.

#### Industrial Value Chain



	Description	Executor	Stakeholders	Responsibilities
1-1 Raw material purchase	Copper is the major material for making wires and cables, but we also purchase plastic material and other metals and equipment.	Та Үа	Suppliers/ contractors	Grow with suppliers/ contractors
1-2 Financing	Raising funds for production and R&D	Та Үа	Shareholders/banks	Increase shareholders' value R&D and innovation
2-1 Manufac- ture of copper products	Copper is refined into copper rods and other products for further processing.	Cuprime		
2-2 Manufacture of cables	Development and manufacture of wires, cables, and their accessories; Development and manufacture of magnet wires.	Ta Ya, Ta Heng UEI, Ta Ya (Viet Nam)	Employees	Assurance of employee health, safety and lifestyle
3. Engineering service	Planning, design and installation of electromechanical equipment.	Ta Ho, AD Hengs		
4. Product applications	Our products and services are used in power plants, power distribution facilities, telecommunication facilities, and electromechanical equipment	Ta Ya, Cuprime Ta Heng, Ta Ho UEI, AD, Hengs, Ta Ya (Viet Nam)	Customers: power companies, telecom carriers, construction companies, public utility providers, manufacturers of electronic and electromechanical equipment	Contribute to the nation's energy and telecommunication infrastructure Provide green energy-saving products and increase customer's satisfaction
5. Corporate citizenship	Comply with laws and contribute to society	Ta Ya Pristine Homeland Foundation	Government agencies Local communities	Promote environ- mental education and social charity activities

# Stakeholders Engagement

Ta Ya Group believes that communicating with its stakeholders aids in understanding everyone's viewpoints on relevant topics and aids in providing proper responses and measures, which is the basis for CSR implementation. Therefore, we identify and determine key CSR topics via the following steps, and evaluate the relevant topics from the stakeholders with industry experts and the various units.

Step 1: Identifying Topics	Reference benchmark corporations in combination with the current situation and determine the stakeholders needed to communicate with. Then collect comments and feedback through the interactions with the stakeholders.
Step 2: Prioritize	We gather topics that benchmark companies may find material and assign the CSR Committee to rate each topic based on "extent of impact" and "level of stakeholders' concern." The "extent of impact" refers to how each topic affects the Company's operations, while "level of stakeholders' concern" represents how the topic may affect the Company's images and business opportunities.
Step 3: Analyze Results	A materiality matrix is produced by plotting "extent of impact" against "level of stakeholders' concern." The area in the top-right corner represents topics that demand our immediate action and are addressed in the first priority in this year's report.
Step 4: Continuous Improvements	Understand the public's satisfactory level on information disclosure, as well as develop, execute and evaluate every approach to implement continuous self-improvements.

#### Stakeholders and Materiality

Stakeholder	Issues	Communication Methods	Frequency
Employees/ Trade Unions	Safety and Health Attracting and retaining talent Educational Training Harmonious labor relations	E-Bulletin Board Labor-Management Meetings	unscheduled 1 per year
Customer	Customer relations management Product credibility and quality Win-win collaborations	Customer Support Line Project Manager	according to demands according to project amount
Government Agencies	Compliance Pollution prevention Harmonious labor relations	Seminar Exchanges Accreditation of Green Products Environmental Awards (according to award amount)	2-3 per year 1-2 per year unscheduled
Suppliers / vendors	Supplier management Win-win collaborations	Audits	unscheduled
Communities	Corporate citizenship and charity Pollution prevention	participate in community activies/Donation	unscheduled
Investors/Banks	Corporate governance Investor relations management Compliance Risk Management Financial Performance	Investors Conference Shareholders Conference	2 per year 1 per year

# Analysis of Materiality

Materiality analysis in this report was conducted by way of electronic questionnaire, issued to all members of the CSR Committee in the first quarter of 2017. The questionnaire contained 27 topics that were of concern to outside stakeholders and relevant to the group's core operations. By comparing "level of stakeholders' concern" against "extent of impact," a total of 15 material topics were identified for the report.

Material topics are disclosed for relevant entities within the group, including the management approach taken and the outcome. Some of the entities that were not disclosed in this report may be disclosed

#### Materiality Matrix

Hig	gh		8 Product credibility and quality 9 Harmonious labor	Attracting and retaining talent     Customer relations
D0810			relations 10 Compliance 11 Win-win collaborations	management 3 Employee health and safet
9	e of Stakeholder Concern	Environmental policy/ management system Green products	12 Risk management 13 Pollution prevention 14 Corporate governance 15 Supplier managemen	4 Talent training and education 5 Sustainable innovation 6 Financial performance
	ncern	Corporate citizenship and charity Human rights protection Climate change and carbon management		7 Organizational optimization
	Government Relations Information security Energy management	Investor relations Anti-corruption		Brand management
L	_OW	Degree of Influence	e on the Company	High

## G4 Material Aspects

					Internal						External												
Item	Priority issue	Та Үа	Cuprime	Ta Heng	Та Но	AD UEI	Hengs	Ta Ya Vn	Customer	Investors Ba	anks Suppliers	Government Agencies	Communities	G4 Material Aspect	Indicators	Report Chapter	Pages						
1	Attracting and retaining talent	•	•	•	•	• •	•	•						Employment	Employment G4-LA1 G4-LA2				22				
2	Customer relations management	•	•	•		•	•	•	•					Product and Service Labeling	G4-PR5	Customer Satisfactory Survey	40						
3	Employee health and safety	•	•	•	•	• •	•	•						Occupational Health and Safety	G4-LA5 G4-LA6	Occupational Safety and Health	24						
4	Talent training and education	•	•	•	•	• •	•	•						Training and Education G4-LA9 G4-LA10		Educational Training	30						
5	Sustainable innovation	•					•		•					Products and Services G4-EN2		Innovation Management	43						
6	Financial performance	•	•	•	•	• •	•	•		•	•			Economic Pertormance		Economic Performance G4-EC1 G4-EC3		Economic Pertormance		Economic Pertormance		Financial Performance	9
7	Organizational optimization	•								•				Other Material Aspects		Organization	7						
8	Product credibility and quality	•	•	•		•	•	•	•					Product and Service Labeling	G4-PR3	Product Information Labeling	38						
9	Harmonious labor relations	•	•	•				•						Freedom of Association and Collective Bargaining	G4-HR4	Harmonious Labor Relations	22						
10	Compliance	•	•	•				•				•		Compliance Compliance	G4-EN29 G4-S08	Environmental Policy and Management Code of Conduct and Anti-Corruption	48 13						
11	Win-win collaborations	•	•	•			•	•			•			Procurement Practices	G4-EC9	Procurement Policy	41						
12	Risk management	•								•				Other Material Aspects		Risk Management	13						
13	Pollution prevention	•	•	•				•					•	Emissions Effluents and Waste	G4-EN21 G4-EN22	Environmental Policy and Management	48						
14	Corporate governance	•						•		•		•		GSD G4-34		Functions of the Board	12						
15	Supplier management	•	0								•			Supplier Environmental Assessment Supplier Assessment for Labor Practices Supplier Human Rights Assessment Supplier Assessment for Impacts on Society	G4-EN33 G4-LA15 G4-HR11 G4-SO10	Supplier CSR Evaluation	42						

Note: Material issues and disclosed in this reports. Material issues and will be disclosed in future reports.

# External Organizational Involvement

Ta Ya has for a long time participated in many domestic industrial unions and associations to keep up to date with industrial news and technological development trends in order to raise the competitive strength of the industry, improve sustainable strategies, and enhance sustainable capabilities.

Ta Ya Group's External Organizational Involvements

Organization	Та Үа	Cuprime	Ta Hen	Та Но	UEI	AD	Hengs	Ta Ya Vn
TEEMA	•							
Wire & Cable Association Synergy Development Center	•	0	0		0			
Electric-Electronic & Environmental Technology Develop ment Association	0							
Tainan Industry Association	•							
TwnWEA	0							
TWTIA	0							
STGSTA	0						0	
Taiwan Electric Wire Association		0						
TNCIA	0		0					
TTECA				0		0		
Taiwan Water Pipe Engineering Industries information Portal						0		
Taiwan Refrigeration & Air-conditioning Engineering Association						0		
TTEIA						0		
CAFP						0		
YK-Tec Fellowship							0	
PVGSAROC							0	
TPVIA							0	
CTCVN, Dong Nai Branch								0
CTCVN, Binh Duong Branch								0
CTCVN, Ho Chi Minh Branch								0
CTCVN								0

Note: Participate in the organization and hold important positions. Participate in the organization.

- 1. TEEMA (Taiwan Electrical and Electronic Manufacturer's Association): The association's mission is to act as the communicator between the government and the people, the promoter of rooting in Taiwan, and the supporter of global businesses. It provides its members with global diversified services for mutual benefit and acts as the bridge between the industry and the government to foster economic growth. Shen Shang-Hung, Chairman of TaYa Group, is the executive director of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), the chairman of its Policy and Finance Committee, and the leader of the TEEMA Office in Southern Taiwan.
- 2. Wire & Cable Association Synergy Development Center: The organization assists its members in broadening the perspective and creates business opportunities and visions via the CSD. Other than providing important information on union activities, industry and exhibitions, it also devotes itself to providing members, both foreign and domestic, with trader data, national industrial degree compilations and various information to promote industrial upgrades, improve product quality, lower production costs and further industrial competitive strength. President Shen Shanghong of Ta Ya has been acting as the Vice Chairman of the association since 2002 and is committed to promote its business.
- 3. Tainan Industry Association: The association assists in communications between local enterprises and the local government, and fosters better understanding of the laws and regulations imposed by the state. President Shen Shanghong of Ta Ya acts as the executive director of the Tainan Industry Association. Ta Ya's participation is aimed at connecting the Tainan government with private industries, thus providing clients in the Tainan region with the best available service and becoming their trusted business partner.



# Human Rights Protection

# Provide employment opportunities

As of December 2015 the Ta Ya Group had 1,020 employees in Taiwan (under Ta Ya, Cuprime, Ta Heng, Ta Ho, UEI, AD and Hengs). We hire most of our employees under indefinite contracts so that they may commit to long-term service with comfort. We offer starting salaries irrespective of gender difference. Employees' promotion and education are arranged entirely based on individual capacity. If there is a need for overseas assignment, we communicate with employees in advance and offer incentives such as salary increment and promotional opportunity upon return.

The group has more males than females in all its companies. This is because most of the works are physically demanding and take place in a hot, humid environment or require rotating shifts. Females account for a percentage of 14.29% among Ta Ya's managerial staff. This is slightly higher than the percentage of the general female employees (12.9%). We support the employment of persons with physical or mental disabilities and apply higher standards than what the law requires. In 2016, we hired 13 people with disabilities and 6 people with an indigenous background. Except for the 11 (12.22%) foreign workers hired by Ta Heng, all the employees in Taiwan were of R.O.C. nationality.

Both plants in Vietnam hired a total of 427 employees (as of December 2016). The ratio of local employees in Dong Nai and Hai Duong is 97.1% and 96.69%, respectively. The percentage of female employees in Dong Nai and Hai Duong was 15.22% and 25.17%, and the percentage of females among the managerial staff in both plants was 19.05%, and 25%, respectively. These indicated that promotion was made without consideration of gender. The government of Vietnam does not establish laws to impose any requirements on hiring persons with disability or indigenous people.

#### Employee Turnover and Percentages (2016)

	Ta Ya Cuprii		orime Ta Heng			Та Но		UEI		AD		Hengs		Dong Nai		Hai D	luong	
	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
New Employees	115	19.52	21	30.88	7	7.78	1	3.57	5	13.51	18	19.15	30	26.32	121	43.84	28	18.54
Resignation	108	18.33	14	20.59	4	4.44	2	7.14	5	13.51	26	29.79	48	42.10	137	49.64	34	22.52

Note: New employee percentage = number of new employees / number of employees as of the end of the year.

Resignation percentage = number of resignations / number of employees as of the end of the year.

#### Gender Ratio of Management Staff

		Ta Ya	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Dong Nai	Hai Duong
(Deputy) Department	Male	27	7	4	0	1	9	0	13	8
Heads	Female	7	3	0	1	0	6	0	4	3
(Assistant)	Male	15	4	3	1	1	7	15	4	3
Managers	Female	3	0	1	0	2	2	2	0	1
Associates	Male	6	2	4	0	1	0	1	0	0
Associates	Female	0	0	0	0	0	0	0	0	0
Vice Presidents	Male	12	4	3	2	1	3	3	0	1
or above	Female	0	0	0	0	0	0	0	0	0
Total		70	20	15	4	6	27	21	21	16
Male (%)		85.71	85	93.33	75	66.67	70.37	90.48	80.95	75
Female (%)		14.29	15	6.67	25	33.33	29.63	9.52	19.05	25

#### Diversity

	Та Үа	Cuprime	Ta Heng	Ta Ho	UEI	AD	Hengs	Dong Nai	Hai Duong
Disability Employees (Required)	5	0	1	0	0	1	1		
Disability Employees (Actual)	7	1	1	0	0	3	1	0	1
Aboriginal employees (Required)	5	0	0	0	0	0	0		
Aboriginal employees (Actual)	5	1	0	0	0	0	0		
Foreign workers	0	0	11	0	0	0	0	8	5

Note 1: Among the foreign workers hired by Ta Heng, 10 were from Indonesia and 1 were from Thailand.

Note 2: Vietnamese laws do not impose any requirement on the hiring of persons with disabilities or indigenous people. Foreign workers hired by Dong Nai factory were 1 from China and 7 from Taiwan. Foreign workers hired by HaiDuong factory were 5 from Taiwan.

#### Staff Composition

		Ta Ya Cuprime Ta Heng Ta Ho		Но	UI	ΞI	А	D	Her	ngs	Dong Nai		Hai D	luong						
			Number of People	%																
	Male	)	513	87.1	49	72.06	67	74.44	24	85.71	26	70.27	58	61.71	67	58.77	234	84.78	113	74.83
	Fema	le	76	12.9	19	27.94	23	25.56	4	14.29	11	29.73	36	38.29	47	41.23	42	15.22	38	25.17
Age	ed 30 ar	nd under	97	16.47	6	8.82	15	14.44	0	0	3	8.11	19	20.21	30	26.32	95	34.42	36	23.84
А	ged 31	to 49	349	59.25	39	57.35	50	56.67	22	78.57	30	81.08	68	72.34	75	65.79	157	56.88	115	76.16
Age	d 50 an	d above	143	24.28	23	33.82	25	28.89	6	21.43	4	10.81	7	7.44	9	7.89	24	8.7	0	0
Emp	Irregular Agreement	Male	499	84.72	47	69.12	56	62.22	24	85.71	26	70.27	58	61.71	67	58.77	140	50.72	84	55.63
oymer	egular ament	Female	76	12.9	19	27.94	23	25.56	4	14.29	11	29.73	36	38.29	47	41.23	28	10.14	31	20.53
nt con	Regular Contract	Male	14	2.38	2	2.94	11	12.22	0	0	0	0	0	0	0	0	94	34.06	29	19.21
contract	gular	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	5.07	7	4.64
Туре	Full-	Male	513	87.1	49	72.06	67	74.44	24	85.71	26	70.27	58	61.71	67	58.77	234	84.78	113	74.83
of Er	time	Female	76	12.9	19	27.94	23	25.56	4	14.29	11	29.73	36	38.29	47	41.23	42	15.22	38	25.17
	3	Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ployment	time	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total s	taff	589	100	68	100	90	100	28	100	37	100	94	100	114	100	276	100	151	100

Note: Employee data was accurate as of December 2016; recruits who complete the initial onboard procedures are treated as permanent employees.

#### Employee Turnover and Percentages (2016)

	Та	Ya	Cupi	rime	Ta Heng		Ta l	Но	UE	1	Al	)	Her	ngs	Dong	, Nai	Hai D	luong
	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%						
								New E	mployees									
Aged 30 and under	58	50.43	6	28.57	4	57.14	0	0	0	0	9	50	15	50	115	95.04	16	57.14
Aged 31 to 49	56	48.7	12	57.14	2	28.57	1	100	5	100	9	50	14	46.67	6	4.96	12	42.86
Aged 50 and above	1	0.87	3	14.29	1	14.29	0	0	0	0	0	0	1	3.33	0	0	0	0
Male	112	97.39	21	100	7	100	1	100	4	80	13	27.78	14	46.67	109	90.08	25	89.29
Female	3	2.61	0	0	0	0	0	0	1	20	5	72.22	16	53.33	12	9.92	3	10.71
								Resi	gnation									
Aged 30 and under	44	40.74	7	50	2	50	0	0	0	0	5	17.85	19	39.58	45	32.85	19	55.88
Aged 31 to 49	53	49.07	4	28.57	0	0	0	0	3	60	19	67.85	26	54.17	90	65.69	15	44.12
Aged 50 and above	11	10.19	3	21.43	2	50	2	100	2	40	2	7.14	3	6.25	2	1.46	0	0
Male	104	96.30	14	100	3	75	2	100	4	80	20	75	18	37.50	121	88.32	32	94.12
Female	4	3.70	0	0	1	25	0	0	1	20	6	25	30	62.50	16	11.68	2	5.88

Note: New recruits are defined as employees who join the Company for the first time; resigned employees are defined as employees who are voluntarily or involuntarily dismissed, retired, or deceased due to work-related accident.

# Worker Dignity

Ta Ya Group's Human Rights Policy Statement is defined in accordance with The Universal Declaration of Humans Rights, The United Nations Global Compact and The ILO Conventions on Core Labor Standards. It is premised on allowing everyone inside and outside the company to receive fair and respectable treatment. We pledge:

- 1.To support and respect the protection of human rights and ensure that our business partners and suppliers also uphold the same standards;
- 2.To ensure that we and our partners and suppliers do not make use of illegal child labor or prisoners in business operations and do not engage in forced labor or corporal punishment;
- 3.To respect the rights of the employees to participate in collective labor negotiations in accordance with local laws and customary union regulations;
- 4.To tolerate all cultural characteristics of all employees, and not discriminate against any employees protected by the law for their diversity of cultural characteristics, including gender, color, race, ethnicity, nationality, religion, age, marital status, sexual orientation, gender identity and expression, disability, pregnancy, veteran status or political stance;
- 5.To comply with the Safety Policy and to promptly correct or report any possible threats;
- 6.To avoid behaving with disrespect, hostility, violence, threat or harassment:
- 7.To promote the establishment of a harassment-free environment. We do not tolerate any sexual harassments, including any undesirable flirting, sexual exchange for benefits, or any other unwelcomed suggestive language or physical behavior; and
- 8.To protect the personal information of our current and past employees, board members, clients, job seekers and partners. The acquisition and use of personal information is limited to legitimate business purposes.

Gender equality is protected in accordance with law in all Taiwanese operations. All employment contracts are drafted with a clause that specifies the advance notice period the Company has committed to serve for all major changes in operation. We have defined the Complaints

and Disciplinary Measures for the Prevention of Sexual Harassments in the Workplace policy and periodically promote awareness of it. The balance between work and life is one of the most important values at Ta Ya. We provide flexible choices for employees, such as parental, family and childbirth leave. In the case of radical changes in business operations that may affect labor rights, we inform employees who have served at the company for more than three months but less than a year 10 days ahead of time; for employees who have served for more than one year but less than three years, 20 days ahead of time; and to those who have served for more than three years, 30 days ahead of time.

#### Harmonious Labor Relations

The group respects employees' right of association and their legal entitlement to assemble unions and engage in collective bargaining. Ta Ya and Cuprime both have worker unions created within them. Ta Ya organizes regular labor-management meetings, places dedicated hotlines and emails, and engages unions in collective bargaining negotiations on an ongoing basis. In 2016, the group received no complaint and encountered no occurrence of employment dispute or violation against freedom of association in any of its offices, affiliated enterprises or suppliers thereof.

#### Welfare and Care

The Group's employee welfare includes: year-end, profit-sharing, and long-employment bonuses; uniforms and safety shoes; marriage/funeral cash gifts/celebratory curtains/garlands applications; educational training, language, lunch, and employee travel subsidies; Labor Day, Dragon Boat Festival, Mid-Autumn Festival, Spring Festival gifts, parties and dinners (organized by the welfare committee); club activity subsidies; birthday gifts; employee insurance (extended to employee family members, paid by the members at a discounted price); and employee accident condolences. The company also holds physical examinations annually, organized by the Occupational Safety & Health Office. In addition, employees have voluntary marriage/funeral/celebration subsidies and employee mutual assistance funds on the death of the employee, family members, spouse, or children.

Employee welfare committees have been formed at Ta Ya, Cuprime, and Ta Heng. Their main responsibilities are: the examination, implementation, and supervision of employee welfare affairs; the planning, custody, and withdrawal of employee welfare funds; the allocation, auditing, and budgeting of employee welfare funds; and other relevant employee welfare affairs.

- Ta Ya has 21 seats of representatives on the employee welfare committee, comprised of one from the employer as an ex-officio member, six from the staff, and 14 from the guild. One chairperson is elected from the representatives. Except for the ex-officio member, the committee members have three-year terms and may be re-elected. The employee welfare committee meets once every three months.
- Cuprime has 13 seats of representatives on the employee welfare committee, made up of three
  from the employer as ex-officio members and 10 from the staff. One chairperson is elected
  from the representatives. Except for the ex-officio members, the committee members have
  three-year terms and may be re-elected once. The employee welfare committee meets once
  every three months.

• Ta He es' salary into a pension fund account held at Bank of Taiwan. As required by the Labor Standards Act, the Company estimates the balance of its pension fund account before the end of each year and reimburses differences before the end of March the following year. All calculations and actions are reviewed by the Labor Pension Fund Supervisory Committee. For employees who opted for the new pension scheme introduced under the "Labor Pension Act" since July 2005, the Company contributes 6% of their monthly salary into their individual pension fund accounts held with the Bureau of Labor Insurance.

Following the 2015 amendment of the Labor Standards Act, employers are now required to make adequate contributions no later than March each year to the old pension fund for employees who will be qualified to retire in the current year. As a result of this amendment, Ta Ya make adequate contributions into the pension fund account held with Bank of Taiwan annualy.

Meanwhile, Cuprime took the initiative to seek the authority's approval to raise contribution rate from 4.1% to 10% for employees under the old scheme. This decision was made to ensure that the Company has adequate budget to cover employees' retirement benefits in every subsequent year. Ta Heng had also fully reimbursed contribution to the old pension scheme. In subsequent years, all contributions to the old pension scheme will be made at 6% of employees' monthly salary, similar to the new scheme.

Ta Ya (Viet Nam) provide their employees with benefits including end-end bonuses, uniforms, safety shoes, transportation allowances, language allowances, launch subsidies, cash gifts for marriage, funerals and joyous events of the employees and their children, consolation money, and so on. The companies arrange physical examination for their employees and provide drivers and the employees who often travel for business with additional personal accident insurance to the amount of VND 50 million. All the employee benefits are dealt with by the Administration Department.

The companies support the labor associations with gifts for the Dragon Boat Festival. They also arrange irregular dinner parties and trips for the employees to help them mitigate work stress, increase their affections, maintain good physical conditions, and create more cultural atmosphere. Many venues are set up for the employees to held recreational activities. The companies organize internal sports tournaments every year and provide prizes as an encouragement and create better recreational living quality for the employees.

The law of the Vietnam government requires the employer to share 18% of the social insurance (pension) premium while the employee must share 8% of the premium. This is applicable to all the laborers of Ta Ya (Viet Nam) after the probation period. Premium share of other insurances: Medical insurance: company 3%, employee 1.5%, Unemployment insurance: company 1%, employee 1%.

Retirement age: According to the law, retired workers can receive their pension under the social insurance if the following conditions are satisfied: at the age of 60 (male) or 55 (female) if the social insurance premium has been paid for more than 20 years; at the age of 55 (female) or at the age of 55-60 (male) or 50-55 (female) if the worker who has paid the premium for 20 years and worked in toxic or dangerous environment for 15 years. Retirement wage: For the workers who have paid the social insurance premium for 15 years, the retirement wage is 45% of the average monthly wage during the period when the premium was paid. An additional 3% is counted in if the premium is further paid for one year to an upper limit of 75%.

#### Employee benefits better than what the law requires Unit: VND

	Dong Nai	Hai Duong	
Travel allowance	200,000~1,100,000	400,000	
Other allowances	550,000~2,500,000 This is duty allowance	200,000~2,270,000	
Full attendance bonus	210,000	210,000	
Wedding gift	700,000~1,000,000	1,000,000	
Funeral of family member	1,000,000	1,000,000	
Workinjury	300,000	300,000	
Phone allowance	0	150,000~350,000	
Crinese language alowance	250,000~1,000,000 Merged in the wage directly	100,000~1,000,000 Merged in the wage directly	
Required training courses	Full subvention	Full subvention	

# Occupational Safety and Health

# Management Measures

Our factories are spacious, well-lit and have good air circulation, providing our staff with a comfortable work environment. Although the manufacturing processes have no environmental pollution issues, we still place great emphasis on the environmental protection measures at our factories. There are environmental protection groups and security and health offices to ensure the promotion of environmental protection and employee safety as we work toward the goal of zero-pollution.

With emphasis on employee safety and health during the manufacturing phase, Ta Ya first obtained the ISO14001 environmental management system certification in 2005 and also acquired the OHSAS18001/TOHSMS occupational health and safety management system accreditation in 2009. As the audit verification of the external verification units and replacement procedures of the three verifications were conducted in November 2013, we also acquired the ISO 14001, OHSAS 18001, and CNS 15506 certifications. We have established a safe and healthy work environment, and implemented the identification and evaluation of potential risks in the work environment to further control and take preventative measures against them.

The Committee on Occupational Safety and Health at Ta Ya is responsible for deliberating, coordinating, and suggesting matters regarding occupational safety and health. The committee comprises of one chair-person (5%), one executive secretary (5%), eight members (40%), six labor representatives (30%), and four occupational safety personnel (20%):

- 1. Chairperson: Undertaken by the General Manager of the communications business group;
- 2. Executive secretary: Undertaken by the safety and health officer of the safety and health office;
- 3.Members: Consisting of representatives from General Affairs, Human Resources, Sales, Communications Operation, Communications Production, Communications Quality Assurance, Enameled Wire Operation, and Enameled Wire Production departments;
- 4.Labor representatives: Undertaken by the Managing Director and board member of the industry guild:
- 5.Occupational safety personnel: One occupational health and safety executive, one occupational health and safety officer, and two occupational health and safety managers; and
- 6. Medical personnel: Medical personnel of the health and safety office.

The practices of other affiliated companies are as follows:

- Cuprime: The Committee on Occupational Safety and Health is responsible for deliberating, coordinating, and suggesting matters regarding occupational safety and health. The Committee is comprised of 1 Safety and Health Officer (10%), 5 safety and health committee members (50%), 1 work safety person (10%), 3 labor representatives (30%).
- Ta Heng: Implement the work safety and health system and ensure compliance with occupational safety and health regulations. It exists to protect workers' personal health, safety, cleanliness and hygiene at the workplace. I person in charge of occupational safety and health is designated. To raise workers' safety and health awareness, they are requested to duly comply with policies and make proper use of safety gear to minimize the chances of accidents.
- AD: An occupational safety office is set up to enforce the work safety and health system and ensure compliance with occupational safety and health regulations. It exists to protect workers' personal health, safety, cleanliness and hygiene at the workplace. The Office is comprised of 1 section chief and 3 staff members. The personnel of the Occupational Safety Office visit work sites regularly to maintain and promote occupational safety. They conduct random safety and health audits as a means to raise workers' safety and health awareness, so that they may duly comply with policies and make proper use of safety gear to minimize the chances of accidents. The purpose of the safety and health management appraisal conduct in recent years is to ensurethe implementation of every labor safety and health item in the application of the appraisal system.
- UEI: The Company has a Workers' Safety and Health Officer in place to oversee related matters. In addition to section chiefs, managers also pay random visits to work sites for safety inspection and to promote employees' safety awareness. Adequate numbers of safety gear have been provided for the different works involved to prevent accident.

- Hengs: The Safety and Health Committee with 9 members is established and holds 1 meeting every 3 months to review, coordinate and suggest matters regarding the employer's safety and health policies and plans to improve the effectiveness of the safety and health management. A labor safety office is set up with 1 occupational and 1 Class-A occupational safety and health affairs management person for the safety and health management of the entire company. They visit work sites regularly to inspect, supervise and improve occupational safety and health as a means to raise workers' safety and health awareness. All the employees participate in the promotion of the company's labor safety and health policies and planning of the safety measures in compliance with the laws. This ensures that all the laborers use protective equipment correctly and observe all safety and health regulations to prevent the occurrence of occupational accidents.
- Dong Nai: The Company has obtained certification for ISO 14001 Environmental Management System. For the safety of the operational environment and for workers' health, smoking is prohibited anywhere in the factory. Office air conditioning and cooling tower are maintained regularly to ensure the health of office workers. Factory and office lighting is regularly maintained and measured, while sprinklers have been installed in accordance with fire safety regulations. We also organize regular health checks based on employees' roles, such as general operator, operators under conditions of excessive noise, and kitchen workers, and follow up on their health checks. To further improve work environment and safety, the Company conducts 2 environmental assessments per year along with safety training and rehearsal.
- Hai Duong: The Company has passed the certification for ISO 14001 Environmental Management System. For the safety of the operational environment and for workers' health, smoking is prohibited in the office and all other places in the factory. Office air conditioning and cooling towers are maintained regularly to ensure the health of office workers. Factory and office lighting is regularly maintained and measured, while smoke detection and alarm systems are installed in accordance with fire safety regulations. We also provide regular physical examination and take follow-up actions based on employee roles, including general operators, operators under conditions of excessive noise, high temperature or toxicity, and kitchen workers. To further improve work environment and safety, we conduct environmental assessment once every year, including microclimate (temperature, humidity, wind velocity), lighting, noise, dust, carbon dioxide, and carbon monoxide. We also provide operation and fire safety education.

# Prevention of Occupational Hazards

The process of manufacturing wires and cables involves approximately 100 types of chemical substances. We therefore practice checkpoint inspections, gather statistics on the usage of emission quantities, and implement control procedures on the chemical substances to prevent them affecting the eco system or cause pollutions. We also exercise control over the source, implemented green procurement of materials that do not contain any harmful substances, and Ta Ya obtained the IECQ/QC 080000 certification in 2007, Cuprime in 2008. In addition to caring for the health of the employees, we provide safeguards for consumers, too.

To mitigate the effect of dust caused by PVC granules used in cable manufacturing, we have installed dust collectors at locations that are prone to such hazards. In addition, these work areas are partitioned while workers are given protective masks to limit the effect of dust. The PVC components of all marketed cables are free of lead. We have changed our formula and switched to the use of non-lead based stabilizer to avoid contact with even the smallest trace of lead, and thereby mitigate hazard to employees.

Magnet wires are made from copper rod and various types of coating, the latter of which comprise mainly of "organic solvents." To avoid harm to workers' health and the environment, we add "catalysts" into our production process so that organic solvents can be incinerated at high temperature and turned into vapor and carbon dioxide, which cause no harm to workers' health or the environment. During the production of copper bonding wire, we use ultrasound to clean wires; to prevent noise hazard, workers are issued earplugs as a form of protection.

In addition, in consideration of the work environment and the safety of the workers, our factories are completely non-smoking areas. A periodic maintenance is scheduled for the office air conditioning system and the cooling water towers to protect the health of our office personnel. A periodic maintenance and check-up is performed on the lighting system of the factory and offices; the lighting maintains a value above 300 lm for the employees who are performing visual operations. Furthermore, periodic physical check-ups and follow-ups are also performed for our general, noise, dust, and lead operations staff. To further improve the workplace and its safety, Ta Ya established specialized environmental protection units, and safety and health units. Other than discussing the workplace environment, safety and health-related issues at the health and safety committee conferences every season, we also implement safety education and safety drills.

#### Prevention of Occupational Hazards

Companies	Factories				Туре	e of occu	upational	hazard				Hea	alth-threa operation		Precautionary measures
		1	2	3	6	7	8	11	13	17	20	1	2	25	
Та Үа	Guanmiao		•				•				•		•	•	Convey work safety guidelines with employees     Convey traffic rules.     Enforce use of safety gear.
	Dawan		•				•				•		•		Wearing of earplugs; health check for special operations
Cu	iprime					•		•				•	•	•	Enforce wearing of protective suits and placement of air-conditioned resting area     Wearing of earplugs; health check for special operations     Wearing of face masks; health check for special operations
Та	Heng		•				•				•				onvey work safety guidelines compliance with traffic rules
Ta	а Но						•								Enforce standard operating procedures
ı	UEI					•									Conduct random safety inspections at various workplaces to promote employees' safety awareness.     Provide adequate number of protective gear for the different works involved, and thereby prevent accident from happening.     Promote safety awareness during commuting and
,	AD	•	•				•		•		•	•	•	•	Verify work area and environment prior to commencing work activities.     Enforce proper usage of protective gear.     Provide employees with necessary safety and health trainin
Н	engs	•	•							•	•				Enforce use of safety harness, safety wire, hooks and helmets for rooftop operations.     Promote compliance of traffic rules.     Procure installation/construction insurance du
Ta Ya Vn	Dong Na Hai Duong		•	•	•	•	•	•	•	•	•	•	•		1. Outline standard operating procedures and place reminders at work site 2. Enforce use of safety boots by workers, and helmets by truck drivers and forklift operators 3. Place first aid kits on-site to facilitate preliminary treatment of injuries 4. Procure social insurance and accident insurance for employees who are required to perform duties outside of business premis

Note 1: Occupational hazard code: (1) Fall from elevated position; (2) Tripping; (3) Impact to others; (6) Impact by others; (7) Jamming; (8) Cut or abrasion; (11) Contact with extreme temperatures; (13) Electric shock; (17) Risky movements; (20) Traffic accident.

Note 2: Health-threatening operations code: (1) High temperature; (2) Noise; (25) Dust.

#### Occupational Hazards - Key Indicators

		Та Үа	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Dong Nai	Hai Duong
ID	Male	4.06	0	2.28	0	2.70	1.07	0	1.25	0
IR	Female	0	0	0	0	0	0	0	0	0
ODR	Male	0.23	0	0	0	0	0	0	0	0
ODR	Female	0	0	0	0	0	0	0	0	0
LDR	Male	16.30	0	2.28	0	2.03	5.89	0	32.48	0
LUN	Female	0	0	0	0	0	0	0	0	0
AR	Male	0.0007	0.0351	0.0056	0.0021	0	0.0208	0.0014	0.0023	0.0044
An	Female	0.0001	0.0092	0.0079	0.0005	0	0.0565	0.0205	0	0.0017
Line of duty death	Male	0	0	0	0	0	0	0	0	0
Line of duty death	Female	0	0	0	0	0	0	0	0	0

Note 1: Injury rate (IR) = Number of injury incidents / total work hours \* 200,000. Occupational disease rate (ODR) = Number of disease incidents / total work hours \* 200,000. Loss and delay rate (LDR) = Number of delayed days / total work hours \* 200,000. Absence rate (AR) = Days of absence during reporting period / total work days during reporting period. Days of absence include arriving late, leaving early, personal leaves, sick leaves (half-day deduction), and absenteeism.

Note 2: Key Indicators of Ta YA included Guanmiao and Dawan Factories.

#### Health Care

Ta Ya is committed to the promotion of tobacco control and health in the workplace and has been certified by the Health Promotion Administration with a "healthy workplace certification - health initiation conformance" (valid from January 2014 to December 2016).

In accordance with the age of the employee and the work environment, Ta Ya provides adequate health plans and check-ups for early detection of potential health hazards and virulent factors. Special medical personnel are sent to implement annual physical check-ups and also conduct evaluations of items needing improvement according to abnormal proportions, annual trends, and ethnic trends. We prioritize items requiring improvement in accordance with its level of urgency, plan full intervention programs, understand individual needs, assist in follow-up check-ups at the hospitals, engage in health-care tracking, and provide complete health-care measures.

According to the annual health check-up results analysis, BMI, cholesterol, and blood pressure are among the top three abnormal rankings. Employees in the shift-work group are especially susceptible to having irregular work and rest habits, unbalanced diets, and a lack of exercise. The following improvement plans have been made available to all employees and have been implemented:

- 1.A beetle nut and smoke-free healthy workplace: Starting on June 1, 2008, all factories prohibit the chewing of beetle nut and smoking; relevant punishments are defined and signs are established at prominent locations throughout the factories;
- 2. Promotional health conferences: Organizing urinary system health and healthy diet lectures with 60 people participating:
- 3.Blood pressure measurement: Conducting blood pressure measurements every three months at each department for early diagnosis and treatment.
- 4.Blood sugar measurements: Health education is provided to employees with higher-blood sugar levels based on physical examination, and they are listed for tracking and care;
- 5. Sports clubs: Yoga, motor bike, badminton, hiking, and cultural studies clubs are available and events are held periodically:
- Signs in stair cases that encourage employees to use the stairs, encouraging exercise in the workplace;
- 7.The Ta Ya Hiking Track: A 0.9 km hiking track is made available to encourage colleagues to walk ten thousand steps every day to prevent and improve chronic disease conditions;
- 8. Promoting fitness exercise routines: Instructions for routine exercises are provided to each department on site, encouraging employees to exercise regularly;
- 9.New breastfeeding room: One breastfeeding room has been newly installed in the medical room for employees; and
- 10. Healthy diet: An employee cafeteria has been established to provide lunches and dinners.

As for other affiliated enterprises:

- Cuprime: In addition to the annual physical examination, a special examination is provided depending on the work environment of the employee. The Company understands the needs of individual employees and arranges for them to undergo further examination at the hospital. Intermittent care and follow-up actions are taken and comprehensive health care is provided for the employee. The analytic results of the annual physical examination indicate that BMI, cholesterol, and mild fatty liver are the first three abnormalities among the employees. They usually have irregular life style, unbalanced nourishment, and inadequate recreational activities due to the rotation system of their work.
- Ta Heng: The Company provides group insurance for the employees (including their families with favorable contributions). The physical examination is provided once every three years and the general affairs section is responsible for this matter.
- UEI: The Company recently provides employees with the benefits better than what the law requires. Physical examination is provided for the employees to identify any hazard to their health and other potential pathogenic factors as early as possible. Physical fitness is another benefit to help employees understand their physical condition. After the annual physical examination, the hospital makes statistics based on the rate of abnormality and assesses the items that need improvement. The Company arranges medical personnel to explain the physical condition and examination report. It also arranges further examination at the hospital. Irregular care and follow-up actions are taken and comprehensive health care is provided for the employee. The analytic results of the annual physical examination indicate that BMI, cholesterol, and fatty liver are the first three abnormalities among the employees. This may be associated with unbalanced nourishment in daily diets and inadequate recreational activities.
- AD: Annual physical examination is provided for the employees to identify any hazard to their health and other potential pathogenic factors as early as possible. In addition to the general examination items (including examination of their physique, intraocular pressure, excrement, urine, blood, function of the liver and kidney, metabolism, diabetes, and blood fat), cancer screening, X-ray photography, electrocardiogram examination, hepatitis B, and ultrasonic examination are arranged for the annual physical examination to help the employees understand their health condition comprehensively, identify potential pathogenic factors, and receive medical service as early as possible.
- Hengs: All the new employees are subject to general physical examination according to the labor health protection regulations. The general physical examination of the employees on service is provided once a year and more examination items than what the law requires are provided. The purpose of the physical examination is mainly to provide a basis for analysis of the health condition of the employees, identify and treat diseases as early as possible, promote health policies, and build a healthy and dynamic working environment.
- Dong Nai: Annual physical examination is arranged regularly every year. Two physical examinations
  are provided for the kitchen personnel. A poison allowance is provided for the employees working
  in highly polluted environment to meet the policy of the government. In practice, the Company
  currently provide its employees with milk twice a month.
- Hai Duong: Appropriate physical examination plans are made depending on the type of the work and the working environment to ensure early identification of any hazard to the health and other potential pathogenic factors. Follow-up actions are taken after the annual physical examination.
   No occupational diseases associated with the work are currently identified in the analytic results of the annual physical examination.

# Corporate Volunteers

In 2013, the group assembled a wire safety volunteer team under the Ta Ya Pristine Homeland Foundation. In 2015, we, together with the Tainan City Water Resources Bureau, organized a Family Day event at Benyuanliao Drainage and planted 50 seedlings of Chinaberry. We worked with the Tainan City Water Resources Bureau again in 2016 and planted 100 seedlings of Common Jasmin Orange at Section 3, Junan Road, on the left bank of the Jianan Irrigation Canal to give the bank more greens. The volunteer team has been watering and maintaining the trees and removing the garbage 7 times. The residents of the Home With Love, an institution for restoration from sickness, in the Annan District were invited to join us for the maintenance. Though weeding and picking garbage were boring, all the participants shoveled weeds off the ground and bagged them one by one under the guidance of our employees. Everyone laughed happily after the work was completed.

The 26 members of the volunteer team contributed a total of 464 service hours in 2016. In order to encourage more employees and their families to participate in the voluntary service for social welfare, we amended the "Implementation Regulations of the Volunteer Team" two years after they took effect and added a provision that "employees who participate in the activities of the volunteer team for 24 service hours in the current year or take a managing position on the volunteer team will be recommended by the leader of the volunteer team to the human resources department for commendation." By doing so, we hope to promote the idea of a beautiful home to every employee of the Company.

# Power Safety in Southern Taiwan

In the morning of the 17th, TAYA's corporate volunteers visited Bajia Village Community Center in Guiren District to speak with more than 60 local residents about power safety. To support TAYA Group's active involvement in the solar energy business, this event also included an introduction to rooftop solar power system.

Mr. Yang Jincong, Chief of Bajia Village, Guiren District, said in his speech that "TAYA gave him his first job, back in the time when the factory was still located on Renhe Road. Thank you, TAYA volunteers, for reminding our residents about power safety." he said.

The event began with the screening of "Environmental Friendly Professionals." a documentary produced by the foundation, followed by the use of photos and video clips that gave participants a concise explanation about domestic wiring, grounding, leakage detection, and elimination of short circuit. As a support to the government's green energy initiatives ("Million Rooftop PVs"), this event also included a description on how solar energy system works and important notes about installing rooftop panels. During the seminar, participants were invited to engage actively in fun quiz, and those who answered correctly were rewarded with one of TAYA's specially made power extension cables. Due to overwhelming response, the one-hour event ended much later than it was intended. Lastly, the event closed with TAYA's charity club donating supplies to residents in need. Whether in northern or southern part of Taiwan, TAYA Group is indistinguishable in how it coordinates resources throughout the organization and mobilizes employees to engage in social activities and fulfill TAYA's role as a corporate citizen.



# Educational Training

# The Educational Training System

Human resources are a critical factor to a company's sustainability and successful transformation. In order to standardize internal training programs for more effective results and greater competitiveness, Ta Ya adopted "Taiwan Talent Quality-management System" (TTQS) in 2012 as a means of enhancing training results. The Company received a bronze award during the 2015 TTQ assessment, which prompted it to further improve its existing training policies and commitments.

- Training policy: Support employees' training and development to provide the group with the drive to accomplish its missions and growth
- Training commitments: The Company will provide employees with the proper training to advance in their career and develop the competitiveness needed to accomplish more complex tasks. In return, employees shall also accept the Company's training arrangements and plans where appropriate. Both the Company and employees shall abide to the above commitments.

Ta Ya's internal educational training system implements training in accordance with the types of profession. The training content includes management, general, and professional skills, as well as self-motivation. The various business groups provide the annual training requirement lists at the end of each year for the following year. HR then compiles these into the annual execution plan. Professional skills training requirements are issued by each of the business groups in accordance with their business strategy plans or current situations. HR then collects relevant training classes and lecturer lists for reference and compiles the training requirement lists for each business group.

For new employee training, courses are prepared by HR and training sessions are provided by each of the business groups. The contents of the training emphasize organizational overview, history, business philosophy, personnel systems, benefits, insurance, salaries, work safety, labor health and safety, the ISO system, quality policies, and field internships.

As international business communications is required for operations, Ta Ya initiated the Application of Foreign Language Job Training for Employees in 2010. In addition to providing subsidies for training, we also provide salary increases in accordance with learning results, and take language abilities as a priority in promotions and mobilizations. In 2011, we further defined an even more complete Employee Job Training Application, which covers all tuition fees for Master's and Doctorate student-employees who choose to pursue management-related studies or studies that have a potential future for development in the company.

Ta Ya's Educational Training System

Class	Management Skills	General Skills	Professional Skills	Self-Motivation
Manager (included) and above	Strategic Planning Advanced Communication and Coordination Advanced Problem Analysis Advanced Leadership Middle and Top Executive Seminar	Skill Training  Basic Labor Safety  Knowledge  Employee-Career  Management  Innovation & Improvement  Full Quality  Execution and Tracking	Manufacturing Technique Sales HR R&D Financial Accounting Info Tech Environmental Safety License General Procurement Quality System Internal Lecturer Project Management	Grad School College Institute Job Training Foreign Language Job Training (English/Japanese)
Managers below Department Head including group leaders	Basic Communication and Coordination Basic Problem Analysis Basic Leadership Basic Manager Seminar	٧	V	V
Professional personnel	×	٧	V	V

## Training Hours of Ta Ya (by Gender)

		Female		Male			
	Training Hours	Total Employee Number	Average Training Hours	Training Hours	Total Employee Number	Average Training Hours	
2014	1,118	81	13.80	4,743	499	9.51	
2015	1,095.5	76	14.41	6,194	508	12.19	
2016	1,181.5	76	15.55	6,512.5	513	12.69	

## Training Hours of affiliated enterprises (by Gender)

		Female		Male			
	Training Hours	Total Employee Number	Average Training Hours	Training Hours	Total Employee Number	Average Training Hours	
Cuprime	101	19	5.32	233	49	4.76	
Ta Heng	35	23	1.52	127	67	1.90	
Та Но	0	4	0	243	24	10.13	
AD	677	36	18.81	1,403	58	24.19	
UEI	128	11	11.64	325	26	12.50	
Hengs	234.50	36	6.51	798	60	13.30	
Dong Nai	336	42	8	1,872	234	8	
Hai Duong	139	38	3.66	1035.50	113	9.16	

## Training Hours (by Class)

Class		General Staff		Managers below [	Department Head (inc	cluding organizers)	Managers and above		
	Training Hours	Total Employee Number	Average Training Hours	Training Hours	Total Employee Number	Average Training Hours	Training Hours	Total Employee Number	Average Training Hours
Та ҮА	3,980	467	8.52	2,175.5	86	25.30	1,538.5	36	42.74
Cuprime	209	38	5.50	101	20	5.05	12	10	1.2
Ta Heng	126	69	1.82	28	8	3.5	8	11	0.73
Та Но	138	29	4.76	90	18	5	15	3	5
AD	1,181	67	17.63	382	15	25.46	517	12	43.08
UEI	338	28	12.07	63	4	15.75	52	5	10.4
Hengs	886.50	75	11.80	69	10	6.90	77	11	7
Dong Nai	1,984	248	8	136	17	8	88	11	8
Hai Duong	768	115	6.68	391.50	31	12.63	15	5	3

Our affiliated enterprises all place much emphasis on employee training, too. On-the-job training regulations are in place to increase the quality and skills of the workforce. There are orientation training, foreign-language training, and professional training programs with advanced learning regulations that encourage further education while in service, increasing TAYA GROUP the competitiveness of the employees. The content of the training focuses on operational safety, occupational health and safety, ISO systems, and quality policies. In addition, the companies encourage employees to engage in further education by offering appropriate assistance, including scholarships, so that the employees can advance in their careers.

- Dong Nai: External labor safety specialists were entrusted to provide various labor safety and health training courses in 2016 at a total price of VDN 15.2 million. In addition to the educational training for new employees, courses were arranged for the employees depending on their functions, such as operation of cranes and crane fixtures, driving forklifts, and so on.
- Hai Duong: Small-scale training of new employees is provided 4 times every year to enhance their impression of the Company's products and form a collective awareness. Courses were arranged for the employees depending on their functions. Instructors outside the Company are hired to provide external training in the Company or at other places outside the Company. The external training contains the courses required by the government. Professional training: Employees of the Company who have professional techniques are arranged to give workshops or practical exercises on a one-to-one or one-to-more basis.
- Internal training: The department arranges training courses to teach the skills that are needed for the work of the department. These courses are provided once a year. The depart decides the time for the training depending on the internal shift schedule.

#### Per Capita Output Value

Unit: 1000TWD

	Ta Ya	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Ta Ya Vn
Revenue	7,185,456	2,811,298	832,266	128,771	272,573	640,599	937,950	1,829,329
Total staff	589	68	90	28	37	94	114	427
Per capita output value	12,199	41,343	9,247	4,599	7,367	6,815	8,228	4,284

#### Performance Evaluation

The Group has a competitive overall remuneration system, the components of which include the base salary, performance bonuses and profit-sharing bonuses. Each employee's overall remuneration is defined in accordance with their professional knowledge and skills, duties and performance, and combined with the operational goals of the company. It does not differ based on gender, religion, race, nationality or factional preferences. Our starting salaries meet the minimum wage provisions.

Ta Ya amended its Annual Employee Performance Evaluation Procedure in 2013 to reflect an employee's contribution and performance based on fair and reasonable regulations. The goal is combined with performance, and when evaluating the performance and setting up goals, the chief evaluator should interview the employee. For low-performing employees, an improvement counseling program is in place whereby the manager provides assistance, counseling and prompt advice to achieve the goal of the performance evaluations.

While Cuprime Material does not have a periodic evaluation mechanism, the practices of other affiliated companies are as follows:

- Ta Heng holds a performance evaluation once per half year for its employees, and objectively evaluates their work performance and work quality to reward outstanding employees. It is aimed at gradually improving and encouraging low-performing employees;
- Ta Ho periodically employs an interview assessment, making improvements via two-way communications and suggestions between the managers and employees;
- UEI: All the employees except for the top management are subject to annual performance appraisal. Additionally, non-managerial staff are subject to annual promotion assessment to reward entry-level employees who have good work performance and are willing to devote themselves to the Company;

- AD: Two performance evaluations are conducted every year according to the "Performance Management Regulations". Employees make self-evaluation with reference to the job description and personal KPI, and the head of each department conducts a second evaluation based on the working status of each subordinate employee. In addition to the performance evaluation scores, AD emphasizes how to use the performance evaluation system to further motivate the employees for their self-development. For this, the head of the department needs to have a performance interview with the employee, understand his/her work status, and give feedback. The skill inventory must be checked to help the employee understand what he/she lacks in the skill. The personal KPI and job description are then adjusted and amended to ensure combining the performance evaluation with the personal development, arouse more motives for self-development effectively, and improve the quality of the talents;
- Hengs: Employee appraisals are conducted once a year, during which all department managers are required to rate employee annual performance and work capacity. Managers are required to produce written comments and rating for new employees at the end of their probation period. These comments and ratings are forwarded to the human resource department for further evaluation;
- Dong Nai: Performance evaluation is held twice a year; the average of two scores is taken into consideration for the basic salary adjustment in the coming year. The general manager decides on the level of the adjustment. One level is equivalent to VND 30,000. Adjustment of the minimum wage as required by the government is made at 5 levels: A-100% B-75% C-50% D-25% E-0%:
- Hai Duong: Performance evaluation is held twice a year; the scores is taken into consideration for the basic salary adjustment every six months.

# Succession Planning

In view of the group's 60-year history, Ta Ya has initiated Succession Planning since 2014 to nurture capable successors for the sustainability of the business. The group's Succession Planning comprises of two main systems, "Job Rotation" and "Learning Passport":

#### 1.Learning Passport:

- The Learning Passport is a plan derived through analyzing the requirements of a job, and establishing the learning modules and basics required for evaluations.
- The content of the plan is discussed with the current job holder and the
  potential successor and uses the job-related abilities of the employee as
  the basis to find the direction of learning. Results of the plan's execution
  factor in the performance evaluations for discussion and feedback to
  ensure effective control.
- 2.Shift-Rotation System: In line with the company's long-term plans and reserve personnel requirements, rotation allows for the understanding of work details of each department to be managed in the future. The company's competitive strength and cultivation of future talent is achieved through systemizing projects, allowing manpower allocation to be more systematic so as to provide a comprehensive horizontal experience and to develop vertically to improve organizational efficiency.

Ta Ya continued its Succession Planning and arranged a series of advance management courses to expand the knowledge and thinking process of its candidates. Through a combination of classroom teachings and mentorship, succession candidates were able to apply their learning in practice and keep up with the program as planned. Affiliated enterprises, on the other hand, adopted the Learning Passport system and utilized training courses to develop the capacity needed to deliver the group's missions, visions and business philosophy.



# Scope of business and products

#### Scope of business

Group's scope of business:

- Power cable: Production bases are available in Taiwan and Vietnam and auxiliary connection equipment for power cables is set up in Taiwan. We also provide construction and maintenance services for cable lines. A comprehensive system from 600V (LV) to 345kV (HV) has been set up. We are the first wire and cable company in Taiwan that develops the 345 kV system successfully and wins the engineering contract from Taipower. Care for the environment and human beings is integrated in the design of the product to develop a series of LSFH cables, heat and fire resistant cables, LSFH fiber cables, and solar cables. The lead-free wires are subject to a standard stricter than the EU requirements and obtained the Green Mark, manifesting our leading position in the industry.
- Telecom and fiber cables: Used for all kinds of communication and data transmission, such as telecommunication, data networks, cable TV, mobile communication, etc.
- Magnet wires: We have production bases in Taiwan, China, and Vietnam. The "Dragon" magnet wires have been sold domestically and overseas for more than 40 years. Based on the professional production experience for many years, we gradually develop magnet wires, flat wires and TILWs of different characteristics that are widely used for industrial activities, consumer products, automobiles, electromechanical equipment, and electronics.
- Bonding wires: We started developing copper bonding wires in 2003. The major products include copper bonding wires, au-pd coated copper wires, and pd-coated bonding wires and are suitable for the IC packaging industry. We are the the only manufacturer of copper bonding wires in Taiwan that has been verified by international leading companies. In addition to the low cost, copper bonding wires have the features of good electricity and heat conductivity and are used as a common substitute for gold threads. We are the only professional manufacturer of copper bonding wires in Taiwan.
- Construction: In Taiwan, the construction department is responsible for maintaining and making use of idle, non-production assets located in Taiwan for purposes such as plant leases, residential development, etc. In Vietnam, the construction department is responsible for building factories and offices, or supervising construction of such projects.

- Copper products: Cuprime uses the electrolytic copper of ultra-high purity at LME GRADE A or above to produce 8mm super-pure copper bars with oxygen content to the minimum of less than 2ppm. R&D and production of phosphorus copper balls and copper nuggets started in 2014 to meet the requirements of the electronics industry and hi-tech products. The market share of our copper-based products for the PCB industry was 55%. We are making efforts to achieve the challenging goal of 70% market share in 2017.
- Solar power plant: The department focuses on renting factories, rooftops and suitable locations for the construction of solar power plants. Constructed facilities are operated by Hengs using the PV-ESCO model, which provides 20 years of warranty and power assurance. The business model is a fine addition to our sustainability and helps reduce the risks of power plant operations. The solar power plant in our Guanmiao Factory was completed in 2016. The solution has also been installed at other locations such as Cuprime, the library of the University of Kang Ning, San Shing Fastech Corp. (Tainan) and Lealea Enterprise (Changhua). We expect to have a total capacity of 20MW at the end of 2017 and 50MW in 2020.

#### Startups

We have been a member of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) for many years. With the help of TEEMA, we founded innovative joint ventures together with many leading companies in 2016 to expand our business territories, in addition to persistence in our original profession.

- AMIT System Service LTD. (AMIT): Our magnet wires are always the best choice for the motor manufacturing industry. AMIT, a professional motor manufacturer founded to help Taiwan restore its reputation as "the king of the motor manufacturing industry", is a motor designer and provides one-stop service for customers. It insists on the four major scopes of "Subsystem Design Center, Testing and Certification Center, Production Technique Center, and Cloud Service Center" and is committed to leading the electrical machinery industry in Taiwan to enter the global market of upgraded high-end products.
- Union Storage Energy System LTD.: After being tested and assessed, retired batteries are integrated in a energy system management platform for storage of energy. This storage system is built for adjustment of the power consumption between the peak and off-peak hours and meeting the requirements of the hi-tech industry for uninterrupted power supply. To support the new energy policy of the government, Union Storage Energy System has developed a UL-certified renewal energy storage system. Facing the fact that old electricity generating stations are retired and requirements for electricity are growing, the energy storage system and technology are critical for filling the gap of inadequate electricity with renewable energy and making it a steady and reliable source of power.

# TAYA Motor Materials and Designs Analysis Conference Sheds Light on Industry Prospects

We held a motor material and design workshop in our Guanmiao headquarters on December 14, 2016. Representatives from the Metal Industries Research & Development Center, China Steel Corporation, NIDEC Corporation, AMIT System Service LTD., Geor Chi Development Co., Ltd., and other leading motor material manufacturers in Taiwan met to discuss new motor materials and innovative technical service models and how to improve the R&D of the industry and create new opportunities.

Shen Shang-Hung, Chairman of TaYa Group, delivered a speech and pointed out "the motor technology changes rapidly and improvement is needed in terms of design, material, manufacture, and application. I believe that the comprehensive arrangement today will bring new results to all of you."

Lin Weishan, President of the Taiwan Motor Industry Association; Yang Shunru, President of the Taiwan Auto-Design Corp.; Huang Kunming, Director of the Metal Industries Research & Development Center; Ye Yuansen, Director of the Taiwan Electrical and Electronic Manufacturers' Association; and Zheng Shichang, Dean of the College of Engineering, National Yunlin University of Science and Technology participated in the workshop.

For the opening speech, Director He Kunyao of NIDEC Corporation was invited to present the topic "Sustainability of the Motor Business and Taiwan's Opportunities." Director He pointed out three ongoing trends for motor technology: low energy consumption, low vibration, and lightweight. Taiwan had a great start in this field, but the industry had far too many participants to progress into the next step. From now on, industry participants should focus on conducting "fusion research" and forming an alliance with representatives from each part of the supply chain. In other words, we should offer product customization service on a mass-market scale, and perform activities such design, manufactur-

ing, component integration, and modularization all within Taiwan. In response to the uprise of Chinese manufacturers, Director He said that Taiwan's advantage lies in its ability to design and collaborate with other industry participants, which is something that can be exploited for greater opportunities.

For the next part of the conference, 4 presenters each introduced new materials of their respective companies. The first presenter, Chief Engineer Zhou Guangqiang from TAYA's Magnet Wire Business Group, introduced the audience to "Motor Efficiency Enhancement with TAYA's New Materials." To make products usable under challenging environment, TAYA has been developing enameled copper wires with new features such as anti-surge, magnet-conducting, thermal-dissipation, low-k, and corona resistance. Apart from new innovations, TAYA has also developed copper clad aluminum wires for low cost and lightweight applications, and fully insulated zero defect wires that are even superior than triple insulation wire.

Next, Dr. Chen Yanru from MIRDC gave an introduction on "Global R&D Trend of Neodymium-iron-boron Magnet" and was followed by Assistant Vice President Chen Qinan from Geor Chi Development, who presented "MF Magnet in Motor Application."

Lastly, Dr. Lin Shengyang from China Steel Corporation (CSC) shared "CSC" s Electromagnetic Steel Plate Development Plan and Application Case Studies" with the audience.

The day's discussion drew to a close when President Wu Jianyu from AMIT introduced the audience to "AMIT - The Electromechanical Design Platform." President Wu said that green motor, as compared to ordinary motor, should be "more energy efficient, use lesser material, and easier to produce." AMIT plays the role of an electromechanical design platform in this vision, and offers four main services, namely: cloud, subsystem design, testing and validation, and production technology. AMIT brings with it an innovative service model and the hope to utilize Taiwan's proprietary motor materials to their fullest potential in the world's high-end market.

For 61 years, TAYA has placed great emphasis on technology innovation, ongoing improvement, and collaboration with industry participants. It holds the belief that research and development are the key to exploring new markets and new opportunities.

#### Product Information Labeling

The products of the Group are all clearly labeled in accordance with client demands and/or the relevant regulations:

- Ta Ya Energy and Telecom Cable Business Group: The labeling includes company information (such as company name, address, phone number, and client name); product information (such as type of wire: purpose, materials, and composition); specifications (length and weight); quantity; date of manufacture; product certification (such as the CNS mark, the Twin Dragon mark, the Commodity Inspection Certificate by the Bureau of Standards, Metrology & Inspection); eco-labeling; and the RoHS Directive. This ensures that clients fully understand the information about the supplier and the safe use of the product, and that the product is appropriately processed after its lifetime to minimize environmental impact.All products are made primarily using materials that are friendly to the environment. Products with special contents are labeled clearly. Including:
- (1)Lead content: 8500PPM to 1000PPM and below. Lead-free PVC (lead content below 1000PPM), labeled LF PVC.
- (2)Chlorine content: For LSFH (low smoke free of halogen) label, chlorine content is kept below 5000PPM; for halogen-based plastics (e.g. PVC), chlorine content is measured at 200000 PPM and above.
- (3)Smoke density: For LSFH label, smoke density is kept below 250; for halogen-based plastics, smoke density is measured at approximately 350.
- (4)Content of other hazardous substances (e.g., phthalate ester, cadmium compounds, mercury compounds, tin compounds, polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs)): below 100PPM for LSFH label.
- Ta Ya Magnetic Wires Business Group: The Company complies with several package labeling and product validation systems, such as: ISO9001, OHSAS18001, ISO14001, TOSHMS, IECQ QC080000, TS16949, ISO/IEC 17025.

- Ta Ya New Business Development, Investment and Copper Management Business Group: All products are labeled with digital tags, which contain information such as wire category, size, quantity, manufactured date, expiry date etc. the Company complies with several package labeling and product validation systems, such as: ISO9001, TS16949, and ISO14001. Products have been made to comply with EU's RoHs Directives as requested by customers and the laws of the destination country. Currently, 100% of products and services offered by the Company need to conform with the directive.
- Cuprime: The products are all labeled where appropriate with mark, cable type, specifications, weight, date of manufacture, batch number, and the assertion seal. Products are also labeled as per customer demands and export requirements, such as the RoHS label as required by the EU.
- Ta Heng: Solar power cables have been certified by TUV Rheinland (Germany) and UL (USA). As a priority, products are made using materials that are friendly to the environment, produced in compliance with international rules on hazardous substances, and labeled RoHS, REACH etc where appropriate. Network cables are produced according to ANSI TIA-EIA 568 C2 and have passed UL certification. The product, the label and the packaging have all been labeled clearly in compliance with UL rules.
- UEI: Power cable-related products and packaging are labeled according to customers' and legal requirements. The label contains information such as company profile (company name, address and phone number), customer's name, equipment description, cable specification, name of power line, packing size, weight, date of manufacture etc. Some consumables used for constructions are labeled hazardous as required by rules.
- Dong Nai: Power cable products and packaging are labeled according to customers' and legal requirements. The labeled details include: company profile company name, address, contact number etc; product information cable type (voltage, material composition), size, quantity (length, weight), date of manufacture etc; product certification TCVN mark, Dragon mark, test mark, environmental protection mark, RoHS, ISO9001 certification, ISO14001 certification, and National Quality Award of Vietnam. Magnet wires are labeled with all of the information mentioned above in addition to ISO/TS 16949 quality management system for automobiles.
- Hai Duong: Power cable products and packaging are labeled according to customers' and owners' requirements. QC and reel labels: The labels contain the name, address, phone number, and email address of the company; product information; wire information (voltage, thread); quantity (length, weight); manufacturing date and production journal number; product certification information; applicable international/local standard; Dragon brand and QC inspection stamp. Wood reel: printed with the name of the company.

# Customer Relationship Management

## Quality Assurance

We uphold an ethos of "quality first, client first, speedy service" in providing the best service to our customers. • Ta Ya Energy and Telecom Cable Business Group owns various types of cutting-edge precision testing equipment in the world, including: HAEFELY lightning voltage analog testing equipment; high pressure (EHV) power system switch surge simulation equipment; AC-DC high voltage damage test equipment; prolonged (high voltage, high current, high temperature) accelerated aging testing equipment; partial discharge non-destructive testing equipment; high pressure test site, network analyzer; communications cable near/farend cross talk high-frequency testers; various fiber optic cable property test equipment (such as optical-time domain reflecto-meter OTDR, polarization mode dispersion analyzer PMD, geometric characteristics meter); low-smoke and non-toxic laboratory; and a variety of heat/ flame-resistant testing equipment. Aided with professional knowledge and continuous enhancement of the assessment technique, we are able to reduce the product malfunctioning rate, expand cable lifespans, and improve electrical safety.

The Magnet Wires Business Group has the first lab to pass the CNLA ISO/IEC 17025 test. All the products meet the EU RoHs requirements and make a contribution to the reduction of the environmental load and possible hazards to human bodies. The management system certificates that each company acquires are described in the following table.

# Electronic Industry Citizenship Coalition

EICC is the commonly used international CSR standard. It is applicable to all the organizations that design, sell, manufacture commodities and services or provide them for production of electronic products. Cuprime recently developed phosphorus copper balls for domestic and overseas PCB industries and, thus, know the importance that customers in the electronics industry place on the compliance to EICC.

With the guidance of the Plastics Industry Development Center, we amended the internal regulations and defined the management objectives in 2016 based on the five concerns of the EICC: Labor, Health and Safety, Environmental, Ethics and Management Systems. The second party audit will be conducted in 2017 to acquire VAR (Validated Audit Report).

#### Certification of Management System

Management System		Та Үа			Ta Heng	Та Но	UEI	AD	Hengs	Ta Y	′a Vn
Management System	ETC BG	MW BG	NIC BG	Cuprime	ra meng	та по	UEI	AD	Herigs	Dong Nai	Hai Duong
ISO 9001	•	•	•	•	•	•	•	•	•	•	•
ISO 14001	•	•	•							•	•
ISO/TS 16949		•	•							•	
ISO/IEC 17025	•	•									
OHSAS 18001	•	•	•								
TOSHMS /CNS 15506	•	•									
IECQ QC080000		•		•							

#### Customer Satisfactory Survey

Honesty and trust is paramount in our dealings with clients. The Group complies with client and contractual demands to protect customer rights in providing satisfactory services. All business units individually conduct customer satisfactory surveys to understand client demands.

- Energy and Telecom Communication Cable Business Group: The survey comprised of five main aspects (service, quality, manufacturing, customer assessment, and competitive benchmark), utilized 13 KPIs, and aimed to achieve a target of 88% for the year. 30 questionnaires were issued in 2016, of which 29 (96%) were recovered. The annual goal of each performance indicator is 88% and the achievement rate of each indicator is 100%. Though the quality satisfaction dropped for two consecutive years (88.75% in 2015 and 92.5% in 2014), it rose to 92.8% in 2016, indicating that the improvement of the quality and stability of Ta Ya's commodities were recognized by our customers.
- Magnet Wires Business Group: 31 questionnaires were issued during the 2016 customer satisfaction survey, of which 30 (96.77%) were recovered. The survey comprised of six main aspects: service, quality, manufacturing, hazardous substance, delivery, and competitive benchmark. Customers were asked to rate their satisfaction on a scale of five. The 2016 survey had a target score of 85, which the Company managed to achieve a score of: 97.78, falling within the range of 85 (Adequate) and 100 (Good).
- NIC Business Group: it started customer satisfaction surveys in 2016 to investigate three items (service, quality, manufacturing). The average score of satisfaction was 84.6. No target value was set due to the small sample size. Nevertheless, the Company will continue to bring customers' opinions up for discussion and explore solutions during administrative meetings.
- Cuprime: 68 questionnaires were issued during the 2016 customer satisfaction survey, of which 57 (98.39%) were recovered. The survey comprised of six main aspects such as service, quality, delivery, competitive benchmark etc. Customers were asked to rate their satisfaction on a scale of five. The 2016 survey concluded a score of 82.6, which fell within the range of 80 (Good) and 100(Excellence).

- Ta Heng: In order to understand whether customers are satisfied with the services provided, Ta Heng conducts satisfaction survey on its main customers in October each year. The survey covered a number of aspects including product quality, product pricing, delivery timeline, document report, packaging, new product R&D, samples, response to customers' queries, handling of customers' complaints, and sales staff's communication skills. Customers were asked to rate each aspect on a scale of 10 (10 being Very Satisfied and 8 being Satisfied), the 2016 survey concluded an average score of 8.46.
- Ta Ho: The Company conducts customer satisfaction surveys upon completion of each project to understand how satisfied customers are with regards to service, quality, the overall construction, and their needs. Opinions expressed by customers are discussed internally and met with responsive strategies. The 2016 survey concluded an overall rating of: Excellence.
- UEI: In March each year, the Company conducts satisfaction surveys on customers who contributed more than NT\$10 million in revenues or made at least 3 purchases in the previous year. Any dissatisfaction expressed by customers would be discussed internally among relevant departments and fed back to customers. Outcomes of the customer satisfaction analysis and any improvements taken are reported and followed up in administrative meetings. 2016 surveys returned a score of 100.
- Hengs: The Company currently does not conduct customer satisfaction surveys.
- Dong Nai: Surveys are conducted once every six months. They comprise of five main aspects (quality, delivery, service, packaging, and information) with an annual target score of 98. 30 questionnaires were issued in 2016, and 100% of which were recovered. The results showed accomplishment in every KPI.
- Hai Duong: Surveys are conducted quarterly. They comprise of five main aspects (quality, delivery, service, packaging, and information) with an annual target score of 98. 60 questionnaires were issued in 2016, and 100% of which were recovered. The results showed accomplishment in every KPI.

# Supplier Management

## Procurement Policy

The Group takes measures to prevent shortages and supplier monopoly of materials by selecting two or more qualified suppliers for evaluation. When there is only one supplier, we search for new sources. Suppliers qualify after our quality assurance and R&D departments have certified the materials. We then establish strategic alliances with the suppliers to ensure reliability. Our procurement personnel are closely in tune with market trends. Suppliers of imported materials are notified early on so they can arrange for the materials, or materials are ordered in bulk to be delivered in batches to prevent late deliveries and minimize inventory.

Ta Ya has a green procurement strategy in place and is certified by Sony for GB and as a hazardous substance-free supplier. Some of the raw materials required are not produced in Taiwan, therefore the Company has to procure them from other countries. In 2016, three of Ta Ya's main countries of supply were, in descending order: Japan, China and Chile. Procurements in Taiwan had increased slightly due to the purchase of 8mm copper rods and rubber materials from local suppliers.

Ta Ya Supplier Categories (2016)

Type	Description	Region	Number of suppliers	Ratio
	Suppliers of copper sheets for cables and	Domestic	345	21.6
Material	enameled wires, copper and aluminum wires, optical fibers, varnish, plastics chemistry materials, insulation, and packaging	Foreign	50	3.13
	Suppliers of machinery, equipment,	Domestic	247	15.47
Equipment	instruments, and information software and hardware	Foreign	28	1.75
	Contractors for construction, civil engineering,	Domestic	82	5.13
Engineering	steel structures, air conditioning, fire protection, pure water supply, wastewater treatment, environmental engineering, interior design, electrical engineering, and utilities	Foreign	0	0
	Suppliers of molding, lighting, accessories,	Domestic	823	51.53
Other	environmental protection, occupational health and safety, pneumatic and hydraulic equipment, welding, transportation, testing, printing, stationery, hygiene, and miscellaneous materials and services	Foreign	22	1.38
	Total		1,597	100

As for other affiliated enterprises:

- Cuprime: Electrolytic copper cathodes, one of the main raw materials, are mostly procured from overseas. The group adopts the principle to procure locally in Taiwan as the first priority in an attempt to support local industries and reduce environmental impacts from the transportation of raw materials.
- Ta Heng: Some of the raw materials required are not produced in Taiwan and have to be procured from other countries. The three main sources of supply were, in descending order Taiwan, China and Europe/USA.
- Hengs: The Company makes purchases depending on the type of project involved and stage of completion. The sources of its supply are determined based on a number of factors including: location of project, the quality control center, random inspection, on-site inspection and delivery. With the exception of INV, mostly purchased from German company SMA, and certain solar modules from Japan, more than half of all components used are sourced from Taiwan and exported to supply projects in various parts of the world. The Company's top three sources of equipment/material, in descending order, were Taiwan, Germany and Japan.
- Dong Nai: The Company has to procure some of its raw materials from other countries because they are not produced or are of inconsistent quality in Vietnam. The Company's three main sources of supply, in descending order, were Taiwan, China and Europe/USA. The rate of purchase from local markets was 28% in 2016, while 30% is the goal to be achieved gradually to lower the import costs and other expenses.
- Hai Duong: The purchase rate of raw material in the local market was 32% in 2016 due to the fact that some raw materials were not produced in Vietnam or did not meet the requirements of the regulations in terms of the quality and must be purchased overseas. The Top 3 purchase areas were, in order, Taiwan, China and the USA/Europe. Hai Duong keeps making efforts to find local sources of raw material to lower transportation and inventory costs.

Ta YA Proportion of Procurement from Local

Year	Ratio(%)
2014	32.05
2015	33.05
2016	28.59

Note: Local procurement ratio = Amount of purchases from local sources / Total purchase amount

Proportion of Procurement from Local (2016)

Cuprime	Ta Heng	Hengs	Dong Nai	Hai Duong
6.19	96.35	73.04	27.47	32.08

Note: Local procurement ratio = Amount of purchases from local sources / Total purchase amount

#### Supplier CSR Evaluation

Ta Ya's suppliers are not required for review or self-evaluation, provided that they are ISO9000-certified and annually submit valid certification. However, to enhance CSR, we propose and execute review plans. Due to the QC080000 certification, suppliers of the enameled wire business group are required to comply with the Hazardous Substance Free (HSF) standards and provide HSF products. Therefore, suppliers of HSF materials are required to be reviewed or self-evaluated annually. Of the non-HSF suppliers, those who provide essential materials are required to be reviewed regularly.

There are 14 criteria in the CSR review, each accounting for five points. Suppliers with an average of less than four points are considered unqualified. The criteria include: human rights, workplace safety, anti-corruption, anti-bribery, regular work hours, minimum wage compliance, active environmental responsibilities, environmental protection, and prevention of occupational hazards.

For suppliers with an average score of less than 4, the procurement staff is required to investigate individual areas where suppliers failed to score 4 or higher. Furthermore, suppliers are given relevant information and proper guidance to improve. These suppliers have demonstrated improvement after our guidance efforts. Although contractors are not subject to regular assessment at this point, Ta Ya would invite contractors to participate in general safety trainings from time to time as a means of promoting proper safety and health awareness. Ta Ya encourages all its business partners to voluntarily contribute to the sustainability of our society and environment during their pursuit for economic gains.

We assessed 31 suppliers in 2015 and 26 of them were HSF suppliers. All the suppliers had an average score of more than 4 points (full score: 5 points) in terms of corporate social responsibilities. 33 suppliers were assessed in 2016 and 25 of them were HSF suppliers. All the suppliers had an average score of more than 4 points in terms of corporate social responsibilities 34 suppliers are expected to be assessed

in 2017 and 25 of them are HSF suppliers. In the order and the supplier review form, we request the suppliers to observe our environmental policy and respect our CSR with respect to the ESH, human rights and anti-corruption activities. The purchase personnel of the Company will investigate to understand why the CSR score in the supplier assessment is less than 4 points, if any. They will share experiences with the suppliers, provide relevant references, and give positive guidance to ensure taking the corporate social responsibility together with the suppliers. As for other affiliated enterprises, Cuprime will also start supplier CSR management in 2017 after introducing the EICC standard.

No. of suppliers subjected to Ta Ya's CSR assessment and results

	Total No. of companies assessed	No. of HSF suppliers	No. of companies with average score below 4
2014	26	22	1
2015	31	26	0
2016	33	25	0

# Innovation Management

With the domestic wire and cable industry having matured and growing steadily, Ta Ya maintains an entrepreneur spirit of making continuous enhancements through active investment in the research and development of various products to reinforce our competitive advantage. In 2016, Ta Ya spent NT\$34.285 million or 0.48% of its net revenues in research and development.

## Stranded Conductor Optical Fiber Composite Cable

Given that electricity loss is positively correlated to the square of the current, transmission losses can be minimized by transferring electricity with high voltage and low current. Knowing this, Ta Ya developed the industry-first 161kV and 345kV XLPE cables, which significantly increase the production capacity of high-voltage cables in Taiwan while helping Taipower lower transmission losses substantially. As the demand on load centers increase, however, the cross-sectional area of cable conductors have reached their limit in regular manufacturing facilities, thus limiting transmission capacity. Also, unavailable crosssectional areas of cable conductors have increased, resulting in higher electricity loss. To break through these limitations, Ta Ya is actively developing high-transmission capacity conductors to minimize conductor loss from the skin and proximity effects.

The stranded conductor is able to lower conductor usage, or transmit more electricity with the same conductor cross-sectional area (i.e. with the same amount of copper), while transmitting the same electricity (MVA). The design lowers conductor loss, heat, and usage of copper, insulation, and anti-corrosion covering.

# Solar Energy DC Cable (PV-CQ)

To satisfy the increasing scope and capacity of solar power plants, Ta Ya has passed tests and obtained certification from the Japan Electric Cable Technology Center (JECTEC) for its 1500V DC cables (PV-CQ), while Ta Heng has also obtained TUV certification for 600V DC cables. These cables are characterized by features such as high DC voltage, weather resistance, heat resistance, low smoke and halogenfree that minimize material wear, increase reliability, and contribute to the environment over the long term.

# Development of optical fiber composite floating solar cables

Photovoltaic technology has developed rapidly in recent years. The floating solar power system developed in Taiwan is designed with floating solar panels on lakes, reservoirs, ponds, and retention basins to create more areas for setup of solar power systems. This is a new and feasible trend of development. To meet the requirements of the development, we developed special optical fiber composite floating solar cables with electricity and signal transmission functions to forge ahead in the application of floating solar power stations.

# New Opportunities with Industry 4.0

Industry 4.0 refers to the wireless control, automation, digitization, and intelligentization of manufacturing and is also known as the fourth industrial revolution. Its influence is evident in the increased permeation of wireless communication, smart control, and digitization of cables. To help industries face the challenges and demands of the future, Ta Ya is committed to developing digital and optical cables, such as the Cat series, optical fibers for functional locations (e.g. flat optical cables, micro-cluster optical cables), and optical fiber composite control cables. It is also developing high-frequency, high-speed, large-capacity signal transmission electric and optical cables for its clients.

To meet future demands for smart and automated production equipment (e.g. robots, robot arms), Ta Ya has begun developing cables in ultra-small sizes with bending resistance, small-bend radius, flexibility, anti-interference shielding, and have high-frequency, high-capacity, and high-speed transmission capabilities. These cables also have surge protection, attenuating surge suppression, a long service life, and are highly reliable.

Furthermore, as intelligent equipment become popular, factories will require more protection against electrical surge and electromagnetic interference. To address this concern, Ta Ya has successfully designed a lightning protection cable that can minimize damages in case of a lightning strike. The lightning protection cable has the ability to quickly direct lightning currents away and reduce ground potential rise, thus prevent damage to intelligent equipment. Meanwhile, Ta Ya will also engage automated factories, robotics manufacturers, power controller and converter manufacturers, and surveillance system providers to explore new business relationships that would satisfy their needs.

#### Offshore Power Grid and Submarine Cable

Ta Ya is Taiwan's only cable manufacturer to invest into the development of submarine cables. Since March 2014, Ta Ya has been spearheading the "Renewable Energy Offshore Power Grid Research Project" in collaboration with Ta Ho, MIRDC (Metal Industries Research & Development Center) and NTOU (National Taiwan Ocean University). The project began by measuring wave strength, current and depth of NTOU's marine test field; this data was further analyzed to determine the design, production, quality and deployment of submarine cables. The project led to the successful development of 33kV mediumvoltage, optical fiber composite submarine cable, which can be applied to connect offshore wind turbines and transmit electricity to remote islands. Function-wise, the cable does more than just transmit electricity, but can also be used for wind turbine control, data transmission, and real-time capacity monitoring. With regards to submarine power grid, the Company had completed three break-through projects in 2014, namely: "Threephase Double Armor Submarine Cable Design and Offshore Submarine Power Grid Planning," "Submarine Cable Connection Technology and Installation," and "Submarine Cable Connector Development." Ta Ya has taken this initiative further to develop a malfunction detection and realtime monitoring system for offshore power grids.

In 2014, Ta Ya assigned employees to study "submarine cable design and dynamic simulation analysis" at ITRI (Industrial Technology Research Institute), which involved the use of advanced software to simulate and analyze dynamic movements of submarine cables. The Company continued working with ITRI in 2015 to design, manufacture, test and validate dynamic (umbilical) submarine cables for tidal power generation. The dynamic (umbilical) submarine cable was connected to ITRI's Keelung tidal power generator in 2016, in order to verify whether the dynamic submarine cable is able to handle power transmission in rough seas.

In addition to developing submarine cables for various uses, Ta Ya also joins Ta Ho in the planning and construction of offshore power grids and the deployment of submarine cables. In view of increasing demand for marine engineering in the future, Ta Heng has actively invested into the research of boat cables and assists customers in obtaining the necessary certification.

## Construction of a smart wire and cable factory

The energy and telecom communication cable plant plans to build a smart wire and cable factory. The first task is to integrate manufacturing facilities, improve the accuracy of the existing equipment, and establish SOPs to ensure process capability with standardized equipment and machinery. SCADA will be used for direct supervision of equipment information through the operation system. Processes and steps that need more time or energy will be integrated. Online detection and a simulation and calculation program will be set up. Failure/maintenance of the preservation and production history systems will be predicted using software. These will be used in the management of the energy, material, and process parameters to minimize or eliminate waste, increase production efficiency and capacity, and improve the competitiveness of the industry.

#### The High-lubricity Enameled Wires

The R&D department at Ta Ya's magnet wire business group continues to minimize the use of hazardous substances. In an attempt to reduce the impact of organic solvents to the environment, Ta Ya has been developing high-lubricity enameled wires in several varieties, all of which use lesser wax oil during production. The lubricity of enameled magnet wires can be presented using coefficient of static friction, and the Company's high-lubricity enameled wires have been measured with a coefficient as low as 0.065, which is very close to the 0.05 of ordinary wax oil-based products. Mass production and delivery of high-lubricity enameled wires became stable in 2015, and the production scale was increased continuously in 2016. Consumption of the wax oil is probably reduced by 130 kg every month.



# Usage of Energy Resources

The Group is primarily in the business of manufacturing wires and cables, and our main raw materials include copper, PVC powder, XLPE particles, plastic pellets, plasticizers, varnishes, and fiber optic wire. Our main materials also include iron shafts, wooden shafts, sealing plates, plastic shafts, cartons, stack boards, liquid nitrogen, palladium salts, gold salts and charcoal. Our main materials also include iron shafts, wooden shafts, sealing plates, plastic shafts, cartons, and stack boards. Apart from metal reels, wooden reels and cartons, no other raw materials are renewable. Copper materials are sourced mainly from Chile, Peru, Japan, South Africa and Indonesia. Imported copper plates are outsourced to Cuprime where they are processed into 8 mm copper rods. Cross-linked PE granules cannot be produced in

Taiwan because of their distinctive characteristics, which is why these materials need to be imported from USA, Sweden and Korea. Spun optic fibers are mostly imported from Japan. Other materials are entirely supplied by local suppliers.

The energy source are gasoline, diesel, natural gas and LNG directly, and electricity indirectly. The major energy source is from electricity. Ta Ya consumed energy to a total of 143,090.05GJ (or a consolidated amount of 259,178.55 GJ together with other 6 companies in Taiwan) in 2016. The two factories in Vietnam consumed energy to a total of 72,456.54 GJ.

Volume of Main Raw/Source Materials (2016)

	Item(Unit)	Application	Ta Ya	Cuprime	Ta Heng	Dong Nai	Hai Duong
	Copper (KG)	Main material for power cables	25,795	12,156,722	3,820,940	6,305,938	1,910,598
	PVC Powder (KG)	Main material for plastic granules used in power and telecom cables	680,900	N.A.	N.A.	N.A.	N.A.
	XLPE particles (KG)	Material for insulation and internal/external conducting layers for power cables	1,367,072	N.A.	90,000	197,827	99,398
	Plastic pellets (KG)	Raw material for power cable cover or insulation	663,094	N.A.	2,371,085	1,474,327	1,007,681
	Plasticizer (KG)	Critical material for plastic granules used in power and telecom cables	288,040	N.A.	N.A.	N.A.	N.A.
	Varnishes(KG)	Key insulated coating for magnet wires	933,806	N.A.	N.A.	261,946	N.A.
	Fiber Optic Wires(KM)	Main material for optical cables	49,951	N.A.	N.A.	N.A.	N.A.
Unrenewable	Shrouding (new and used) (PCS)	Packaging material for power cables	127,830	N.A.	2,500	9,480	13,689
	Plastic spools (new and used) (PCS)	Packaging reel for magnet wires	381,429	N.A.	1,197	117,024	N.A.
	Pallets (PCS)	For loading finished goods and raw materials	9,831	2,542	7,761	1,050	211
	Liquid nitrogen (KG)	For cooling of power cables and drying of telecom cables during production	202,420	N.A.	N.A.	6,370	N.A.
	Palladium salts (g)	Inhibits oxidation of copper rod surface and raises production yield	1,200	N.A.	N.A.	N.A.	N.A.
	Gold salts (g)	Improves operational stability and extends useful life of welding pins	0	N.A.	N.A.	N.A.	N.A.
	Charcoal (KG)	Removes oxygen from copper melt during production of oxygen-free copper	N.A.	100,000	N.A.	56,030	7,750
	Iron spools (new and used) (PCS)	Packaging reel for high-voltage cables	4,864	N.A.	N.A.	N.A.	N.A.
renewable	Wooden spools (new and used) (PCS)	Packaging reel for medium-voltage cables	13,670	N.A.	5,307	7,202	5,270
	Corrugated case (PCS)	Packaging box for magnet wires	414,140	165,200	38,981	101,694	1,560

Note: N.A.= not applicable.

#### Volume of Energy Usag(2016)

Companies	Та	Та Үа		Talless	Та Но	UEI	AD	Harrie	Ta Ya Vn	
Factories	Guanmiao	Dawan	Cuprime	Cuprime Ta Heng Ta Ho UEI	UEI	AU	Hengs	Dong Nai	Hai Duong	
Petro (L)	2,088	N.A.	N.A.	N.A.	19,497	1,869	27,374	54,077	1,600	425
Diesel (L)	79,770	N.A.	22,000	14,400	5,617	N.A.	1,236	1,411	24,000	28,600
Natural Gas (m3)	N.A.	N.A.	1,663,933	N.A.	66	N.A.	N.A.	N.A.	N.A.	N.A.
LPG (kg)	1.4	N.A.	N.A.	640	N.A.	N.A.	N.A.	N.A.	5,397	1,502
Electricity (kWh)	38,326,800	577,768	9,015,600	2,738,800	22,705	640,800	144,052	250,880	15,225,330	4,273,176

Note 1: Direct energy consumption includes gasoline, diesel, natural gas, and liquefied petroleum gas; indirect energy consumption is electricity.

Note 2: For UEI, liters of gasoline consumed were estimated from total expenses, as the Company used no diesel, natural gas or liquefied petroleum gas during the year.

#### Energy Consumption and Intensity of Ta Ya

# Year Energy Consumption (GJ) Intensity 2014 150,371.00 18.48 2015 149,708.93 19.17 2016 143,090.05 19.92

Note: Intensity =

Energy Consumption (GJ)/Revenue(million NTD).

#### Energy Consumption and Intensity of Affilated Co.(2016)

Year	Cuprime	Ta Heng	Та Но	UEI	AD	Hengs	Dong Nai	Hai Duong
Energy Consumption (GJ)	98,168.30	10,410.42	932.99	2,368.60	1,467.68	2,740.51	55,955.96	16,500.58
Revenue (million NTD)	2,811	832	129	273	641	703	1,384	445
Intensity	34.92	12.51	7.3	8.68	2.29	3.09	40.43	37.08

Note: Intensity = Energy Consumption (GJ)/Revenue(million NTD).

#### Ta Ya Group's energy-saving and carbon-reduction goals

		Unit	Indicator	Unit/calculation	2015 actual value	2016 actual value	2016 actual value	2017 actual value	2020 actual value
	Та Үа		Total emission of GHG	tCo2e	30,643.23	30,337	31,055.76	30,030	29,111
			Emission intensity of GHG	tCo2e/product weight (ton)	0.53	0.52	0.51	0.52	0.50
			Energy intensity	GJ/product weight (ton)	3.68	3.64	3.52	3.61	3.50
		Energy and Telecom Communication Cable BG	Power cable consumption/per product	kWh/product weight (ton)	403.1	399	400.06	395	383
Taiwan	Magnet Wires BG		Magnet wire consumption/per product	kWh/product weight (ton)	3,683.66	3,647	4,275.01	3,610	3,499
	NIC Power consumption		kWh	525,333	514,826	577,768	504,320	472,800	
	Cuprime		Emission intensity of greenhouse gas	tCo2e/product weight (ton)	0.174	0.172	0.19	0.171	0.165
			Power consumption/per product	kWh /product weight (ton)	201.77	200	214.91	198	192
	Ta Heng		Power consumption/per product	kWh product weight (ton)	491.9	487	487.85	482	467
	UEI Po		Power consumption/per product	kWh /product weight (ton)	6,581.29	6,515	6,402.37	6,450	6,252
		Dong Nai	Power consumption/per product	kWh /product weight (ton)	2,418	2,393	2,455	2,369	2,297
Vietnam	Ta Ya Vietnam	Hai Duong	Power cable consumption/per product	kWh/product weight (ton)	2,230	2,207	2,309.3	2,185	2,119

Note 1: "Entire Group" currently covers all the factories in Taiwan, excluding the factories in other countries. With the "actual value in 2015" as the baseline, the consumption in 2020 is less than that in 2015 by 5% (i.e. a reduction of 1% every year). The consumption in 2017 should be reduced by 2% in comparison with 2015.

Note 2: Power consumption of Ta Ya's products is estimated based on the capacity of the equipment. The absolute value of consumption is used as the indicator for NIC because its output is low, and a reduction of power consumption by 2% every year is set accordingly.

Note 3: Since Dong Nai does not have estimated power consumption for cables and magnet wires, the total weight of the products is used for calculation. Hai Duong only produces cables.

# Environmental Policy and Management

The environmental policy of the Group is to implement government environmental protection regulations and client demands, educate employees in environmental protection awareness, improve pollution treatment, recycling responsibly, and make continued improvements. We pledge to:

- Continue the implementation of environmental management policies and goals, in order to reduce our environmental impact in the process of operations;
- Comply with environmental regulations and other issues in response to global environmental protection movements;
- 3. Value labor safety and health, reduce the risk of disasters; Continue the implementation of waste reduction and promote pollution prevention measures:
- 4.Improve the promotion of environmental protection concepts to all colleagues to enforce resource and energy recycling, and reduce waste of resources and energy; and
- Proactively participate in all kinds of environmental protection events, and use the Internet and relevant advertisements to raise awareness of environmental issues.

#### Pollution Prevention Management

#### Air Quality Management

Ta Ya Guanmiao factory has installed pollution prevention equipment at stationary sources of pollution where the pollutants are volatile organic compounds and particulate pollutants. The equipment contains catalytic converters, bag filters, and Venturi scrubbers. Reports and inspections on stationary pollution sources are done in accordance with the relevant air-pollution prevention regulations. The ozone control facilities in the Guanmiao magnet wire plant were changed to active carbon absorption facilities in 2016. Since they were not reported to the authorities, a fine was imposed by the Tainan City Government right after they were put into service. After the application for air pollution control certification (M03) was approved, the Tainan City Government consented to the setup of the facilities in April 2017.

Cuprime measures stationary source of air pollution once a year, and reports its measurements on a regular basis. It has been certified by the environmental protection authority to comply with stationary air pollution standards.

Emissions of Stationary Pollution Sources (tons)

	Companies	Та ҮА	
Year	Factories	Guanmiao	Cuprime
	SOx	N.A.	0.82
2014	NOx	NA.	0.22
2014	VOC	14.32	15.01
	Particulate Pollutants	0.16	1.91
	SOx	N.A.	0.6
2015	NOx	N.A.	0.37
2013	VOC	13.45	0.76
	Particulate Pollutants	0.16	0.8
	SOx	N.A.	0.59
2016	NOx	N.A.	0.37
2010	VOC	16.37	0.73
	Particulate Pollutants	0.08	0.69

Note: Ta Ya's Dawan Factory produces no stationary source of pollution; Ta Ya's Dong Nai Factory (Vietnam) does not have any facilities in place to measure pollution.

#### Toxic Substance Management

The company has complete toxic chemical handling and chemical disaster prevention measures and drills in place. As varnishes and plasticizers are used in the manufacturing process, which are listed as regulated items of toxic chemicals by the EPA, Ta Ya is required to implement one emergency toxic chemical disaster prevention drill and two unscheduled drills annually in compliance with the relevant regulations. Moreover, the company implements one fire drill and one public hazardous material disaster prevention drill annually. Other affiliated companies do not use toxic substances.

# Water Resource Management

All factories in Taiwan and Vietnam use only tap water. In order for the wastewater from the factories to meet the regulations for industrial effluent, Ta Ya's Guanmiao and Dawan factories and Cuprime periodically inspect the water quality, maintain handling equipment, and have sewage treatment equipment in place. Every year, two sample tests are conducted on commissioned certified water quality facilities, and the processed effluent is discharged into the drains outside the factories. The receiving water bodies for the Guanmiao and Dawan factories are the Erren and Sanyegong rivers, respectively, while for Cuprime, it is the Fusen River.

With regards to effluents, all cooling water used in Ta Ya's PVC and PE extrusion and CV production is channeled into the soft water recycling system, whereas water filtration and recycling are also adopted in magnet wire production to save water resources.

The sand filter and sign at the waste water station of the Guanmiao Factory was damaged due to the earthquake in Meinong on February 6, 2016. A fine was imposed by the Tainan City Government because no improvement was made right after the earthquake. The improvements of the signs at the waste water station were reviewed and approved in May 2016. Application for air pollution control certification was renewed for the control facilities at the waste water station and approved in November 2016.

The (raw) material and equipment in the Guanmiao Factory were damaged due to the earthquake in Meinong and two consecutive typhoons (Meranti and Megi) in September of the same year. Since a great deal of water was needed for cleaning and recovery from the disaster, the water consumption and wastewater discharge of the Guanmiao Factory were much greater in 2016 in comparison with previous years.

Recycling of rainwater is what we were implementing to conserve water resources. In 2011, Ta Ya installed storage tanks totaling 60 tons in capacity at its Guanmiao Factory to collect rainwater for watering, toilet flushing and floor cleaning. A water meter was later installed in June 2015 for measurement, which showed 187 tons of rainwater having been collected till 2016. No recycling of production water or rainwater has been adopted at the Dawan Factory.

Cuprime had more water consumption and wastewater discharge volume in 2015 and 2016 due to expanded capacity for production of phosphorus copper balls. Currently, Cuprime recycles water from the production process as a water saving measure. Recycled water is first treated using the wastewater pool then channeled to the forging section and used as cooling water on a circular basis. Ta Heng has also constructed a 150-ton reservoir and reserved part of its capacity to reclaim rainwater. Water supplied by this reservoir is directed to extrusion machines and toilets.

After the "Amendments of Water Act" was approved in May 2016, the Water Resources Agency plans to levy water consumption fees on the users who use more than 12,000 degrees of water in a year. On the other hand, measures are planned to reduce up to 60% of the fees if the goals of 9 indicators, including recycling of water, clean production, water footprint, renewal of resources, green product, and water conservation, are achieved. Ta Ya and Cuprime are expectedly affected. Though water expenses occupy a relative low percentage of the total cost, the companies will review all the actionable water conservation proposals and seek for suggestions on reduction of the water consumption fees.

#### Water Consumption (2016, tons)

Ta Y	′a	Cupuipas	C. vovino	ne Ta Heng	Та Но	UEI	AD	Hengs	Ta Ya Vn	
Guanmiao	Dawan	Cuprime	ra meng	Ta ⊓O	OEI	AD	mengs	Dong Na	Hai Duon	
111,665	2,496	32,072	3,281	957	1,801	1,063	2,225	22,541	14,379	

#### Wastewater Discharged (2016, tons)

Та	Ya	Cuprime	Ta Ya Vn		
Guanmiao	Dawan	Сарппе	Dong Nai	Hai Duon	
68,804	1,468	345	13,525	8,627	

Note: Ta Heng, Ta Ho and AD do not measure discharge volume because they currently are not in the control list and do not need discharge permit. The wastewater discharge volume of Dong Nai and Hai Duong is estimated based on 60% of their water consumption.

#### Average effluent quality (2016)

Compar	Companies		ı Ya	O manima a	
Factori	es	Guanmiao Dawan		Cuprime	
Items	Effluent standard				
Chemical oxygen demand	100 mg/L	8.85 mg/L	11.45 mg/L	8.4 mg/L	
Biological oxygen demand	30 mg/L	2.2mg/L	No detection required	No detection required	
Suspended solids	30 mg/L	3.7mg/L	1.3 mg/L	2.6mg/L	
Heavy metal - copper	3 mg/L	0.02mg/L	0.03 mg/L	0.45mg/L	

#### Water Consumption and Wastewater Discharged of Ta Ya (tons)

Year	Water Consumption	Wastewater Discharged
2014	91,165	31,935
2015	92,380	43,101
2016	114,161	70,272

#### Waste Management and Soil Pollution Assessment

The promotion of industrial waste classification and resource recycling is one of our annual goals carried out with the aim to encourage all our business units to implement waste classification and effective resource recycling in reducing environmental damage. Ta Ya divides waste classification into four categories: waste oil, waste solvents, waste fiber, and general waste. Waste in the first three categories is treated by waste treatment contractors certified by the Environmental Protection Administration. Waste oil is processed with physical treatment while waste solvents, wood, pallets, and general waste are incinerated.

All construction materials used by contractor - Hengs for the construction of solar power plant are reusable, including aluminum, iron and stainless steel. All construction waste is recovered and disposed by professional environmental service providers. Only fresh water, not chemical solution, is used for cleaning at construction sites, which poses minimal impact to the surrounding environment.

Fines were imposed by the Tainan City Government for two waste management deficiencies in 2016. The wastewater pool of the Guanmiao Factory must be repaired after an earthquake and the mud produced during the repair was temporarily collected in container bags without anti-leakage protections. The waste liquid buckets in the storage area at the garbage station were not labeled with the content of the bucket. These deficiencies had been removed in May 2016.

Since Ta Ya's Dawan Factory was expanded in area, factory change registration was dealt with in May 2016. However, the soil pollution assessment and testing documents must be approved before the registration as required by relevant regulations. Since Dawan Factory did not have the approval, a fine was imposed by the Environmental Protection Bureau of Tainan City Government. Dawan Factory submitted the documents for review in November and the Environmental Protection Bureau of Tainan City Government issued a letter of approval in December to finish the procedure.

General Waste Disposal Amount (2016, tons)

Companies	Treatment	Ta Ya			To Hong	LIE	Ta Ya Vn	
Factories		Guanmiao	Dawan	Cuprime	Ta Heng	UEI	Dong Nai	Hai Duon
Waste Oil	Physical treatment	211.61	7.9	7.16	N.A.	N.A.	15.36	2.92
Waste Fiber	Incineration	5.09	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Waste Wooden Boards	Incineration	63.272	N.A.	10.99	0	N.A.	N.A.	1.33
General waste	Incineration	192.1	7.68	14.327	24.28	3.13	14	1.49

Note: The volume of general waste produced by Ta Ya's Dawan Factory is estimated based on the terms of the monthly disposal agreement signed with the waste service provider. Ta Ho is located inside Ta Ya's Guanmiao Factory; all waste produced by Ta Ho is disposed by Guanmiao Factory. AD is located inside an office building; all waste produced by AD is disposed by the building's management committee.

Harmful Industrial Waste Disposal (2016, tons)

Companies	Treatment	Ta Ya	Ta Ya Vn
Factories	rreaunent	Guanmiao	Dong Nai
Waste Solvents	Incineration	9.4	1.03

Note: No hazardous waste is kept by any other affiliated enterprises.

#### Resource Recycling Amounts (2016, tons)

Companies	Ta Ya		Cuprime Ta Heng	UEI	Ta Ya Vn		
Factories	Guanmiao	Dawa	Cuprime	ra meng	OLI	Dong Nai	Hai Duong
Waste Wires/Cables	1,032.62	N.A.	N.A.	51	N.A.	43.11	N.A.
Waste Metal Composites (iron, steel)	106.28	N.A.	43.4	0.52	1.6	31.3	4.836
Waste Paper	60.02	N.A.	4.17	2.71	0.3	N.A.	N.A.
Waste Plastic Composites	36.87	N.A.	1.21	1.92	N.A.	117.09	48.965

Note: The volume of UEI is estimated.

#### Recycling Income (2016, NTD)

Companies	Ta Y	′a	Cuprime		Ta Ya Vn	
Factories	Guanmiao	Dawa	Cuprime	Ta Heng	Dong Nai	Hai Duong
Income from recycling	3,231,787	N.A.	177,792	58,992	251,000	191,021
Expenditure on waste treatment	2,765,965	275,270	174,297	151,200	108,560	85,354

#### Packaging Material Recycling Efficiency (2016)

Companies	Factories	Items	Saving(%)
		Wooden Shaft	48.74
Ta Ya	Guanmiao	Iron Shaft	89.33
Тата		Plastic Shaft	16.85
		Sealing Plate	38.21
Ta Hann		Wooden Shaft	25.74
Ta Heng		Sealing Plate	35.65
Ta Ya Vn	Dong Nai	Wooden Shaft	4.50
ia ra vn	Hai Duong	Wooden Shaft	2.00

#### Green Procurement

Ta Ya supports the government's Green Procurement Program, and procures five or more green products that qualify, including those with the Green Mark, Energy Label, water-saving label, Energy Star, green building materials seal, carbon label products, and second category green products, among others. Procured items that meet the standards in the recent three years include inverter equipment (air conditioners, air compressors, and inverters), cartons, and energy-saving lights

Green Procurement Cost of Ta Ya

Year	Amounts (Million NTD)
2014	344
2015	295
2016	278

# Response to Climate Changes

## Mitigation and Adaptation

In response to the impact of climate change and extreme weather on business operations and daily life, the operational strategies of the Group have been structured in two ways, namely mitigation and adaptation.

Ta Ya' s carbon reduction strategy involves three parts: Clean Production - reducing carbon in own production activities; Low-carbon Products - helping others reduce carbon; and investment into Ta Ya Green Energy. Despite Ta Ya' s involvement in a low-energy consumption business, the Company continues to devote attention into reducing energy and resources. Furthermore, the Company organizes regular greenhouse gas inspections to evaluate its performance in this regard. In the meantime, we have been developing green products that would help customers reduce carbon emission. In terms of green energy, Ta Ya has been focusing on the construction of solar power plants, and expects to achieve a total capacity of 50MW by 2020.

Adaptation strategies can also be categorized into three areas, including attention to water resource issues, holding Green Inside competitions annually, and promoting corporate volunteer teams. While water consumption within the company itself is relatively low, storm water recycling equipment have nevertheless been installed in all factory sites. Externally, we support environmental friendly actions, to name a few, through our endorsement of the Green Inside project. Lastly, through our fostering of corporate volunteer teams, we disseminate awareness of cable safety and energy saving.

# Greenhouse Gas Inspection

Ta Ya first adopted the ISO 14064-1 standards in the implementation of greenhouse gas (GHG) inspections in 2009. Total emissions then were 25,969.65 tons of CO2e. We use that as the base to measure our subsequent energy-saving and carbon-reduction efforts. The emission of GHG primarily comes from purchased electricity (Scope 2), which accounts for 91%, while the emission of stationary combustion sources, manufacturing process emissions, mobile combustion sources, and dispersive GHG emission sources (Scope 1) accounts for 9%. Meanwhile, some parts of the data collection process of other indirect GHG emissions (Scope 3) proved difficult, hence the primary focus has been on periodic inspections.

Ta Ya estimated a total emission of CO2e up to 20,797.76 tons in 2016. Purchased electricity (Scope 2) occupied a percentage of 98.96% and was Ta Ya's primary source of carbon emission, and a major part of which was related to magnet wires. Ta Ya used 38,904,568 kWh of power in 2016, which was slightly less than the 40,269,600 kWh recorded in 2015. Optimization of equipment configuration, processes and energy efficiency will continue to be our key focus towards sustainability.

Carbon emission by the seven companies in Taiwan (Ta Ya, Cuprime, Ta Heng, Ta Ho, UEI, AD, and Hengs) totaled 31,055.76 tons CO2e, slightly increased in comparison with 2015. Ta Ya and Cuprime occupied 66.97% and 25.61% of the Ta Ya Group's emission volume in Taiwan. As the Environment Group of the CSR Committee pointed out in the 2015 resolution, the total greenhouse gas emission volume of the Group in 2020 shall be less than the emission volume in 2015 by 5%. We will continuously strive to reduce carbon emission by 1% every year from this moment onwards.

Total Emission of Greenhouse Gasses in Taiwan (2016, Estimated, tons CO2e)

Scopes	Scope 1 Direct Emissions	Scope 2 Indirect Emissions	Total
GHG (tons)	3,697.25	27,358.51	31,055.76
Ratio(%)	11.91	88.09	100

Note: The source of the discharge coefficients is the Energy Industry Greenhouse Gas Reduction website. Direct discharge comes from the combustion of gasoline, diesel, natural gas, and liquefied petroleum gas. Indirect discharge comes from the discharge of the generation of the electricity purchased. The global warming potential (GWP) version is the IPCC Fourth Assessment Report (2007).

#### Greenhouse Gas Intensity of Ta Ya

Year	Total Emission	Intensity
2014	21,503.765	2.64
2015	21,469.608	2.74
2016	20,797.76	2.89

Note: Intensity = Total Emission (tons CO2e) / Revenue (million NTD)

# Energy-Saving and Carbon-Reduction Measures

Although the group is comprised entirely of low-energy and low-water consumption businesses, it continues to improve the ways business operation is managed and introduce new energy-saving equipment. Several energy-saving measures have been adopted to date, such as: natural ventilation, power usage monitor, power efficiency improvement, use of energy-efficient lighting equipment, recycling of heat through thermal cycle, inverter device for cooling tower motor, and power-saving incentives for employees.

Ta Ya eliminated a wire-drawing machine of high power consumption in 2016 to save electricity up to 1,612,800 kWh every year. A set of high-efficient magnet wire equipment will be used as a substitute for two energy-consuming machines in 2017, and it may save electricity up to 1,803,630 kWh.

Cuprime's SCR motor is old with low efficiency. It was replaced with a DC cooling fan motor in 2016 to save electricity up to 111,698 kWh. A capacitor is planned to installed on the upper-draw melting furnace in 2017 to save the electricity up to 717,240 kWh s every year. Ta Heng changed the T9 tubes and traditional inductive ballasts on the first floor of the office to T5 tubes and electronic ballasts to enhance the illumination and save electricity up to about 156 kWh every year.

Energy-Saving and Carbon-Reduction Measures

			After(per year)			
Companie	Items	Before	kWh	GJ	CO2e	
Та ҮА	Replacement of wire-drawing machines	The total daily power consumption of the TRB-1 and TRB-1.A machines (kWh)= 18,919.2; the total daily power consumption of the substituting M85 machine (kWh)= 12,856.8	2,054,084	7,395	1,087	
Cuprime	Replacement of motors on the production line		111,698	402	59	

Note: Carbon reduction was estimated based on 2016 emission coefficient of electricity: 0.529KgCO2e/kwh.

# Risks and Opportunities

Extreme high and low temperature and extreme heavy rain appear more frequently due to climate change. How to generally understand the risks and find potential opportunities is indispensable for an enterprise to pursue sustainable development.

All the factories of Ta Ya must enhance the drainage and maintain the factory buildings to face the risks in the change of the climate conditions and defend the attack of the extreme heavy rain and fierce typhoon. As for the opportunity, three consecutive typhoons (Magi, Meranti, and Nepartak) in 2016 brought about power failure and about 6 million households were affected merely because the wire poles were broken. To defend against typhoons thoroughly, Taipower started a disaster-preventive resilience project to lay cables underground in the section where roads are against the wind and seriously damaged. For Taiwan where earthquakes occur frequently, laying cables underground is most effective to ensure stable supply of electricity. To implement this project, Taipower prepares a budget of NT\$ 7.4 billion to lay cables of 463 kilometers underground within 3 years. Ta Ya 25kV cables are used for the project. It will be beneficial to the operation of the Company.

As for the legal and regulatory risks, regular carbon inventory, improvement of equipment efficiency to meet the energy saving requirement, or use of renewable energy to an extent required by the government may lead to increase of the operating cost before long. However, the opportunities created by using more renewable energy is much greater than the risk. This not only encourages use of new products, but also bring the new investment opportunities.

- Photovoltaics: Construction of solar power plant, development of special PV DC cables and optical fiber composite floating solar cables
- Marine energy: Development of special inter-array cables and export cables for offshore wind turbines; development of dynamic cables for wave-activated power generation.
- New energy vehicle: Anti-surge magnet wires, magnet wires, thermal wires, polyimide magnet wires are developed to solve the problems of the higher frequency and temperature in the operation environment of the vehicle motors.

Risks and opportunities in the climate change

	Amendment of laws and its impact	Change of the climate conditions and its impact
Risk	Emission report requirements >> increase of operating costs Regulations and standards of product efficiency >> increase of operating costs General environment regulations >> Increase of operating costs	Extreme raining model >> increase of operating costs
Opportunity	Regulations and standards of product efficiency >> increase of the needs for service Renewable energy regulations >> investment opportunities, more social benefits	Extreme raining model >> new products/business services

# Environmental Education and Social Welfare

#### Pristine Homeland Foundation

We began contemplating the implementation of CSR in 2007 and attempted to conceive of projects with long-term commitments that benefited society at large. Multiple attempts since then have helped us accumulate crucial core abilities in preparation of long-term implementation. This helped us to submit our application to the EPA at the end of 2011 to establish the Green Inside initiative in Tainan.

Since inception in 1955, our roots have always been in Taiwan. The local culture and the passion of the Tainan people not only promoted our love of this land, but also promoted the CSR of local corporations to preserve the beauty of the local environment with sustainable development methods.

The philosophy of the Pristine Homeland Foundation is based on environmental protection, caring for all life forms, a sustainable Earth, and related environmentally-friendly concepts that foster a beautiful home and nurture the future of coexistence between the environment and us. We are dedicated to sponsoring concrete protection-oriented actions and the long-term promotion of environmental education. Furthermore, we also disseminate the influence of Green Thinking via cultivating environmentally-friendly talent, and call upon our employees and their families to join volunteer services and devote themselves to social welfare in a large-scale manner.

Established in February 2011, the Green Inside Blog provides employees and the public with approachable environmental conservation concepts through a blog format and on Facebook with the aim of promoting daily environmental protection habits.

# Delonix Regia Forum

Since September 2012, the Ta Ya Pristine Homeland Foundation has been hosting an annual "Delonix Regia Forum" at NCKU's (National Cheng Kung University) Magic School of Green Technologies, during which experts were invited to share with local residents on how to realize green living in various aspects of life.

Delonix Regia Forum were held at NCKU Magic School of Green Technologies on the 15th Oct. This year's event features the theme: "Green for Happiness," meaning that true happiness originates from intimate contact with nature, and by healing the environment, we heal our bodies and souls. Curator Chen Mingchuan of Tse-Xin Organic Agriculture Foundation was invited to deliver a speech on his experience of turning barren land into fertile land.

Ta Ya Group Chairman Shen Shang-Hung said in his welcoming speech: "I am glad that Ta Ya is able to contribute efforts to building our pristine homeland. The green living concept that Green Inside has advocated for is consistent with Tainan City Government's low-carbon city, low-carbon travel, and low-carbon traffic initiatives. From daily living activities to clean production and use of renewable energy at factories, we at Ta Ya are doing everything possible to make out actions environmental friendly."

Tainan City Deputy Mayor Yen Chun-Tso made an analogy based on his medical background that: "Every different aspect of city administration is interconnected. Technology can not exist without culture or a sustainable environment." Deputy Mayor Yen complimented and expressed gratitude on Ta Ya's decision to build a proprietary solar power plant, and said: "Extreme weather is the biggest crisis in mankind's history, and is a challenge that we have never encountered. The topic of land restoration discussed in this forum will help our descendants react to climate change."

This year's speech, titled "From Barren to Fertile - A Restoration of Clean Land and Life," was delivered by Mr. Chen Mingchuan from Tse-Xin Organic Agriculture Foundation. He began by recalling his return from the United States, and his involvement in the design and construction of organic farms. He said that 145,485 square meters of land owned by Taiwan Sugar Corporation were over-fertilized for sugar cane plantation that the land became acidified and ultimately abandoned and used as landfill site. In 2007, he started leading a team of volunteers on a mission to save land, clearing rocks and garbage piece by piece. Through a series of processes including aeration, water treatment, plantation of green manure and trees, the volunteers finally restored life into the once abandoned land. After Mr. Chen had shared his farming experience, two other guest speakers were invited to talk about the healing of land, body, and soul.

Managing Director Chen Yuping of KJMU Foundation began her talk about how we, as consumers, can develop harmonic connections with our land and achieve greater satisfaction from it. She first defined "geoculture" as the way humans treat/use the land. What Mr. Chen had shared was his way of treating land, and one that motivates and gives consumers the peace of mind to purchase products produced from it. Geo-cultures need to be materialized in order to influence consumers' decisions throughout the value chain.

Mr. Li Yuqing, Managing Supervisor of Taiwan Ecological Stewardship Association (TESA) and member of Society of Wilderness (SOW), took the audience to think deep about balancing between the environment we see and the souls we can not see. "Mountains need to rest and sleep like people. They doze off when they feel tired, and it is moments like these that we should avoid disturbing them." He encouraged everyone to think like mountains and rediscover our connection to nature by listening to the voice of the land, and making changes where necessary to heal our land, body, and soul.

# The Documentary - " Environmental Friendly Professionals

As democracy evolves in Taiwan, environmental activists have also changed from protesters into preservation groups, and to environmental professionals and entrepreneurs we see today. Although they seldom appear in media, they are undeniably a strong force that preserves Taiwan's current environment. Ta Ya saw the trend emerge as early as 2006, which was why "Green Inside Project" was launched as a systematic way of sponsoring professionals who are friendly to the environment.

The environmental-friendly solutions undertaken by Green Inside Project winners are what we view as an effective way to solve Taiwan's environmental threats and mend the damages people have done to it. They have also shown environmental activists the alternative ways to state their cause. The Ta Ya Foundation invested in the the production of the documentary "Environmental Friendly Professionals" in 2015. Through the documentary film, we hoped to show how the Green Inside Project winners have lived up to their reputation as "environmental-friendly professionals" and motivate the younger generation to commit to a good cause. The way of life or career chosen by Green Inside Project winners will prove beneficial to Taiwan's natural environment. Ta Ya Foundation organized 11 mobile film projections and symposium from March to May 2016. We have faith that the documentary film will rally audience's support to their products and services, and help them commit to their cause.

## Green Inside Project

We have gone through the topics of "Food, Clothing, Housing, Transportation, Education" in the selection of the Green Inside Project Environmental Friendly Professionals since 2007, and finally we reach the final topic of "Entertainment" . The experience in the learning from the environmental friendly professionals and the interaction with them over the past 10 years gives us a brand new realization of "Entertainment" . The real happiness origins from the close relationship with nature. The body and mind are recovered while the land is repaired. You cure the environment and yourself at the same time.

The selection of proposals for the 6th Green Inside Project in 2016 launched following the Delonix Regia Forum. Hong Huixiang, winner of 2012 Southern Spirits Award, was invited as a member of the jury. This year's event saw 11 candidates competing for the Pristine Homeland Award, and 2 candidates competing for the Southern Spirits Award. To facilitate learning, the selection process progressed with an open audience.

The jury selected 9 Pristine Homeland winners, each won a prize of NT\$30,000. Meanwhile, Madam Wu Meimao of Taiwan Good Food was awarded the Southern Spirits Award and a prize of NT\$100,000 for her "New Agricultural Values."

# Ta Ya Group Family Day

Ta Ya Group held its Family Day event in the morning of Saturday, March 19. The Group once again teamed up with Tainan City Water Resources Bureau to plant 100 orange jasmines along the left bank of Section 3 Junan Road, and added a touch of green to the riverside. More than 80 employees and family members from Ta Ya, AD and Ta Heng participated in this event.

Shanhaizhen Trail is a cycling trail built with the support of Tainan City Government. It runs through Taijiang and connects to Wusanto Reservoir, and hence the name "Shanhaizhen." The river bank along Section 3 Junan Road was initially planted with some China berry trees, but in order to provide cyclists with a more comfortable and safer cycling environment, the city government removed some of the asphalt surface and planted arbors and scrubs instead. These trees not only separate cyclists from cars and motorcycles, but will someday grow to form an appealing green tunnel as well.

After the Chairman's speech, the competitive cyclists and recreational cyclists made their separate start. Led by Chairman Shen, who also happens to be a hardcore cyclist, the competitive group rode out with members of Ta Ya cycling club, traveling along the cycling path on the right side of the river bank past the National Museum of Taiwan History, and were greeted by a vast expanse of fish farms and rice fields. The cyclists reached Singangshe Cultural Centre before heading back to complete the 22KM journey. At the end of the event, they all agreed to take on a more challenging route the following year.

In the morning of the 3rd, the Group held its Northern Region Family Day at Sinwu Yongan Fishery Port, during which nearly 100 employees and family members from TAYA Taipei Branch, Cuprime, Cugreen, and UEI showed up in support of the coastal cleanup.

Sinwu Green Tunnel is a renowned coastal attraction in Taoyuan. TAYA Group's 2015 Northern Region Family Day event was held at the shingle beach in the southern part of the coast. This year's coastal cleanup was held in the northern part at Yongan Fishery Port. Led by TAYA Group Chairman Shen Shanghong, nearly 100 employees and family members were quickly assigned to their designated areas for garbage cleanup. Despite the cold northeast monsoon, everyone seemed passionate about putting on gloves and picking out garbage with tongs. A significant amount of waste was removed during the event, and the volunteers found several abandoned truck tyres that could only be removed with the effort of many strong people. All waste picked off the beach was classified according to International Coastal Cleanup Data Card. The event was considered a success given the significant results achieved in just one hour.





# ASSURANCE STATEMENT

# SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE TAYA ELECTRIC WIRE & CABLE CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT) FOR 2015

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by TAYA Electric Wire & Cable Co., Ltd. (hereinafter referred to as TAYA) to conduct an independent assurance of the Corporate Social Responsibility Report for 2015 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the TAYA's CSR Report of 2015 and its presentation are the responsibility of the management of TAYA. SGS has not been involved in the preparation of any of the material included in TAYA's CSR Report of 2015. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all TAYA's stakeholders.

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

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for TAYA and moderate level of scrutiny for subsidiaries and applicable aspect boundaries outside of the organization covered by this report:
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

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

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

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

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, CMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

#### VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within TAYA's CSR Report of 2015 verified is accurate, reliable and provides a fair and balanced representation of TAYA sustainability activities in 01/01/2015 to 12/31/2015.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and A41000 Assurance Standard (2008) Type 2. Moderate level assurance.

#### AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

#### Inclusivity

TAYA has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sector association, and governmental authorities are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, TAYA may consider having two-way direct involvement of stakeholders during future engagement.

#### Materiality

TAYA has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. More identification and disclosures of other material aspects are recommended in the next report.

#### Responsiveness

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

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

The report, TAYA's CSR Report of 2015, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report.

It is encouraged to have more disclosures on corporate governance. More disclosures on the information of subsidiaries within the organization are recommended in future reports. Disclosures on Management Approach components, such as goals and targets, specific actions taken to achieve the expected results, may be further enhanced in the next report. Also, indicators of EC2, EN32, LA3, LA14, HR10, and SO9 are recommended for future disclosure.

#### Signed: For and on behalf of SGS Taiwan Ltd.





Dennis Yang, Chief Operating Officer Taipei, Taiwan 14 September, 2016 WWW.SGS.COM

# GRI G4 Index

# General Standard Disclosures

Indicators	Disclosure Item	Our Response	Page Number	Identified Omissio External Assurance
Strategy and	H 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.	Chairman's Statement	1	•
Organization	nal Profile			
G4-3	Report the name of the organization.	Organizational Profile	Inside front cover	•
G4-4	Report the primary brands, products, and services.	Brand Management, Organization	7, 8	•
G4-5	Report the location of the organization's headquarters.	History	4	•
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.	Financial Performance	9	•
G4-7	Report the nature of ownership and legal form.	History	4	•
G4-8	Report the markets served.	Financial Performance	9	•
G4-9	Report the scale of the organization.	Financial Performance, Employee Profiles	9, 20	•
G4-10	Report the total number of employees.	Employee Profiles	20	•
G4-11	Report the percentage of total employees covered by collective bargaining agreements.			None.
G4-12	Describe the organization's supply chain.	Supplier Management	41	•
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.			None.
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Response to Climate Changes	51	•
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.			None.
G4-16	List memberships of associations and national or international advocacy organizations.	External Organizational Involvement	17	•
Identified M	laterial Aspects and Boundaries			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	Organization	7	Please refer to Ta Ya's 2016 Annual Report p.118.
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	Analysis of Materiality	15	•
G4-19	List all the material Aspects identified in the process for defining report content.	Analysis of Materiality	15	•
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Analysis of Materiality	15	•
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Analysis of Materiality	15	•
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None.		•
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Editorial Principles	Inside front cover	This report added the following entity: Ta Ya (Viet Nam) Electric Wire & Cable Joint Stock Company Hai Duong Branch.

Indicators	Disclosure Item	Our Response	Page Number	Identified Omissio	External Assurance					
Stakeholder Engagement										
G4-24	Provide a list of stakeholder groups engaged by the organization.	Stakeholders Engagement	14		•					
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Stakeholders Engagement	14		•					
G4-26	Report the organization's approach to stakeholder engagement.	Stakeholders Engagement	14		•					
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholders Engagement	14		•					
Report Profile										
G4-28	Reporting period for information provided.	Editorial Principles	Inside front cover		•					
G4-29	Date of most recent previous report (if any).	Editorial Principles	Inside front cover		•					
G4-30	Reporting cycle.	Editorial Principles	Inside front cover		•					
G4-31	Provide the contact point for questions regarding the report or its contents.	Editorial Principles	Inside front cover		•					
G4-32	Report the 'in accordance' option the organization has chosen.	Editorial Principles	Inside front cover 58		•					
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for	GRI G4 Index	Inside front cover 57		•					
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.	External Assurance Statement	12		•					
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.	Core Values Code of Conduct and Anti-Corruption	6 13		•					

# Specific Standard Disclosures

Material Aspect:		Indicators	Disclosure Item	Our Response	Page Number	Identified Omission	External Assurance
Economic	Economic Performance *	Generic Disclo	sures on Management Approach	Financial Performance	9		•
		G4-EC1	Direct economic value generated and distributed.	Financial Performance	9		•
		G4-EC2	Risks and opportunities in the climate change	Risks and Opportunities	53		•
		G4-EC3	Coverage of the organization's defined benefit plan obligations.	Welfare and Care	22		•
	Procurement Practices *	Generic Disclos	sures on Management Approach	Supplier Management	41		•
		G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Supplier Management	41		•
	Materials	Generic Disclo	sures on Management Approach	Usage of Energy Resources	46		•
		G4-EN1	Materials used by weight or volume.	Usage of Energy Resources	46		•
		Generic Disclo	sures on Management Approach	Usage of Energy Resources	46		•
		G4-EN3	Energy consumption within the organization.	Usage of Energy Resources	46		•
	Energy	G4-EN5	Energy intensity.	Usage of Energy Resources	46		•
		G4-EN6	Reduction of energy consumption.	Energy-Saving and Carbon-Reduction Measures	52		•
	Water	Generic Disclo	sures on Management Approach	Environmental Policy and Management	48		•
		G4-EN8	Total water withdrawal by source.	Water Resource Management	49		•
	Emissions *	Generic Disclo	sures on Management Approach	Environmental Policy and Management	48		•
		G4-EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1).	Greenhouse Gas Inspection	51		•
		G4-EN16	Energy indirect greenhouse gas (GHG) emissions (SCOPE 2).	Greenhouse Gas Inspection	51		•
		G4-EN18	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inspection	51		•
Environment		G4-EN19	Reduction of greenhouse gas (GHG) emissions.	Energy-Saving and Carbon-Reduction Measures	52		•
		G4-EN21	NOX, SOX, and other significant air	Air Quality Management	48		•
	Effluents and Waste *	Generic Disclo	sures on Management Approach	Environmental Policy and Management	48		•
		G4-EN22	Total water discharge by quality and destination.	Water Resource Management	49		•
		G4-EN23	Total weight of waste by type and disposal method.	Waste Management	50		
		G4-EN24	Total number of volume of significant spills.	None	-		
	Products and Services *	Generic Disclo	sures on Management Approach	Innovation Management	43		•
		G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Innovation Management	43		•
	Compliance *	Generic Disclo	sures on Management Approach	Environmental Policy and Management	48		•
		G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	In 2016, there were 6 cases with a total fine of NTD\$ 386,000			•
	Supplier Environmental Assessment *	Generic Disclos	sures on Management Approach	Supplier CSR Evaluation	42		•
		G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Supplier CSR Evaluation	42		•

Material Aspect:		Indicators	Disclosure Item	Our Response	Page Number	Identified Omission	External Assurance
Labor Practices and Decent Work	Employment *	Generic Disclosures on Management Approach		Employee Profiles	20		•
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Employee Profiles	20		•
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	Welfare and Care	22		•
	Occupational Safety and Health *	Generic Disclo	sures on Management Approach	Occupational Safety and Health	24		•
		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.	Occupational Safety and Health	24		•
		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 gender.	Occupational Safety and Health	24		•
		Generic Disclo	sures on Management Approach	Educational Training	30		•
	Training and Education *	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Educational Training	30		•
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Educational Training	30		•
	SupplierAssessment for Labor Practices *	Generic Disclo	sures on Management Approach	Supplier CSR Evaluation	42		•
		G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Supplier CSR Evaluation	42		•
	Freedom of Association and Collective Bargaining*	Generic Disclo	sures on Management Approach	Harmonious Labor Relations	22		•
Human		G4-HR04	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.	Harmonious Labor Relations	22		•
Rights	Supplier Assessment for Labor Practices *	Generic Disclo	sures on Management Approach	Supplier CSR Evaluation	42		•
		G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Supplier CSR Evaluation	42		•
	Compliance *	Generic Disclo	sures on Management Approach	Code of Conduct and Anti-Cor- ruption	13		•
Society		G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None.			•
	Supplier Assessment for Impacts on Society *	Generic Disclo	sures on Management Approach	Supplier CSR Evaluation	42		•
		G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Supplier CSR Evaluation	42		•
Product Responsibility	Product and Service Labeling *	Generic Disclo	sures on Management Approach	Product Information Labeling	38		•
		G4-PR3	Type of product and service information required by the organization's pro- cedures for product and service information and labeling, and percentage of significant product and service categories subject to such information require- ments.	Product Information Labeling	38		•
		Generic Disclo	sures on Management Approach	Customer Satisfactory Survey	40		•
		G4-PR5	Results of surveys measuring customer satisfaction.	Customer Satisfactory Survey	40		•

