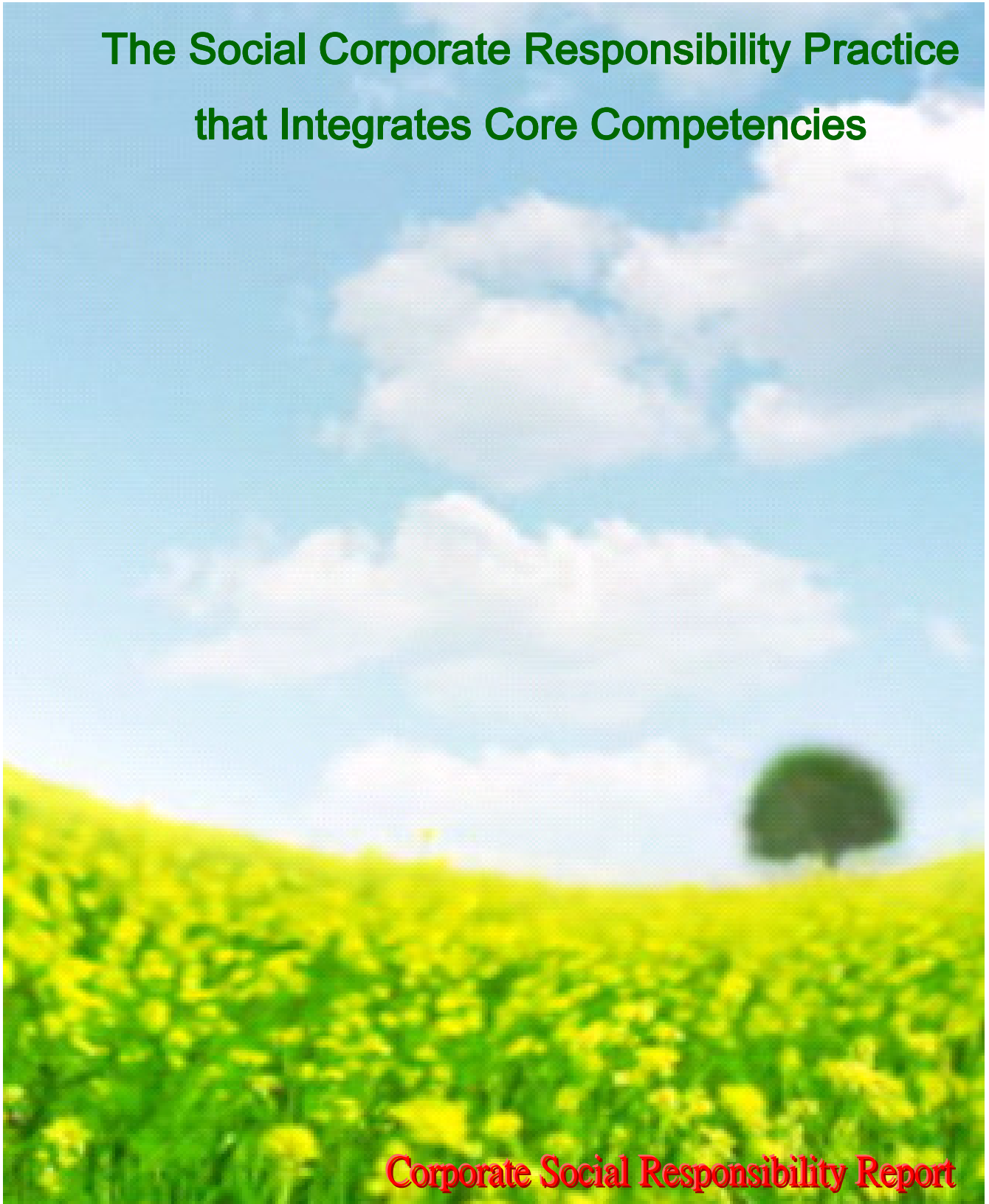




KYEC

**The Social Corporate Responsibility Practice
that Integrates Core Competencies**



Corporate Social Responsibility Report

2014 KYEC CSR Report

Contents

| | |
|--|-----------|
| About Report | 1 |
| Words from General Manager | 2 |
| KYEC Overview | 3 |
| Company Profile | 4 |
| Management Philosophy | 4 |
| Market Status | 5 |
| Worldwide Business Division | 5 |
| Business Performance | 6 |
| Members participating in various external departments | 7 |
| Stakeholders and Concerned Issues | 8 |
| Identification and Communication between Stakeholders | 8 |
| Stakeholders' Concerned Issues and Interaction | 8 |
| Critical Issues Matrix Analysis | 10 |
| Identification of the Scope and Border of Critical Considerations | 10 |
| Corporate Governance | 12 |
| Corporate Governance Framework | 12 |
| Major Functions of Divisions | 13 |
| Board of the Directors | 15 |
| Salary/Remuneration Committee | 17 |
| Audit Committee | 17 |
| Internal Audit Organization and Operation | 18 |
| Employee Code of Ethics and Conducts | 18 |
| Implement Philosophies of Integrity Management | 19 |
| Risk Policies | 19 |
| Risk Strategy | 19 |
| Supply Chain Management | 20 |
| Green Products and Quality Management System | 20 |
| Green Procurement | 20 |
| Suppliers | 21 |
| Green Logistics and Vision | 30 |
| Optimize Pickup / Delivery Route | 30 |
| Idle and Fuel Statistics | 30 |
| Environmental Management | 32 |
| Energy Consumption and Management | 32 |
| Use of Water Resources and Impact on Water | 33 |
| Greenhouse Gas Inventory | 40 |

| | |
|--|----|
| Waste Management and Recycle | 42 |
| Compliance with Environmental Protection Law | 47 |
| Overall Environmental Aggregate Expenditure | 47 |
| Environmental Education | 47 |
| Occupational Safety and Hygiene | 49 |
| Safety and Hygiene Policies and Organizational Operations | 49 |
| Occupations Injury Statistics and Analysis | 49 |
| Formulate Safety and Hygiene Code of Practice and Management Procedures | 52 |
| Safety and Hygiene Management of Chemical Substances | 53 |
| Safety and Hygiene Risk Assessment and Alteration Management | 55 |
| Emergency Response and Disaster Rescue | 55 |
| Contractor Safety and Hygiene Management | 57 |
| Fire Safety Equipment and Labeling | 59 |
| Machinery Equipment Safety Management | 60 |
| Employees' Interests | 61 |
| Standards of Recruitment and Employment | 61 |
| Employee Distribution | 62 |
| Resignation Analysis | 66 |
| Complete Retirement Planning | 69 |
| Comprehensive Insurance Policy | 69 |
| Complete Leave System and Benefits | 69 |
| Parental-Leave-Without-Pay Measures..... | 70 |
| Human Right Policy and Training | 71 |
| Employee Care | 71 |
| Promote Health Management and Advocacy Plan..... | 75 |
| Physical and Mental Health of Employees | 78 |
| Valuation on Female Employees | 79 |
| Employee Communication | 81 |
| Food Services | 82 |
| LOHAS KYEC | 82 |
| Quality Workplace | 83 |
| Social Participation | 85 |
| Sponsoring HsinChu Wind Orchestra | 85 |
| Employing Masseurs with physical and mental disability | 85 |
| Improving Industry-Academia Cooperation | 85 |
| Assisting with post-disaster reconstruction for Kaohsiung explosions | 87 |
| Sponsoring Tosun Public Interest Foundation | 87 |
| Appendix: GRI G4 Guidelines | 88 |

About Report

● Editing and Publication

This report is the second release of “Corporate Social Responsibility Report” prepared by KYEC Group. The content of this report aims to disclose the devotion and achievement of KYEC Group in corporate operations and governance, environmental hygiene and safety, social welfare, and other CSR related issues, to the stakeholders.

● Border and Scope

The report discloses consolidated information between January 1, 2014 and December 31, 2014, which consist of the performance data and achievement from Taiwan, including HsinChu Headquarters (Technology Headquarters), Chunan Branch (also referred to as Chu Nan Plant or Zhonghua Plant) and Tung-Luo Factory.

● Writing Rules

The content framework and consideration of scope and border for this Corporate Social Responsibility Report are prepared on the 4th version of the 2014 Global Reporting Initiative’s Sustainability Reporting Guidelines (GRI G4.0) and comply with AA1000 Assurance Standard: 2008 and AA1000 Accountability Principle Standard: 2008. The report also conforms to the standards of materiality, stakeholder inclusiveness and sustainable development in addition to adopting “The Comprehensive Options” of GRI G4.0.

The Financial data are calculated in New Taiwan Dollars and have been attested by the Ernst & Young Taiwan. Apart from conducting internal audit, the environment, safety and hygiene management system also undertakes external audit for ISO 14001, OHSAS 18001, ISO14064, ISO14067, and IECQ QC080000 standards. The designated certification body is SGS-Taiwan. The greenhouse gas emission data adopt the coefficients used in “Greenhouse Gas Emission Coefficient Control Chart (version 6.0.1), provided by the Environmental Protection Administration, for calculation of emissions.

● Release Date

The “Corporate Social Responsibility Report” is released on an annual basis. The version of this release is June, 2015 and will be published to the public on the website of KYEC Group.

● Contact Information

Some indicators offer 2013~2014 consecutive data in order to highlight the mid- to long-term trends. In case the quantitative indicators contain special meanings, a note will be provided to explain further. If you have any questions or comment regarding the KYEC Group Corporate Social Responsibility Report, please contact with us.

Contact: KYEC Group Financial Office

Address: No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City 300

Telephone: +886-3-5751888

Fax: +886-3-5753899

E-mail: invest@kyec.com.tw

WEB: www.kyec.com.tw



Words from General Manager

KYEC Group releases this 2014 Corporate Social Responsibility Report under the guidance of GRI G4 in attempt to disclose the various issues related to corporate social responsibility. Such disclosure will provide the stakeholders with the opportunity to review the company's actions and achievement in corporate social responsibility. In view of 2014, KYEC Groups has attained outstanding performance in revenue and profits as well as fruitful achievement in the operations of sustainable development, on the basis of continual commitment and cumulative efforts over the years.

● Corporate Governance

The strengthening of the function of Board of the Directors, i.e. the two functional committees (namely the Audit Committee for management function and Salary/Remuneration Committee for reviewing the compensation of senior managers), will review and assist the Board of the Directors with making the correct decision to maximize shareholder's interests. With regard to information transparency, apart from developing various internal guidelines to assure the integrity management and regulatory compliance, KYEC discloses its corporate information at the Market Observation Post System and the company website to implement the corporate social responsibility and the respect for stakeholders (Note: KYEC was listed as the top 20 percent enterprises in the First Corporate Governance Evaluation System).

● Corporate Commitment

King Yuan Electronics Corp. (KYEC) is the world's second largest testing company of semiconductor IC. We are proud of our strong R&D Division, state-of-the-art proprietary platform and superior engineering capacity, particularly the results in the development technology for high-end processing and key components (i.e. MEMS testing technology, vertical probe and high-frequency Load Board). KYEC is able to outperform the peer industries in the competition of quality, costs, delivery, and services.

Talent is the most valuable asset of an enterprise and KYEC has long been investing massively on talent cultivation. In recent years KYEC includes the expansion of engineering technology capacity, improvement on the managerial competency of middle to senior managers, and the implementation of reserved official in the annual guidelines, i.e. offering in-depth platform training and credit courses at National Tsing Hua University. Moreover KYEC provides effective communication channels, various benefit measures and other improvement systems to build a happy and healthy workplace, so that the employees and company can work together to create a win-win situation.

● Social Participation

In terms of social care and feedback, KYEC encourages the employees to put in efforts for the societies and expand in the horizon of care by actively participating in different volunteer and community activities. For example, the employees will assist with the marketing and sales of local agricultural specialties and products or participate in county/city charity events and cultural activities. KYEC has sponsored HsinChu Wind Orchestra for a long period of time and invites suppliers to jointly respond. The enthusiasm of wind orchestra is integrated with social resources to enhance community development and establish solid foundation for arts and culture in the societies.

Additionally the company has been active in the implementation of industry-academic training plant proposed by the Ministry of Education to promote the seamless connection between the academic circles and the industries. KYE has developed internship projects with a number of schools, covering areas in northern, central and southern Taiwan, and offshore islands. Starting from 2014, KYEC cooperates with Asia-Pacific Institute of Creativity through the "Semiconductor Testing Factory and Facility Professional Talent Training Program." The company designs a semiconductor testing internship factory with the intent to substantially upgrade the employment competitiveness of local students.

● Environmental Protection

KYEC has long been taken active party in environmental protection, energy-conservation and waste reduction, recycling, and other green operations with acquisition of considerable number of effectiveness. For example, the utilization of water resource recycling in 2014 exceeded 74% while energy-saving and carbon reduction also were reduced by 6,142,656 kWh and 3,267.9 tons of CO₂, which both performed better than that in 2013. Particularly the source of greenhouse gas emission for the company mainly consists of outsourced power, accounting for 96.89% of the total emissions. In view of this, KYEC has replaced the traditional florescent lights of the cleanroom into LED lights with outstanding performance.

Projecting to the future, KYEC continues to integrate core competencies and management strategy with the issues and challenge of sustainable development, in addition to designing and executing sustainability solutions through innovative practices that are built to last. Meanwhile KYEC not only controls the economic, social and environmental issues that draw the attention from the stakeholders but also collaborates with the suppliers to progress toward a green supply chain and implement the objectives of sustainable management.

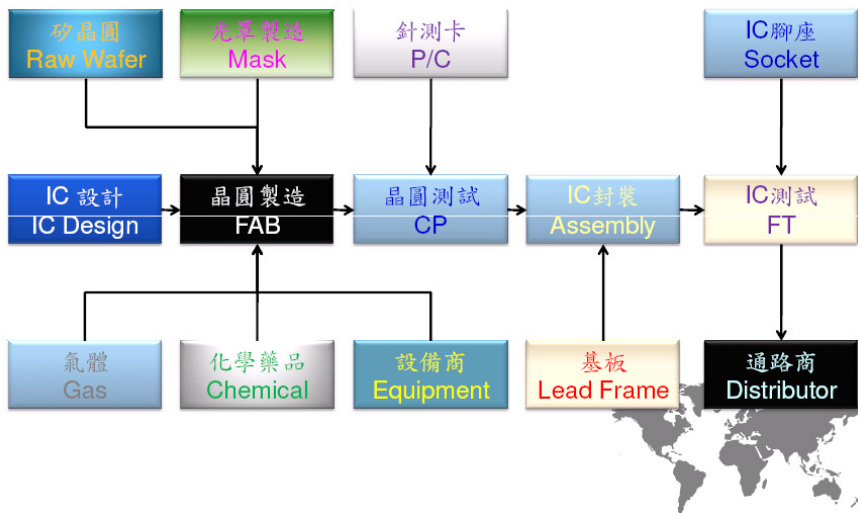


General Manager

Ant-Kwan Lin

KYEC Overview

KYEC was founded in May, 1987, to become a world leading supplier for the back-end semiconductor services. Initially the factory was established in Lane 576, Sec. 1, Guangfu Road of Hsinchu City to engage in integrated-circuit (IC) foundry testing, burn in, wafer polishing, and cutting and IC roll packaging, serving as a considerably important link to the supply chain of semiconductor industry.



Hsinchu Headquarters was officially opened in 2000 with Chunan Branch (new factory built in Zhonghua Plant) was also opened for production in early 2001. In response to the rapid growth in market demand and business, KYEC has built factories year by year and purchased computer equipment to fully computerize the production management. Moreover, KYEC built the Phase I and Phase II projects in Tongluo Science Park in 2012 and the end of 2014 to take lead the management, production and design of the company among the peer industries. According to the Gartner report released in April, 2015, KYEC is ranked the second place among all global testing industries on the 2014 Worldwide Semiconductor Assembly and Test services (SATS) market, with a global market share of 8.2%. KYEC is ranked the second place among all Taiwanese testing industries, following ASE Group. The product lines cover memory, logic & mixed-signal, SOC, CIS/CCD, LCD Driver, RF/Wireless and MEMS with over 2,500 testing platforms.



1. Company Profile

| | |
|-----------------------|--|
| Company Name | King Yuan Electronics Corp. (KYEC) |
| Date of Establishment | May 28, 1987 |
| Paid-in Capital | NTD 11,922,944,000 |
| Chairman | C.K. Lee |
| President | A.H. Liu |
| Company Headquarters | No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City |
| Plants | Hsinchu Headquarters: No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City Chunan Plant: No. 118, Zhonghua Rd., Chunan Township, Miaoli County Tung-Luo Factory: Hsinchu Science Park, No. 8, Tong-ke N. Rd., Jiuhu Village, Tong-luo Township, Miaoli County |
| No. of Employees | Approximately 4,800 people |
| Main Business | The design, manufacturing, testing, accessories, processing, packaging, and sales of different IC, the manufacturing, processing and sales of different burn-in and components, and the import/export trade of aforementioned products. |
| Taiwan Stock Exchange | 2449 |
| Spokesperson | Chun Kuan |
| Deputy Spokesperson | Gauss Chang |



2. Management Philosophy

(1) Mission

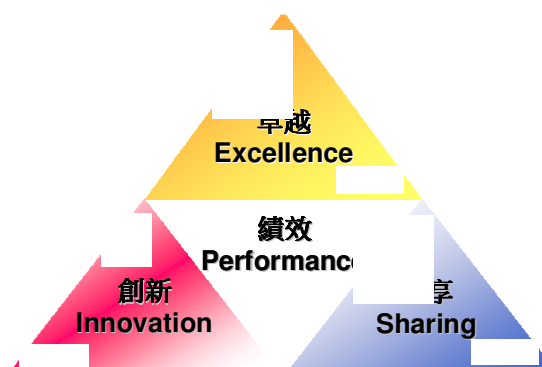
KYEC is committed to become one of the world's top IC testing service companies by constantly investing in manufacturing technologies and productivity to provide customers with higher-quality, lower-cost and faster-delivery products and services, thereby maximizing customer values.

(2) Vision

- We are committed to meeting customer satisfaction.
- We pursue to lead peer industries with business growth and profits, become the company of customers' choice of priority and actively improve profitability.
- We uphold to service and dedicate to health growth.

(3) Core Value

- Excellence: Complete work assignment with full efforts, actively take work objectives with challenge, and achieve outstanding standards and remarkable performance.
- Performance: Set up high objectives to provide customers with high quality, lower costs, faster delivery, and improvement on customer satisfaction.
- Innovation: Constantly improve and profit innovative solutions to provide customers with satisfying quality and services with higher satisfaction.
- Sharing: Readiness to share knowledge, skills and experience owned with others so that the company will share and grow with customers.



3. Market Status

Professional packaging & testing is one of the semiconductor industries with the earliest and fastest development for Taiwan, apart from wafer foundry. The results of an questionnaire survey conducted by TSIA, the 2014 Q4 packaging industry of Taiwan IC output was NTD79 billion (USD\$2.6B), down 6.5% compared with last quarter 2014Q3 and up 7.5% when compared with the same period last year (2013Q4). The IC testing industry was NTD33 billion (USD\$1.1B), down 11.5% compared with last quarter (2014Q3) and up 1.5% when compared with the same period last year (2013 Q4). The 2014 annual output IC packaging industry was NTD316 billion (USD10.4B), up 11.1% when compared with 2013. The IC testing industry was NTD137.9 billion (USD4.5B), up 8.9% when compared with 2013.

The testing industry is one capital-intense and technology-advanced high-tech industry with considerably high barriers to enter. Due to the continuous evolution in IC processing and the increasingly complex functions, IC testing becomes more and more important. Moreover due to the increasing capital expense, there are increasing number of IDM companies and foundries that give up on the expansion of back-end productivity but outsource for IC testing requirement, driving the development of professional testing to thrive.

According to the Gartner report, the top global packaging and testing companies ranked by scale of sales revenue in 2014 were in the order of ASE Group, Amkor, SPIL, STATS ChipPAC, PTI, Changjiang Elec. Tech, J-Device, UTAC, ChipMOS, Chipbond, STS, Hua Tian Technology, KYEC, Nantong Fujitsu Microelectronics Co., Ltd., and Carsem, accounting for about 7.37% of total market share. KYEC is the only professional testing company that does include the cost of materials to the sales revenue since the income consists of testing services with remarkable status.

| Region of Main Product (Service) Sales (Supply) Region | | | | |
|--|-----------|-----------|-----------|-----------|
| Year | 2014 | | 2013 | |
| | Domestic | Export | Domestic | Export |
| Main Product Sales Value | Value | Value | Value | Value |
| Wafer Probing | 3,043,204 | 2,853,559 | 2,911,599 | 2,633,970 |
| IC Testing | 2,862,921 | 4,447,300 | 2,829,884 | 3,367,515 |
| Others | 915,584 | 194,358 | 938,235 | 111,260 |
| Total | 6,821,709 | 7,495,217 | 6,679,718 | 6,112,745 |

Unit: NTD Thousands

4. Worldwide Business Divisions

KYEC Headquarters is situated next to Gongdao 5th Rd., Hsinchu City of Taiwan, which production center is located in Miaoli County, providing services to the Hsinchu Science Park and customers in Taiwan. Additionally KYEC established worldwide business divisions in North America, Japan, Europe, and Singapore to provide immediate business services for over 400 customers worldwide. On the other hand, the group’s subsidiary companies, KLT and ZKT, both located in Suzhou Industrial Park in China, engage in semiconductor packaging and testing operations, serving as the market base for KYEC to deliver services to the Chinese market with convenience.



5. Business Performance

(1) 2014 Business Performance

The 2014 consolidated operating income was NTD16278 million, up 10.77% when compared with 2013, with a gross profit of 30%, up 3% when compared with 2013. Each EPS was NT2.15, up 40.5% compared with 2013. The overall business performance improved when compared with the plan in the beginning of the year and is considered a well-off year.

KYEC has accomplished the pre-set performance objectives in terms of management, operational development, customer service, R&D and intonation, human resource assets, TQM activities in 2014. The company still has room for improvement on productivity upgrade and the stability of quality management. With regards to cost control, the increase of costs in the components for high-end product testing, accessory manufacturing fees, consumables, electricity, and personnel have resulted in somewhat adverse effect on the overall manufacturing costs of the company.

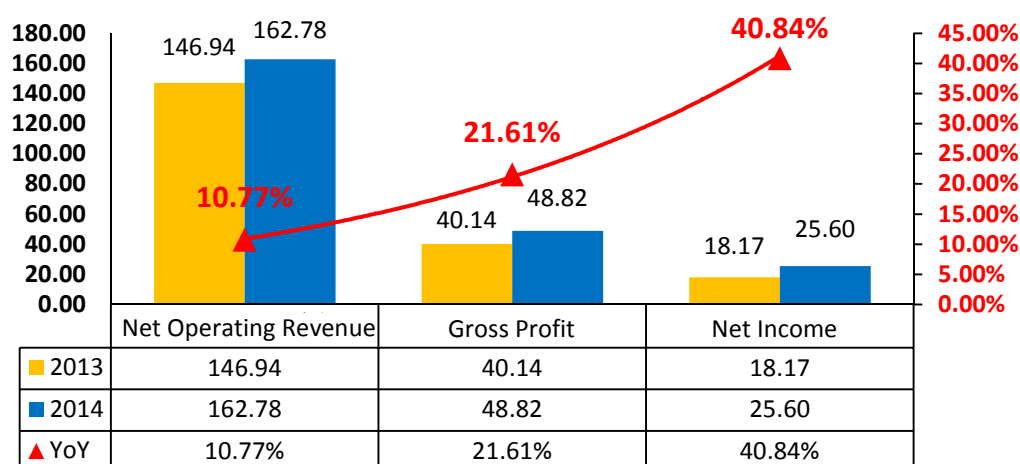
Looking into 2015, products such as smart phones and mobile communication devices maintain mainstream while 4G, 64 bits, LTE, solid hardware, sensor, wearable devices, low-cost TabletPC, in-case safe entertainment system IC, biometric identification IC, IoT related component chips, medical health products, and cloud computing still thrive in development and will lead to another wave of powerful driving force. In the first half year, Taiwan's semiconductor industry prospered and the second half year will depend on the inventory liquidation of terminal products as well as the intensity of requirement for products with fast and innovative IC applications under the trends of popularity and technology. KYEC has completed its relocation of Phase I productivity for Tung-Luo Factory while the Phase II Tung-Luo Factory and Suzhou Plant in China are scheduled to complete the construction by 2015, equipping KYEC with room for expansion. In the future, KYEC will continue to invest in talent cultivation, engineering technology and capacity, and equipment productivity, in order to provide the best quality, competitive costs, fast delivery, and maximum production flexibility as well as other high service values to customers. We believe that under the perseverance of meeting customer satisfaction, creating profitability, and the business objectives of healthy investment growth, the company will grow robustly and maintain sustainable development. Year 2015 will be another progressive year for KYEC.

Consolidated Sales Revenue and Net Income

Unit: NTD Thousands

| Account title | 2014 年 | 2013 年 | Increased or decreased amount | variable proportion |
|-----------------------|------------|------------|-------------------------------|---------------------|
| Net Operating Revenue | 16,277,769 | 14,694,477 | 1,583,292 | 10.77 |
| Gross Profit | 4,881,730 | 4,014,414 | 867,316 | 21.61 |
| Net Income | 2,559,731 | 1,817,475 | 742,256 | 40.84 |

Unit: NTD100 million



(2) Consolidated Financial Revenue/Expenditure and Profitability:

| Items | | 2014 | 2013 |
|---------------------|--|--------|--------|
| Financial Structure | Debts Ratio % | 40.75 | 40.75 |
| | Long term funds to fixed assets % | 155.98 | 184.22 |
| Liquidity | Current Ratio % | 202.61 | 297.40 |
| | Quick Ratio % | 195.43 | 290.33 |
| Profitability | Return on Total Assets % | 7.08 | 5.40 |
| | Return on Total Stockholders' Equity % | 11.46 | 8.52 |
| | Net Profit Margin % | 17.87 | 14.20 |
| | EPS (NTD) | 2.15 | 1.53 |

6. Participating in other external associations as members

| Associations | Remarks |
|--|--|
| The Allied Association for Science Park Industries | Chairman Lee served as the Deputy Director-General |
| Packaging & Testing Human Resource Managers Social Club | — |
| The Institute of Internal Auditors, ROC (Taiwan) | |
| Taiwan Electrical and Electronic Manufacturers' Association | |
| Taiwan Semiconductor Industry Association (TSIA) | |
| Hsinchu Industrial Association, Miaoli County Industrial Association | |

Stakeholders and Concerned Issues

1. Identification and Communication between Stakeholders

KYEC takes consideration of both the rights and interests of stakeholders and corporate social responsibly into management to share the management outcome with stakeholders and thereby develop toward corporate sustainability. The Administration Center is in charge of promoting works related to corporate social responsibility. In terms of the CSR team, the members consist of representatives from the Finance Division, Planning Division, Human Resource Division, Facility and Environment Safety Division, Material Division, and Quality Assurance Division. KYEC adopts the communication channels from the “internal/external communication management procedure” of the company, including “Corporate Strategy and Review Meeting,” “Customer Satisfaction Survey,” “Employee Seminar,” “Supplier Questionnaire Survey,” “Government Laws and Regulations,” and “Investor Query” to fully understand the requirement of stakeholders. Moreover the 2014 KYEC stakeholders, including the shareholders and investors, customers, employees, suppliers, contractors, communities and neighborhoods, government and competent authority, and media, are identified with departmental work properties and the practice and rule of thumb in relevant industries according to the responsibility, influence, affinity, reliance, representative, and policy implications. In terms of communication and response, we communicate with stakeholders through different communication paths to understand their expectation and demand for KYEC, in addition to listing the issues of concern in the routine work and annual projects. Apart from conducting immediate communication and response, the issues concerned will also be used as reference for the formulation and promotion of action plans for corporate social responsibility policy.



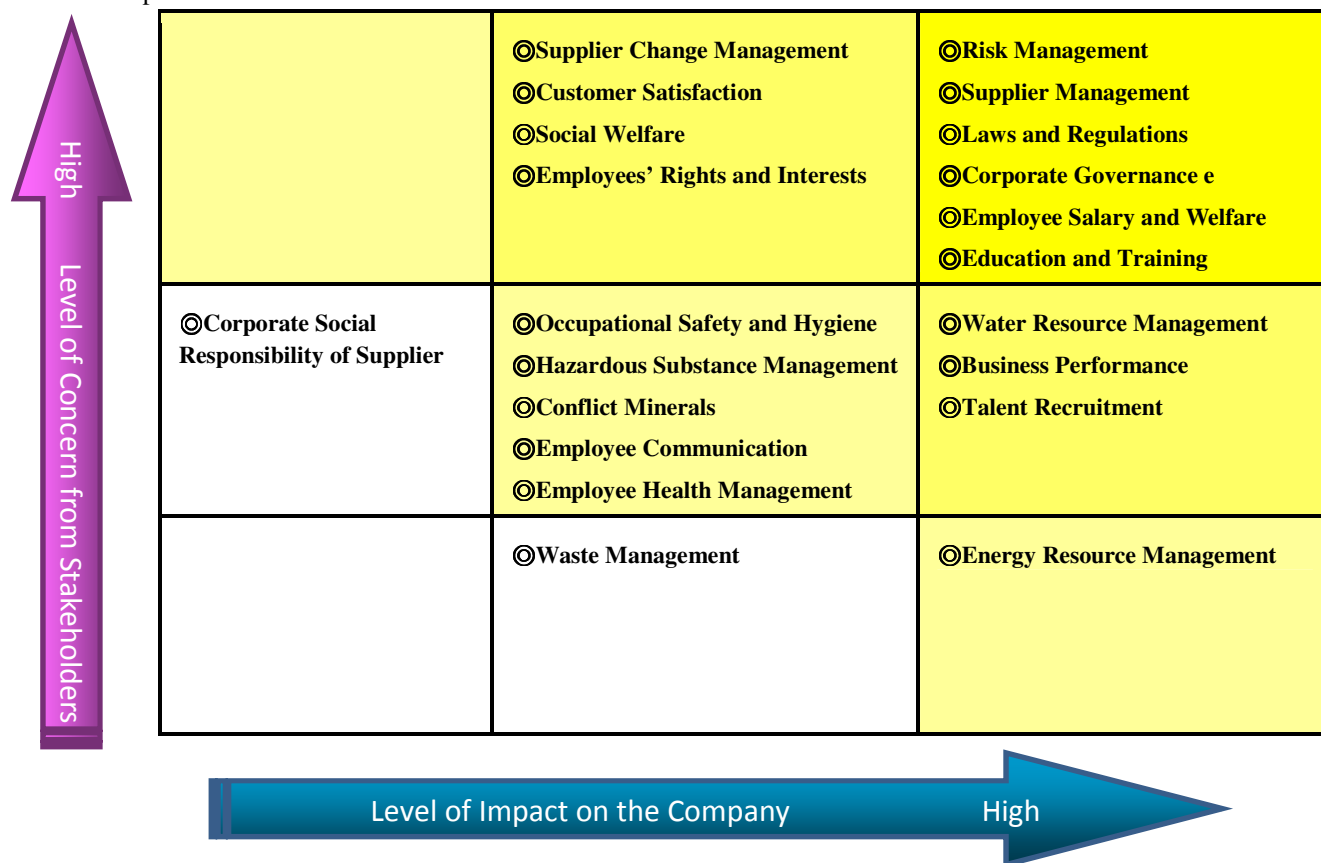
2. Stakeholders’ Concerned Issues and Interaction

| Stakeholders | Issues for Communication | Communication Channels | Frequency |
|--------------------------|----------------------------------|---|-------------|
| Shareholder/ Investor | ⓄBusiness Performance | Annual General Meeting | Annually |
| | ⓄCorporate Financial Information | Quarterly financial statement | Quarterly |
| | ⓄFuture Growth | Market Observation Post System | Non-Routine |
| | ⓄDividend Distribution | Spokesperson and Investor Relation Division | Permanent |
| | ⓄCorporate Governance | Domestic and foreign investment forums | Non-Routine |
| | ⓄRisk Management | | |

| | | | |
|---------------------------------|---|---|-----------------------|
| | | Phone contact or interview meeting with investment agencies | Non-Routine |
| Customer | <ul style="list-style-type: none"> Ⓞ Manufacturing Quality Ⓞ Corporate Social Responsibility Ⓞ Customer Commitment and Services Ⓞ Green Requirement Ⓞ Carbon Footprint Ⓞ Occupational Safety and Hygiene Ⓞ Energy Resource Management Ⓞ Water Resource Management Ⓞ Waste Management | Customer satisfaction survey | Annually |
| | | Customers questionnaire survey | Annually |
| | | Email | Non-Routine |
| | | Customer document distribution | Non-Routine |
| | | Customer audit | Non-Routine |
| | | Company website | Non-Routine |
| | | | |
| Employee | <ul style="list-style-type: none"> Ⓞ Salary and Welfare Ⓞ Employees' Rights and Interests Ⓞ Talent Recruitment Ⓞ Education and Training Ⓞ Occupational Safety and Hygiene | Departmental meetings | Weekly/Monthly |
| | | Employee-Employer Meeting | Quarterly |
| | | Welfare Committee meeting | Quarterly |
| | | Employee seminar | Quarterly |
| | | New employee seminar | Quarterly |
| | | Foreign employee seminar | Semi-Annually |
| | | Employee board | Permanent |
| | | Proposal for improvement system | Non-Routine |
| | | Complaint Handling Committee | When needed |
| | | Personnel Review Committee | When needed |
| | | Occupational Safety and Hygiene Committee | Quarterly |
| Supplier | <ul style="list-style-type: none"> Ⓞ Supplier's Corporate Social Responsibility Ⓞ Operational and Financial Performance Ⓞ Supply Chain Management (Quality / Price / Compliance) Ⓞ Hazardous Substance Management Ⓞ Supplier Change Management Ⓞ Conflict Minerals | Supplier audit | Annually/ Non-Routine |
| | | Supplier evaluation meeting | Non-Routine |
| | | Supplier questionnaire survey | Permanent |
| | | Contact for purchase division | Permanent |
| | | Supplier quality meeting | Non-Routine |
| Contractor | Ⓞ Occupational Safety and Hygiene | Contractor coordination meeting | Monthly |
| Community / Neighborhood | <ul style="list-style-type: none"> Ⓞ Water Resource Management Ⓞ Social Welfare | Neighborhood Head response | Non-Routine |
| | | Sponsorship in art and cultural events | Non-Routine |
| Government /Competent Authority | <ul style="list-style-type: none"> Ⓞ Laws and Regulations Ⓞ Financial Information Transparency Ⓞ Policy Cooperation Ⓞ Corporate Governance Ⓞ Occupational Safety and Hygiene Ⓞ Energy Resource Management Ⓞ Water resource Management Ⓞ Waste Management | Correspondence and email | Non-Routine |
| | | Competent authority holding propaganda meeting or briefing | Non-Routine |
| | | Releasing legal matters | Non-Routine |
| | | External official documents | Non-Routine |
| | | Regulatory Briefing/Public Hearing | Non-Routine |
| | | Relevant union communication | Non-Routine |
| | | | |
| Media | <ul style="list-style-type: none"> Ⓞ Operating Performance Ⓞ Industry forecasts | Press release | Non-Routine |
| | | Press conference | Non-Routine |

3. Critical Issues Matrix Analysis

There are 19 Issues identified through stakeholder communication and drawn into the critical CSR issues matrix diagram according to the level of concern from the stakeholders and the level of impact on the enterprise.



4. Identification of the Scope and Border of Critical Considerations

The materials scope of consideration, organization border and corresponding indicators after analysis are shown in the following correspondence table.

| Critical Issues | Within Organization | Outside Organization | Category | Scope of Consideration | GRI Indicators | Chapters of Reference |
|---------------------------------|---------------------|----------------------|-------------|---------------------------------|----------------|---------------------------------|
| | KYEC | | | | | |
| Supplier Change Management | V | V (Supplier) | Economy | Procurement Practice | G4-EC9 | Supply Chain Management |
| Customer Satisfaction | V | V (Customer) | Environment | Products and Services | G4-EN27~28 | Environment Management |
| Social Welfare | V | V (Community) | Society | Local Community | G4-SO1~2 | Social Participation |
| Employees' Rights and Interests | V | — | Society | Employee Diversity and Equality | G4-LA12 | Employees' Rights and Interests |
| Occupational Safety and Hygiene | V | V (Contractor) | Society | Occupational Hygiene and Safety | G4-LA5-8 | Occupational Safety and Hygiene |

| | | | | | | |
|--------------------------------|---|------------------------------|-------------|-----------------------------------|------------|---------------------------------|
| Hazardous Substance Management | V | V (Contractor) | Environment | Raw Material | G4-EN1-2 | Supply Chain Management |
| Conflict Minerals | V | V (Supplier) | Environment | Products and Services | G4-EN27~28 | Supply Chain Management |
| Employee Communication | V | — | Society | Labor Practice Complaint Scheme | G4-LA16 | Employees' Rights and Interests |
| Employee Hygiene Management | V | — | Society | Occupational Hygiene and Safety | G4-LA5-8 | Employees' Rights and Interests |
| Risk Management | V | V (Customer, Community) | Society | Human Right Complaint Scheme | G4-HR12 | Employees' Rights and Interests |
| Supplier Management | V | V (Supplier) | Environment | Supplier Environmental Evaluation | G4-EN32-33 | Environment Management |
| Laws and Regulations | V | — | Environment | Regulation Compliance | G4-EN29 | Environment Management |
| Corporate Governance | V | — | Economy | Economic Performance | G4-EC1-4 | KYEC Overview |
| Employee Salary and Welfare | V | — | Society | Employee Diversity and Equality | G4-LA12 | Employees' Rights and Interests |
| Education and Training | V | V (Contractor, Community) | Society | Training and Education | G4-LA9-11 | Employees' Rights and Interests |
| Water Resource Management | V | V (Customer, Community) | Environment | Water | G4-EN8-10 | Environment Management |
| Management Performance | V | V (Customer) | Economy | Economic Performance | G4-EC1-4 | KYEC Overview |
| Talent Recruitment | V | V (Community) | Society | Employee Diversity and Equality | G4-LA12 | Employees' Rights and Interests |
| Energy Resource Management | V | V (Customer, Supplier) | Environment | Energy | G4-EN3-7 | Environment Management |

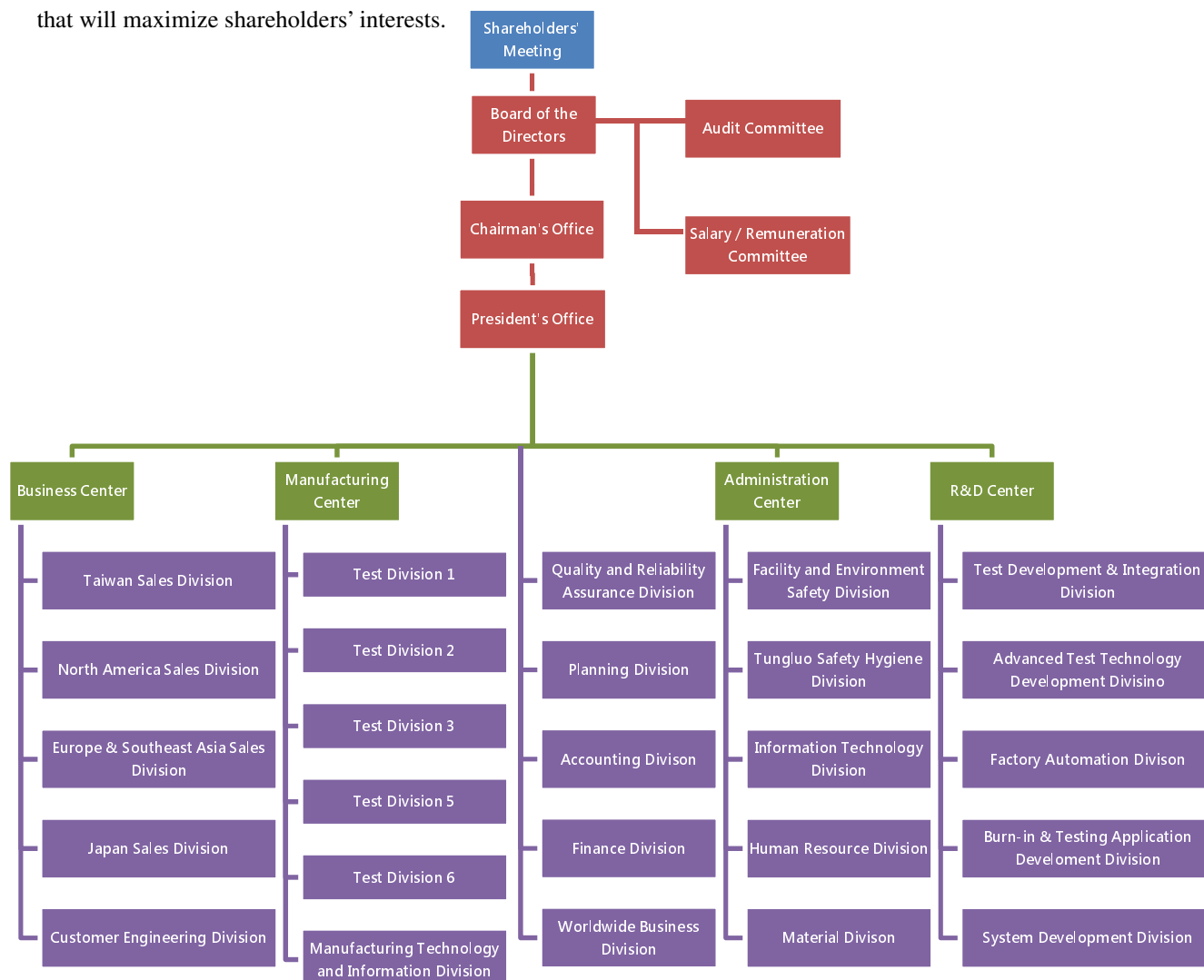
Note: Within organization refers to the Hsinchu Headquarters, Chunan Plant and Tung-Luo Factory, excluding overseas plants.

Corporate Governance

KYEC Group develops the corporate governance policy pursuant to the Company Act of the Republic of China, Security Exchange Act, “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” and relevant laws and regulations for the formulation of corporate articles of association, “Corporate Governance Conducts” corporate organization framework. The highest levels of KYEC corporate governance framework consist of shareholders and Board of the Directors, where shareholders can exercise voting right through shareholder meeting and participate in corporate major business decisions. In 2012 the shareholder meeting already added with voting platform to increase convenience for shareholders participating in shareholder meeting. Shareholders can revolve proposal one by one and indicate such resolution result on the shareholding meeting minute so that the operations of shareholders’ meeting can meet the highest standards of corporate governance. Moreover, the Audit Committee and Salary/Remuneration Committee are established under the authorization of the Board of the Directors to assist the directors with exercising their supervisory functions.

1. Corporate Governance Framework

The Board of the Directors currently calls for one meeting quarterly, where corporate management reports to the Board of Directors for business performance. The Directors shall determine the future management guidelines and major policy. There are two functional committees under the Board of the Directors, namely the Audit Committee for improving corporate governance and strengthening management function and the Salary/Remuneration Committee for reviewing manager remuneration. The review by functional committees will help the Board of the Directors make correct decision that will maximize shareholders’ interests.



(1) Major Division and Business Functions

| | |
|--|---|
| Chairman's Office | Organizing and responsible for corporate operational decisions and responsible for the establishment, maintenance and execution of internal audit system. |
| President's Office | The formulation of corporate operational objectives and strategies, control of corporate management plan and annual guidelines, company quality policy formulation, communication, coordination, and supervision of company departments. |
| Business Centers (including Taiwan Sales Division, North America Sales Division, Europe and Southeast Asia Sales Division, Japan Sales Division, and Customer Engineering Division) | Responsible for understanding the market, planning domestic and international market promotion, sales contract signing, providing forecast for assuring production schedule meeting customer required delivery conditions and annual marketing plans, customized engineering for solutions and new product introduction. |
| Manufacturing Center | Drafting and execution operational plans to achieve profitability and meet objectives for sales revenue. Responsible for financial and operational effectiveness. Responsible for maintaining relationship between major customers and partner. Promoting and executing customer requirement by promoting and executing projects in production line. Balance between vision and operational purpose. |
| Testing Division 1 | Responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, product quality control and providing customer with superior testing environment and excellent testing quality. |
| Testing Division 2 | Responsible for the processing and manufacturing operations for IC test, polishing, cutting and assembly; the production, delivery and quality control operation of order; the improvement on production technology and establishment of standard operations; evaluation, introduction and maintenance of production equipment, jig, measurement tools; responsible for supervising and assessing the accomplishment of departmental performance. |
| Testing Division 3 | Providing IC finished product logic and mixed signal testing, responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, and product quality control. |
| Testing Division 5 | Responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, and product quality control. |
| Testing Division 6 | Providing customers with back-end memory testing service, production control and meeting shipment requirement, test technology development and introduction, and product quality control. |
| Manufacturing Technology and Information Division | Planning, designing and developing the automation equipment and manufacturing management information system needed for the manufacturing process of all business divisions, providing various supports for manufacturing process and boosting manufacturing productivity. |

| | |
|---|--|
| R&D Center | Designing and executing R&D strategy, consolidating and controlling R&D resources, integrating and promoting inter-group R&D projects, and steering key R&D projects. |
| Testing Development and Integration Division | New test technology development and integration related to corporate R&D strategy, proprietary platform test application development, providing customer with complete test solutions with introduction into mass production, and solving the bottleneck problems of production line in RF, CIS, Memory and other product production to improve engineering competitiveness. |
| Advanced Test Technology Development Division | PCB design manufacturing and simulation technology, new testing technology development, system diagnosis technology development, KGD testing technology development, automation testing program production and transformation system development, new testing platform interface design and manufacturing. |
| Factory Automation Division | Executing and establishing testing environment, developing the accessories and peripheral testing application technology needed for the production. |
| Burn-in & Test Application Development Division | Product development, equipment assembly inspection and maintenance, burn-in testing development, production stability improvement on production line. |
| System R&D Division | Proprietary testing platform system /equipment upgrade, proprietary testing platform function extension. |
| Administration Center | Integrating group administrative resources, supporting group operation, using minimum costs to maximize profits for the company. |
| Tungluo Safety Hygiene Division | Responsible for the hygiene, environmental protection, and labor safety issues of the plant. |
| Facility & Environment Safety Division | Responsible for the design, construction, maintenance, and corporate general affairs and environmental protection and labor safety issues of facility. |
| Information Technology Division | Responsible for the design, promotion, review, and improvement on corporate information system, and the regulation and supervisor on long-term information system. |
| Human Resource Division | Responsible for the drafting, review and revision of human resource development plan of the company. |
| Material Division | Responsible for the procurement, inventory management issues of raw materials and equipment of the company. |
| Quality Reliability & Assurance Division | Consolidate the upgrade of company product quality, formulation of quality strategy, improvement on quality system, and execution and control of instrument, equipment and documents. |
| Planning Division | Consolidate the company legal affairs and promotion of knowledge and management platform, with responsibility in the maintenance and management of corporation-investor relation, and control of media interaction and public relations. |
| Accounting Division | Consolidate company tax affairs, generalization, and cost accounting. |
| Finance Division | Consolidate company stock affairs and fund procurement. |
| Worldwide Business Divisions | Review and evaluate the feasibility of overseas investment project with design for executing, coordinating, and supporting overseas operational resources, staffing department for dispatching personnel overseas, coordination and contract with overseas subsidiary, and execution of operational policy and objectives. |

2. Board of the Directors

(1) Organization of the Board of the Directors

The Company selects nine directors (including three independent directors) according to Company Act, articles of association and KYEC Director Election Guidelines in addition to calling for Board of Director Meetings routinely. The Board of the Directors serves as the highest decision-making unit of management and exercises rights in accordance with Company Act, Security Exchange Act and, articles of associations as well as other regulations with responsibilities in reviewing corporate management guidelines, annual sales plan, profit distribution, and appointing company managers. To establish an excellent Board of Director Governance system, sound monitoring function, and strengthening of management function, the company develops the Board of Director meeting procedures and rules pursuant to Paragraph 8, Article 26-3 of Security Exchange Act and the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” The term of this Board of the Directors lasts from June 12, 2014 to June 11, 2017.

Members of Board of the Directors, their major experience, education and part-time functions are described below:

| Title | Name | Elected Date | Term | Major Experience (Education) | Other functions currently serving at the company and other companies |
|----------------------|-----------------------------------|--------------|---------|---|---|
| Chairman | C. K. Lee | 2014.6.12 | 3 years | Bachelor Degree UMC Manager | CEO Director of DL Tek Chairman of KYEC Investment International Co.,Ltd. Chairman of KYEC Technology Management Co.,Ltd. Chairman of KYEC Microelectronics Co., Ltd. Chairman of Sino-Tech Investment Co.,Ltd. Chairman of Strong Outlook Investments Limited Chairman of King Long Technology Chairman of Zhen Kun Technology |
| Vice Chairman | Chi-Chun Hsieh | 2014.6.12 | 3 years | Bachelor Degree Physician | Physician |
| Director | A. H. Liu | 2014.6.12 | 3 years | PhD Degree President of Intematix Technology Center Corporation | President Chairman of KYEC USA Corp. Chairman of KYEC SINGAPORE PTE. LTD. President of King Long Technology President of Zhen Kun Technology |
| Director | China Development Industrial Bank | 2014.6.12 | 3 years | — | — |
| | Representative Fang-Ting Li | | | Master Degree Manager of Direct Investment Department, China Development Industrial Bank | Associate Manager of Direct Investment Department, China Development Industrial Bank Director of Fintek |
| Director | Kao-Yu Liu | 2014.6.12 | 3 years | PhD Degree Chairman of Liang-Cheng Construction | Chairman of Liang-Cheng Construction |
| Director | Kuan-Hua Chen | 2014.6.12 | 3 years | Master Degree Supervisor of Weikeng Industrial Co., Ltd. | Supervisor of Weikeng Industrial Co., Ltd. |
| Independent Director | Shi-Jer Shen | 2014.6.12 | 3 years | Master Degree Associate Director of Nomura Securities | Salary/Remuneration Committee Coordinator and Audit Committee Member Legal Representative of Chuang-Ju English Crame School |
| Independent Director | Hsien-Tsun Yang | 2014.6.12 | 3 years | Bachelor Degree Executive Deputy Editor-in-Chief of China Times | Audit Committee Coordination and Salary/Remuneration Committee Member |
| Independent Director | Hui-Chun Hsu | 2014.6.12 | 3 years | Master Degree Physician | Audit Committee and Salary/Remuneration Committee Members Physician |

(2) Conflict of Interests

Conflict of interest system is stipulated in the Board of the Directors Meeting regulations. For meeting agenda affiliated with the directors or the representative corporations shall be explained of the key contents of interests at the Board of the Director meeting. In case such affiliation is in concern with the interests of the company, such directors may not participate in discussion and resolutions. Moreover the directors should avoid the discussions and resolutions or act for other directors in exercising the voting rights. The company has purchased liability insurance for all directors and key staff while all directors shall record business strife limitation and conflict of interests in addition to publishing in Market Observation Post System for query by the public.

The Company follows company articles for the remuneration of dividend distribution, where the Board of the Directors proposes the distribution and submits to the Shareholders' Meeting for adoption. The remuneration for the President and Vice President include salary, rewards and employee bonuses, which depend on the function served and the liability undertaken, with consideration of the peer standards for similar positions and the management performance outcome submitted to the Salary/Remuneration Committee for review and clarification.

(3) Functions of Board of the Directors

The Board of the Directors is the center of key management decision for KYEC, which responsibility includes appointing and supervising the corporate management and the responsibility in the overall operational conditions of the company. The distribution quota for the remuneration of directors shall be submitted to the Shareholders' Meeting for resolution, where shareholders recognize and determine the management performance of the Board of the Directors as the method of measuring the management performance of the highest governing division of KYEC. The measurement of Board of the Directors performance will facilitate the improvement on the decision quality and efficiency of the Board of the Directors, thereby attaining effective management and supervising corporate operations. Additionally, the annual report discloses the director attendance rate of the Board of the Directors to reinforce the directors with fulfilling their due responsibility and obligations, thereby to truly bring the supervision and management function into full play.

(4) Operations of Board of the Directors

The 2014 Board of the Directors meeting was called for 7 times and the attendance of directors is described below:

| Title | Name | No. of Actual Attendance | No. of Appointment of Proxy for Attendance | Actual Attendance Rate(%) | Remarks |
|----------------------|-----------------------------------|--------------------------|--|---------------------------|---|
| Chairman | C. K. Lee | 7 | 0 | 100.00 | Re-election Elected on 2014.6.12 |
| Vice Chairman | Chi-Chun Hsieh | 4 | 0 | 100.00 | New Appointment Elected on 2014.6.12 |
| Director | A.H. Liu | 4 | 0 | 100.00 | New Appointment Elected on 2014.6.12 |
| Director | China Development Industrial Bank | 6 | 0 | 85.71 | Re-election Elected on 2014.6.12 |
| Director | Kuan-Hua Chen | 6 | 1 | 85.71 | Re-election Elected on 2014.6.12 |
| Director | Rui-Min Xiao | 0 | 3 | 0.00 | Prior appointment |
| Independent Director | Shi-Jer Shen | 7 | 0 | 100.00 | Re-election Elected on 2014.6.12 |
| Independent Director | Hsien-Tsun Yang | 7 | 0 | 100.00 | Re-election Elected on 2014.6.12 |
| Independent Director | Hui-Chun Hsu | 4 | 0 | 100.00 | New Appointment Elected on 2014.6.12 |

3. Salary/Remuneration Committee

(1) Functions of Salary/Remuneration Committee

To improve the director and manager salary and remuneration system of KYEC, the company develops the articles of association for this Salary and Remuneration pursuant to the provisions prescribed in “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.” The main functions of Committee include the follows:

- Routinely review the articles of association for Salary/Remuneration Committee and propose suggestions for revision.
- Develop and routinely review the performance objectives of directors and managers as well as the policy, system, standards, and structure of salary remuneration.
- Routinely evaluate the accomplishment of performance objective for directors and managers in addition to suggesting the content and amount of individual salary and remuneration.

(2) Operations of Salary/Remuneration Committee

The Salary/Remuneration Committee this year consists of four members, including three independent directors and one independent personnel. The number of committee members may not fall below three with one of them being the coordinator.

The first Salary/Remuneration Committee consisted of three committee member and this year the committee consists of four members. The term for this committee is: June 24, 2014 ~ June 11, 2017.

The 2014 Salary/Remuneration Committee meeting was called twice with the following attendance by the committee members:

| Title | Name | No. of Actual Attendance | Actual Attendance Rate (%) | Remarks |
|------------------|-----------------|--------------------------|----------------------------|---------------------------------------|
| Coordinator | Shi-Jer Shen | 2 | 100 | Coordinator and Chairman(Re-election) |
| Committee Member | Hsien-Tsun Yang | 2 | 100 | Re-election |
| Committee Member | Hui-Chun Hsu | 2 | 100 | Re-election |
| Committee Member | Chong-Qi Huang | 1 | 100 | New Appointment (2014.6.24) |

4. Audit Committee

(1) Functions of Audit Committee

The Company established the Audit Committee in 2014 pursuant to the Security Exchange Act and the resolutions of general shareholders’ meeting. The Board of the Directors also developed the “Audit Committee Organization Articles of Association” to maintain better decisions and organization execution, constantly enhancing corporate management efficiency and implementing corporate governance through realistic actions. KYEC Audit Committee is called for at least once quarterly to bring the supervision effect on the various scopes of corporate governance and corporate operational development into full play, thereby implementing corporate governance, sound supervisory function and strengthening management scheme. The Audit Committee members will also help investor with assurance of company reliability in terms of corporate governance and information transparency, thereby protecting the rights and interests of the shareholders.

(2) Operations of Audit Committee

The 2014 Audit Committee called for two meetings with the following attendance by committee members:

| Title | Name | No. of Actual Attendance | No. of Appointment of Proxy for Attendance | Actual Attendance Rate (%) | Remarks |
|----------------------|-----------------|--------------------------|--|----------------------------|--------------------------|
| Independent Director | Hsien-Tsun Yang | 2 | 0 | 100.00 | Coordinator and Chairman |
| Independent Director | Shi-Jer Shen | 2 | 0 | 100.00 | — |
| Independent Director | Hui-Chun Hsu | 2 | 0 | 100.00 | — |

5. Internal Audit Organization and Operation

The organization of Audit Committee is established under the Board of the Directors with functions in inspecting and evaluating the flaws in internal control system and the measurement of operational efficiency by property providing suggestions for improvement. Consequently the Audit Committee will assure the continual and effective implementation of internal control system and assist the Board of the Directors and the management to truly fulfill their responsibilities. The annual audit plan is described below:

The nine circulations of audit operations, including the "sales and payment collection," "procurement and payment," "production," "personnel," "financiering," "real estate, plant and equipment," "investment," "R&D," and "calculator," are executed to assure the completion and rationality of internal control system and the effectiveness executed by all departments. It is required by the Financial Supervisory Commission that companies shall be audited for the transactions of derivative financial commodities monthly, sponsor and warranty/debt commitment or operations of loaning matters/funds to others quarterly. In every 3 month, the company shall propose follow-up record of improvement on previous audit flaws in addition to implementing internal control system autonomous inspection operation each year to increase corporate business performance. Moreover, the company shall also follow the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to submit the audit report and audit follow-up report to the Board of the Directors and Audit Committee of KYEC by the end of the month following the completion of the audit report.

The company shall complete the online declaration operations for the following matters within the time specified by the Securities and Futures Bureau, Financial Supervisory Commission. The company shall declare the "annual audit plan" for the following year before the end of December, declare the "audit supervisory and auditor information" for that year by the end of January, the "annual audit plan execution status" for the previous year by the end of February, the "internal control system declaration" for the previous year by the end of March, and the "internal control system flaws and anomaly improvement status" for previous year by the end of May.

6. Employee Code of Ethics and Conducts

KYEC is committed in the supply of integrated post-IC versatile services to become an international professional testing company. KYC also adopts e-commercial code of conducts as standards of promoting corporate social responsibility policy in addition to developing internal commercial conducts and occupational ethics norms procedures to rigorously require all management, employees, and stakeholders to comply with the ethical requirement with the highest standards. The senior supervisor of the administration center shall also serve as the representative, as described in the following diagram.

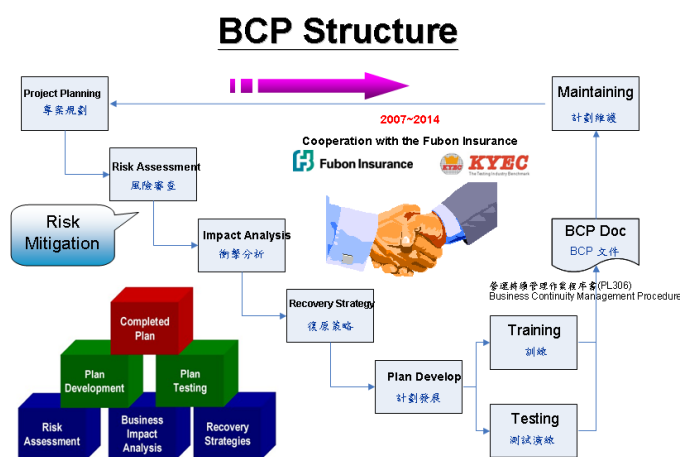


7. Implement Philosophies of Integrity Management

The company implements EICC ethics and integrity philosophy by creating EICC in internal network for employees to check on relevant content. The company also holds training courses each year to require the employees to pass the test and abide by the philosophies. Moreover, suppliers shall make commitment statement not to violate corporate business philosophy while reviewing the relevant ethics and laws quarterly to make immediate update and correction. Consequently the company will keep the corporate regulations up to date. Each year the relevant division will audit each other to inspect for defect that could be corrected and reviewed. The abovementioned method will implement and maintain the overall corporate philosophy of integrity.

8. Risk Policy

In midst of the global climate change today, we could easily encounter emergency situations such as natural disaster or human error. To assure the critical processing and services of the company without being the interruption of key operation functions due to sudden accidents and to protect the company’s operating plans with successful implementation, thereby maximizing the interests of clients, employees and shareholders, we continue to promote Business Continuity Management (BCM) in order to reduce the impact of disaster on the company and to recover within the shortest time possible and to enhance corporate competitiveness. In particular, the framework of Business Continuity Plan (BCP) is shown below:



9. Risk Strategy

| Scope | Risk | Coping Strategy |
|--------------------|----------------------------------|---|
| Financial Risk | Interest rate fluctuation | Interest expense in interest rate and exchange rate fluctuation has greater impact on the loss/profit of the company. |
| | Exchange rate fluctuation | 1. The capital expense mainly consists of import equipment. To reduce the impact of exchange rate fluctuation on profits, the company reaches agreement with major customers to pay some account receivable in USD. 2. Develop the acquisition or disposition of asset disposition procedure according to Article 12 “Procedure in Disposing Acquired or Disposed Derivative Product” as the basis of risk avoidance tools in foreign exchange and thereby lower the impact of exchange rate fluctuation on profits. |
| | Inflation and deflation | Inflation and deflation do not have major impact on the corporate profit/loss. |
| Operational Risk | Investment in hardware equipment | The net cash flow from company operations and public operations contribute to the considerable operating funding for corporate development. |
| Environmental Risk | Energy Resource Management | Uphold to the philosophy of “Sustainability” and integration with upstream/downstream suppliers, the company sustains the use of energy resources through the concept of “green production.” Use low-pollution, energy-saving and less-waste green concept to constantly invest in manufacturing technology and productivity |
| | Greenhouse Gas Reduction | The struggle against climate change and global warming is one of the most important eco-friendly issues faced by enterprises today. Conducting continuous footprint and greenhouse gas inventory each year with energy-saving measures will help the company accomplish the objective in greenhouse gas reduction. |

Supply Chain Management

1. Green Products and Quality Management System

To assure the environmental-related substance contained in KYEC products are in conformance with international laws and regulations, and customer requirement by reducing product impact on the environment and increasing product competitiveness, KYEC introduces the Green Product Management System (GPMS) and receives QC 080000 and SONY's GP certification.

KYEC establishes green product management system in accordance with the IECQ-QC 080000 international standards. Such integrated management system (IMS) exhibits how KYEC provide products with consistency and the capacity to meet the objectives for customer satisfaction, including the continual improvement of system approach, assurance for conforming to customer requirement and applicable regulatory requirement. KYEC will continue to improve management system and provide quality standards surpassing customer expectation.

KYEC management system includes quality management system (QMS), environmental management system (EMS), employee health and safety (EHS) management system, and hazardous substance process management (HSPM) system. KYEC integrates different management system, using PDCA management circulation for constant progress and improvement that will meet customer satisfaction and meet or go beyond the expectation of stakeholders.

2. Green Procurement

(1) To fulfill the responsibility of global citizens, the Company actively cooperates to devote in green procurement.

Currently apart from procuring green marked products certified by the Government, we also take factors such as power saving, operational performance, energy saving and water saving, and life cycle into consideration for the procurement of equipment and promotion of relevant improvement projects. Hence the green procurement defined by the Company is equipped with "energy saving, carbon reduction, waste reduction, and products, technology and services reducing impact on the environment." The standards of green procurement recognized by the company are described below:

- Green products certified by the government, i.e. products with green, energy-saving or power-saving marks.
- Conform to the laws and regulations specified by foreign governments (i.e. EU RoHS, WEEE), or products with green marks and permission for use.
- Require equipment suppliers to take consideration of water saving, power saving, and consumable saving in designing and producing the equipment. All equipment suppliers shall verify the energy performance of relevant equipment operations in conformance or perform better than the procurement contract.

(2) Cooperate with company green policy by conducting green procurement propaganda in step with the supply chain to integrate green supply chain in the service provided to customers.

(3) Non-Hazardous Substance Management

KYEC also values product quality and environment with commitment in the control of hazardous substance in products. KYEC acquired the SONY green partner certification in 2003 and was certified by IECQ QC 080000 in 2008.

According to the senior management meeting, the Company shall apply proper propaganda (i.e. meeting, bulletin/board, e-mail, training) for the formulation of non-hazardous substance policy to help all employees understand and care about the execution of team performance.

3. Supplier

KYEC aims to meet customer satisfaction as the highest objectives with the management philosophy in cooperating closely with suppliers. Under the commitment to corporate social responsibility under globally intense supply chain, the Company is devoted in promoting its commitment in corporate social responsibility to the appropriate supply groups with the following key issues:

- Quality and product safety assurance.
- Green procurement.
- Compliance with laws/regulations and social norms.
- Assurance of information safety.
- Commitment of performance in electronic industry code of conducts.

(1) Supplier Selection

To assure the upstream and downstream suppliers equipping with the capacity to perform corporate social responsibility, KYEC follows the following standards as primary reference for selecting suppliers. Moreover, new suppliers shall submit and sign the “Supplier Questionnaire Evaluation Survey,” “Raw Material Supplier Evaluation,” “Supplier’s EICCC CODE,” and “Supplier’s Warranty Letter of Non-use of Prohibited Substance” form upon introduction as the consideration for appraisal review. KYEC also conducts evaluation on suppliers in terms of quality, delivery, price, and services monthly:

- Service.
- Quality.
- Delivery.
- Costs.

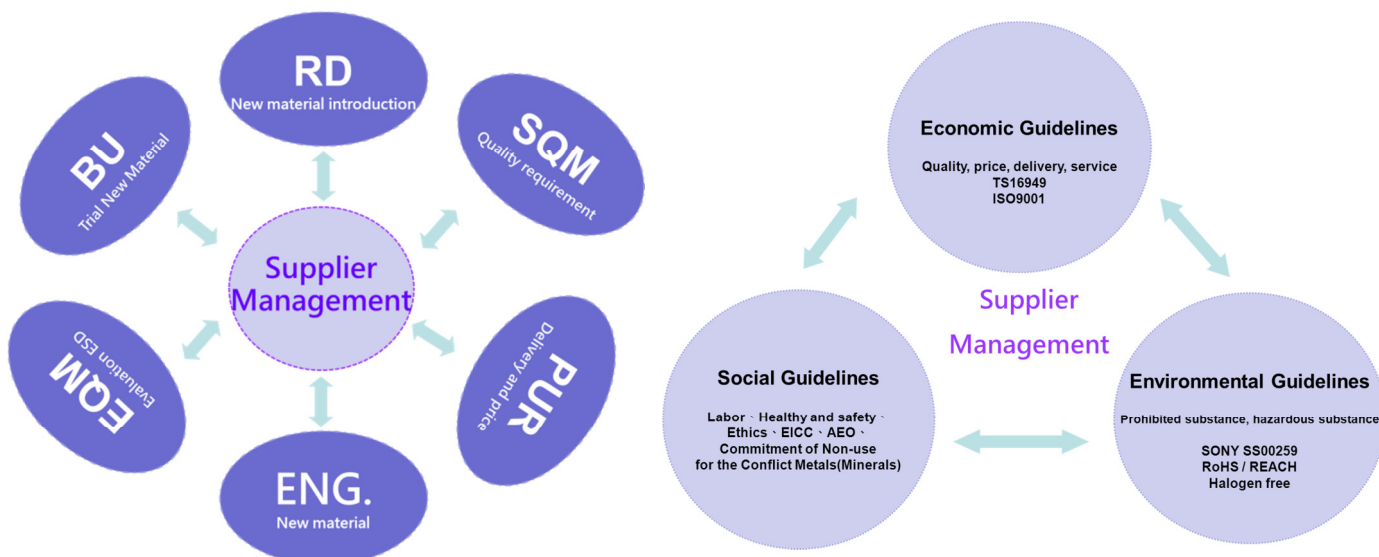
Suppliers with outstanding evaluation results shall be listed as cooperation partners of priority. In case the evaluation result does not conform to the system requirement of the company or suppliers have adverse records in the past, KYEC will take more prudent consideration during evaluation whether to list such suppliers into the list of qualified suppliers.

(2) Supplier Management

KYEC is committed to the maintenance of long-term cooperation with domestic or foreign suppliers by collectively establishing sustainable supply chain with stable development. In addition to taking consideration of the product quality, delivery and price from the suppliers, KYEC also advocates the suppliers to implement green environment, improve safety and hygiene, value human rights, and collectively fulfill the corporate social responsibility in addition to preparing for risk management and operational sustainability project.

KYEC requires all suppliers to strictly comply with quality management system, environmental safety and hygiene management system, and Authorized Economic Operation appraisal through supplier procurement procedures. The supplier procurement procedures require gradual review of supplier criteria, including company profile, relevant certificates, quality certification records, environmental safety and hygiene management survey, operational status, product information, manufacturing procedures, raw materials / materials supplier and operation with continual finance management, signing of procurement obligation related contracts, supplier’s Green Product Management, and supplier’s social responsibility.

Enhance the overall competitiveness of the supply chain, KYEC not only conducts routine supplier audit but include supplier quality, cost, service level, environmental protection, work safety and technology as well as other factors into appraisal items. In addition to assuring the quality level, KYEC also helps suppliers to find the root cause to supply related anomaly issues, providing necessary counseling when needed so that KYEC’s supplier chain can be maintained at the best competitiveness.



KYEC requires all suppliers to comply with quality management system, environmental safety and hygiene management system and AEO appraisal. KYEC reviews supplier criteria one by one through supplier procurement procedure, including the company profile, relevant certificates, quality certification records, environmental safety and hygiene management investigation, operational status (including main clients, main products, monthly delivery quantity, and percentage), product information, manufacturing procedure, raw material /material supplier and operation with continual finance management, signing contract related to procurement obligations, supplier’s green GP management, and supplier’s social responsibility. KYEC also requires suppliers to sign the Electronic Industry Code of Conduct (EICC CODE) with commitment in corporate social responsibility management.

To assure corporate social responsibility and the requirement of green laws and regulations are implemented in our suppliers, KYEC requires our suppliers to sign back the “Non-Conflict Mineral Declaration,” “REACH SVHC” and “SONY SS00259) with explicit and full disclosure on green supplier management center for suppliers to comply.

GSM
User Name: PCHSU

系統管理 供應商管理 物料清單 物管調查表管理 BOM報表 其他管理
Todo 登出

訊息管理

訊息管理
回GSM首頁

項次:
標題:

| 項次 | 標題 | 日期 | 附加檔案 | 是否發佈 | 是否閱讀 | 編輯 |
|--------------------------|---|------------|------|------|---------------------|----|
| <input type="checkbox"/> | 規定重金屬部份, 只能使用IEC 62321 檢驗方式 | 2008-06-25 | | true | 請選擇 | |
| <input type="checkbox"/> | KYEC RoHS物管測試方法規定 | 2008-10-24 | | true | 請選擇 | |
| <input type="checkbox"/> | 提供至KYEC的包材皆不能含有REACH SVHC物管 | 2008-12-08 | | true | 請選擇 | |
| <input type="checkbox"/> | 京元電子EICC道德誠信守法專線.(TEL:037-595666 * 26066) | 2013-11-22 | | true | 請選擇 | |
| <input type="checkbox"/> | 京元勞工道德/環安衛目標與績效和對供應商之期待與要求! | 2013-11-22 | | true | 請選擇 | |

(3) Requirement for Supplier Management

The international anti-terrorism situations intensify increasingly and it is utmost urgent to enhance the security of international import/export goods. To improve the corporate competitiveness and strengthen the factory control over goods safety as well as the overall safety in upstream and downstream supply chains, the company implements supply chain process strengthening from inside the company, including the educational system, production operation, goods inbound and outflow, supplier safety education and audit. KYEC Chunan Plant has acquired the AEO certificate in 2012 and conforms to WCO (World Customer Organization) safety regulation certification so that product export process becomes more convenient. KYEC completed Miaoli Tungluo Factory by the end of 2014 and called for AEO initiation meeting and commercial partner assembly on May 12, 2015, inviting 35 commercial partners to participate. The AEO certification for Tungluo Factory will be completed by the 2015Q3.

AEO is the abbreviation for Authorized Economic Operator and is also known as “Quality Enterprise.” Quality Enterprise refers to owners helping custom meet safety measures with certification. Any operations related to international transport of consignment shall comply with WCO or equivalent supply chain security standards. Moreover, these enterprises recognized by the national custom bureau or representatives shall be certified into AEO. The first batch of semiconductor companies receiving certification in Taiwan includes Macronix (2337). Later more domestic IT factories were certified.

KYEC’s Chunan Plant, located in Miaoli has been awarded with AEO since 2012 and also the first enterprise in Miaoli County to have been certified by AEO. The plant has been entitled to fast and convenient custom clearance measures in recent years, which not only effectively shortens the custom clearance time for consignment but also offers faster delivery, convenient and safe consignment transport services to customers. The international key customers have shown substantial reliance and satisfaction in KYEC, promoting the steady growth of KYEC in recent years.

The validity of AEO certificate for Chunan Plant will expire in 2015 and hence Tungluo also will apply for AEO certification apart from actively applying for renewal. The Tungluo Factory will also apply for AEO certification and is the factory is scheduled to complete the certification of Tungluo Factory AEO as the third quarter.

Chairman C.K. Lee also led the members from AEO promotional team. During the initiation, National Cheng Kung University R&D Development Foundation also conducts AEO for introduction to counseling. There are also 35 KYEC cooperating suppliers who will strengthen the connection of future supplier chain commercial connection. Moreover, the officials from Taichung Custom and Taipei Custom both serve as witness while declaring Tungluo Plant as AEO certification of suppliers.


(4) Procurement Measures for Conflict Minerals

EICC established the Electronic Industry Code of Conduct (EICC CODE) standards to assure the work environment safety in the supply chain of electronic industries, where labor receives respect and dignity with responsibility of commercial operations to the environment.

In response to the international control and requirement for conflict minerals, KYEC strictly requests the suppliers not to use the conflict minerals produced in this region for the raw materials provided, in addition to listing this requirement in the Supplier’s Electronic Industry Code of Conduct (EICC CODE), to assure the suppliers will not use conflict minerals in the effective supply chain management for materials supplied.

The following table shows the number of KYEC’s suppliers acquired with EICC CODE between 2013~2014:

| System Verification | No. of companies in 2013 | No. of companies in 2014 |
|---------------------|--------------------------|--------------------------|
| EICC CODE | 90 | 86 |



供應商之電子工業行為準則 (EICC CODE) 承諾書
Assurance letter of following EICC Stipulation for KYEC

一、本公司承諾自即日起確實遵守與執行電子工業行為準則 (ELECTRONIC INDUSTRY CODE OF CONDUCT, 以下稱 EICC CODE) 及京元電子股份有限公司對企業社會責任之相關規定。

二、EICC CODE 之範疇包含下列項目, 其詳細規定與資訊, 可至下列連結取得。
<http://eicc.info/>

A. 勞工
B. 健康與安全
C. 環境
D. 管理系統
E. 道德規範

三、本公司承諾交付給京元的產品及生產過程中, 使用的鈷(Co)、金(Au)、鈀(Pd)、銻(Ta)、錫(Sn)和鎢(W), 其來源的原料供應商並無直接或間接的從衝突區域的非法礦場購買。
註: 目前所說的衝突區域係在(剛果共和國)東部, 非政府軍事組織等所把持的非法採礦的礦區。

(1) Our company will follow EICC Code (ELECTROIC INDUSTRY CODE OF CONDUCT) which KYEC request suppliers to implement related regulations of corporate social responsibility from now on.

(2) EICC Code scope including following items. Please refer the following items and link website (<http://eicc.info/>) to get more detailed information and stipulation.

A. Labor
B. Healthy and Safety
C. Environment
D. Management Systems
E. Ethics

(3) Our company committed the metals (cobalt (Co), gold (Au), palladium (Pd), tantalum (Ta), tin (Sn), and tungsten (W)) in the product and manufacturing process do not contain the conflict metals (minerals) which supplied direct or indirect from the illegal mine of conflict region.

Remark: These metals have a variety of sources, including what has been termed as a "conflict region", the Eastern region of the Democratic Republic of Congo (DRC). The mines in conflict areas which are controlled by non-government military groups, or unlawful military factions ("Conflict Metals or Minerals").

公司名稱 Company name : _____

代表人 Representative sign : _____

電話 Tel No. : _____

地址 Address : _____

日期(年/月/日) Date(YYYY/MM/DD) : _____

公司章用印處
Seal

Form No.: FC40117 Rev.: B
Retention time: 15 years



AEO Initiation Meeting, Chairman Lee acknowledges the speech.



Chairman Lee, President Liu, and Vice President Li in group photo with suppliers



Chairman Lee, President Liu, and Vice President Li in group photo with custom staff

(5) Supplier Audit

Suppliers of KYEC need to conduct routine appraisal and classify suppliers according to the amount of transaction and the types of materials, which will be accompanied by SQM and relevant staff to conduct audit and evaluation of suppliers, in addition to recording in the “Supplier Audit Form” and “Supplier Audit Result Form.” To assure the supplier’s quality meet our requirement.

The Company will conduct quality system, environmental protection system, safety and hygiene management, and basic human rights and social ethics audit for suppliers of key materials through non-routine interview, meeting, site audit, and key counseling each year. In case of any defect, KYEC will immediately request suppliers to propose reasonable improvement objectives and time to assure the suppliers meet the aforementioned requirement.

※ 供應商(Suppliers)

→ Direct material: Direct touch customer product .

→ Indirect material: Indirect /no touch customer product .

| Transaction sum (NT:10K) | Material Type | Direct Material | Indirect Material |
|-----------------------------|---------------|-----------------|-------------------|
| > 1 0 0 0 | | A | A |
| 1 0 0 0 ~ 8 0 0 | | A | B |
| 8 0 0 ~ 6 0 0 | | B | B |
| 6 0 0 ~ 4 0 0 | | B | B |
| 4 0 0 ~ 2 0 0 | | B | B |
| < 2 0 0 | | C | C |

→ A級廠商：為 KYEC 關鍵供應商，每一年定期評比一次。

A-class suppliers: KYEC's key supplier, evaluation is required by every year.

→ B級廠商：(1)當年度供貨品質平均(供應商年度月評比)之分數(總分為60分)低於52.5分。

(2)現場稽核結果不佳，當年度稽核分數低於80分，將於次年度排定稽核。

(3)有重大品質異常客訴事件之供應商。

B-class suppliers :If conform to these item below.

(1)The annually monthly performance Quality avg. score (Quality total scores : 60) less than 52.5 points.

(2)Site audit score is less than 80 points current year, SQM will arrange site audit next year.

(3)Major quality claim issue.

→ C級廠商：依品質狀況進行稽核。

C-class suppliers: Evaluation depend on quality situation.

| SCORE | GRADE | MEANING | MEASURE |
|---------------|-------|----------------------|---|
| 90~100 points | O | Outstanding | The company will increase order quantity to suppliers of this class. |
| 80~89 points | E | Excellent | The company will keep the order quantity to suppliers of this class. |
| 70~79 points | G | Improvement Required | The company will issue e-mail to warn suppliers of such class. |
| <70 points | F | Disqualified | Sending invitation letter to supplier of such class to require improvement. |

(6) Negotiation of Agreement Content

In the process of negotiating the contract content with suppliers, we uphold to justice and fair attitude.

(7) Supplier Information

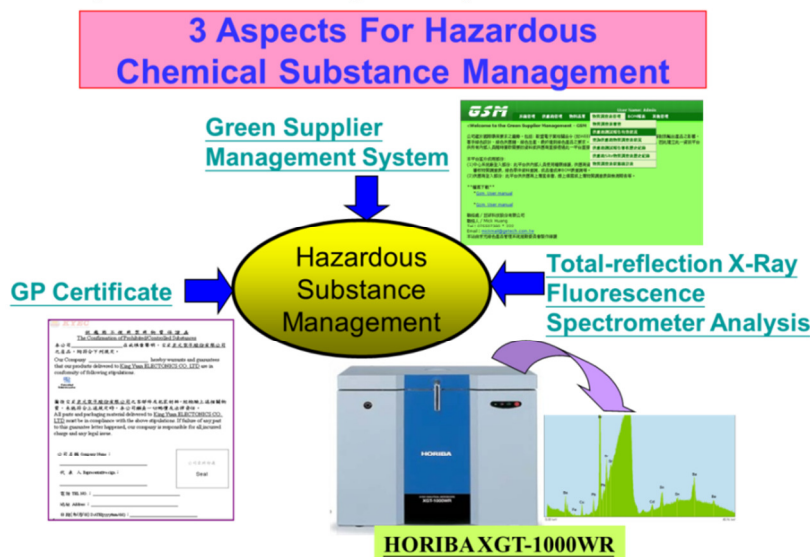
We will never disclose confidential information provided by suppliers for use with non-KYEC external personnel, unless otherwise agreed by the consensus and instruction of suppliers in written form.

(8) Communication Channels of Supplier

In addition to using mail and phone communication, KYEC also holds supplier assembly to acquire the common market views from the suppliers. Meanwhile KYEC calls for meeting routinely to discuss and search improvement methods for the product characteristics, specification and quality stability. This will contribute to the improvement on product quality and delivery efficiency of KYEC suppliers.

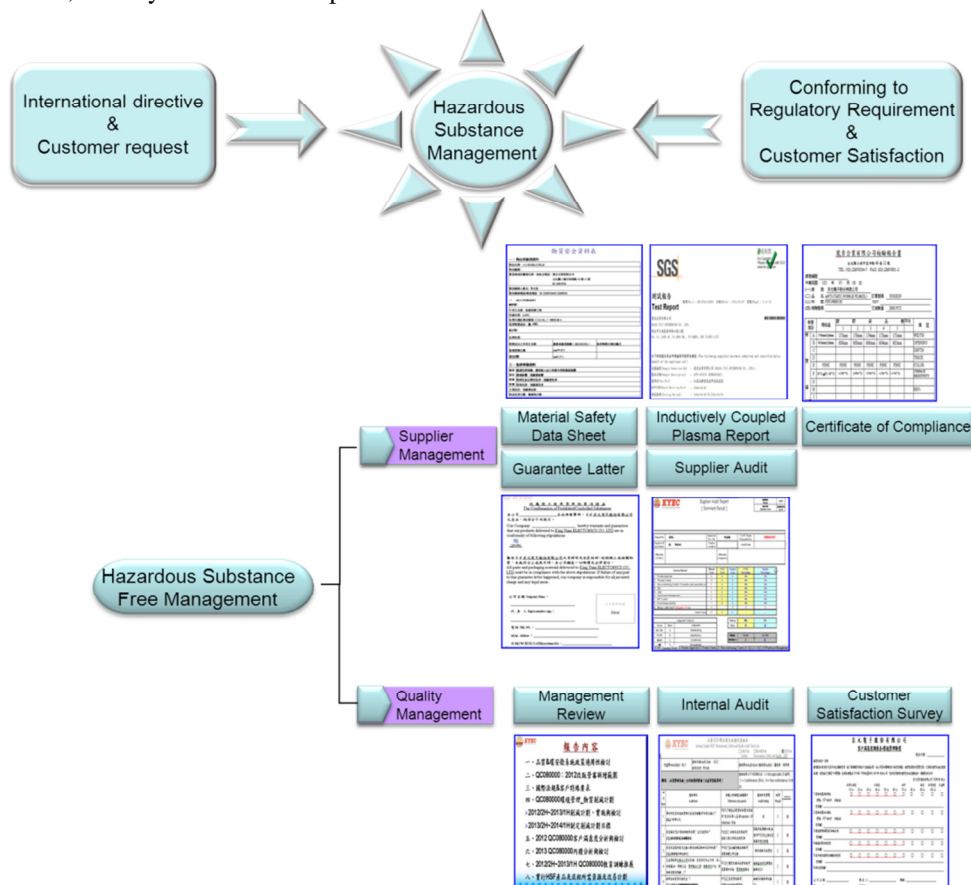
(9) Supplier's Green Package Material Management

In pursuit of environmental sustainability and reduce the pollution of packaging material on the environment, KYEC implements green packaging material policy such as “supply chain management,” “routine x-ray fluorescent light analysis,” “propaganda and communication,” and “compliance with international regulations.” KYEC cooperates with hazardous substance management to further boost green competitiveness and become outstanding green enterprise.



● Hazardous Substance Management System

The Supplier Management Division of KYEC will take consideration of multiple international standards and regulations (including SONY SS00259, REACH SVHC and RoHS 2.0) to formulate the management system with non-hazardous substance. KYEC also assures the relevant activities and operations of hazardous substance in conformance with hazardous substance management system requirement through this system procedure (including supplier management, quality management) in addition to meeting customer requirement and international regulations, thereby to lower the impact on human or the environment.



(10) Quality Management

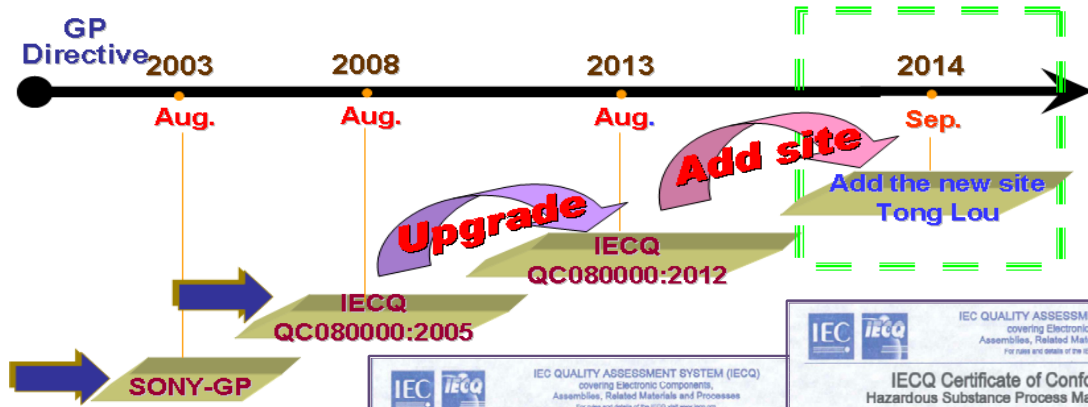
KYEC routinely conducts internal audit and management review activities to assure conformance with international standards requirement and customer demand for packing materials with hazardous substance. KYEC collects laws and regulations related to hazardous substance in every half year, such as REACH SVHC, SONY SS00259 and RoHS 2.0 in addition to notifying suppliers to sign letter of warranty for assurance of conformance to hazardous substance related laws and regulations.

2015-1 内部品質/環安衛稽核小組人員名單

| 2015-1 内部品質稽核小組人員名單 | | | 生產事業處單位 | | | | | | | | | | | | | | | | | |
|---------------------|--------------|---------------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 稽核單位/組別 | 受稽核單位 | 稽核小組長 | 生產事業處單位 | | | | | | | | | | | | | | | | | |
| BU1 (一) | BU1 (一) 部門互稽 | 陳政君 126753 | HQ | PQA | 陳政君 | PQA | 江明育 | PP1 | 潘重宇 | TE1 | 王宜銘 | TE1 | 陳明池 | PD1 | 朱祖輝 | 陳美君 | PD1 | 陳美君 | PD2 | 林宜盈 |
| | | | CH | PQA | 謝曉軒 | | 楊雅雯 | SQM | 李俐登 | | 吳俊逸 | TE2 | 蔡英傑 | | 羅日清 | 羅日清 | 曾月鳳 | | | |
| BU2 | BU1 | * 巫貞慶 | | * | 楊靜敏 | * | 楊清翔 | * | 賴益鈞 | * | 葉坤泰 | * | 蔡英傑 | * | 張益棟 | * | 邱美慧 | | | |
| BU2 (二) | BU2 (二) 部門互稽 | 李麗芬 126778 | ASY | PQA | 李麗芬 | | | PP | 郭政倫 | PE | 李明順 | PE | 陳怡君 | PE | 周毅浩 | PD2 | 鄭茹月 | PD2 | 吳榮哲 | |
| | | | CP | PQA | 徐韻芬 | | | SQM | 劉柏群 | TE | 潘辰妮 | TE | 彭文祥 | TE | 李銘豐 | PD1 | 林曾暉 | PD1 | 徐美鈴 | |
| BU1 | BU2 | * 曾月鳳 | | * | 邱富美 | * | 彭靜瑜 | SQM | 陳詩吟 | | | | | | | | | | | |
| BU3 (三) | BU3 (三) 部門互稽 | 蕭勝玉 126973 | PQA | 李淑鈴 | PQA | 邱燕萍 | PP | 張守嫻 | TE | 黃智輝 | PD1 | 黃淑玲 | | | | | AE | 陳俊璋 | AE | 吳維倫 |
| | | | PQA | 羅宜華 | | | PP | 陳秋芸 | TE | 孫家賢 | PD2 | 方昭欽 | PD2 | 蕭韻佳 | PD2 | 王士銘 | AE | 沈逸忠 | | |
| BU5 | BU3 | * 張玉芳 | | * | 張淑楨 | * | 林巧翎 | SQM | 吳耿維 | | | | | | | | | | | |
| BU5 (四) | BU5 (四) 部門互稽 | 張淑楨 126751 | PQA | 林信吉 | | | PP | 王茹評 | TE | 羅慧萍 | TE | 陳秀枝 | PD1 | 孫郁明 | PD1 | 陳愛真 | PD2 | 蘇美華 | | |
| | | | PQA | 張淑楨 | | | PP | 陳禮庭 | TE | 羅文聰 | | | | PD1 | 陳怡德 | | | PD2 | 許博現 | |
| BU3 | BU5 | * 吳政宏 | | * | 彭懷德 | * | 沈勝裕 | SQM | 徐佩君 | | | | | | | | | | | |
| BU6 (五) | BU6 (五) 部門互稽 | 陳坤隆 136703 | PQA | 陳坤隆 | | | PP | 葉俞秀 | PE1 | 黃俊璋 | PE2 | 郭長潼 | PD1 | 陳英忠 | PD1 | 楊友善 | PD1 | 黎欣怡 | | |
| | | | PQA | 柳仲錦 | | | SQM | 廖品婷 | PE1 | 蔡宛真 | PE2 | 高國森 | PD2 | 鄧輝琳 | PD2 | 李慶康 | PD2 | 陳廷政 | | |
| | | * 賴美秀 | | * | 蔡宛真 | * | 吳雅文 | SQM | 倪藝庭 | | | | | | | | | | | |
| | | | | * | 黃文忠 | * | 陳信衛 | * | 陳秀惠 | | | | | | | | | | | |

(11) Evolution of Green Hazardous Substance Certification

KYEC acquired the SONY Green Partner Certification in 2003, was certified by QC080000 (IECQ 2005) hazardous substance process management system standards in 2008 and acquired the revision of QC080000(IECQ 2012) in 2013. The new plant (Tungluo) also acquired the QC080000 certification in 2014.



グリーンパートナー環境品質認定通知書
Notification of Green Partner Certification

Attn: 加賀電子 (株) 御中
KAGA ELECTRONICS CO.,LTD.

拝啓 貴社様へご清栄のこととお慶び申し上げます。
平素は、弊社環境品質保証活動に多大なるご協力を賜り、お礼申し上げます。
貴社のグリーンパートナー環境品質認定手続きが完了しましたのでご通知申し上げます。
今後とも弊社環境品質保証活動にご協力を賜りますようお願いいたします。
Thank you for your kind support on Sony Green Partner Activities.
We would like to inform you that Sony Green Partner Certification has been authorized.
Your continuous cooperation on Sony environmental quality assurance activities is highly appreciated.

| ファクトリーコード | 製造工場/ファクトリー名称 (英文) | 工場名称 (英文) | 管理区分 | 監査期限 |
|-----------|---------------------------------|-----------------|------|------------|
| FC005089 | King Yuan Electronics Co., Ltd. | Chu-Nan Factory | | 2016/03/31 |

ソニー (株) / Sony Corporation
調達本部 / Procurement Group
グリーンパートナー事務局 / Green Partner Secretariat

IECQ Certificate of Conformity
Hazardous Substance Process Management

IECQ Certificate No.: IECQ-H SOSTW 08.0022-01 Issue No.: 4 Status: Current
Additional Site to Certification: IECQ-H SOSTW 08.0022 Originally Issued: 2009/12/27
Supersedes: IECQ-H SOSTW 08.0022-01 Issue Date: 2014/10/30 Site Added: 2008/10/27
CB Certificate No.: TW-HSPM-1304-1 Expiration: 2017/10/28

Applicable to:
European Directive 2011/65/EU ("RoHS") requirements
Customer specified requirements
King Yuan Electronics Co., Ltd.
No. 133, Chung-Hua Rd., Chu-Nan, Mao-U, Hsien, 330, Taiwan

The organization has developed and implemented Hazardous Substance Process Management procedures and related processes which have been assessed and found to comply with the applicable requirements for IECQ HSPM organization approval which is in accordance with the Basic Rules IECQ 01 and Rules of Procedure IECQ 03.5 "IECQ Hazardous Substances Process Management" of the IEC Quality Assessment System for Electronic Components (IECQ), and with respect to the IECQ Specification:
• IECQ QC 080000:2012 - Hazardous Substance Process Management System Requirements
This Certificate is applicable to all electronic components, assemblies, related materials and processes for the following scope of activities:
Provision of integrated circuit testing services.

Issued by the Certification Body: SGS Taiwan Limited
No. 130-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24003, Taiwan

Authorized person: Stephen Pao
Sponsoring Member Body: King Yuan Electronics Co., Ltd.
CB Accreditation by: ANAB

IECQ QUALITY ASSESSMENT SYSTEM (IECQ) covering Electronic Components, Assemblies, Related Materials and Processes
For rules and details of the IECQ visit www.iecq.org

IECQ Certificate of Conformity
Hazardous Substance Process Management

IECQ Certificate No.: IECQ-H SOSTW 08.0022-02 Issue No.: 1 Status: Current
Additional Site to Certification: IECQ-H SOSTW 08.0022 Originally Issued: 2008/10/27
Supersedes: IECQ-H SOSTW 08.0022-01 Issue Date: 2014/10/30 Site Added: 2014/10/30
CB Certificate No.: TW-HSPM-1304-2 Expiration: 2017/10/28

Applicable to:
European Directive 2011/65/EU ("RoHS") requirements
Customer specified requirements
King Yuan Electronics Co., Ltd.
No. 1, Tongku N. Rd., Tungluo, Mao-U, Hsien, 336, Taiwan

The organization has developed and implemented Hazardous Substance Process Management procedures and related processes which have been assessed and found to comply with the applicable requirements for IECQ HSPM organization approval which is in accordance with the Basic Rules IECQ 01 and Rules of Procedure IECQ 03.5 "IECQ Hazardous Substances Process Management" of the IEC Quality Assessment System for Electronic Components (IECQ), and with respect to the IECQ Specification:
• IECQ QC 080000:2012 - Hazardous Substance Process Management System Requirements
This Certificate is applicable to all electronic components, assemblies, related materials and processes for the following scope of activities:
Provision of integrated circuit testing services.

Issued by the Certification Body: SGS Taiwan Limited
No. 130-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24003, Taiwan

Authorized person: Stephen Pao
Sponsoring Member Body: King Yuan Electronics Co., Ltd.
CB Accreditation by: ANAB

(12) Supplier's Major engineering Project Change and Obligations of Notification

When suppliers voluntarily change internal engineering projects that are key matters of change, the suppliers will need to fill out the "Supplier Engineering Change Notification" and submit to KYEC for co-signing. The internal cosigning divisions of KYEC consist of the relevant divisions of the manufacturing center, quality assurance division, procurement division, supplier quality management division, and quality assurance office. The management division of suppliers shall reply the suppliers with the co-signing result.

The key matters of change are described below:

| Major | Item |
|---|--|
| 1. Process | Product process flow change |
| 2. Product parameter change | Temperature/ Time etc. |
| 3. Machine/model change | 1. Machine change 2. Model add or change |
| 4. Relocate equipment | Relocation to different plant |
| 5. Inspection Specifications | QC stamping plan loosen |
| 6. Temperature/ Humidity/ Particles | Change in clean room specifications., ex: Temperature, Humidity and Particle...etc. |
| 7. Material change | 1. Component change, ration change 2. Use of recycled materials and mix ration. 3. If supplier will discontinue materials (any lot NO. of material for KYEC) must inform KYEC six months in advance. |
| 8. Packing method, materials, appearance change | Change in packing, materials and size, color, word, shape of all the packing appearance (label included) Change of structures specified in a drawing or specification. Change of structures not specified in a drawing or specification. |
| 9. Location change | Production area or supply source change. |

(13) Order consistency

According to the direction established by the company, some mature products will outsource to downstream suppliers for production while products with high-precision and high added-value will be produced by the company. When the market changes and to maintain the normal productivity of suppliers, the company shall maintain certain ratio of production to external suppliers through coordination scheme in order to achieve co-existence and co-prosperity. To maintain order consistency, the company will take consideration of the production costs within its own plant and the production quality by suppliers in order to maintain the room for profits assigned to suppliers as well as the intent to long-term cooperation.

In 2013, the company has conducted auditing and investigation on five dimension, including quality system, lower-level supplier management, processing control, social responsibility, and environmental management for 40 raw material suppliers, which output accounted for 71% of the total procurement amount of KYEC. Currently the main world global suppliers for quartz come from Japan with over tens of years of technical threshold. In particular, 95% consists of Japanese suppliers and 5% consists of Taiwanese suppliers, making it difficult for KYEC to search for local suppliers within a short period of time. Nonetheless localization of procured items is a consistent procurement of KYEC and in the future if Taiwanese suppliers are interested in investing in the quartz upstream industries, KYEC is quite optimistic about the outlook and will also take initiative to cooperate and assist.

(14) Supplier Distribution

KYEC is devoted in maintaining long-term cooperation with domestic or foreign suppliers by establishing a sustainable supply chain with stable development. In addition to taking consideration of the quality, delivery and price of products from suppliers, KYEC also advocates suppliers to implement environmental protection, improve safety and hygiene, value human rights, and collectively fulfill corporate social responsibility in addition to preparing for risk management and operational sustainability plan.

KYEC also actively promotes production localization in recent years and values the economic development of supply from Taiwan. The purpose is to reduce transportation costs, reduce carbon reduction, and diversify risks in addition to foster employment opportunities for local industries. In 2013, the procurement of raw materials from Taiwan has increased from 26.0% of previous year to 30.5% and even increased to 32.5% in 2014. KYEC will continue to foster local Taiwanese companies and encourage foreign companies to set up plants in Taiwan in order to collectively reduce production costs and risk, and thereby enhancing competitive advantage.

Apart from constantly increasing localized procurement and improve quality objectives, KYEC will further advocate for close cooperation with suppliers in 2015 to introduce alternative materials made from place of origin and reduce single manufacturing place for raw materials in case of risk of materials shortage due to natural disasters and force majeure.

KYEC has long established a sound strategic high-tech product flow control process since 2013. The plant is committed to building explicit and effective corporate internal export control process, including autonomously building a blacklist of ICP (Internal control program) for upstream and downstream supply chain and establishing export control numbers and good correspondence list. The aforementioned ICP system is used with the international black list released by the Bureau of Foreign Trade to carry out G2B comparison of industry-government cooperation mechanism. KYEC also establishes company policy for this flow by listing the stance of the company in export control with stipulation of punishment and reporting mechanism that will implement the purpose of internal export control policy.

(15) Conflict Minerals Management

For conflict mineral management, as a member of electric industry supply chain, KYEC fulfills its corporate social responsibility by abiding by the conduct codes and relevant requirements developed by the Electronic Industry Citizen Coalition (abbreviated as EICC) and Global e-Sustainability Initiative (abbreviated as GeSI). KYEC also investigates on the supply chain and prepares into policy with commitment not to use the conflict minerals from Republic of Congo or peripheral countries. The “Policy on Non-Conflict Minerals” is described below: Conflict minerals refer to the gold, tantalum, tungsten and cassiterite that have been, mined and marketed in the mining fields in the territory of Republic of Congo and neighboring countries under the control of armed groups. The mining or control of abovementioned minerals often leads to serious issues in human rights, race, and illegitimate interests, and hence as a member of the global village, KYEC is committed to the following:

- KYEC will not procure conflict minerals produced from conflict zones.
- KYEC is devoted to request upstream and raw material suppliers to refuse using conflict minerals from conflict zones with the presentation of letter of commitment.

To assure the suppliers on the supply chain comply with this policy, the company has requested all suppliers supplying electronic materials to KYEC to fill out the “Non-Conflict Mineral Declaration” in case any of the substance inside the product could possibly contain conflict mineral. Meanwhile suppliers shall provide the list of metal refinery plants approved by EICC and GeSI to assure the products will not use any conflict mineral from the aforementioned areas. All suppliers of KYEC, including materials consisting gold, tantalum, tungsten and cassiterite have signed the “Non-Conflict Mineral Declaration.”

4. Green Logistics and Vision

KYEC owns the largest product distribution fleet among all domestic industries, which have the most impact on the environment on waste gas emission and resource use during transport. In view of this, KYEC started taking active measures in GPS control over delivery vehicles in 2005 and advocated for the significance of idleness on the environment in 2013, informing the correct driving method that can save fuel costs, reduce packaging materials and recycling for supply chain, to gradually reduce adverse impact of logistics operations on the environment.

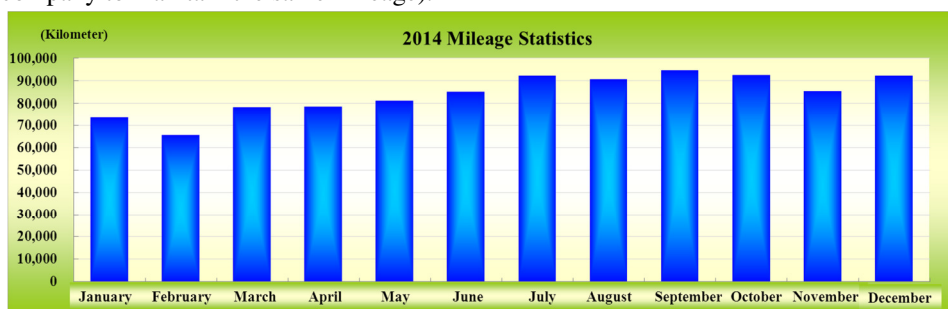


5. Optimizing Pickup/Delivery Routes

KYEC improves transport efficiency, reduces transportation miscellaneous costs and cost wastes of unnecessary routes through rational design of vehicle routes, which effectively resolves the chaos of transport movement and mitigates traffic congestion to attain the social benefits of environmental protection.

6. Idle and Fuel Statistics

The management division reviews the monthly fuel costs and idle status in addition to reviewing the best routes with integrated number of shifts and adjustment of vehicles schedule, in order to reduce the number of shifts and fuel costs (the number of rides to and return from Tungluo Plant has increased from 9 shifts to 13 shifts since May 2014. It is valuable for the company to maintain the same mileage).



KYEC King Yuan ELECTRONICS CO., LTD. **GPS Controlled Delivery Vehicles**

全部

| 編號 | 駕駛員/持有者 | 分類 | 回傳時間 | 定位位置 | 車況/現況 |
|----------|---------|----------|---------------------|----------------------------------|-------------|
| 4239-B8 | 林龍吉 | 3.5噸小貨車 | 2015/07/20 14:29:34 | 新竹市東區埔頂路99巷62弄【京元電子股份有限公司】附近37公尺 | 熄火 |
| 1438-B8 | 劉承彥 | 3.5噸小貨車 | 2015/07/20 14:48:47 | 新竹市東區園區二路【南茂科技】附近122公尺 | 62 km/h 向北 |
| 4868-B8 | 李本全 | 3.5噸小貨車 | 2015/07/20 14:48:48 | 新竹市東區力行路【旭曜科技】附近71公尺 | 60 km/h 向東南 |
| 619-Y7 | 林銘緯 | 10.5噸中貨車 | 2015/07/20 14:48:48 | 桃園市觀音區濱海路武威段 | 45 km/h 向東 |
| ABN-2551 | 蔡坤論 | 3.5噸小貨車 | 2015/07/20 14:48:04 | 桃園市中壢區中山高56公里 | 89 km/h 向東北 |
| 2456-OA | 蔡政倫 | 3.5噸小貨車 | 2015/07/20 14:45:00 | 苗栗縣頭份鎮縣124甲縣道 | 熄火 |
| AKP-6215 | 駕駛4 | 業務用車 | 2015/07/20 10:30:00 | 苗栗縣頭份鎮光明街 | 熄火 |
| AFN-9920 | 駕駛001 | 客貨車 | 2015/07/20 14:09:28 | 苗栗縣銅鑼鄉銅科北路【京元銅鑼廠】附近97公尺 | 13 km/h 向東北 |

■ Personnel on shift can control the routes of vehicles and control the additional pickup operations by immediately notifying the driver, avoiding repeated shifts and saving fuel costs. 1

KYEC King Yuan ELECTRONICS CO., LTD. **Idle GPS Controlled Delivery Vehicles**

車號 / 駕駛：ABN-2551 / 蔡坤論 日期：2015/7/16 (四)

| 時間 | 位置 / 狀態 | 里程 | 開車(含怠速) | 怠速 停留 | 熄火 停留 |
|---------------|---------------------------------------|----------|---------|-------|----------|
| 09:03 | 出車：苗栗縣竹南鎮中華路【京元電子股份有限公司(竹南分公司)】附近28公尺 | | | | |
| 09:03 - 09:26 | 新竹市東區展業一路【順邦展業廠】附近17公尺 | 16.42 公里 | 23 分 | | |
| 09:33 - 09:48 | 新竹縣寶山鄉研發一路【米翰科技】附近65公尺 | 2.17 公里 | 15 分 | | |
| 09:55 - 09:58 | 新竹縣寶山鄉園區三路【聯詠科技(新大樓)】附近77公尺 | 0.47 公里 | 3 分 | | |
| 10:48 - 10:51 | 新竹縣寶山鄉新竹交流道【南茂科技】附近102公尺 | 0.83 公里 | 3 分 | | |
| 11:05 - 11:22 | 苗栗縣竹南鎮中華路【京元電子股份有限公司(竹南分公司)】附近14公尺 | 16.73 公里 | 17 分 | | |
| 11:38 - 11:40 | 苗栗縣竹南鎮中華路【京元電子中華一廠】附近30公尺 | 0.35 公里 | 2 分 | | |
| 11:40 - 13:40 | 苗栗縣竹南鎮中華路【京元電子中華一廠】附近30公尺 | | | | 2 小時 0 分 |
| 13:40 - 13:45 | 苗栗縣竹南鎮中華路137巷【京元電子中華廠】附近138公尺 | | | 5 分 | |
| 13:45 - 13:46 | 苗栗縣竹南鎮中華路78巷29弄【京元電子中華一廠】附近33公尺 | 0.31 公里 | 1 分 | | |

■ Managers shall explain the significance of idleness impact on the environment to all drives and employees monthly. The managers shall notify the correct driving method to save fuel costs and monitor the vehicle idleness through satellite navigation and monitoring. 2

Environmental Management

KYEC develops an energy management policy for the factory and the energy-saving team, which the senior manager supervises and steers by routinely calling for meetings each month. KYEC also establishes the real-time monitoring and management system to organize and institutionalize energy management through routinely analyzing the factory power consumption and energy-conservation control effect and constantly setting up reduction in power consuming units.

1. Energy Consumption and Management

(1) Energy Management and Audit System Implementaiton

- Establish integrated "waste reduction and energy saving" organization framework to include procurement, sales, quality management and other divisions so that the management becomes more comprehensive.
- Based on company environment policy, KYEC establishes and includes the different objectives in waste reduction and energy saving as obligations to be followed by all employees.
- Call for energy control meeting weekly to routinely analyze and inspect the performance of factory power use and energy saving, implementing target management and reduction for energy-consumption division.
- Set up real-time monitoring system to organize, institutionalize and simplify energy management system
- Control the use of various energies and send personnel to handle and review causes immediately for any anomaly.
- Routinely implement equipment maintenance and care by constantly evaluating equipment performance and replacing old power-consuming equipment with new ones to improve the energy-saving effectiveness
- Discover potential abnormal energy consumption from IT-Scan technology to immediately trace and improve.
- Integrate system standards in environmental certification such as ISO14001, ISO14064 and QC080000 with factory operations to improve the management system.
- Introduce excellent suppliers and experts to participate in evaluation and improvement by learning from their experience and improving the energy-saving effect of the factories.
- Establish proposal and improvement incentive mechanism, encouraging staff to propose energy saving and improvement solutions in addition to distributing bonus according to effectiveness.

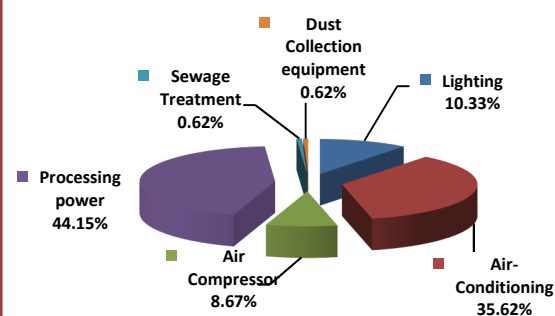
(2) Energy Usage

- The direct energy and indirect energy use for 2014 are shown below, which consists mainly of power use while diesel is mainly used in emergency power generator, activated only during routine maintenance and testing.
- The 2014 power consumption is divided into the follows: Unit (MWh/Year)

| Power | Diesel | Gasoline | Natural Gas | LPG |
|-------------------|------------|----------|-------------|-----|
| 405,940 MWh/ year | 538L/ year | 0 | 0 | 0 |

| | Chunan Plant | Hsinchu Headquarters | Tungluo Plant | Total | Ratio |
|---------------------------|-------------------|----------------------|------------------|-------------------|-------------|
| Lighting | 39,556.20 | 1,212.6 | 1,154.4 | 41,923.2 | 10.3% |
| Air-Conditioning | 129,456.60 | 8,003.2 | 7,117.7 | 144,577.5 | 35.6% |
| Air Compressor | 28,768.10 | 3,880.3 | 2,546.1 | 35,194.5 | 8.7% |
| Processing power | 157,865.10 | 10,428.4 | 10,922.6 | 179,216.1 | 44.1% |
| Sewage Treatment | 2,157.60 | 242.5 | 128.3 | 2,528.4 | 0.6% |
| Dust Collection equipment | 1,798.00 | 485.0 | 217.3 | 2,500.3 | 0.6% |
| Total | 359,601.60 | 24,252.00 | 22,086.40 | 405,940.00 | 100% |

Pie chart of 2014 factory power use distribution



(3)Energy Saving Project and Effects

- Nearly 90% of KYEC 's greenhouse gas emission comes from power consumption and hence the annual objectives of continual execution emphasizes on the improvent projects in power conservation and management. We continue to develop and upgrade equiment performance by more profoundly launching different facility and processing equipment energy-saving projects. The performance of 2014 energy saving projects are described below with a total of 3,267.9 tons of carbon emission reduced and a reduction of 6,142,656 kwh in power use.

| Specific Approach | Environmental Effects | | Economic Effect (NTD thousand /year) |
|--|-----------------------------|--------------------------------------|---|
| | Energy Saving (kwh/year) | Carbon reduction (tone CO2e/Year) | |
| Clean room 5 feet T8 changed to LED light for energy saving | 5,060,000.0 | 2,691.9 | 13200.5 |
| Zhonghua Plant, 1st and 2nd floor goods access area, 5 feet T8 changed to LED tablet LED for energy saving | 284,000.0 | 151.1 | 570.0 |
| 4 factories adopting high-performance 600HP air compressor to replace the two 300HP air compressors. | 387,400.0 | 206.1 | 1,088.0 |
| Drying machine replaced with new two absorbents | 136,700.0 | 72.7 | 369.0 |
| 4 factories adopting high-performance 75HP vacuum to replace the two 40HP vacuum | 21,000.0 | 11.2 | 59.0 |
| Hsinchu Headquarters main platform centralization project | 218,516.0 | 116.3 | 607.5 |
| Hsinchu Factory main platform centralization project | 35,040.0 | 18.6 | 78.4 |
| Total | 6,142,656.0 | 3,267.9 | 15,972.4 |

2. Water Resource Use and Impact on Water

(1)Water saving Policy and Management

- Establishing water saving promotion organization to develop guidelines for all employees to follow each year.
- Establish operation process routine review as reference for the management of water euqipment operations.
- Estbalish operation procedure routine review as reference for management of water equipment operations.
- Use monitoring system, routine metering, routine maintenance and inspection to assure stable water use.
- Routinely inspect and review water balance chart to understand change in water use.
- Recycling and reusing processing waste water to increase water resource recycling rate and reduce the use of tap water.
- Routinely posting posters regarding water saving and energy saving and using training, gathering or various propaganda channels to enhance information on energy saving for employees.
- Cooperate with performance assessment and proposal improvement system to encourage employees with proposal of energy and water saving solutions.
- New factory design with excellence energy saving equipment and system will be adopted with priority. The factory willll be paved with interlocking tiles for water to directly seep into the ground.
- Actively partiiciapte in government agency water saving project and seminar to constantly exchange experience in water saving with peer industry.
- Seek for new equipment and technology to upgrade in-factory water resoruce recycling and reuse ratio.
- Validate performance of in-factory facility and replace devices that wastes water to avoid waste.

Environmental Policy

1. Effectively use energy resource, promote waste reduction, classification, and recycling and reuse.

2. Constantly improve, upgrade environmental performance and commit to pollution prevention to conform to environmental protection act and customer standards.

3. Promoting environmental protection is the responsibility of everyone and such concept should be constantly promoted.

4. Establish "Green supply chain" management system to reduce the impact of products, processing and related services on the environment.

Water Saving Strategy

Management Policy

1. Formulate energy resource control procedure.
2. Utilize monitoring system and routine meter measuring to control water use.
3. Routinely maintain and inspect relevant equipment to assure stable water use.
4. Inspect water use monthly to avoid abnormal water use.
5. Routinely review water balance chart to understand change in water use.
6. Increase water recycling and reduce use of tap water.
7. Continual plan for processing water recycling and reuse

Promotion Policy

1. Routinely posting posters regarding water saving and energy saving.
2. Educate employees through training or gathering with correct new knowledge in energy saving.
3. Using environmental protection e-newsletter to strengthen employee cognition in energy saving.
4. Cooperate with performance assessment and proposal improvement system to encourage employees.
5. New plant design for equipment and system with excellent energy saving will be adopted with priority.

(2) Water Resource Management Indicators

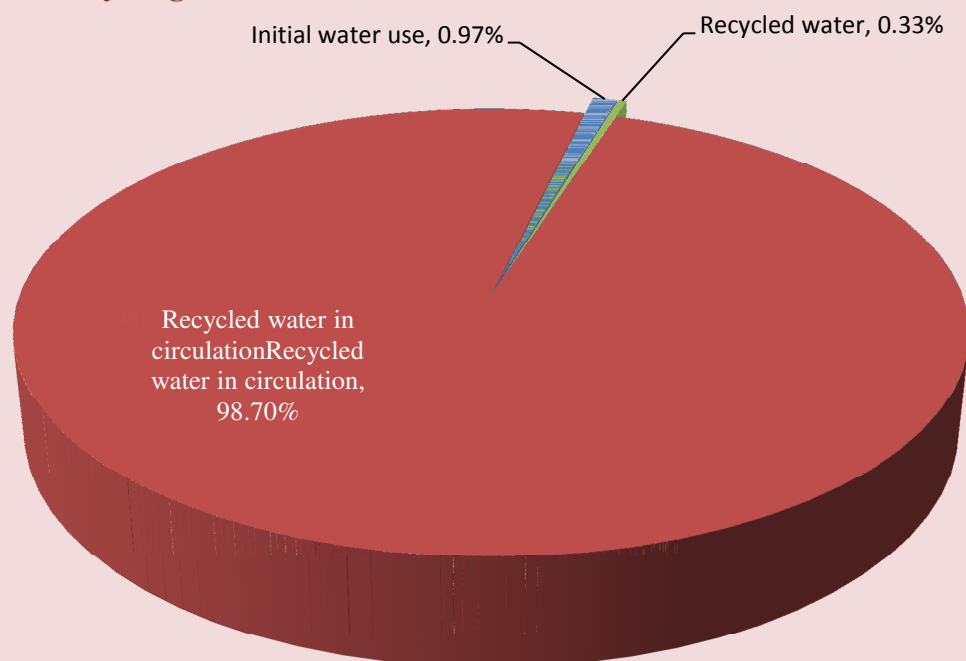
- KYEC constantly launch different water saving projects, including recycling and reuse of processing waste water, water treatment improvement, water processing recycling rate, and upgrade in re-utilization rate performance, to effectively use resources.
- The 2014 water resource recycling and reuse is described below:

| Water Unit: Tons | | | | | | |
|------------------|-------------------|-------------------------------|--------------------|--------------------|----------------------|---|
| Items | Initial Water use | Recycled water in circulation | Recycled water use | Total water use | Repeated utilization | Recycle rate (excluding cooling water tower in circulation) |
| Cooling | 677,480 | 124,151,976 | — | 124,829,456 | | |
| Furnace | — | — | — | — | | |
| Processing | 526,247 | 3,153,600 | 427,630 | 4,107,477 | 99.03% | 74.19% |
| Livelihood | 42,462 | — | — | 42,462 | | |
| Total | 1,246,189 | 127,305,576 | 427,630 | 128,979,395 | | |

Remarks:

- (1) Repeated utilization rate = (Recycling water in circulation + Recycling and reuse water) ÷ total water use
- (2) Recycling rate = (recycling water in circulation + recycling and reuse water – cooling water tower circulation) ÷ (total water use – cooling water tower circulation)
- (3) Recycling water in circulation: Referring to the reuse water without treatment from the same water-use division
- (4) Recycling and reuse water: Referring to the reuse water after waste water treatment.

2014 Water Resource Recycling and Use Statistics



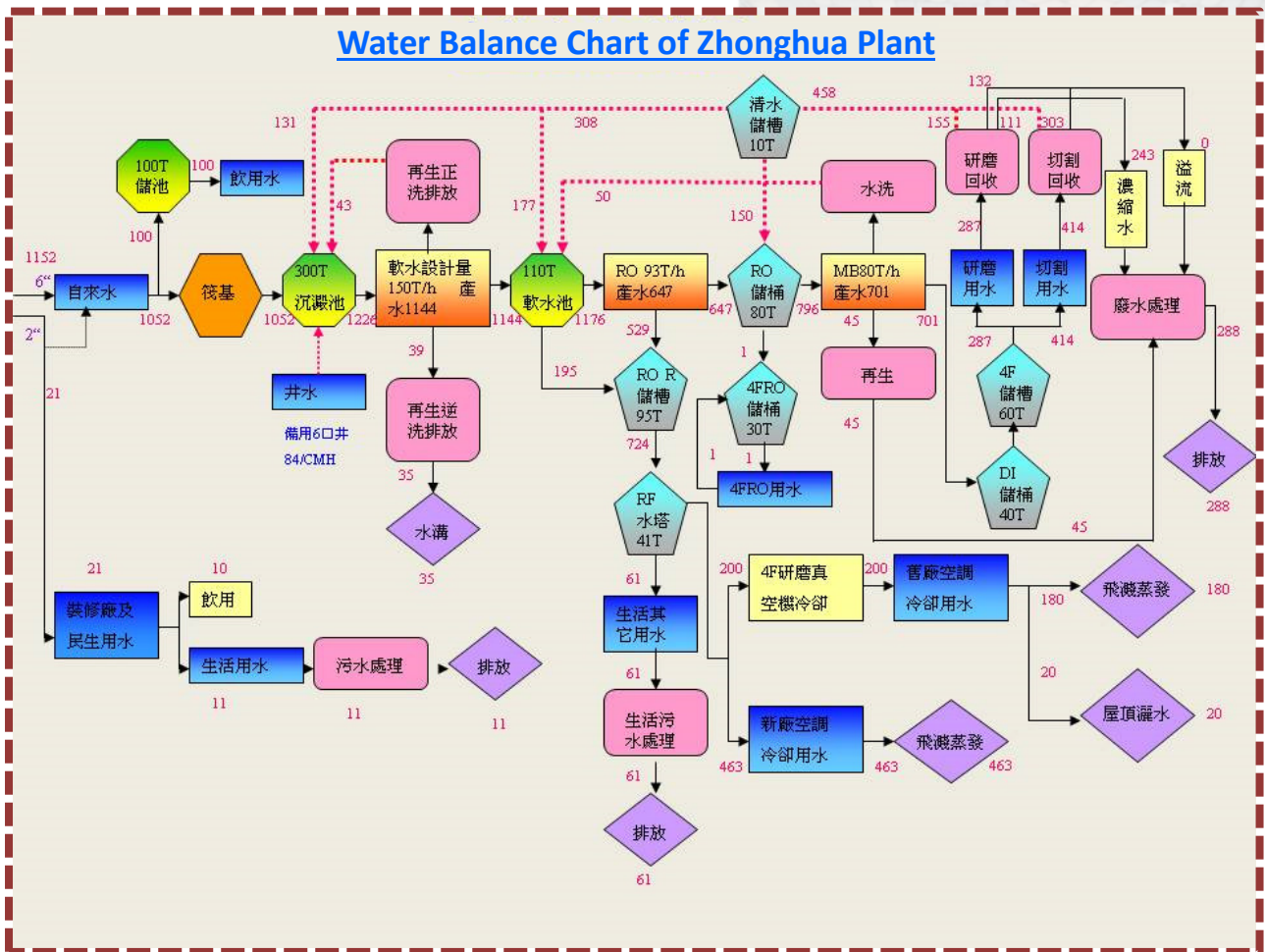
(3)Water Saving Plan and Benefits

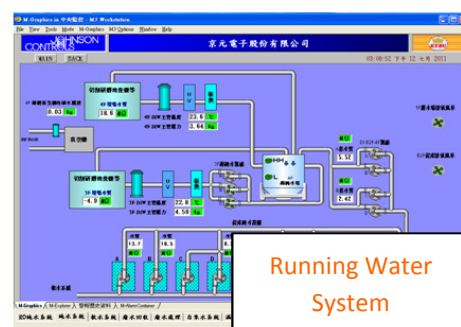
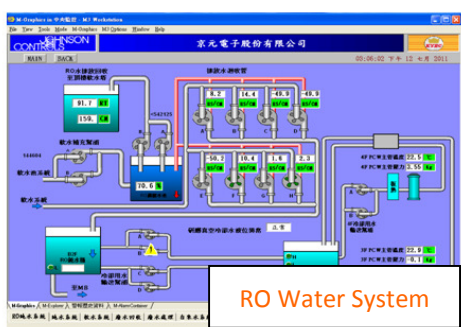
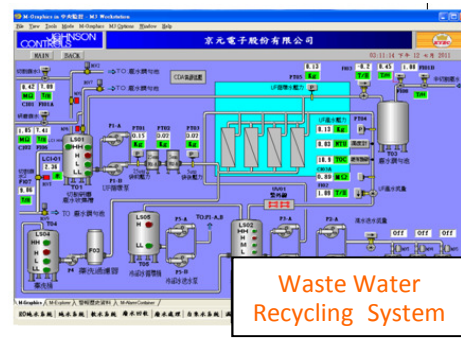
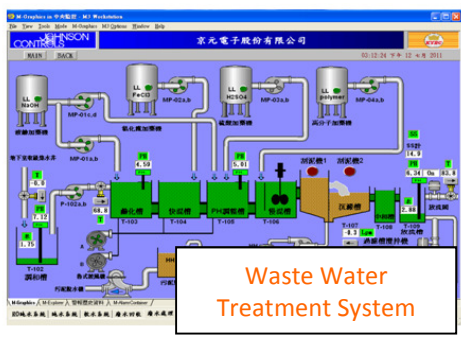
| No. | Implementation Solution | Environmental Benefits | | | Economic Benefit's |
|--------------|---|---------------------------------------|---------------------------------------|----------------------------------|---------------------------------|
| | | Water amount saved (10K tons/year) | Amount of sludge saved (tons/year) | Carbon reduction (tones/year) | Amount saved (NT10,000/year) |
| 1 | The waste water from cutting and grinding wafer in the process is recycled to pure water system for supply to site processing. | 64 | 883.1 | 124.16 | 3336.9 |
| 2 | The vacuum cooling water during the grinding process is changed from the discharged to recycled and reuse water. | 11 | 151.8 | 21.34 | 571.5 |
| 3 | The rinsing water for sludge dehydrator in waste water field is changed from tap water to discharged water. | 14.6 | 0 | 28.32 | 186.1 |
| 4 | The ROR recycled water produced from the ultra-pure water system RO tube is supplied to cooling tower use. | 14.6 | 201.48 | 28.32 | 469.3 |
| 5 | Soft water system cleaning water in reserve for recycles to the sediment pool, then supply for soft water system use. | 1.46 | 201.48 | 2.83 | 93.7 |
| 6 | Pure water system in mixed bed trial water recycled to soft water pool for RO water use. | 1.3 | 17.94 | 2.52 | 41.5 |
| 7 | Re-distribute the pipe for toilette flushing and bathroom from faucet water to ROR recycled water. | 1.8 | 0 | 3.49 | 23.2 |
| 8 | Adopting sensor faucet and adjust the amount of water flow | 3.9 | 0 | 7.56 | 50.7 |
| 9 | Replace traditional sludge dehydrator with plate frame based filter | 1.46 | 0 | 2.83 | 31.2 |
| 10 | The recycling tube for cutting and grinding water replaced with DOWEX tube | 15.257 | 235.98 | 29.59 | 820.8 |
| 11 | Plant 4 rain water recycling system established | 1.44 | 0 | 2.79 | 18.4 |
| 12 | Full bottled water placed in toilette water tank or adjusting the water level on water tank to reduce the amount of water for flushing. | 0.215 | 0 | 0.42 | 2.7 |
| 13 | Recycling condensed water from the external air-conditioning box | 0.912 | 0 | 1.77 | 11.6 |
| 14 | Plant 2 and Plant 4 Rain water storage tank added with piping | 0.582 | 0 | 1.13 | 7.4 |
| 15 | Chunan Factory Rain water recycling system integration | 1.059 | 0 | 2.05 | 13.5 |
| Total | | 133.585 | 1691.78 | 259.12 | 5678.5 |



Cutting and grinding waste water recycling system

Factory area paved with interlocking tiles for rain water to directly seep into the ground





Computer Monitoring System

Water resource management, Real-time monitoring system

(4)Waste Water Discharge and Management

- Abide by domestic and international environmental protection act and acquire water pollution prevention permit to routinely conduct waste waste inspection and declaration.
- Establish processing waste water recycling and waste waste equipment to improve processing waste waste recycling and reuse rate, thereby reducing the impact of waste water discharge on the environment.
- The discharged water will be treated and discharged to permitted farm irritation with routine analysis and inspection of the discharge data in conformance with the standards of discharged water and Taiwan Joint Irrigation Association.
- Specialists will be assigned to operate and manage waste water recycling and treatment equipment, in addition to developing operational maintenance and repair process in order to maximize the benefits of prevention equipment.
- The inspection unit approved by the EPA shall conduct waste water and sludge inspection analysis semi-annually. The inspeciton results from the past have all conformed to regulatory standards.
- Factory environmental protection personnel shall conduct site-audit for waste water treatment and out of factory waste water discharge daily. Conduct reflux treatment for abnormal water flow.
- Prepare annual budget for waste water prevention equipment maintenance and replacement to improve the treatment performance. The treatment time for 2014 dropped from 18 hours daily to 12~15 hours.

Routine



Sampling
and
inspecting
effluent
water
quality

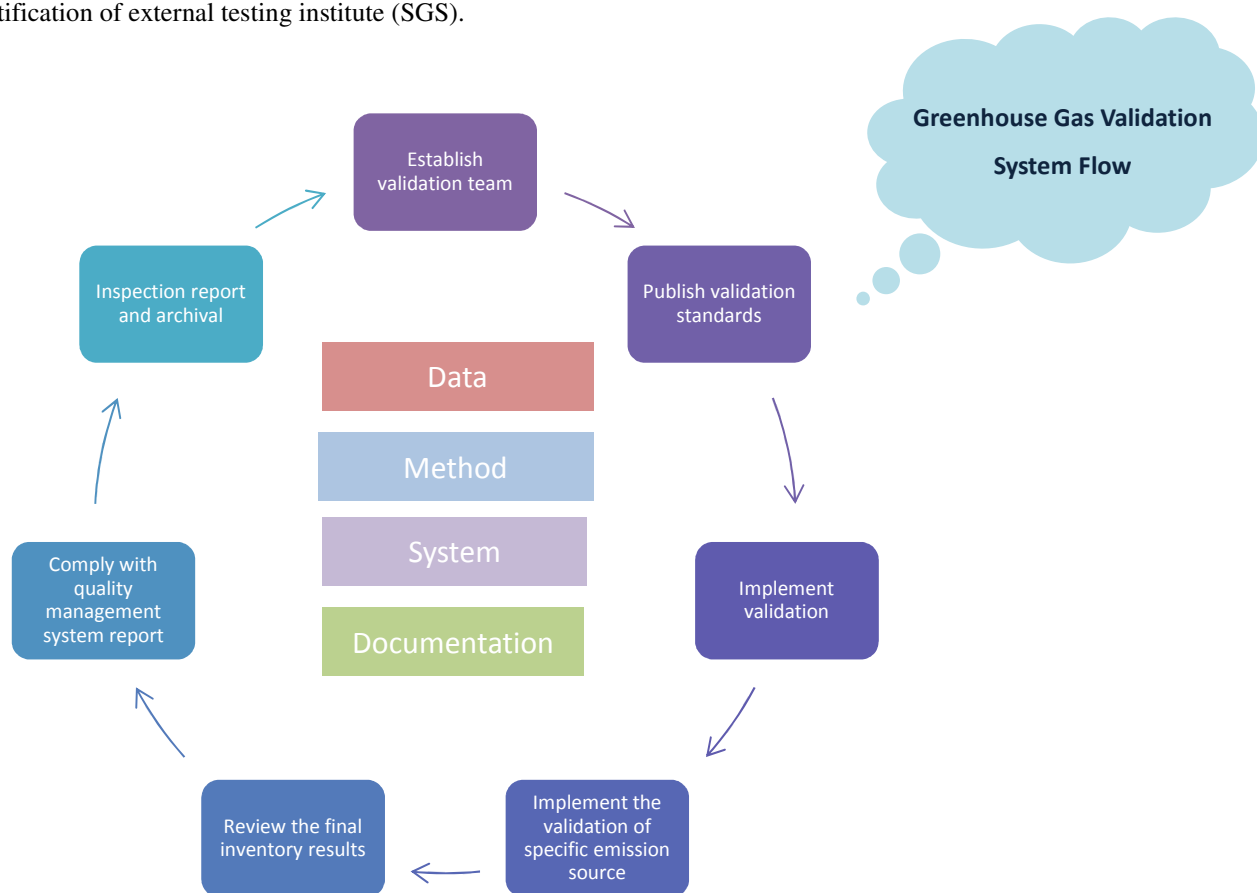
Inspecting the effluent water quality discharged to outside of the factory daily.



3. Greenhouse Gas Inventory

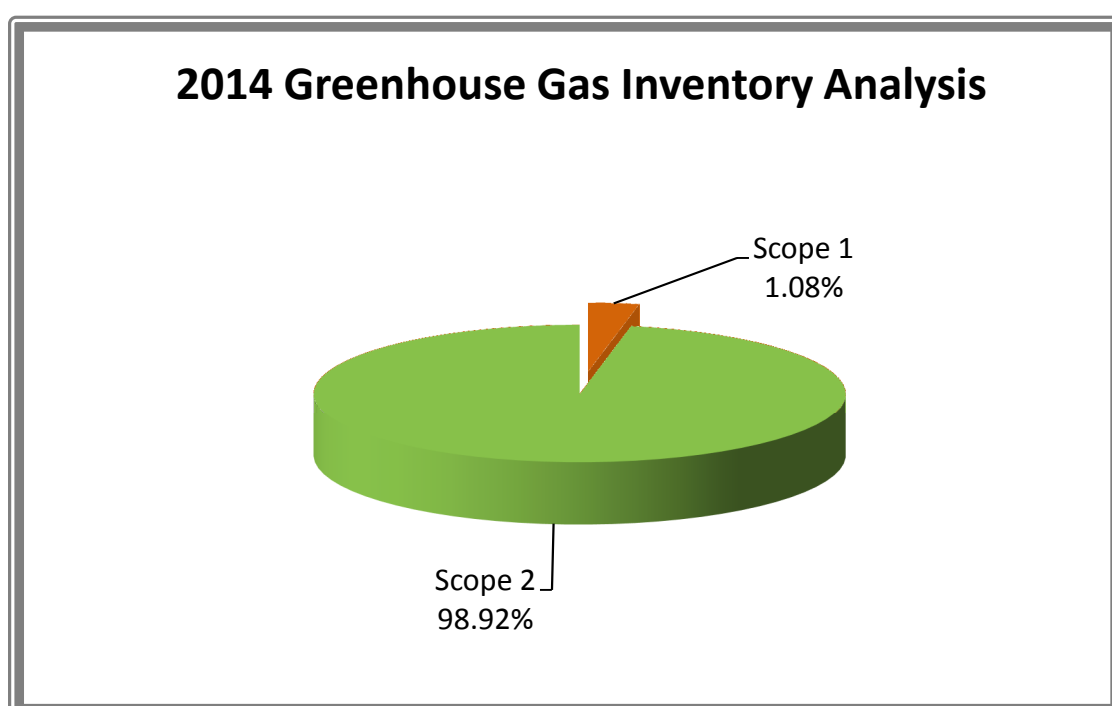
One of the most important environmental protection issues is the struggle against climate change and global warming for most enterprises today. KYEC has been building the greenhouse gas inventory system since 2006 to conduct annual inventory and energy-saving measures to achieve the objectives in greenhouse gas reduction.

(1) To effectively manage the source of greenhouse gas emission and based on the suggestions from the ISO 14064 and GHG Protocol Initiative, the configuration of operational boundaries including the identification and operation related greenhouse gas emission will be classified by direct emission and indirect emission while the type and source of occurrence for greenhouse gas that could possibly occur in the operational range will be identified and undergo the certification of external testing institute (SGS).



(2) The 2014 inventory and calculation show that the greenhouse gas emission from Scope 1 is 6114.409 tons of CO₂e, accounting for 3.11% with main source from R-134a coolant from the water cooling machine. The greenhouse gas emission in Scope 2 is 190711.791 tons of CO₂e, accounting for 96.89% with main source from purchased power. In terms of ratio, the greenhouse gas emission of the company mainly comes from purchased power. The 2014 inventory results are shown below:

| Plant | Scope 1 | Scope 2 | Scope 3 | Total |
|---|----------|------------|---------|------------|
| Hsinchu Headquarters | 379.474 | 12659.544 | 0 | 13039.018 |
| Chunan Plant | 4603.732 | 164948.794 | 0 | 169552.526 |
| Tungluo Plant | 1131.203 | 13103.453 | 0 | 14234.656 |
| Total Emission (Ton CO2e/year) | 6114.409 | 190711.791 | 0 | 196826.2 |
| Percentage (%) | 3.11% | 96.89% | 0.00% | 100.00% |



©Description:

Scope 1: Mainly consists of fixed resource emission, mobility resource emission and dissipation emission.

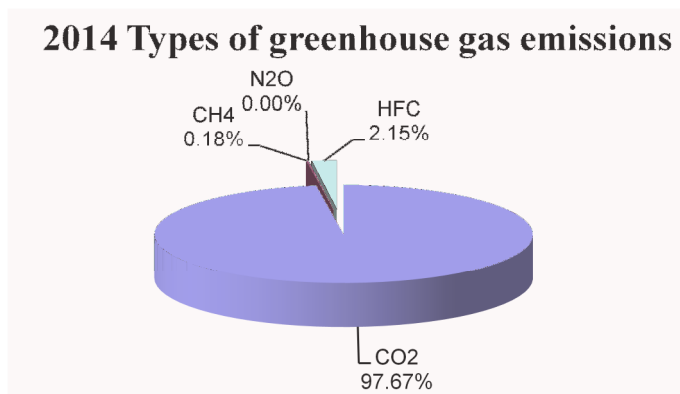
Scope 2: Indirect greenhouse gas emission mainly consisting of purchased power

Scope 3: Employee commute, contractors, customer vehicle, and general waste treatment

(3)2014 Types of greenhouse gas emissions

| Plant | CO ₂ | CH ₄ | N ₂ O | HFC | PFCs | SF ₆ | Total |
|--|-------------------|-----------------|------------------|----------------|-------------|-----------------|-------------------|
| Hsinchu Headquarters | 12663.529 | 32.280 | 0.01 | 343.20 | 0 | 0 | 13039.019 |
| Chunan Plant | 165361.452 | 323.772 | 6.30 | 3861.00 | 0 | 0 | 169552.526 |
| Tungluo Plant | 13106.517 | 25.601 | 0.01 | 1102.53 | 0 | 0 | 14234.655 |
| Total Emission (Ton CO₂e/year) | 191131.498 | 356.052 | 6.31 | 4204.20 | 0 | 0 | 195698.062 |
| Percentage (%) | 97.7% | 0.2% | 0.0% | 2.1% | 0.0% | 0.0% | 100.0% |

(4)The list of greenhouse gas emission shows that the company use power as the main source of greenhouse gas emission and the company should work on energy and power saving as the most effective reduction. Hence the company adopts administrative measures to reduce the use of power and conducts energy-consumption evaluation on the overall power use equipment such as air-conditioning system by adopting power saving device to reduce the use of power and meet the objectives in greenhouse gas reduction.



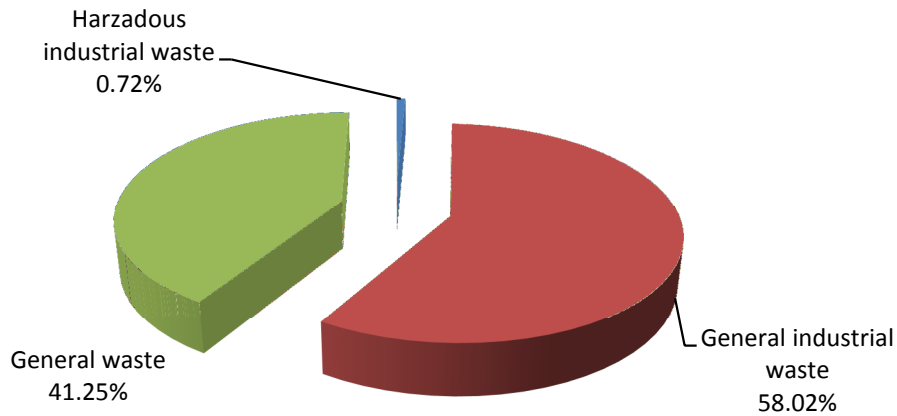
4. Waste Management and Recycling

(1)KYEC specializes in semiconductor testing processing without the use of toxic substance and therefore does not have air pollution issues in testing process but only the issues with waste water treatment and wastes. Wastes are outsourced to qualified supplier for treatment without cross-border behavior.

- Based on company environmental policy, KYEC establishes different objectives in waste reduction and energy saving each year.
- Routinely inspect and trace the review on factory waste reduction and energy saving.
- Establish cleaning treatment supplier audit system to routinely execute tracing and auditing without warning in addition to assuring the legitimacy of the treatment operations of outsourced cleaning.
- The contractors must complete 2-hour environmental safety and education training before accessing the factory for operations in order to strengthen the environmental work management capacity of personnel during site operations.
- The 2014 total waste production is shown below:

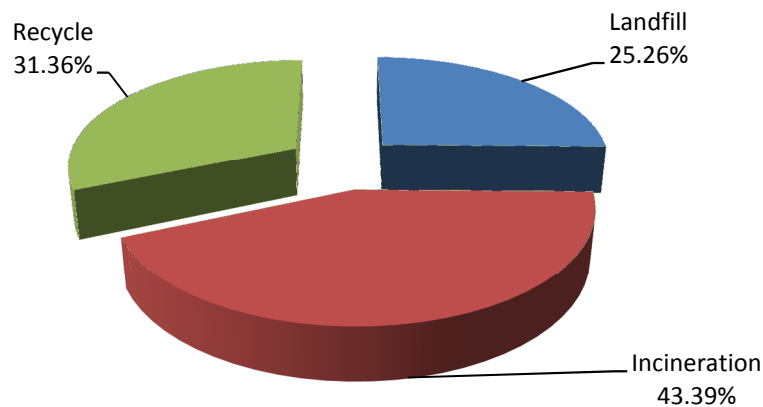
| Types of Wastes | Hazardous Industrial Wastes | General Industrial wastes | General wastes | Total |
|--------------------------------------|-----------------------------|---------------------------|----------------|----------|
| Production Amount (Tons/year) | 13.36 | 1,070.37 | 761.05 | 1,844.77 |

Analysis of 2014 types of waste production



| Treatment | Landfill | Incineration | Recycle | Total |
|---------------------------------|----------|--------------|---------|----------|
| Amount of Treatment (tons/year) | 465.91 | 800.39 | 578.473 | 1,844.77 |

2014 waste treatment methods



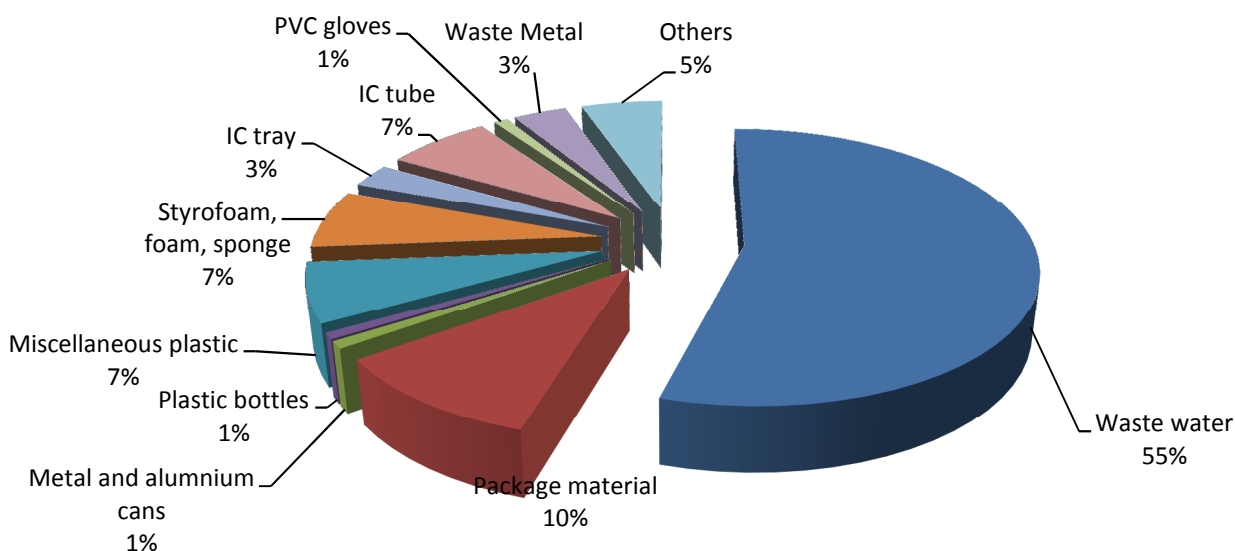
(2)2014 waste reduction and recycling effectiveness:

- The 2014 total sludge is 465.91 tons, which is treated by landfill. After July 2013, the sludge treatment factories have been suspended due to environmental issues, resulting in the difficulty of treating the industrial sludge. In 2014, KYEC assigned qualified supplier for sludge treatment with landfill. In 2015, KYEC will continue to search for qualified recycling supplier in order to meet the objectives in waste resource recycling.

- The 2014 waste recycling and reuse amount is 578,473 tons, accounting for 31.36% of total waste. The amount and specific approach for waste resource reuse are described below:

| Unit: Tons | | | | | | | | | | | | | |
|----------------------|-------------|------------------|--------------------------|-----------------|-----------------------|-------------------------|---------|---------|------------|-------------|--------|---------|----------------------|
| Plant | Waste paper | Package material | Metal and aluminium cans | Plastic bottles | Miscellaneous plastic | Styrofoam, foam, sponge | IC tray | IC tube | PVC gloves | Waste metal | Others | Total | Monitor, Server (PC) |
| Hsinchu Headquarters | 6.194 | 0.083 | 0.098 | 0.128 | 0.255 | 1.2 | 0.551 | 0 | 0.268 | 0.777 | 0.16 | 9.714 | 9 |
| Chunan Plant | 285.55 | 58.659 | 4.62 | 4.043 | 38.444 | 36 | 14.759 | 38.638 | 4.599 | 18.909 | 29.839 | 534.06 | 242 |
| Tungluo Plant | 14.837 | 0.624 | 0.16 | 0.149 | 0.177 | 1.2 | 0.094 | 0 | 0.242 | 0.02 | 0 | 17.503 | 0 |
| | 306.581 | 59.366 | 4.878 | 4.32 | 38.876 | 38.4 | 15.404 | 38.638 | 5.109 | 19.706 | 29.999 | 561.277 | 251 |

2014 Resource Recycling Ratio Statistics



| Type | Solution | Specific Approach | Performance (Ton/Year) |
|----------------------------------|--|---|---------------------------|
| Hazardous Wastes | Defect (IC, Wafer) | Handed to recycling supplier for crashing and extraction of expensive metals | 13.3556 |
| General Industrial Wastes | Wooden Pallet | 1. Recycled on site for repeated use 2. Damaged units will be recycled and crushed into wood chips for use as fuel additives | 12.8 |
| | Empty Chemical Barrel | Recycling supplier will clean and reuse. | 3.84 |
| | Waste paper package | made into materials for use as recycle paper | 306.581 |
| | Waste metal | Recycled, dismantled, classified and reproduced into metal material. | 19.706 |
| | Waste metal and Aluminum can | Recycled to use as supporting materials for metal and aluminum products | 4.878 |
| | Waste plastic bottle | Given to plastic factory for material remaking | 4.32 |
| | PS Wrapping tape .PP Conveyor belt .PE Plastic wrap | Given to plastic factory for material remaking | 59.366 |
| | PVC Gloves | Given to plastic factory for material remaking | 5.109 |
| | Foaming package | Waste Styrofoam, foam, sponge...etc. Recycled for packing, furniture and shoe filling. | 38.4 |
| | IC tray | 1. Site staff classifies, recycles and reuses. 2. Damaged pieces will be recycled and made into material | 15.404 |
| | IC tube | 1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material | 38.638 |
| | Other items for recycling (batter, glass, waste aluminum) | 1. Classify, recycle and reuse. | 29.999 |
| | Other waste plastic | 1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material | 38.876 |
| Waste Information product | Recycled, dismantled, classified and reproduced into supporting material | 251 pieces recycled/year | |



Routinely conduct cleaning supplier audit



Temporary Waste Resource Site



Classification and recycling production wire and package recycling

5. Compliance with Environmental Protection Act.

There was no violation of environmental protection act in 2014.

6. Overall Environmental Total Expenses

| Category | Expenses (NTD) |
|---|------------------------|
| Operational Costs | NTD\$14,992,603 |
| Managerial Costs | NTD\$10,283,128 |
| Environmental Protection and Equipment Contamination Prevention | NTD\$1,691,044 |
| Social Activity Costs | NTD\$0 |
| Loss and Remedial Costs | NTD\$0 |
| Environmental Protection R&D Costs | NTD\$0 |
| Total Costs | NTD\$26,966,775 |

7. Environmental Education

The promotion of environmental protection is the responsibility of everyone. To enhance employee awareness to environmental protection, KYEC offers e-newsletters, environmental safety and health corridor, educational training, and collaborates with employee welfare committee and relevant community institutions to jointly design the environmental education activities and to fulfill corporate responsibilities

| Forms | Content |
|---|---|
| <p>Environmental Protection and Education Propaganda</p> | <ul style="list-style-type: none"> * Establish internal information network for environmental safety and health. * New employees taking 3 hours of environmental safety and health educational training * Contractor implemented with 2 hours of environmental safety and education training before entering the site * Cooperating with factory space for designing the environmental safety and health promotion corridor. * Environmental safety and health e-newsletter issued every month * Cooperating with E-school knowledge platform to incorporate environmental protection teaching materials into reading. * Using computer switch-on screen to advocate for environmental protection concept. |
| <p>Promotion and Implementation of Environmental Protection Concept</p> | <ul style="list-style-type: none"> * Employee café cancelling disposable utensils. * Café and convenience stores offering self-provided container with discount. * The factory is posted with small slogan for energy saving and waste reduction to remind employees of cleaning the environment at all. * Set up paper recycling box to promote dual-side printing and reduce paper use. |
| <p>Integration and Participation of Community and Government Agency Activities</p> | <ul style="list-style-type: none"> * Cooperating with township office to carry out road-cleaning adoption and maintaining harmony with neighbors. |



Environmental Safety and Hygiene Promotion Hallway



Environmental Protection and Energy Saving Promotional Slogan

Occupational Safety and Hygiene

KYEC appeals in substantial safety management to trace and inspect operational safety through change management and risk assessment and identification. The continuous strengthening of safety awareness is achieved through education training and propaganda promotion, followed by site audit and execution of autonomous management, building a work environment of safety, hygiene and comfort.

1. Safety and Hygiene Policy and Organizational Operations

- Develop comprehensive safety health policy. The General Manager shall announce to execute with all employees and supervisor. The policy shall expound KYEC's principle on implementing occupational safety and health to improve life as well as commitment to the overall safety and health objectives and improvement on safety and health performance.
- Develop "System and organizational management procedure" by specifying the function of each layer in terms of safety and healthy, establishing labor safety committee and safety health promotion organization to call for quarterly meeting and to review safety and health issues, implementing entry-level communication mechanism.
- The labor safety and health committee is established to call for quarterly meeting in review on safety and health related matters. The Committee members include President, Labor Safety and Health personnel and medical personnel, departmental supervisors, and technicians related to safety and health. Currently the committee consists of 67 people and 31 labor representative account, accounting for one third of the company. The occupational safety and hygiene committee consist of the following number of people in 2014:

| Plant | No. of Committee members | Labor representative | Total No. of people |
|----------------------|--------------------------|----------------------|---------------------|
| Hsinchu Headquarters | 8 | 4 | 12 |
| Zhonghua plant | 20 | 23 | 43 |
| Tungluo Factory | 8 | 4 | 12 |
| Total | 36 | 31 | 67 |

2. Occupational Disaster Statistics and Analysis

(1) There are 11 cases of injuries on duty in 2014 with a total number of loss days as 168 days, disability injury frequency is 1.23 and serious disability injury rate is 18.79.

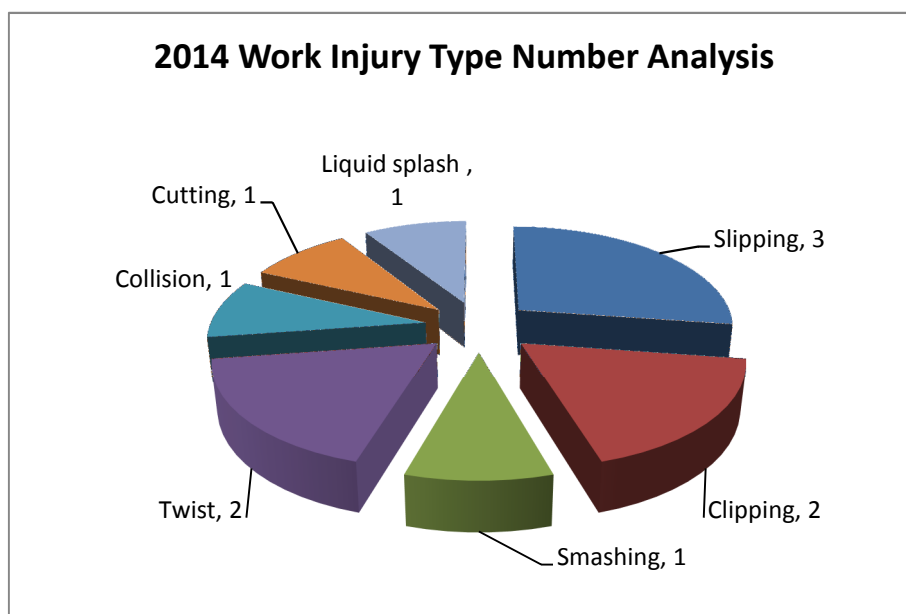
| Plant | No. of cases | Days of loss | Total labor hours experienced | Disability injury frequency (FR) | Serious Disability Injury (SR) |
|----------------------|--------------|--------------|-------------------------------|----------------------------------|--------------------------------|
| Hsinchu Headquarters | 1 | 44 | 573,368 | 1.74 | 76.74 |
| Zhonghua Plant | 10 | 124 | 7,722,968 | 1.29 | 16.06 |
| Tungluo Plant | 0 | 0 | 645,336 | 0.00 | 0.00 |
| Total | 11 | 168 | 8,941,672 | 1.23 | 18.79 |

***Disability Injury Frequency (FR)= No. of Disability Injury / Total labor hours *1,000,000**

Serious Disability Injury (SR)= Total days of work lost / total labor hours *1,000,000

(2) The 2014 types of work injuries in slipping and clipping account for the most number with death, full disability injury, and other serious labor safety incidents.

| Types of injury | Slipping | Clipping | Jamming | Twisting | Collision | Cutting | Liquid splash | Total |
|-----------------|----------|----------|---------|----------|-----------|---------|---------------|-------|
| No. of cases | 3 | 2 | 1 | 2 | 1 | 1 | 1 | 11 |



(3) The factory launches “Zero Disaster Cumulative Work Hours Reward Activity” to calculate departments without injury each month, followed by announcement and award presentation

(4) Occupational disaster prevention and improvement measures:

- Work injury prevention and improvement measures

- The labor safety and environmental protection division prepares occupational disaster case training material to be included in the production and equipment personnel compulsory courses.
- Personnel encountering work injury due to violation of rules and shall be included as reference for distribution of performance bonus.
- Request production and equipment to include “occupational disaster case training materials” into compulsory courses.
- For divisions with higher occurrence of injuries during duty, promote through division supervisor meeting to increase department supervisor’s safety awareness for personnel.
- Request division responsible for injury at duty to conduct root-cause analysis in addition to proposing improvement measures. The improvement report shall be placed in monthly e-newsletter and environmental safety and health promotion hallway.
- The company implements disaster statistics and compare with past data in addition to proposing strategies that will reduce the ration for types with higher ratio.

● Traffic Accident Prevention and Improvement Measures:

- Employees will be trained for accident prone locations with propaganda and reminder through starting screen and new employee training.
- In view of the 32 traffic accidents taken place in 2014 consisted of employees riding scooters, KYEC held a quarterly safe scooter riding class in 2014 to remind the employees of the concept in correct scooter riding.
- Traffic safety slogans are posted on scooter parking lot to strengthen employees' concept in traffic safe driving.
- Employees will be notified of any repair projects on the surrounding roads via e-mail.

Turning on computer screen for propaganda



測試五處人員腳趾砸傷案例宣導




一、發生經過：
103/09/24AM4：00BU5人員於CH2-3F搜尋產線BIB台車中送修 Board清單，當在抽出BIB時，因勾到下方BIB而造成掉落，砸中人員右腳第五趾造成撕裂傷。

二、直接原因： BIB碰觸腳趾

三、間接原因：
不安全行為：人員未使用適當間距的BIB台車放置BIB，而造成上下板間距太小，抽取時易碰觸拉扯。（台車有不同間距型式）

四、基本原因： 教育訓練不足

五、災害防止對策：

1. 進行人員案例宣導。
2. 使用台車放置BIB時，須選擇適當的BIB台車，上下板需保持適當的間距。（已於現場勘查後口頭告知事業處）
3. 因為此案例除關係人員安全外，也影響BIB品質，此案例將同步給其他事業處知悉預防。

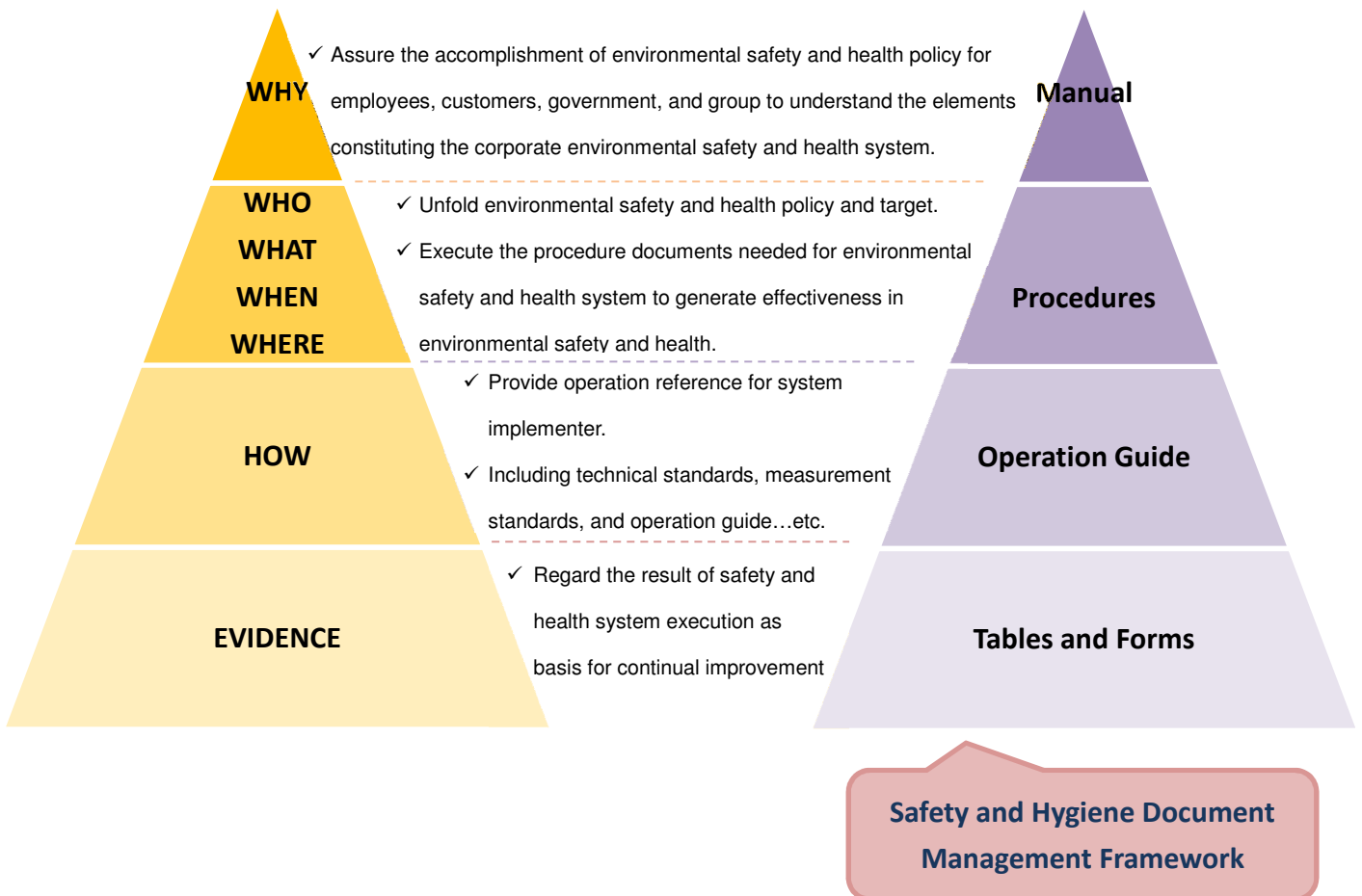


Traffic Safety Slogan and Propaganda

Poster on Business-Related Injury Case

3. Develop Safety and Hygiene Code and Management Procedures

KYEC formulate contractor construction control, dangerous and hazardous article control, as well as other safety and hygiene management procedure as reference for operation and activities, which not only reduces the occurrence of occupational disasters but minimize the damage and impact of property, personnel and environment.

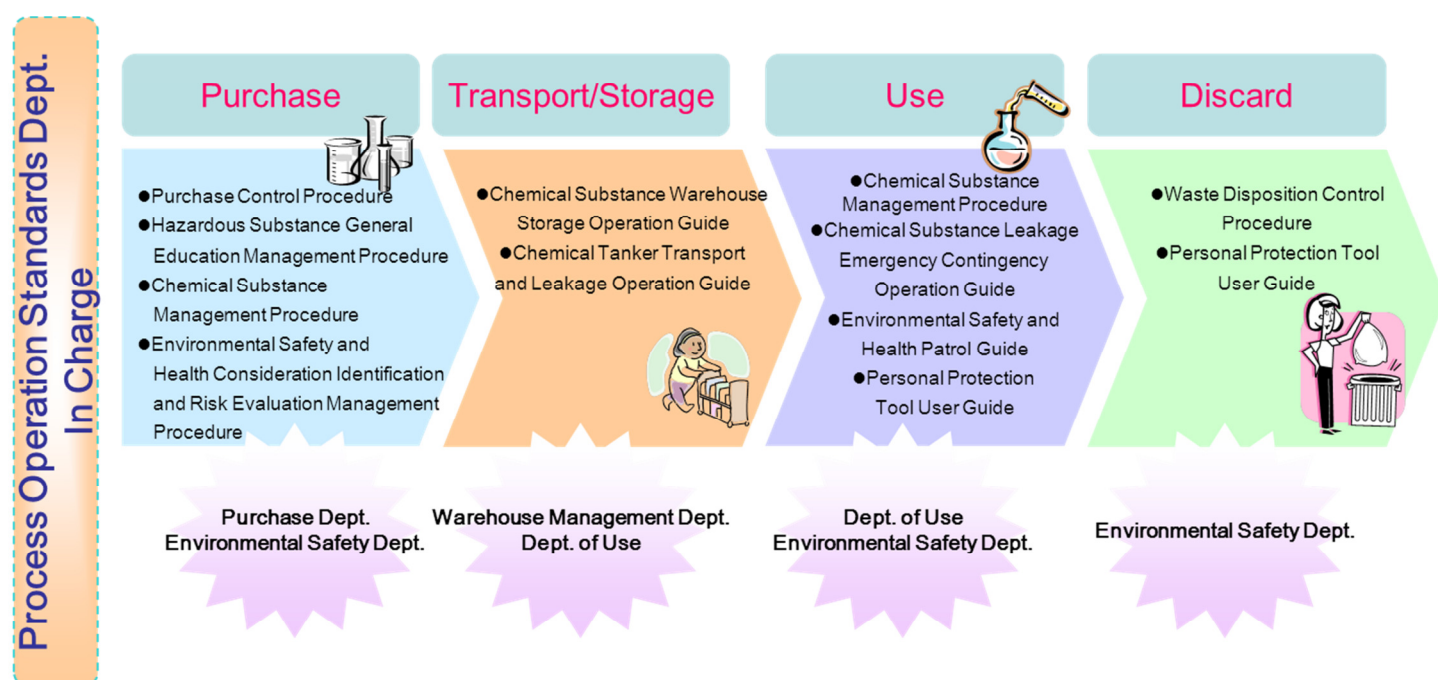


4. Chemical Substance Safety and Hygiene Management

KYEC complies with the framework and provisions of Occupational Safety and Hygiene Management System for the management of in-factory chemical substance control. The specific approaches include:








- Develop chemical substance management operation procedures, chemical substance warehouse management procedure, chemical tank loading and unloading procedure, and specify the purchase, storage, use, and labeling requirement of chemicals.
- Only a small amount of chemical substances in the production line while each floor shall be established with chemical anti-explosive cabin for collective management. Place the SDS, Substance Database (SDS) in areas visible. a special personnel will routinely upgrade in order to maintain the correcting of data.
- Establish a chemical substance warehouse with leakage processing vehicle, anti-spill pallet, and firefighting equipment that will reduce risks of personnel acquiring the materials.
- Establish “Chemical database” for upload to company website so the colleagues could check it ay anytime.
- All divisions shall develop a list of hazardous substance in order to upgrade quarterly.
- Chemical storage area must set up emergency contingency devices according to the requirement. The chemical storage area of waste water plant shall be installed with anti-spill and emergency rinsing equipment for leakage rescue.
- Each year KYEC holds the “Hazard General Knowledge Education Training” to offer routine training for user and strengthen cognition capacity to prevent accident.

Dangerous and Hazardous Substance Control Procedure



SDS 安全資料表

Chemical Substance Database

| Index | Chemical/Article Name | Label Content | Hazard Classification | Dept. of Use /Storage |
|---------|---|---|---|---|
| KYEC-01 | sodium hypochlorite (NaOCl) |  | Acute toxic substance category 3 (inhaling), metallic corrosion substance category 1, corrosion/skin irritating substance category 1, severe damage/eye irritating substance category 1, water environment hazardous substance (acute toxicity) | Factory Affairs and Environmental Safety Office |
| KYEC-02 | Hydrochloric acid |  | Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance | Factory Affairs and Environmental Safety Office |
| KYEC-03 | sulphuric acid |  | Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance | Factory Affairs and Environmental Safety Office |
| KYEC-04 | Sodium hydroxide (liquid) |  | Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance | Factory Affairs and Environmental Safety Office |
| KYEC-05 | anhydrous ferric chloride |  | Corrosion/skin irritation category 1A | Factory Affairs and Environmental Safety Office |
| KYEC-06 | high-molecular coagulant(+) |  | Not classified as dangerous or hazardous substance | Factory Affairs and Environmental Safety Office (Cancelled for use) |
| KYEC-07 | high-molecular coagulant(-) |  | Not classified as dangerous or hazardous substance | Factory Affairs and Environmental Safety Office |

[Chemical Substance](#)

[Query Database](#)



[Chemical Spill Drills](#)

5. Safety and Hygiene Risk Assessment and Change Management

Routinely conduct hazard identification and risk assessment for the different operations of company organization. Establish the “Risk management list” from the results of hazard identification and risk assessment, in addition to improving the different objectives according to the risk level.

- KYEC shall conduct risk assessment control over the operation, technology, engineering, design and environment upon introducing changes in processing, raw materials, machine equipment, plant, and fire equipment in order to discover the potential risks.
- The division of change must carry out hazard identification and risk assessment. In case of high risk items, the department shall propose hazard control measures and improvement plans to assure the possibly significant risks derived from before, during and after the changes can be well controlled. Additionally, the consulting opinions of person involved should be taken into consideration while conducting training on the operators. Continue to monitor if the risk is under control after change

6. Emergency Contingency and Disaster Rescue

All plants shall establish the Emergency Contingency Processing Center, where personnel on duty and can immediately report and broadcast in the event of receiving anomaly report.

- Strengthen personnel contingency capacity for emergency situations by clarifying correct processing procedures. Meanwhile familiarize with the application for using the safety protection equipment to assure personnel safety and normal factory operation by developing the various emergency contingency procedures.
- All units shall establish emergency contingency team by routinely update and train.
- Design the drill theme by arranging the emergency contingency play for each unit. Each session will follow the plan for drill.
- Discuss emergency contingency appropriateness prior to rehearsal. Implement the audit and evaluation during rehearsal, followed by review and improve matters as well as proposing relevant suggestions.
- Strengthen emergency contingency equipment and support disaster treatment for emergency accidents
- Participate in “Toufen Zhunan Industrial Park Regional Alliance Organization” to exchange experience in environmental safety and hygiene management in addition to supporting each other.
- A total of 32 emergency contingency drills were held in 2014. The session for drill type is calculated below:

| Plant | Fire Rescue | Seismic Disaster | Chemical Leakage | Emergency Escape | Total |
|-----------------------------|-------------|------------------|------------------|------------------|-------|
| Hsinchu Headquarters | 1 | 1 | 1 | 1 | 4 |
| Chunan Plant | 4 | 5 | 1 | 11 | 21 |
| Tungluo Factory | 2 | 2 | 1 | 2 | 7 |
| Total | 7 | 8 | 3 | 14 | 32 |



Personnel Evacuation Drills



Fire Rescue Drills



Seismic Disaster Drills

Emergency Contingency Equipment



Emergency Contingency Equipment and Device

Rescue Team Personnel SCBA Wear Training



7. Contractor Safety and Hygiene Management

The contractors play one important role in the operating nature of contractor during environmental safety and health management, which comes with considerable proportion and high risks. In case the operation not only causes personnel injury but also causes corporate operation interruption, the contractor will build complete contractor management system for constructor construction management in order to reach “zero accident, zero injury” goal.

- Develop contractor management and purchase management guidelines, contractor evaluation system, and sign the “Contractor or Subcontractor Construction Safety and Hygiene Environmental Protection Statement” before contracting. Contractor shall comply with the different factory environmental safety and hygiene standards and various construction conducts during the construction period.
- Implement contractor pre-educational training in advance and enter for construction after passing the test.
- Build e-construction applications system and contractor card-punch system. Implement factory access with card requirement to effectively control the number of workers entering the factory and the operating nature.
- For permission system over operation with high risks, the applying department will dispatch and implement construction patrol and auditing, routinely call for contractor negotiation meeting, and review and promote safety and hygiene management guidelines.
- Promote safety and hygiene family to utilize the care system of business entities for downstream contractor.
- Safety and hygiene family will be called through routine meeting to allow more interaction between contractors.



Contractors must pass the power leakage test and acquire qualification upon accessing the site.



Accessing to the site requires compliance with operational standards for safety protection and control.



Calling for monthly contractor negotiation meeting.

8. Firefighting Safety Equipment and Marking

Firefighting equipment will undergo inspection and test run by the factory staff quarterly and inspected by qualified firefighting equipment specialists (experts) in every half year. Each year the inspection and repairs will be reported.

- Implement operation control for operation mistakenly triggering fire facility action.
- Establish carbon dioxide releasing system, central monitoring system for fire alarm to prevent fire alarm incidents.
- The entire area is installed with various fire detector, fire division, fire alarm automatic report equipment, 100 pounds of fire equipment, and fireproof filling on the tunnels passing through the walls, in order to lower damage rate to personnel and property brought by fire.
- Fire equipment (box) is not only marked accordingly but also added with 3D sign to expand the visual angle and enhance fire equipment and fire box identification.
- Each year the power equipment undergoes infrared thermal scanning to discover anomaly equipment early and to avoid fire with electronic appliance.
- Each escape floor gate is installed with smoke escape bag and evacuation guide equipment for emergency use.
- To help personnel familiarize with the emergency contingency equipment and fire equipment use, in addition to strengthening personnel emergency rescue capacity. The factory staff can complete fire equipment practice training 100%.



Fire Hydrant and Box added with 3D marking



Established the Monitoring Center

Cooperate with the administrative district firefighting team in fire rescue drills



Rescue team assigned to Hsinchu firefighting training base for professional training

9. Mechanical equipment Safety Management

- Machinery equipment must undergo hazard identification and risk level assessment before introduction to implement change management process and reduce disaster and incident occurrence.
- Machinery equipment safety device and hazard warning label standards must be included in procurement order and acceptance standards.
- Establish equipment relocation, installation, operation, maintenance and repair, as well as other safety operation process to reduce the occurrence of equipment hazards.
- Validate and include the safety protection functions into checkpoint items during the equipment daily maintenance or repair.



Equipment platform emergency stop device instruction in Chinese and English



Employees' Rights

KYEC Group upholds to “Appointment based on talents and acquisition of local materials” by providing a diversity of employment channels and emphasizing on local economic prosperity to create more employment opportunities for Hsinchu and Miaoli area on the concept of protection and feedback. KYEC Group selects local employees as the priority. Currently the company owns about 4,800 employees and 70% of them are from Hsinchu and Miaoli County. At the same time, we firmly believe that the outstanding employees are the key assets of KYEC Group and hence we are committed in providing recruitment process in compliance with regulatory standards. KYEC Group also emphasizes on the versatile educational training system, safe and humanistic workplace environment, and competitive salary welfare system and public promotion channels. The above complete “selection, incubation, appointment, and retention” related human resource management policies drive employees to bring their talents into full play and to cooperate with KYEC Group hand in hand and to create win-win situation in the future.



1. Recruitment and Appointment Standards

KYEC protects labor rights according to the Labor Standard Act and Act of Gender Equality in Employment and KYEC does not have preferential treatment on employees due to different races, social ranking, nationality, religion, disability, sexual orientation, union qualification, political parties, or age. Moreover, KYEC is committed and implements the Electronic Industry Code of Conduct (EICC) for the relevant labor policies in labor, health and safety, environmental protection, commercial ethics and codes, and management system elements, including:

- (1) Apart from the explicit declaration in personnel laws, child labor is prohibited and prevented in recruitment and appointment. Moreover, KYEC actively develops remedial measures for child labor to exclude misuse and assure subsequent matters.
- (2) Freedom in choice of employment. Employees are assured to work voluntarily without being employed with cohesive and compulsive conditions. Employees have the right to terminate the labor contract at any time as long as they comply with the period of resignation announcement in Labor Standard Act.

In case employees voluntarily resign during labor affair change or the company or factory are closed or transferred, suffering loss or facing business trimming, or the company suspending work for one month or more due to force majeure, change of business nature that lead to the need to reduce employees but without proper position for relocation, or employees incompetent for the work assigned, both parties shall abide by the principle below:

- (1) Continuous working for more than 3 months but less than 1 year shall be pre-announced in 10 days in advance.
- (2) Continuous working for more than 1 year but less than 3 years shall be pre-announced in 20 days in advance.
- (3) Continuous working for more than 3 years shall be pre-announced in 30 days in advance.

Among the 1,055 new employees recruited in 2014, 28 of them were supervisors. New employees comprised of 706 male and 349 female, with details shown in the following table.

| | | Male | | Female | |
|------------------------|--------------------------------|---------------|--------------|---------------|--------------|
| | | No. of People | Ratio (%) | No. of People | Ratio (%) |
| Position | Supervisor | 24 | 2.3% | 4 | 0.4% |
| | Engineer | 416 | 39.4% | 131 | 12.4% |
| | Administrator | 18 | 1.7% | 30 | 2.8% |
| | Technician | 248 | 23.5% | 184 | 17.4% |
| Work | Chunan Plant | 535 | 50.7% | 259 | 24.5% |
| Location | Technology Headquarters | 46 | 4.4% | 17 | 1.6% |
| | Tungluo Factory | 125 | 11.8% | 73 | 6.9% |
| Age | 30 years old and younger | 461 | 43.7% | 240 | 22.7% |
| | 30 (inclusive) to 50 years old | 244 | 23.1% | 109 | 10.3% |
| | (inclusive) years old or older | 1 | 0.1% | 58 | 1.2% |
| Gender Subtotal | | 706 | 66.9% | 349 | 33.1% |



2. Employee Distribution

The number of employees in all KYEC factories reached 4,888 people in 2014 (including foreign workers and dispatchers), where Taiwan nationality accounts for 82.7% and foreign nationality accounts for 17.3%. The number of supervisors accounts for 10.4%, engineers account for 37.5%, administrators account for 5.2%, and technicians account for 46.9%.

Labor intense is one of the characteristics of package and testing factories. Unlike other industries that are enthusiastic in having more foreign workers, KYEC upholds to “giving priority to Taiwan and homeland.” Chairman C.K. Lee believes that the Taiwanese workers are more qualified with excellent identify. KYEC will naturally give priority to workers with Taiwan nationality. Hence the number of local KYEC employees account for 82.7% of total employees with less than 17.3% of foreign workers who will primarily work for night shift.

| KYEC Employee Distribution | | Male | | Female | |
|----------------------------|-----------------------------------|---------------|------------|---------------|------------|
| | | No. of Person | Ratio (%) | No. of Person | Ratio (%) |
| Position | Supervisor | 511 | 8.6% | 89 | 1.8% |
| | Engineer | 1392 | 28.5% | 440 | 9.0% |
| | Administrator | 77 | 1.6% | 178 | 3.6% |
| | Technician | 809 | 16.6% | 1481 | 30.3% |
| Work Location | Chunan Plant | 2196 | 44.9% | 1801 | 36.5% |
| | Technology | 206 | 4.2% | 210 | 4.3% |
| | Headquarters | | | | |
| | Tungluo Factory | 298 | 6.1% | 177 | 3.6% |
| Age | 30 years old and younger | 972 | 19.9% | 646 | 13.2% |
| | 30 (inclusive) to 50 years old | 1684 | 34.5% | 1484 | 30.4% |
| | 50 (inclusive) years old or older | 44 | 0.9% | 58 | 1.2% |
| Type of Employment | Self | 2666 | 54.5% | 2149 | 44.0% |
| | Dispatch | 34 | 0.7% | 39 | 0.8% |
| Nationality | Taiwan | 2377 | 48.6% | 1666 | 34.1% |
| | Foreign | 323 | 6.6% | 522 | 10.7% |
| Gender Subtotal | | 2700 | 55% | 2188 | 45% |

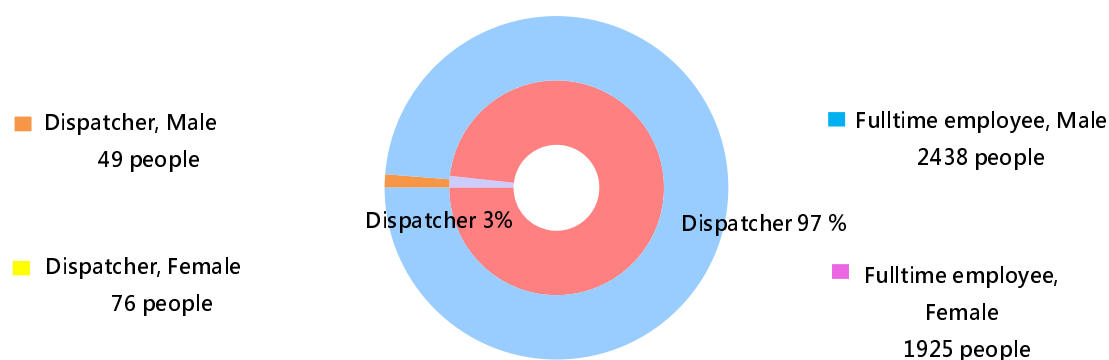
Note¹: Supervisor: Supervisors or higher. Administrators: human resource, general affairs, financial, purchase.

Technician: Production line technician (including foreign). Engineers: General engineers, RD and salespersons

Note² Data as of January 1, 2015

(1)Ratio between fulltime and dispatched employee

Fulltime vs. Dispatch

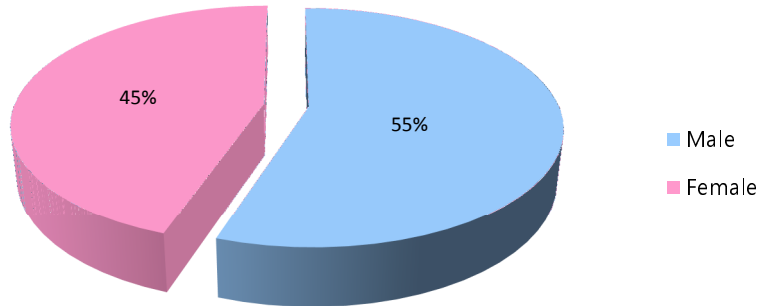


Note¹ Data as of January 1, 2015

Note² Fulltime employees including foreign workers

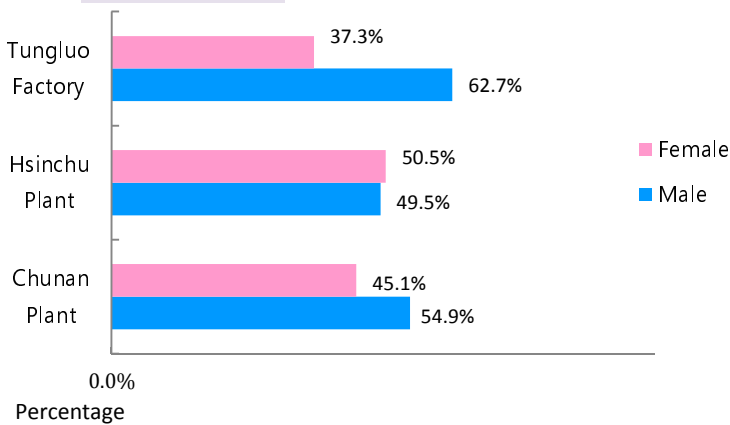
(2) Gender Distribution

Gender Ratio

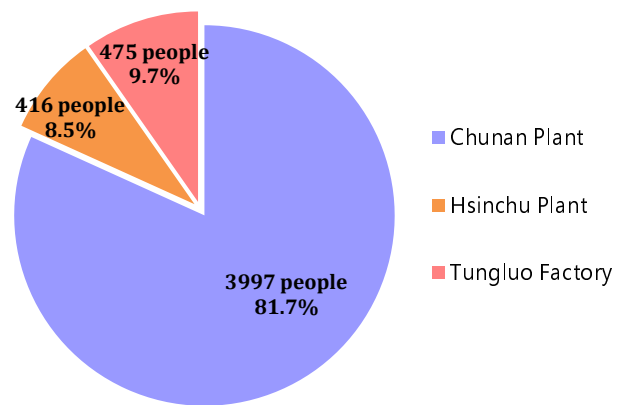


(3) Region Distribution

Work Location

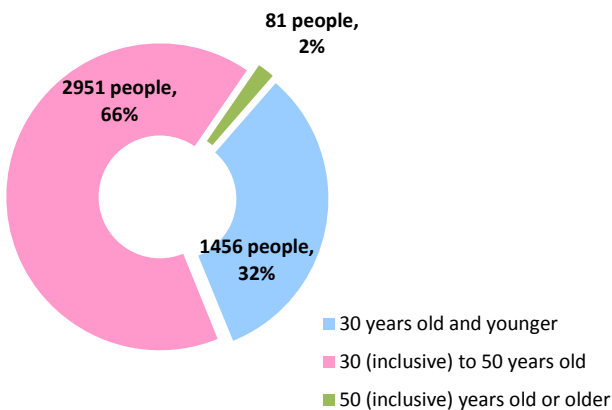


Work Place Ratio



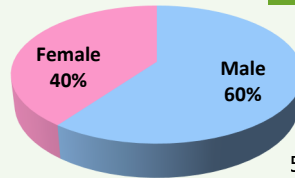
(4) Age distribution

Age Ratio



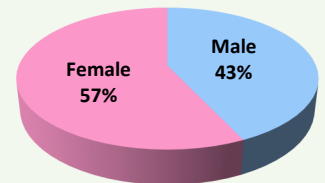
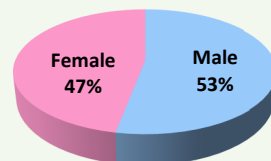
30 years old and younger

Sub-division by gender



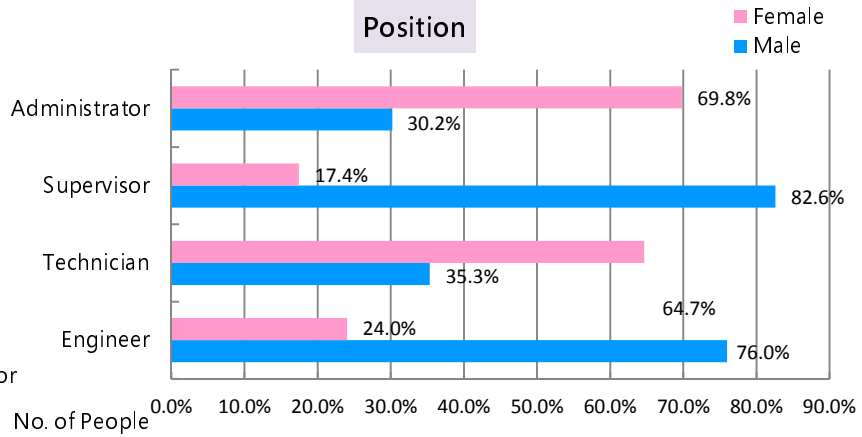
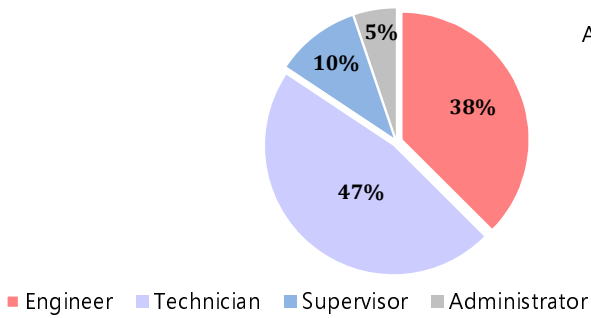
50 (inclusive) years old or older

30 (inclusive) to 50 years old

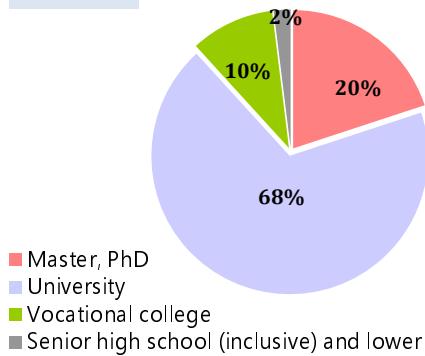


(5) Position Distribution

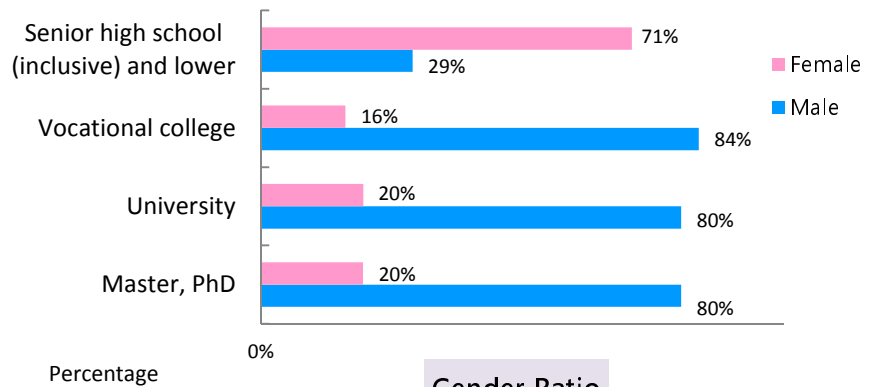
Position ratio



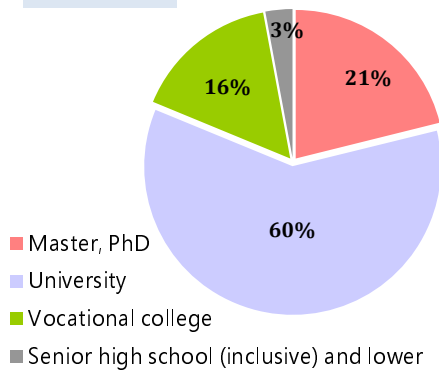
Engineer



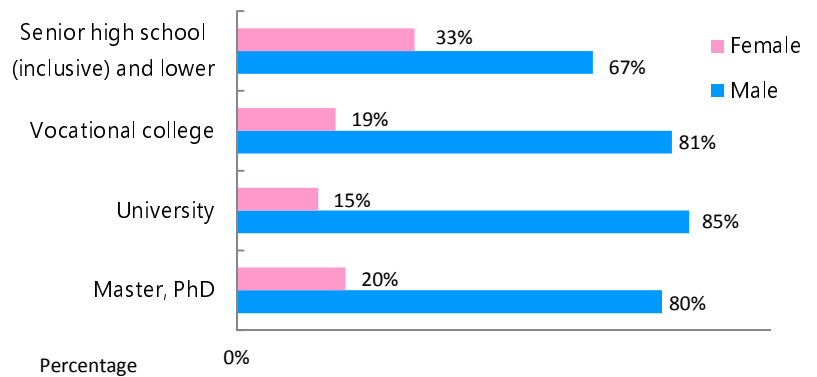
Gender Ratio



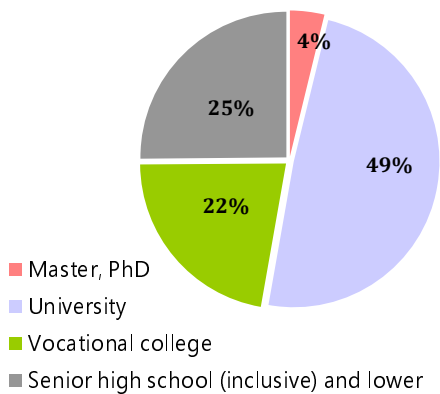
Supervisor



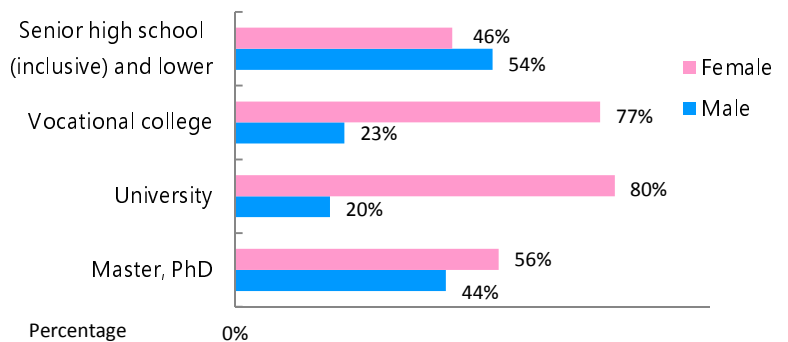
Gender Ratio



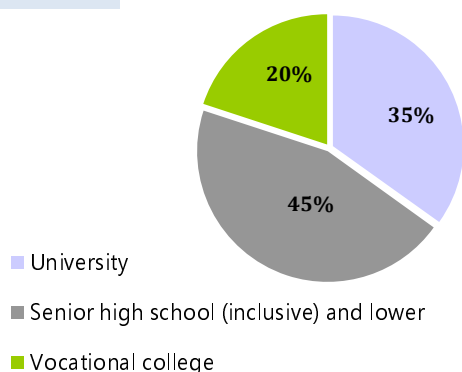
Administrator



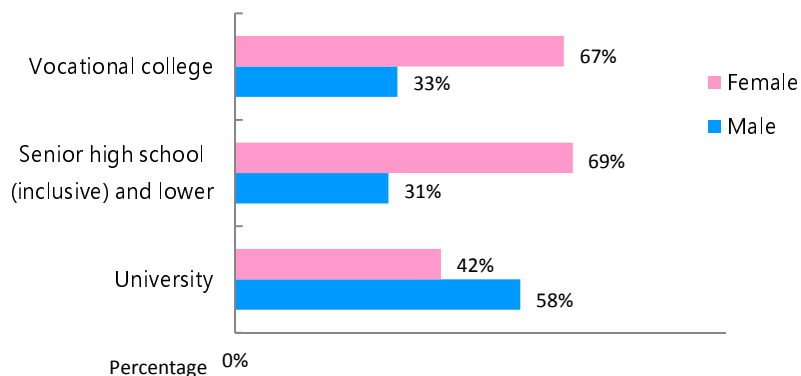
Gender Ratio



Technician



Gender Ratio

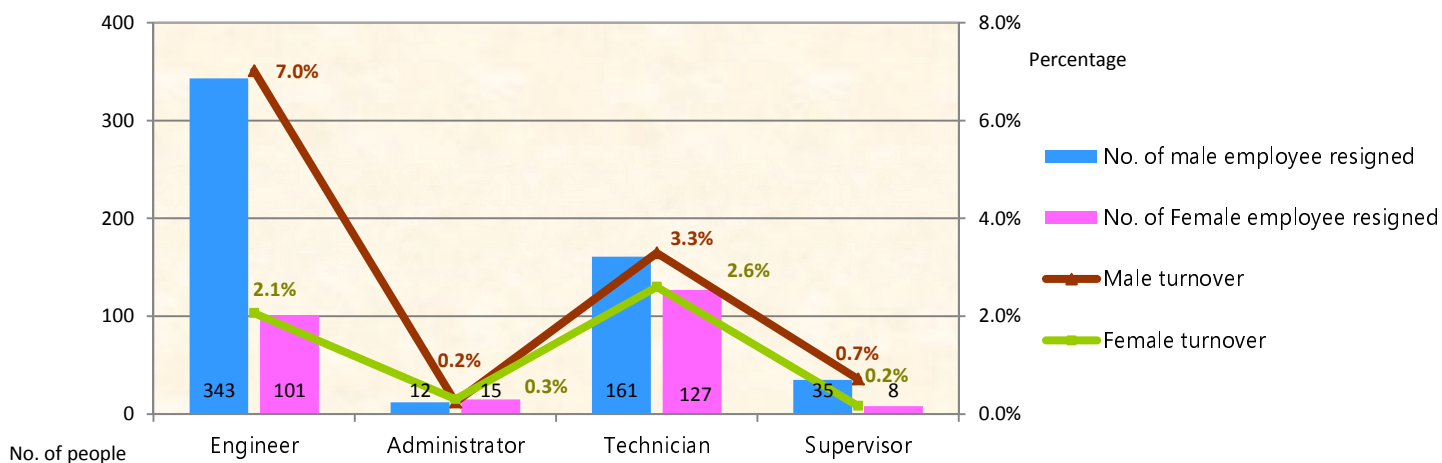


3. Resignation Analysis

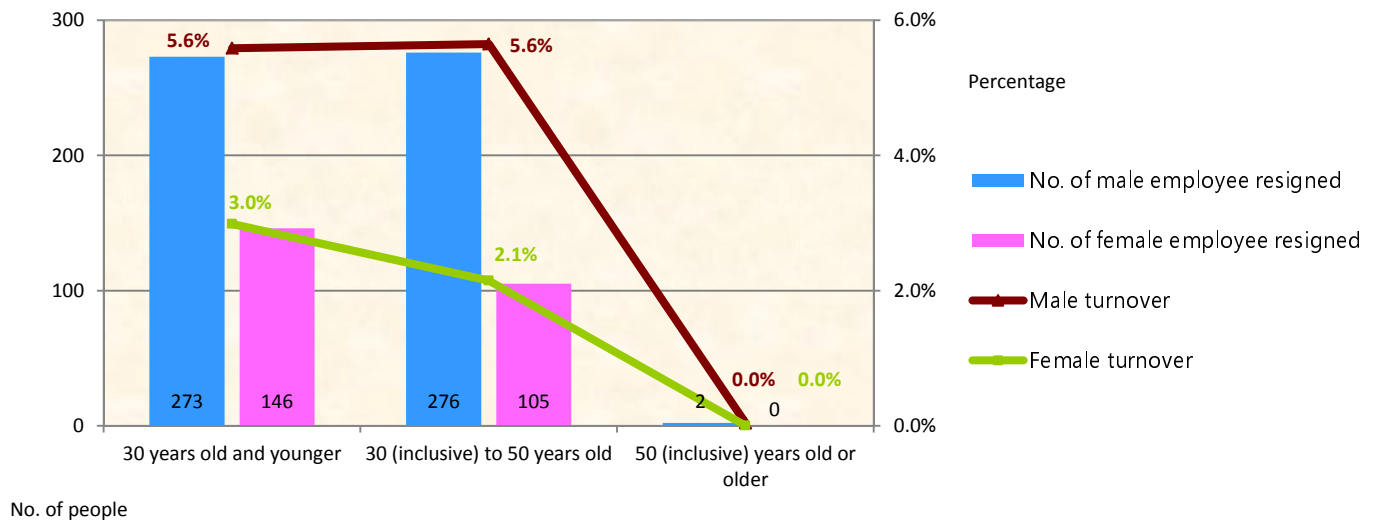
| Resigned Employee Distribution | | Male | | Female | |
|--------------------------------|-----------------------------------|---------------|--------------|---------------|--------------|
| | | No. of People | Ratio (%) | No. of People | Ratio (%) |
| Position | Supervisor | 35 | 4.4% | 8 | 1.0% |
| | Engineer | 343 | 42.8% | 101 | 12.6% |
| | Administrator | 12 | 1.5% | 15 | 1.9% |
| | Technician | 161 | 20.1% | 127 | 15.8% |
| Work Location | Chunan Plant | 408 | 50.9% | 196 | 24.4% |
| | Technology Headquarters | 72 | 9% | 21 | 2.6% |
| | Tungluo Factorr | 71 | 8.9% | 34 | 4.2% |
| Age | 30 years old and younger | 273 | 34% | 146 | 18.2% |
| | 30 (inclusive) to 50 years old | 276 | 34.4% | 105 | 13.1% |
| | 50 (inclusive) years old or older | 2 | 0.2% | 58 | 0% |
| Gender Subtotal | | 551 | 68.7% | 251 | 31.3% |

Note: Turnover rate excludes foreign, dispatched, short-term workers and employees leave without pay.

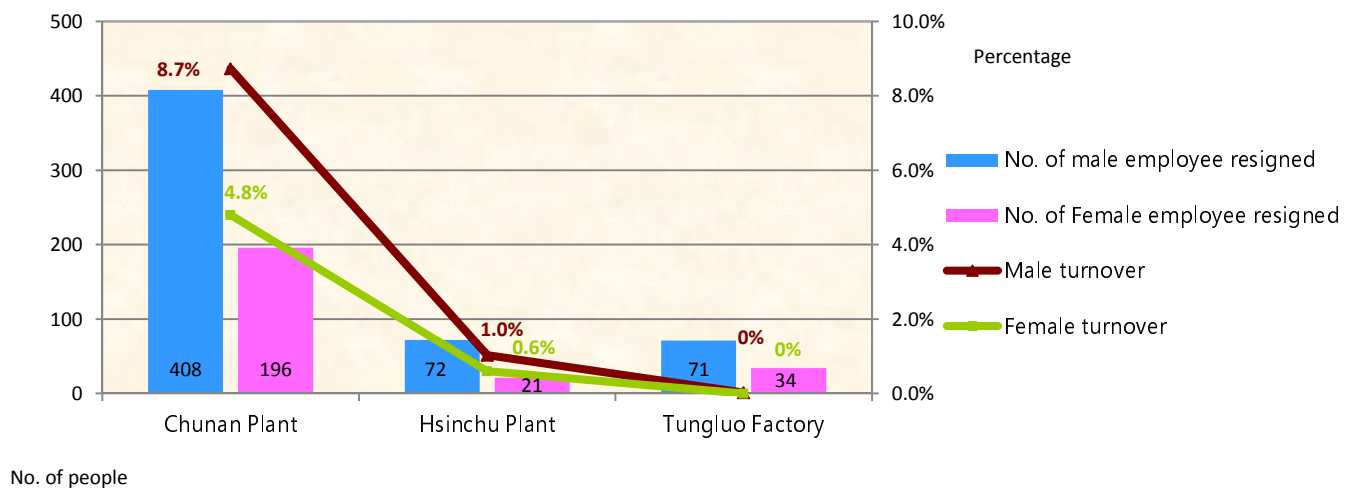
(1)By Position



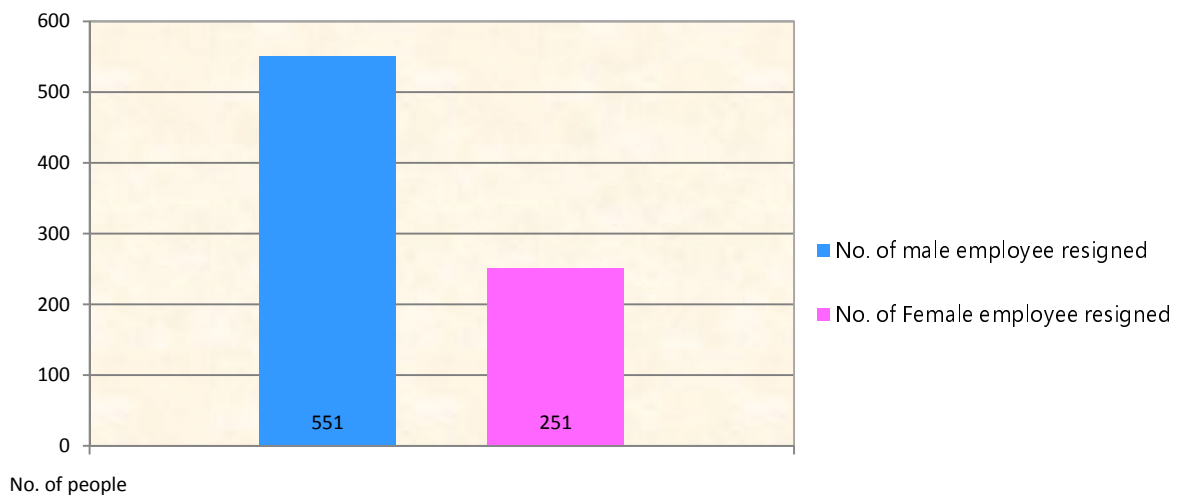
(2) By Age



(3) By Plant

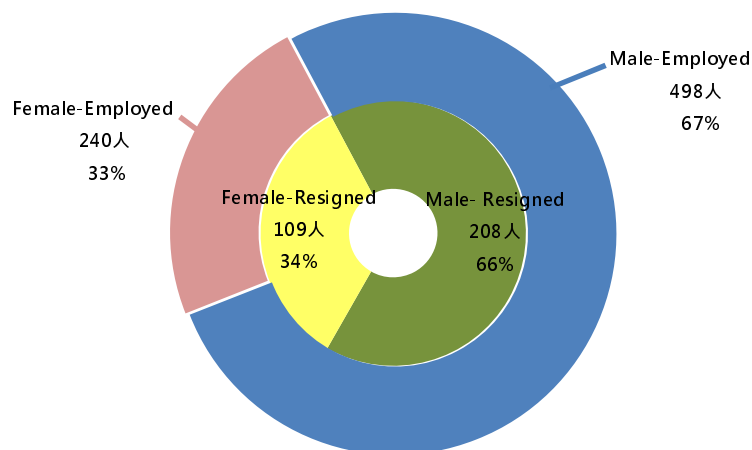


(4) By gender



(5)Employment and Resignation of New Employees

To cope with the expansion of productivity, KYEC launched a massive recruitment in 2014 to recruit 1,055 employees (exclusive foreign, dispatched, short-term employees). In particular, male accounts for 67% and female accounts for 33%. By the end of the year, 109 females have resigned and the turnover rate in new employees is 10.3% (Note) while 208 males resigned with a turnover rate of 19.7%.



Note¹: Data as of January 1, 2015

Note²: New employee turnover rate 2014 resigned new employee /2014 total number of employees reported.

The salary standard of KYEC employees is determined by education and professional skills and experience, which will not differ due to gender, race, religion, political stance, marital status, unions and association difference. The standard starting salary all exceeds the minimum wage specified by Labor Standard Act. The overalls structure includes base salary, meals, allowance, bonus, and dividends. KYEC also routinely participates in and holds IC package and testing parties to understand the practical salary level of the industry through the interaction with peer industries, in addition to positively participating in salary related survey to assure the company offers overall salary that meet market standard. Moreover, the company offers salary raise and differentiated bonus/dividend system according to the corporate operation, personal performance and contribution of work function, in order to encourage the employee's diligence, efforts and even drive employees to pursue excellence. 2014 was a year of considerably outstanding performance for KYEC. Apart from offering the regular 3 festival bonuses, KYEC also released and shared profits with employees through partial bonus in Q3 an A4 with the increased ratio of annual dividend as gratitude for the efforts from the employees. In the future, KYEC is making the forecast with increasingly climbing subsequent operational performance.

| Type | Average Salary Ratio Female vs. Male | | |
|---------------|--------------------------------------|-------------------------|-----------------|
| | Chunan Plant | Technology Headquarters | Tungluo Factory |
| Supervisor | 1.04 | 1.03 | 1.02 |
| Engineer | 1.02 | 1.31 | 1.06 |
| Administrator | 1.02 | 1.14 | 1.15 |
| Technician | 0.92 | 0.91 | 0.95 |

Comparison of Average Salary

1. Data as of 1/1/2015, fixed salary of full-time employees
2. Using female as comparison base
3. Source of data excludes foreign workers

4. Complete Retirement Plan

According to "Labor Standard Act" and "Labor Pension Act," KYEC develops employee retirement guidelines to appropriate pension funds for each employee. The employee participation in retirement plan is 100%. Employees reporting to work before June 30, 2005 (inclusive) shall be entitled to the old system of pension fund seniority*, and employees will be withheld of 2% of employee's total salary each month for submission to the Labor Pension Fund Financial Supervisory Committee. Such fund will be saved into the special account with Bank of Taiwan under the name of the Committee. Employees reporting to work after July 1st, 2005 (inclusive) shall be appropriated with 6% from the monthly salary into the individual pension fund account under Bureau of Labor Insurance. The company shall calculate pension reserves for employees meeting the prerequisites of retirement in order to confirm adequate amount for release and to protect the retirement rights of employees. The pension fund appropriated in 2014 reached NT\$151,479,753.

*Employees entitled to the old system of pension fund seniority shall only be entitled to the new system of pension fund seniority after they voluntarily choose to be the new system of pension fund seniority.

5. Comprehensive Insurance System

The company insures employees with labor and health insurance on the day of reporting to work according to the law. The company also pays for the full premium for all employees with additional group insurance (including life insurance, injury insurance, medical insurance, accident insurance, cancer insurance, and occupational disaster insurance) in addition to offering free group insurance to spouses, thereby to expand the protection to all family members. Meanwhile, the company also offers travel insurance for traveling and business trips overseas by arranging weekly insurance company stationing in all factories to provide relevant consulting services to the employees.

6. Complete Leave System and Welfare

The company prepare leave categories according to Labor Standard Act, Labor Leave Regulations and Act of Gender Equality in Employment, including marriage leave, funeral leave, menstruation leave, maternity leave, paternity leave, and annual leave according to the laws and regulations in addition to offering compensation leave for government regulated holiday with commemoration only without days off. Additionally, other than the statutory leave categories (including parental leave and military service leave), KYEC even offers leave for major family incidents and leave for pursuing advanced studies to employees in order to retrain the work for excellent employees so they can work without concerns. Moreover, KYEC offers relevant welfare related to employee food, clothing, accommodation, and transportation, including the senior employee and example employee allowance, wedding/funeral/festival bonuses, travel subsidy, meal subsidy, routine health examination, dormitory, and different free activities. KYEC also encourages employees to participate in these activities to promote balance between work and life. WE also routinely examine the internal welfare to design proper welfare measures according to employee requirement (i.e. singing special contract with kindergarten nearby) so that spouses of employees will also enjoy convenience in life.

Welfare Overview:**7. Parental Leave without Pay Measures**

KYEC Group values employee concerns for daycare and breastfeeding by granting parental leave according to Labor Standard Act. As long as employees meet the condition of “having worked for one full year” and “having children under the age of 3,” they can apply for parental leave without pay. To protect employee rights, KYEC offers services to apply for parental leave allowance from the Bureau of Labor Insurance in addition to paying for the labor and health insurance premium and retaining the position for the employee during the parental leave period. KYEC will only employ short-term worker as substitute agent of the employee’s duties. The employees will be guaranteed to return to work after the parental leave without arbitrarily transferring or discharging the employees. Furthermore, KYEC offers advanced or deferred reinstatement solutions which not only offers guarantee for employees with need for parental leave but also opens door to employees who intend to return to the workplace early. Under such complete supporting measures, the total number of employees applying for parental leave in 2014 was 45 people and the average reinstatement rate was greater than 68%. Moreover, the number of employees retaining in KYEC for more than 1 year after reinstatement each reaches as high as 87%.

| Item | Male | | Female | | Subtotal |
|--|---------------|-------|---------------|-------|----------|
| | No. of People | Ratio | No. of People | Ratio | |
| 2014 actual number of people applying for parental leave without pay | 7 | 15.6% | 38 | 84.4% | 45 |
| 2014 Expected number of people applying for reinstatement from parental leave without pay | 6 | 15.8% | 35 | 85.4% | 41 |
| 2014 actual application for reinstatement from parental leave without pay | 3 | 10.7% | 25 | 89.3% | 28 |
| 2013 Number of people on parental leave filing for reinstatement | 8 | 26.7% | 22 | 73.3% | 30 |
| 2013 Number of people on parental leave having reinstatement with 1 continuous year of working | 7 | 26.9% | 19 | 73.1% | 26 |
| Reinstatement Rate | 50.0% | | 71.4% | | 68.3% |
| Retention Rate | 87.5% | | 86.4% | | 86.7% |

1. Reinstatement calculation equation: Number of people filing for reinstatement in 2014 / Expected number of people reinstating in 2014*100%
2. Retention Rate calculation equation: Number of people on parental leave having for reinstatement with 1 continuous year of working in 2013 / Number of parental leave filing for reinstatement in 2013 * 100%
3. Data as of 1/1/2015

8. Human Right policy and training

KYEC highly values work health and safety, environmental protection, and employee compliance of moral conducts. The Human Resource Office will arrange training for all new employees, which content includes corporate culture and core value, personnel management rules, quality policy (including 6S), legal knowledge & intellectual right education, information safety and promotion, employee health education, and labor safety education. In 2014, KYEC has held 52 sessions of new employee training with a total of 1,775 people completed the training. Moreover, the new employees were arranged for EICC General Education with content covering labor, health and safety, environmental protection, moral conducts and management system, during the same year, with 4,957 people trained and 100% training completion rate.

(1) The average training hours accepted by each employee each year calculated by employee category and gender (statistics as of 2014/12/31, including the number of resigned personnel).

| Employee Category | Direct Personnel | | Indirect Personnel | | Foreign Personnel | | Total |
|---|------------------|---------|--------------------|---------|-------------------|---------|----------|
| | M | F | M | F | M | F | |
| Gender | M | F | M | F | M | F | |
| Number of trainees (A) | 2287 | 835 | 690 | 1072 | 343 | 599 | 5826 |
| Number of trainees per session (B) | 31435 | 7968 | 6818 | 15818 | 3860 | 9192 | 75091 |
| Training hours(C) | 99124.5 | 20072.8 | 15586.2 | 36528.5 | 16597.9 | 19473.3 | 207383.2 |
| Average training hours for employees D=C/A) | 43.3 | 24.0 | 22.6 | 34.1 | 48.4 | 32.5 | 35.6 |

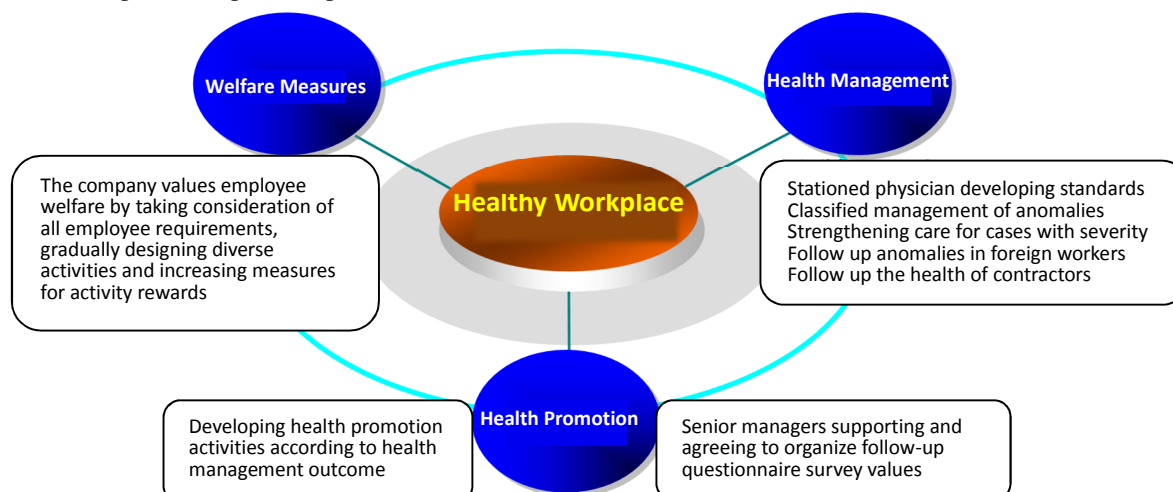
(2)In the Corporate Manpower Resource Improvement Plan held by the Workforce development Agency of Ministry of Labor in 2014 executed 111classes with a total of 693 hours of class, a total of 1,491 participants in the training and excellent course execution, accounting for 19% of the 2014 approved budget.

9. Employee Care

The management layer supports health promotion to advocate polity and formulation of promotion plan and solutions, where comprehensive safety and health policies will be formulated and announced by the General Manager after signing.

It is clear that “Health Promotion” and “Employee Health Assurance” will be included in the following policy content:

- (1)Effective use of energy resource, promote waste reduction, classification, resource recycling and reuse.
- (2)Continuous improvement, promotion of environmental safety and health performance, and commitment to pollution and injury prevention that will conform to environmental protection and safety.
- (3)Environmental protection and safe health promotion is the responsibility of everyone. Continue to promote and education this concept.
- (4)Implement risk assessment and promote health to pursue “zero disaster” and “zero injury.”
- (5)Establish “Green Supply Chain” Management system to assure work environment and employee health, as well as reduction of impact from product, process and related services on the environment.



Holding "Occupational Safety and Hygiene Committee Meeting" quarterly to discuss health related issues.

| Item | Agenda |
|------|---|
| 1 | Internal/external communication, participation and consulting |
| 2 | All division taking initiative to inspect and review the execution |
| 3 | Incident investigation, correction and hazard prevention review |
| 4 | Regulation conformance report and review |
| 5 | Operation environment testing, implementation and review |
| 6 | Contractor safety and hygiene management matters |
| 7 | Target and management solution execution |
| 8 | Internal audit result reporting |
| 9 | Environmental safety and hygiene execution performance report – occupational statistics |
| 10 | Emergency contingency plan and implementation |
| 11 | Health Management and Health Promotion (including health examination analysis) |
| 12 | Environmental safety and hygiene policy, organization, situations, and required resource review |
| 13 | Environmental safety and hygiene education and training plan |
| 14 | Environmental safety and hygiene policy and management plan review |
| 15 | Environmental safety and hygiene management system review /other environmental safety and hygiene |



Each year the health management promotion plan is developed for the management to sign for approval and implementation. The 2014 execution is shown below:

| Activity name | Blood Donation Activity (March) | Health Examination (March-April) | Quit Smoking (April - June) | | | | | | | | | | | | |
|------------------|--|---|--|------|------|-----------|-----------|--------------|------------|-----------|--------------|----------|-----------|--------------|--|
| Activity outcome | 1. Held on 3/6(Thu) 2. A total of 95 people participated 3. A total of 190 bags of blood donated | 1. Held between 3/24-4/1 2. A total of 1,839 people participated | 1. Held between May and July 2. 5 people participated, approach: * 74 care propagandas online * Questionnaire, medical seeking and transfer * Turn-on shot * Drawing activity Medical seeking + digital course | | | | | | | | | | | | |
| Activity posters | | <table border="1"> <caption>檢查須知</caption> <thead> <tr> <th>檢查地點</th> <th>檢查日期</th> <th>檢查時間</th> </tr> </thead> <tbody> <tr> <td>中華一廠 6樓餐廳</td> <td>3/24-3/26</td> <td>上午6:30-10:30</td> </tr> <tr> <td>科技總部 11樓餐廳</td> <td>3/27-3/28</td> <td>上午6:30-10:30</td> </tr> <tr> <td>銅鑼廠 2樓餐廳</td> <td>3/31-4/01</td> <td>上午6:30-10:30</td> </tr> </tbody> </table> | 檢查地點 | 檢查日期 | 檢查時間 | 中華一廠 6樓餐廳 | 3/24-3/26 | 上午6:30-10:30 | 科技總部 11樓餐廳 | 3/27-3/28 | 上午6:30-10:30 | 銅鑼廠 2樓餐廳 | 3/31-4/01 | 上午6:30-10:30 | |
| 檢查地點 | 檢查日期 | 檢查時間 | | | | | | | | | | | | | |
| 中華一廠 6樓餐廳 | 3/24-3/26 | 上午6:30-10:30 | | | | | | | | | | | | | |
| 科技總部 11樓餐廳 | 3/27-3/28 | 上午6:30-10:30 | | | | | | | | | | | | | |
| 銅鑼廠 2樓餐廳 | 3/31-4/01 | 上午6:30-10:30 | | | | | | | | | | | | | |

| | | | |
|--------------------------------|--|---|---|
| <p>Activity name</p> | <p>Women Cancer Prevention (April)</p> | <p>Classroom for Mothers (May)</p> | <p>Nutrition Seminar (June)</p> |
| <p>Activity outcome</p> | <p>1. Held on 4/22(Tue) 2. A total of 48 people</p> | <p>1. Held on 5/29(Thu) 2. A total of 33 people participated 3. One propaganda per month</p> | <p>1.6/20(Fri) Held between 16:00~17:00 2. Participation for all employees 3 Free</p> |
| <p>Activity posters</p> |  <p>女性防癌健康講座 根據衛生署統計，國人十大死因，恶性肿瘤（癌症）連續32年蟬聯冠軍！ 你所不認識的隱形殺手?? 守護您最愛的人 邀請您一起來認識女性癌症~</p> <p>吳佩如醫師 簡介 學歷：臺北醫學大學醫學士 現任：中山醫學大學附設醫院 婦產科主治醫師 經歷：臺北醫務總醫院實習醫師 林口長庚紀念醫院婦產科住內院醫師 林口長庚紀念醫院婦產科總醫師 林口長庚紀念醫院婦產科內視鏡科研究員 林口長庚紀念醫院婦產科內視鏡科主治醫師</p> <p>活動日期：2014.4.22(二) 15:00-16:00 參加時間為正常上班時間者，報名時需經單位主管同意，始得參加。 活動地點：中華一廠 6F中視廳中心 活動對象：全體同仁 報名資訊：有意願報名同仁，請向員工關係課 秀麗/128119聯絡。 E-Mail: HYChiang@kyec.com.tw 凡參加者即時時尚精巧隨身包/還有機會獲得星巴克旅行杯 員工關係課 關心您</p> |  <p>育兒衛教講座 Baby Massage 為嬰兒進行按摩，有利於嬰兒的生長發育，並可以增強親子間的交流，幫助嬰兒獲得安全感。對嬰兒輕柔的撫觸，不僅僅是皮膚間的接觸，更是一種愛的傳遞。</p> <p>李路禎 講師簡介 現任：梁國國創舉學 師範 經歷：高雄科技大學產前產後 國醫學院兒科專科醫師 中國文化大學臨床醫學系 中國文化大學多元智能發展諮詢師</p> <p>活動日期：2014.5.29(四) 16:00-17:00 參加時間為正常上班時間者，報名時需經單位主管同意，始得參加。 報名日期：即日起至5/28日止 活動對象：全體同仁 ~凡參加者可獲贈禮券一份~ 活動地點：中華一廠 6F中視廳 報名資訊：有意願報名同仁，請向員工關係課 秀麗/28193聯絡。 E-Mail: YIFang@kyec.com.tw 員工關係課 關心您</p> |  <p>健康營養講座 無毒生活，好樂活 講座內容： ● 教你認識潛藏在生活中的毒害 ● 小心！可怕的人工添加物 ● 四低一高遠離致病因子 ● 不可忽視的環境荷爾蒙 ● 吃糖？還是吃毒？ ● 輕鬆擺脫代謝症候群</p> <p>林才群講師 簡介 學歷：國防管理學院 臺北醫學大學學士學位 現任：中華民國營養師公會生活教育推廣委員會主任委員 台北縣中醫藥師公會理事及防癌推廣委員會主任委員 中華民國營養師公會理事 中華民國護理師公會生活教育推廣委員會主任委員 經歷：「環境安全與生活毒害」專題講師。</p> <p>活動日期：2014/6/20(五) 16:00-17:00 參加時間為正常上班時間者，報名時需經單位主管同意，始得參加。 報名日期：即日起至6/19(四)止 活動地點：中華一廠 6F中視廳中心 活動對象：全體同仁 報名資訊：有意願報名同仁，請向員工關係課 秀麗/128119聯絡。 E-Mail: HYChiang@kyec.com.tw 員工關係課 關心您</p> |

| | | | |
|--------------------------------|---|---|--|
| <p>Activity name</p> | <p>Influenza Prevention Seminar (July)</p> | <p>Classroom for Mothers (July)</p> | <p>Weight Loss Activity (August)</p> |
| <p>Activity outcome</p> | <p>1. Influenza Prevention Promotion Activity 2. Free 3. Available to all employees</p> | <p>1. Held on 7/29 2. A total of 23 people participated</p> | <p>1. Held between 8/7~10/15 2. 38 people participated, outcome: First place: NT 4,000 Second place: NT3,000 Third Place: NT1,000 Awarded presented on 11/12(Wed)</p> |
| <p>Activity poster</p> |  <p>流感疫苗趕快打 ● 預防傳染性強 ● 預防重症及併發症 ● 預防住院及延誤工作 ● 預防因工作而延誤家人健康</p> <p>活動日期：2014.7.29(二) 16:30-17:30 參加時間為正常上班時間者，報名時需經單位主管同意，始得參加。 報名日期：即日起至7/28(五)止 活動對象：全體同仁 活動地點：中華一廠 6F中視廳 報名資訊：有意願報名同仁，請向員工關係課 秀麗/28193聯絡。 E-Mail: YIFang@kyec.com.tw 員工關係課 關心您</p> |  <p>育兒衛教講座 認識腸病毒 夏季是腸病毒的活躍期，傳染性極強，特別是家中有3歲以下的嬰幼兒為高危險群。目前腸病毒的治療沒有特效藥！想了解更多腸病毒相關資訊嗎？</p> <p>徐嘉杏 講師簡介 歡迎全體同仁踴躍報名參加！ 現任：臺南市白托中心護理師 經歷：為林醫院病房護理師 學歷：仁德醫護專科學校畢業 臨床經驗豐富</p> <p>活動日期：2014.7.29(二) 16:30-17:30 參加時間為正常上班時間者，報名時需經單位主管同意，始得參加。 報名日期：即日起至7/28(五)止 活動對象：全體同仁 活動地點：中華一廠 6F中視廳 報名資訊：有意願報名同仁，請向員工關係課 秀麗/28193聯絡。 E-Mail: YIFang@kyec.com.tw 員工關係課 關心您</p> |  <p>享瘦健康 瘦身生量體位標準，BMI≥24屬過量或肥胖體位。肥胖是心臟病、高血壓、糖尿病、痛風及中風形成的主因。 享瘦健康不能等，邀請您一起參與「減重季」系列活動~</p> <p>報名日期：即日起至8/6(三) 活動期間：8/7-10/15 參加對象：實際體重BMI≥24(含)以上者 BMI = 體重(kg) / 身高(M)² 報名方式：請將報名表E-Mail至HYChiang@kyec.com.tw 或洽員工關係課 秀麗/128119 活動內容：1、參加減重課程(8/7-9/25每週四 18:30-19:30) 2、踴躍參加課程及測驗 3、心得分享2篇 活動獎勵：第一名：禮券NT\$ 4,000元 第二名：禮券NT\$ 3,000元 第三名：禮券NT\$ 1,000元 踴躍辦法：須累積10點(含)以上自強赛前BMI最低者前三名者。(BMI最低者體重相同者，以累積點數多者勝出，點數位數則以踴躍次數為準) 員工關係課 關心您</p> |

| | | | |
|--|---|--|---|
| <p>Activity Name</p> <p>Activity outcome</p> | <p>Psychology seminar (August)</p> <p>1. Held on 8/19, 8/22</p> <p>2. A total of 22 people participated</p> | <p>Health and fitness (August)</p> <p>1. Held on 8/28</p> <p>2.29 people participated</p> <p>3. Cooperated with Weigong Hospital</p> | <p>Aerobic fitness (August – September)</p> <p>1. Held between 8/7~9/25</p> <p>2. 51 people participated</p> <p>3. Cooperated with Department of Recreational Sports and Health Promotion, Asia Pacific Institute of Creativity</p> |
| <p>Activity posters</p> |  |  |  |

| | | |
|--|---|--|
| <p>Activity name</p> <p>Activity outcome</p> | <p>Influenza Prevention Seminar (October)</p> <p>1 Held on 10/17</p> <p>2.20 people participated</p> <p>3. Cooperated with GSK vaccine supplier</p> | <p>Stair Climbing Activity (November)</p> <p>1.Held between 11/10~11/25</p> <p>2.166 people participated</p> <p>3. Cooperated with foster center</p> <p>4. Participants will receive NT200 in point voucher after accumulating 1,000 steps</p> <p>5. Total stairs climbed accumulated to 1,397,081 stairs.</p> |
| <p>Activity posters</p> |  |  |

10. Promote Health Management and Plant

KYEC complies with Labor Health Protection Act to assign qualified medical staff and on-site physician in the factor, facilitating the promotion of health promotion operations and providing chronic disease prevention and medical health insurance transfer services. Each year KYEC holds annual health examination and develops the health promotion plan for that year according to the post-examination analysis results, and thereby practically execute health promotion activities. The on-site physicians will provide professional health education and consultation for all persons with anomaly results in physical examination and health examination. Meanwhile the factory nurses will provide the care for different injuries and diseases as well as the records of injury and disease category.

- (1) Employee Health Management Process: Employees aged 45 years or older shall participate in health check every year. Employees aged below 45 years old shall participate in health check in every 2 years. The general items examination surpassed the statutory items, including special check items (noise operation: one test of operating environment in every half year, using employees working in area with 85 decibels), cancer screening items (scheduled for oral cancer, colorectal cancer, breast cancer, cervix cancer).
- (2) New Employee Health Management Process: In the event of anomaly case, the nurse would prepare anomaly health education consulting/secondary check notice to make appointment with employees for health education. In case the check outcome is severe, the employees will need to pay attention to their work patterns while closely following up the secondary check outcome from the anomaly items. The employees will be listed as special injury/disease cases and shall be followed by and cared for health by stationed physician and the company.
- (3) Foreign Employee Health Management Process: After arriving to Taiwan and having reported to work by the 6th month, 18th month and 30th month, employees will conduct health check and in case of any anomaly, the employees will undergo a two-week health autonomous management (self-measurement of heart beat and blood pressure). Employees will need to make appointment for health education. Additionally, their work patterns will be monitored and the employees will be listed under special injury/disease cases and shall be followed by and cared for health by stationed physician and the company.

The factory nurses will organize secondary check notice and secondary outcome follow-up for physical and health check anomaly according to employee requirement and annual health promotion plan. On-site physician health education offers health management divided into severe, medium and minor degree according to the data standards and abnormal data for the examination items. The on-site physicians will also offer consulting and transfer services, chronic disease prevention seminar and high risk group health management, fitness test, anti-smoking prevention and classes opened for quitting smoking, acquaintance to infant and toddler infectious disease, nutrition seminar, four cancer screening, epidemic and infectious disease prevention as well as other related workplace health promotion activities.

2014 Annual Health Check Analysis Results, Countermeasures from the Medical Room
Description of Current Approaches and New Practice for Severe Anomaly Case in KYEC Health Management Classification

| Content of Health Management t | Current Approach | New Practice |
|---|---|---|
| Individual health education from physicians Reminder for severe anomaly | During the stationing hours of the physician, employees will be arranged for visits to the Medical Room, where the physician will provide health education and suggests (targeted at completing physician health education rate). After the new employees take physical check and current employees take health examination, the factory nurses shall receive the paper report and issue the notice of secondary examination for anomaly to employees according to the standards of severe, medium and minor degree. The secondary examination notice is issued once only. | Factory nurses shall follow up the secondary examination results for cases recommended by the physicians for secondary examination and routine follow-up: 1. Normal – Case closed. 2. The factory nurses shall make appointment with the cases with severe anomaly to remind them of outpatient visit and follow-up of medical treatment. |
| Employee care network Care and management for cases with severe anomaly from the salary and attendance division caring for working hours and employee relation as well as the personnel division | After the new employees take physical check and current employees take health examination, factory nurses shall initiate and routinely provide cases of severe anomaly and issue warning for cases with health hazardous warning factors to the attendance division. | Factory nurses maintain current approach for cases with severe anomaly and need care for working hours. |
| Health promotion activation combination | Develop health promotion plan according to employees' needs | The analysis results of 2014 health examination shows that cholesterol, triglyceride, blood sugar, and live index account for majority of employees and consists mainly of people aged between 30~34 years old. These figures will be included in the annual health promotion activity plan. |
| Health information promotion | 1. Factory system announcement at the beginning of each month and in mid-month. 2. KYEC living care network promotional information 3. Chronic Disease Prevention Seminar | The factory nurses recorded chronic disease prevention promotional digital courses in December, 2014. |

The medical team is responsible for the health management execution and health promotion plan for all employees. Each year the team undergoes auditing by SGS, TOSHMS and other external auditors to rigorously audit the execution of “Health Management Plant” and “Health Promotion Plan.”

| Theme | Execution | January | February | March | April | May | June | July | August | September | October | November | December |
|---------------------------|-----------|--|----------|--------------------------------------|--|-----------------------|-------------------|--|------------------------------------|-----------------------|-------------------------|-------------------------|----------|
| Health Management | Forecast | Same approaches as April to December | | Organizing Annual Health Examination | Targets of Health Management: 1. Physical examination / health examination cases with severe anomaly. 2. Foreign workers with severe anomaly. 3. Special injury / disease (physical/ psychological/ work-related injury) case care 4. Women in maternity, breastfeeding, and parental leave without pay case care. 5. Care for case with long working hours 6. Contractor's health management 7. Health management for employees aged 45 years or older 8. Special noise control (Level 2/Level 3 /Level 4) 9. Ergonomics Management (muscle soreness) 10. Individual health education from stationed physician. | | | | | | | | |
| Weight Loss | Forecast | | | | Aerobic Exercise | | | Loss Activity Combined with Aerobic Exercise | | | | | |
| Psychological Health | Forecast | 1. Transfer case to consult with consultants 2. New knowledge and propaganda for “KYEC Living Care” | | | | | | | | | | | |
| Tobacco Hazard Prevention | Forecast | | | | Smoke Quitting Activity | | | | | | | | |
| Seminar | Forecast | | | Blood Donation Activity | Women's Cancer Prevention Seminar | Classroom for Mothers | Nutrition Seminar | Classroom for Mothers | Psychology Seminar Fitness Test | Influenza Vaccination | Stair Climbing Exercise | Blood Donation Activity | |



Chunan Blood Donation Activity



Health Examination



Award Presentation for Weight Loss



Nutrition Seminar



Fitness Activity



Aerobic Exercises

11. Physical and Mental Health of Employees

The physical and mental health of employees is the key factors that drive corporate operation to progress. In addition to establishing cooperative factory clinical service with physicians and the department of psychiatry of large hospitals, KYEC takes initiative in establishing "Employee Care Network" to care for the health of employees attending day, night and holiday shifts. The company intends to inform the goodwill from the company to the employee by promoting employees to seek help during emergency situations. KYEC thus establishes the 24-Hour employee emergency rescue hotline (KYEC 119) where specialists will handle the calls, providing information and resource for assistance.



24小時員工緊急救助專線 京元119

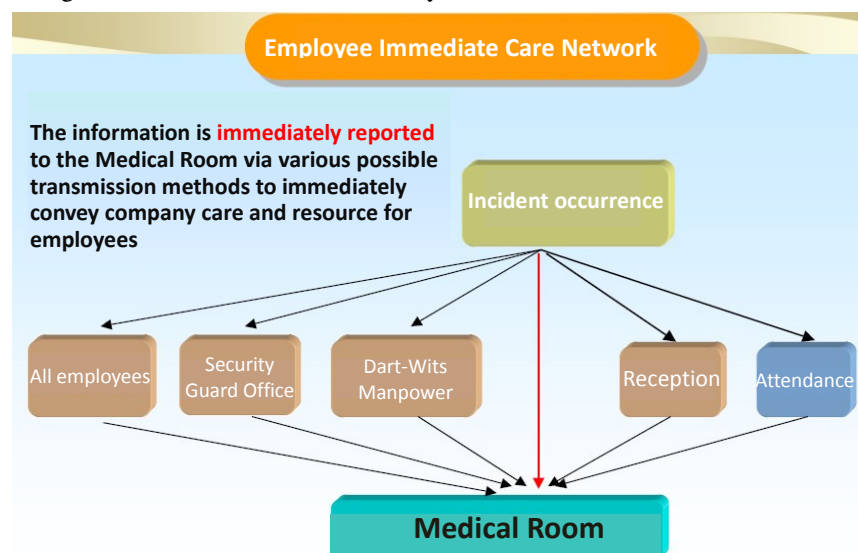
| 廠別 | 駐廠醫師 | 臨廠站高師 |
|----|-----------------|-----------------|
| CH | 星期一 13:30-14:00 | 星期五 15:30-17:30 |
| | 星期三 13:10-13:30 | |
| HQ | 星期五 13:30-14:00 | |
| TL | 星期三 11:00-14:00 | |

江秀媛：128119 (CH)
方雅怡：28119 (HQ)
陳姿吟：28196 (CH)
黃珮雯：138119 (TL)

備註：1. 醫師及站高師皆採電話預約制。
2. 站高師需有人預約才會到廠。

To lower the health danger of operational staff with high risks for special injury and disease, the medical team shall care for body, psychology and work related injuries with the relevant approaches below:

- (1) Upon receipt of case report, the factory nurse shall contact and record for reporting to jointly care for the case requirement and provide care with the division supervisor.
- (2) The medical team will conduct reinstatement evaluation for injured cases inside or out of the factory, depending on the recovery of the body, to properly arrange work with competence.
- (3) In case the attendance division discovers the health status of the case that needs care, i.e.: taking sick leave for 3 days, taking maternal leave, taking treatment leave, consecutive leave for 60H, the medical team shall take initiative to contact and care with assistance to the employee.
- (4) KYEC cooperates with the physical and mental department of peripheral hospitals and institutions, where professional consultants offer psychological consultation services and may transfer the case for medication and hospitalization.



12. Valuation on Female Employees

KYEC offers complete support and care for pregnant female employees. The factories do not employ any child labor in any operation. KYEC develops certain operation protection regulations for female employees:

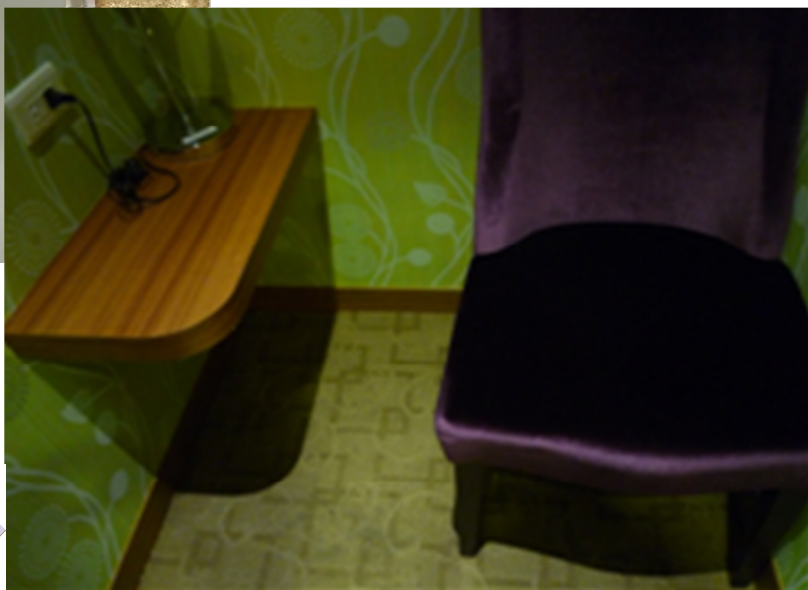
- (1) Developing heavy objects moving standards
- (2) Pregnant female employees are prohibited from processing harmful, explosive and fire inductive substance work.
- (3) Pregnant female employees are prohibited from engaging in nighttime operation.
- (4) Female employees are prohibited from engaging in dangerous or harmful work according to the Safety and Health Act.
 - Organizing Mom Room seminar, women's cancer screening test and other health promotion activities to take care of female employees' health
 - Providing better breastfeeding environment to female employees with reference on a top-quality breastfeeding room specification. Using green material for construction that is non-toxic and flame-proof, KYEC is proud of a comfortable, private and ergonomic environment.
 - Female dormitories are installed with surveillance system to protect female employee's safety in dormitory with routine security and health audit
 - Offer maternity leave to women giving birth to children.
 - Welfare subsidy to newborn children (application available to male and female).

To improve care for female employees with the need for breastfeeding, the corresponding measures are described below:

- (1) Factory nurse care for employees taking maternal leave via phone to understand their demands and provide consulting services.
- (2) At the end of maternal leave for reinstatement, stationed physician will arrange maternal health hazard questions to provide health education consultation.
- (3) Prior to reinstatement, case with maternal leave without pay shall be interviewed by factory nurse to understand their physical condition and conduct reinstatement evaluation.
- (4) After the case with maternal leave without pay has reinstated, the factory nurse shall conduct an interview to evaluate work applicability.



Female Dormitory Installed with Surveillance System



Breastfeeding Room



Organizing Female Cancer Prevention Seminar



Organizing Classrooms for Mothers

13. Employee Communication

KYEC regulates relevant laws to protect employee rights according to government laws and regulations. Employees have the right to form union and association and the company will not intervene or interfere, nor will the company form any preferential treatment in any way regardless of race, gender, nationality, religion, and political stance. The company is committed in establishing smooth communication channel with employees and offers complete internal communication channel for effective solution. Employees can fully express their views and immediate communication to establish an employee-employee harmonic work environment. There are employee-employer meetings, seminars, employee board, and various complaint channels for all employees to express their opinions. The matters given in feedback from the employees will receive replies to maintain excellent bilateral communication. In 2014 the HR unit has received 188 incidents in feedback.

- **Channels for Filing Complaints:**

Employee Board: <http://webmis01/portal/Dept/hr/admin.htm>

8160 Special Service Email: 8160service@kyec.com.tw

Personnel Division Hotline: Ext. 128120, 28192

24-Hour Employee Emergency Rescue Hotline: Ext. 128119

- **Communication Channels include:**

| Communication Channels | |
|--------------------------|--|
| Employee Seminar | Industry-Academia Cooperation Seminar |
| New Employee Seminar | R&D Substitute Services Draftees Seminar |
| Team Seminar | Employer-Employee Meeting |
| Foreign Employee Seminar | Welfare Committee Meeting |

Human Rights Complaints: No complaint case in violation of discrimination in 2014.

| Channel of Feedback | Handling Division | Content | 2014 Outcome |
|---------------------|--------------------|------------------|-------------------------------------|
| Immediate Response | Personnel Division | System | 188case, 100% handling and response |
| Service hotline | | Welfare measures | |
| Employee board | | Public affairs | |
| E-mail | | Public safety | |

The selection of excellent employees is aimed to encourage outstanding employees, establish internal example and promote the mutual inspiration and learning in employees by selecting. KYEC holds one annual selection and develops guidelines for incentives.

Senior employees, employees with 5 and 10 years of seniority are presented with awards in acknowledgement of their long-term contribution to the company.

KYEC is also committed in employee relationship with expansion to the spouses and dependents of the employees. On family day event, spouses and dependents of employees are invited to outdoor activities while health check is also open to registration by spouses and dependents. KYEC also offers group insurance to the spouses and children of employees.



Representatives of Example Employees Receiving Award



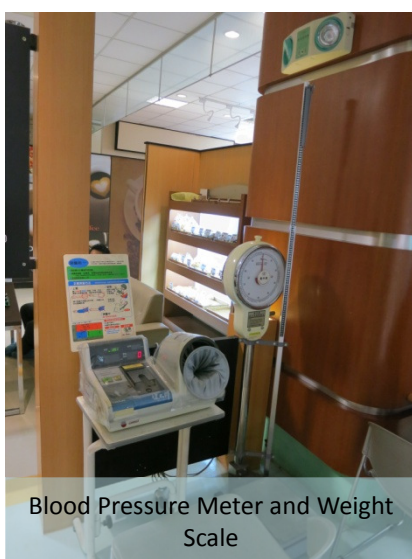
Representatives of Senior Employees Receiving Awards

16. Quality Workplace

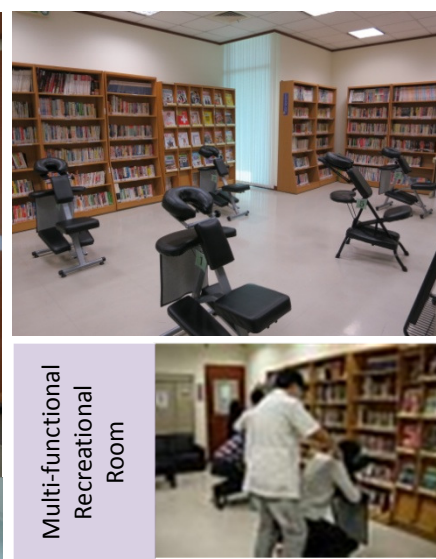
It is KYEC's foremost important objective in creating quality workplace by setting up many recreational areas on higher floors with excellent views, including the table tennis area, employee café, 24-hour convenience stores, and coffee shops, where employees can appreciate the outdoor sceneries during exercise and dining.



Table Tennis Area



Blood Pressure Meter and Weight Scale



Multi-functional Recreational Room

- (1) There is weighing scale and electrical blood pressure gauge in the public area for all employees to use, allowing employees to take self-measurement for health management
- (2) There is a multifunction recreation room including reading room and massage room. The reading room offers books, magazines and newspapers, with 1689 books in collection. The masseurs with visual impairment offer services to employees at the massage room. KYEC signs contract with Miaoli County Love Association for the Blind to provide employees with services on stress release and fatigue removal. There were 7,144 people participating in 2014
- (3) Create friendly breastfeeding environment with comfortable couch, refrigerator for storing mother's milk, and information on baby care. There were 26 visits in average per month in 2014.
- (4) The consulting room appeals in privacy and safety. The company may invite professional consultant to offer free consulting services to employees who have the need for career, family life, social relationship and physical and mental state. There were 2 visits in 2014
- (5) For legal consulting services, in case employees need have any doubts and require any legal consultation in life or work, KYEC arranges lawyers to visit its Legal Affairs Department once a month to solve legal questions for employees, and publish the case (under alias) on the internal network to share with employees. There were 31 visits in 2014.
- (6) Routinely promote health promotion information and hold workplace health promotion related activities
 - The homepage offers "KYEC Employee Care Network" to promote weekly key medical and health care news and health promotion activities.
 - The factory offers an environmental safety and hygiene hallway, where health promotion themed posters are replaced routinely.
 - The Medical Room offers propaganda fliers and health books for employees to read freely.
 - The company reading room also offers medical and health care magazines and books for employees to borrow.
 - Health promotion posters are replaced routinely and promoted through announcement system.
 - The factory offers outdoor smoking area and poses regulation requirement for the smoking behaviors and environment to the employees and suppliers. The environmental safety and hygiene hallway presents the tobacco hazard prevention related posters routinely.



There are 1,232 articles as of now. There were 281 articles in 2014 alone.

There are 164,336 visits as of now. There were 37,316 visits in 2014 alone.

Social Participation

KYEC Group upholds to the concept of “Care for society and sustainable development” to actively cultivate talents; promote social welfare activities such as art, culture, and care. In the future, KYEC will fully focus on the difficulty for children from new immigrant families in the pursuit of study, thereby implementing corporate feedback to society and the localities.

1. Sponsoring HsinChu Wind Orchestra

KYEC spares no efforts in promoting arts and cultural activities. As a long-term sponsor to different performances of bands, Chairman C.K. Lee even serves as the head of HsinChu Wind Orchestra by steering the development of the band. Each year the band holds different performances from prosperous township to remote towns, including Hakka concert and parental interaction concerts. KYEC offers free participation to the public and anticipates spreading the seed of music in breadth and width.



2. Employing Masseurs with Physical and Mental Disability

In recent years KYEC has been employing vision-impaired masseurs to offer free massage and stress relief for employees, providing employment opportunity for persons with physical and mental disability, strengthening the care for socially disadvantaged, supporting disadvantaged families with alleviation of financial pressure, and maintaining stability of life.

3. Improving Industry-Academia Cooperation

KYEC has been devoted in the seamless connection between the academia and the industry for years while seeking and incubating excellent talents, positively implementing the industry-academic training program from the Ministry of Education by developing internship projects with multiple schools, covering northern, central, southern Taiwan and even offshore islands. In particular, students from National Kaohsiung University of Applied Sciences, National United University and National Quemoy University account for the majority, followed by National Yunlin University of Science and Technology. KYEC also gives feedback to the society for what it has acquired by building solid foundation in talent incubation and cooperates with local Asia-Pacific University of Creativity, Yu-Da University of Science and Technology, and Minghsin University of Science and Technology through a 4-year credited internship.* KYEC also donated equipment worth of NT10 million to carry out training for fundamental technical operators in semiconductor industry in order to increase student competitiveness. It shows that KYEC spares no efforts in the close connection with industry-academic cooperation and human resources, and the investment and incubation of vocational talents.

KYEC actively promotes industry-academia cooperation and counsel students with employment development to help students create more internship and training opportunities while discussing with schools for internship courses conforming to industry practices, resulting in a triple-win cooperation model.

KYEC and Asia-Pacific University of Creativity cooperates in the “regional technology and quality industry-academia alliance” to jointly cultivate talents of technology and vocation. KYEC also donates instrument equipment for school internship to solidify the backbone competitiveness of semiconductor industry talents. In the future, students from all 15 schools will have the opportunity to study and work at KYEC so that the industry and technological/vocational education will become seamlessly connected.

From campus seminar, interview and screening, training and official employment, KYEC offers a set of schedule that not only screens students with strong intention with qualification but also offers professional practice training (including introduction to semiconductor process, introduction to package and processing and job function and responsibilities), which not only helps student quickly blend into workplace environment but also applies acquired knowledge to practice, thereby searching for position and direction of future. Moreover, KYEC offers rewarding retention solution for students performing with excellence during internship, including renewal bonus, salary raise, and military service reinstatement. KYEC even includes the one year of internship as seniority in attempt to reduce the employment costs for students entering the society while training for the future reserve talents of the company. Moreover the industry-academic cooperation channel transfers the academic energy of R&D into the enterprise, driving the corporate development in core technology to accomplish the win-win cooperation mechanism between the enterprise and the students.

Asia-Pacific Institute of Creativity

Unveiling ceremony for Asia-Pacific Institute of Creativity Internship Factory



National Kaohsiung University of Applied Sciences

Schools teachers visiting students

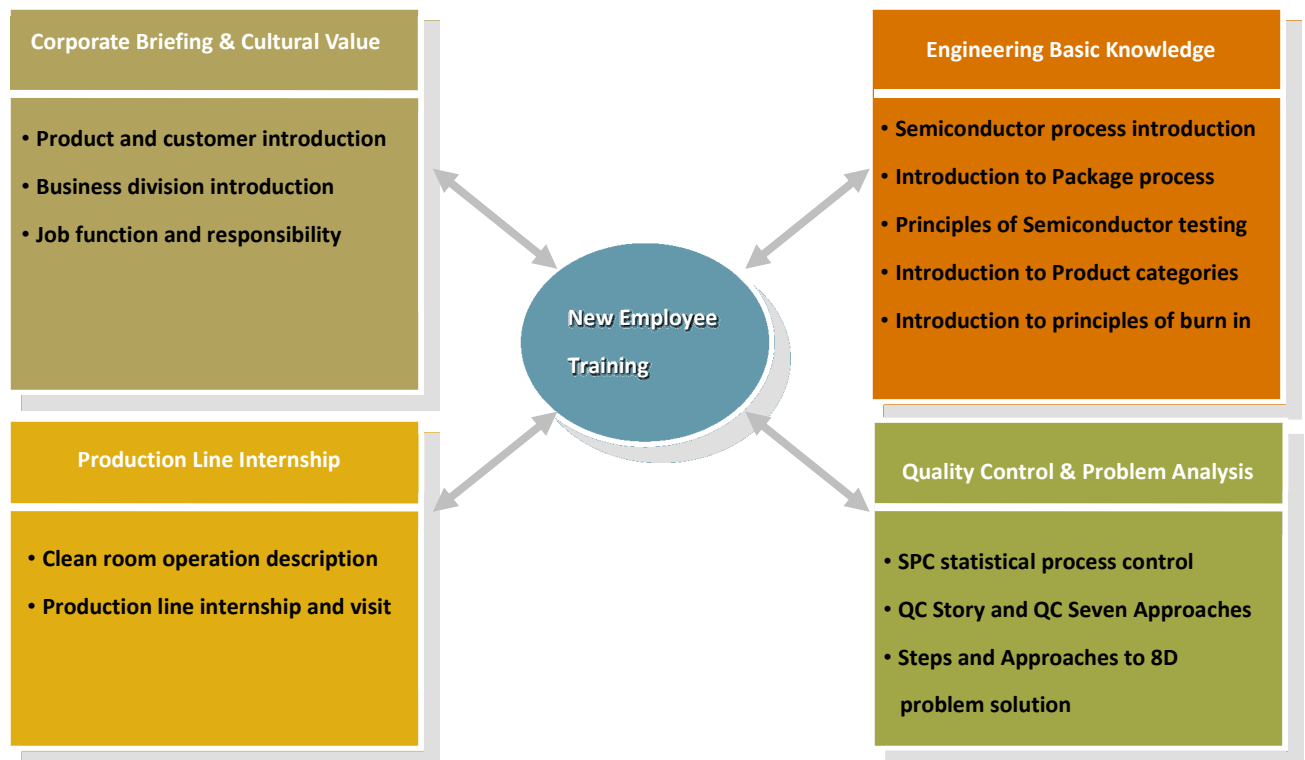


Chung Hua University

Industry-Academic Cooperation Strategic Alliance Agreement Signing Ceremony



(1) Internship New Employee Training Framework



4. Assisting with post-disaster reconstruction for Kaohsiung explosions

In view of the gravity of Kaohsiung explosions and many constructions waiting to be started, KYEC led to donate NTD1 million to the Social Affairs Bureau of Kaohsiung City Government in order to assist with post-disaster reconstruction. KYEC intends to put in the minimal amount of efforts to help the disaster victims quickly settle down and return home.

5. Sponsoring Tosun Public Interest Foundation

KYEC has long been donating to Tosun Public Interest Foundation, which main services consist of caring for disadvantaged groups, promoting gender equality, and the fusion of different groups in the society. Tosun established a midway academy to counsel and assisting dropout students, and caring for students, implementing living counseling and skills training. Tosun also promotes former inmates protection and strengthen the care for crime victims and their families.

Appendix



| GENERAL STANDARD DISCLOSURES | | Standard Disclosure | Related Section | Page No. |
|------------------------------|-------|---|---|----------|
| 1.Strategy and Analysis | G4-1 | Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability. | Words from General Manager | 2 |
| 2.Organizational Profile | G4-3 | Report the name of the organization | Company Profile | 4 |
| | G4-4 | Report the primary brands, products, and services | KYEC Overview | 3 |
| | G4-5 | Report the location of the organization's headquarters | Company Profile | 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 | Worldwide Business Division | 5 |
| | G4-7 | Report the nature of ownership and legal form | KYEC Overview | 4 |
| | G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | Market Status, Worldwide Business Division | 5 |
| | G4-9 | Report the scale of the organization, including: a. Total number of employees b. Total number of operations c. Net sales (for private sector organizations) or net revenues (for public sector organizations) d. Total capitalization broken down in terms of debt and equity (for private sector organizations) e. Quantity of products or services provided | Company Profile, Market Status, Worldwide Business Division, Business Performance | 4, 5, 6 |
| | G4-10 | a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries) | Employee Distribution | 62 |
| | G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | Standards of Recruitment and Employment | 61 |
| | G4-12 | Describe the organization's supply chain. | Supply Chain Management | 20 |
| | G4-13 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: a. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions. b. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). c. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination. | Corporate Governance Framework, Board of the Directors | 12, 15 |
| | G4-14 | Report whether and how the precautionary approach or principle is | Risk Policies, Risk Strategy | 19 |

| | | | | |
|---|---------------------------|---|---|---|
| | | addressed by the organization. | | |
| | G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | About Report | 1 |
| | G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: (1) Holds a position on the governance body. (2) Participates in projects or committees. (3) Provides substantive funding beyond routine membership dues. (4) Views membership as strategic. | Members Participating in Various External Departments | 7 |
| 3. Identified Material Aspects and Boundaries | G4-17 | a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | Business Performance | 6 |
| | G4-18 | a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content. | About Report | 1 |
| | G4-19 | List all the material Aspects identified in the process for defining report content. | Identification of the Scope and Border of Critical Considerations | 10 |
| | G4-20 | For each material Aspect, report the Aspect Boundary within the organization, as follows: a. Report whether the Aspect is material within the organization. b. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: -The list of entities or groups of entities included in G4-17 for which the Aspect is not material or -The list of entities or groups of entities included in G4-17 for which the Aspects is material. c. Report any specific limitation regarding the Aspect Boundary within the organization. | Identification of the Scope and Border of Critical Considerations | 10 |
| | G4-21 | For each material Aspect, report the Aspect Boundary outside the organization, as follows: a. Report whether the Aspect is material outside of the organization. b. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. c. Report any specific limitation regarding the Aspect Boundary outside the organization. | Identification of the Scope and Border of Critical Considerations | 10 |
| | G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | | There are no restatements of information. |
| | G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | About Report | 1 |
| | 4. Stakeholder Engagement | G4-24 | Provide a list of stakeholder groups engaged by the organization. | Identification and Communication between |

| | | | | |
|-------------------------|-------|---|---|--------|
| | | | Stakeholders | |
| | G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | Identification and Communication between Stakeholders | 8 |
| | G4-26 | Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | Identification and Communication between Stakeholders, Stakeholders' Concerned Issues and Interaction | 8 |
| | G4-27 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | Identification and Communication between Stakeholders, Stakeholders' Concerned Issues and Interaction | 8 |
| 5. Report Profile | G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | About Report | 1 |
| | G4-29 | Date of most recent previous report (if any). | About Report | 1 |
| | G4-30 | Reporting cycle (such as annual, biennial). | About Report | 1 |
| | G4-31 | Provide the contact point for questions regarding the report or its contents. | About Report | 1 |
| | G4-32 | a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. | About Report | 1 |
| | G4-33 | a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. | About Report | 1 |
| 6. 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. | Corporate Governance | 12 |
| 7. 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. | Employee Code of Ethics and Conducts, Implement Philosophies of Integrity Management | 18, 19 |

| SPECIFIC STANDARD DISCLOSURES | | | Management Approach / Standard Disclosure | Related Section | Page No. | |
|-------------------------------|-----------------------|-----------|--|---|--------------------------|----|
| Economic | Economic Performance | | Disclosures on Management Approach | KYEC Overview | 3 | |
| | | G4-EC1 | Direct economic value generated and distributed (including sales amount, operating cost, Employee wages and benefits, stock dividends, tax expenses, and retained earnings etc.) | Market Status · Business Performance · Complete Leave System and Benefits | 5, 6, 69 | |
| | | G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Risk Policies, Risk Strategy | 19 | |
| | | G4-EC3 | Coverage of the organization's defined benefit plan obligations | Complete Leave System and Benefits | 69 | |
| | | G4-EC4 | Financial assistance received from government | Human Right Policy and Training | 71 | |
| | Procurement Practices | | Disclosures on Management Approach | Supply Chain Management | 20 | |
| | | G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | Suppliers | 21 | |
| | Environmental | Materials | | Disclosures on Management Approach | Supply Chain Management | 20 |
| | | | G4-EN1 | Materials used by weight or volume | Suppliers | 21 |
| G4-EN2 | | | Percentage of materials used that are recycled input materials | Waste Management and Recycle | 42 | |
| Energy | | | Disclosures on Management Approach | Environmental Management | 32 | |
| | | G4-EN3 | Energy consumption within the organization | Energy Consumption and Management | 32 | |
| | | G4-EN4 | Energy consumption outside of the organization | Energy Consumption and Management | 32 | |
| | | G4-EN5 | Energy intensity | Energy Consumption and Management | 32 | |
| | | G4-EN6 | Reduction of energy consumption | Energy Consumption and Management | 32 | |
| | | G4-EN7 | Reductions in energy requirements of products and services | Energy Consumption and Management | 32 | |
| | | Water | | Disclosures on Management Approach | Environmental Management | 32 |
| G4-EN8 | | | Total water withdrawal by source | Use of Water Resources and Impact on Water | 33 | |
| G4-EN9 | | | Water sources significantly affected by withdrawal of water | Use of Water Resources and Impact on Water | 33 | |
| G4-EN10 | | | Percentage and total volume of water recycled and reused | Use of Water Resources and Impact on Water | 33 | |
| Products and Services | | | Disclosures on Management Approach | Supply Chain Management | 20 | |
| | | G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | Green Procurement | 20 | |
| | | G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | Waste Management and Recycle | 42 | |
| Compliance | | | Disclosures on Management Approach | Environmental Management | 32 | |
| | | G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | – | N/A | |
| Transport | | | Disclosures on Management Approach | Supply Chain Management | 20 | |
| | | G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | Optimize Pickup / Delivery Route | 30 | |

| | | | | | | |
|---|--------------------------------------|---------|--|---|---|--------|
| | Supplier Environmental Assessment | | Disclosures on Management Approach | Supply Chain Management | 20 | |
| | | G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | Suppliers | 21 | |
| | | G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | Suppliers | 21 | |
| Social: Labor practices and decent work | Occupational Health and Safety | | Disclosures on Management Approach | Employees' Interests | 61 | |
| | | 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 | Safety and Hygiene Policies and Organizational Operations, Employee Care, Physical and Mental Health of Employees | 49, 71, 78 | |
| | | G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | Occupations Injury Statistics and Analysis | 49 | |
| | | G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | Physical and Mental Health of Employees | 78 | |
| | | G4-LA8 | Health and safety topics covered in formal agreements with trade unions | Safety and Hygiene Policies and Organizational Operations | 49 | |
| | Training and Education | | | Disclosures on Management Approach | Human Right Policy and Training, Social Participation | 71, 85 |
| | | G4-LA9 | Average hours of training per year per employee by gender, and by employee category | Human Right Policy and Training, Improving Industry-Academia Cooperation | 71, 85 | |
| | | G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Complete Retirement Planning, Human Right Policy and Training, Employee Care, Improving Industry-Academia Cooperation | 69, 71, 85 | |
| | | G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | Employees' Interests | 68 | |
| | Diversity and Equal Opportunity | | | Disclosures on Management Approach | Employee Distribution | 62 |
| | | G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Employee Distribution | 62 | |
| | Labor Practices Grievance Mechanisms | | | Disclosures on Management Approach | Employee Communication | 81 |
| | | G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | Employee Communication | 81 | |
| Social: Human rights | Human Rights Grievance Mechanisms | | Disclosures on Management Approach | Corporate Governance, Employee Communication | 12, 81 | |
| | | G4-HR12 | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | Employee Communication | 81 | |
| Social: Society | Local Communities | | Disclosures on Management Approach | Social Participation | 85 | |
| | | G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | Social Participation | 85 | |
| | | G4-SO2 | Operations with significant actual and potential negative impacts on local communities | Social Participation | 85 | |

Headquarters :

No.81, Sec.2, Gongdao 5th Rd., Hsinchu City

TEL:886-3-5751888

FAX:886-3-5753866

Zhunan Factory :

No.11, Zhonghua Rd., Zhunan Township, Miaoli Country

TEL:886-37-595666

FAX:886-37-595168

Tongluo Factory :

Hsinchu Science Park, No.8, Tongke N. Rd., Jiuhu Village, Tongluo Township, Miaoli Country

TEL:886-37-980188

FAX:886-37-980288

KYEC USA :

101 Metro Dr.#540 San Jose, CA 95110

TEL:1-408 -452 -7680

FAX:1-408- 452-7689

KYEC Japan :

2-3-8 Momochihama, Sawara-ku, Fukuoka 814-0001 Japan

TEL:81-92-821-6954

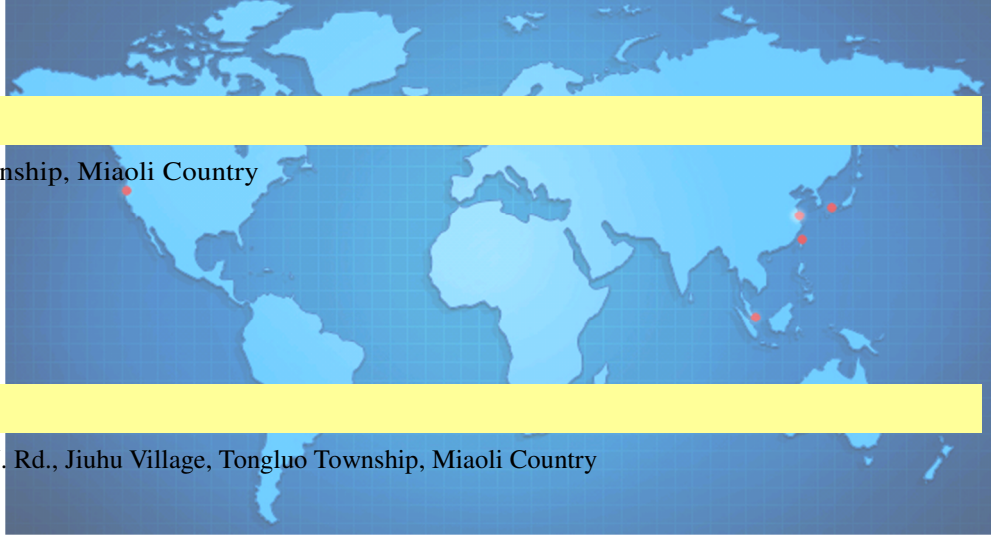
FAX:81-90-6595-4843

KYEC Singapore :

750A Chai Chee Road Unit #07-22 Technopark @ Chai Chee Singapore 469 001

TEL:65-64488-718

FAX:65-64488-398





京元電子股份有限公司
King Yuan Electronics Co.,LTD

www.kyec.com.tw

