



**KYEC**

*Play the Key Role in Global Sustainable  
Development and Create the Value of Sharing*



**Corporate Social Responsibility Report**

**2016 KYEC Corporate Social Responsibility Report**

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## About Report

### Editing and Publication

KYEC has entered the fourth year since its first release of “Corporate Social Responsibility Report” and KYEC hereby discloses the corporate activities in sustainable development and performance of social responsibilities to stakeholders via this report.

### Border and Scope

The report discloses consolidated information between January 1, 2016 and December 31, 2016, which consists of the practice conducts and performance data from Taiwan, including the Headquarters (including Hsin Chu Factory) and Miaoli Plants (including Chu Nan Factory 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 Global Reporting Initiative’s Sustainability Reporting Guidelines (GRI G4) and comply with AA1000 Standards. 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 the calculation of emissions.

### Release Date

The “Corporate Social Responsibility Report” is released on an annual basis. The version of this release is June, 2017 and will be published to the public on the website of KYEC Group.

### Contact Information

Some indicators offer 2014~2016 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 us.

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## Words from General Manager



General Manager

A handwritten signature in black ink, appearing to read 'An Huan Lin', written over a white background.

2016 has been a year of progress for KYEC in terms of excellent performance in revenue and profits, as well as new milestones. Clearly KYEC has received trustworthiness from customers for our advancement in R&D, manufacturing and management. We also continue to acquire the orders from international big companies while establishing KYEC's preparation for the professional division of labor in testing services and packaging for the global semiconductor back-end process. KYEC fulfills the obligations as a social citizen by giving enthusiastic feedback to the society while pursuing corporate development.

### Implementing Corporate Governance

To assist KYEC with the establishing of corporate culture and sound development based on integrity management and provide reference framework for establishing good business practice, KYEC has developed "Code of Integrity Management," "Code of Corporate Social Responsibility Practice," "Code of Corporate Governance," and "Code of Ethical Conducts" for compliance. KYEC continues to strengthen the operations of Board of Directors, regardless in information disclosure, internal control and financial transparency.

KYEC also conducts audit, evaluate the flaws of internal control, measure the operational efficiency through internal control system, thereby providing suggestions for improvement at appropriate times.

### Maintaining Social Welfare

With regards to employees' rights, KYEC insists in building a healthy and happy workplace in addition to treating employees with integrity and respect. KYEC establishes an excellent mutual trustworthy relation with employees through complete welfare system stabilizing the life of employees and comprehensive advanced study and training. With regards to social care and feedback, KYEC cooperates with public and private universities in Taiwan (including university of science and technology, National Normal University and vocational colleges) through industry-academia cooperation. After 9 years of implementation, KYEC has accumulated 1,121 people in industry-academia cooperation, fulfilling social responsibilities and developing professionals. Additionally, KYEC constantly participates in community activities to enhance the interaction and connection with the neighborhoods in addition to sponsoring various welfare events with enthusiasm. For example, KYEC has sponsored the 2016 National Disabled Games- organized by the Miaoli County Government, Cai Qin Concert Tour in Taiwan, Hsin Chu Wind Orchestra, adopted the purchase of "Reverse Cavalier" documentary as gifts to rural areas and the second year of Shennong Program in Wenfeng Elementary School, Tong-luo Township...etc. Apart from actual commitment in promoting social welfare and support for arts and sports, KYEC also values the joint creation of co-prosperity with the local government.

### **Developing Sustainable Environment**

The main energy consumption of KYEC comes from purchased power. In particular, the use of processing power accounts for about 40% of total power. In response to global climate change, KYEC started purchasing green power in 2015 with reading reaching 1.75 million kwh and has been awarded by the Ministry of Economic Affairs with “2016 Green Power Mark” and the letter of recognition for green power purchase issued by the Miaoli County Government. We apply integrated energy saving organization structure in energy management to incorporate departments of purchase, sales and quality management. Each week we call the energy management meeting to control the usage of various energies in order to handle anomaly immediately with review for improvement.

KYEC has long upheld to the belief and action in providing unique added-value for the manufacturing supply chain. We constantly impel our company with sustainable motivation to promote green management through external certification and awards application. In 2016, Tong-luo Factory was awarded with the “Green Factory Mark” from the Industrial Development Bureau of Ministry of Economic Affairs while Chu-Nan Factory was also certified by the ISO 50001 energy management system in addition to receiving National Talent Development Awards and Taiwan Corporate Sustainability Awards. These awards are recognition that motivate us to constantly engage in innovation at workplace, search for practice that will boost sustainability performance and create an environment of sustainable development.

## KYEC Overview

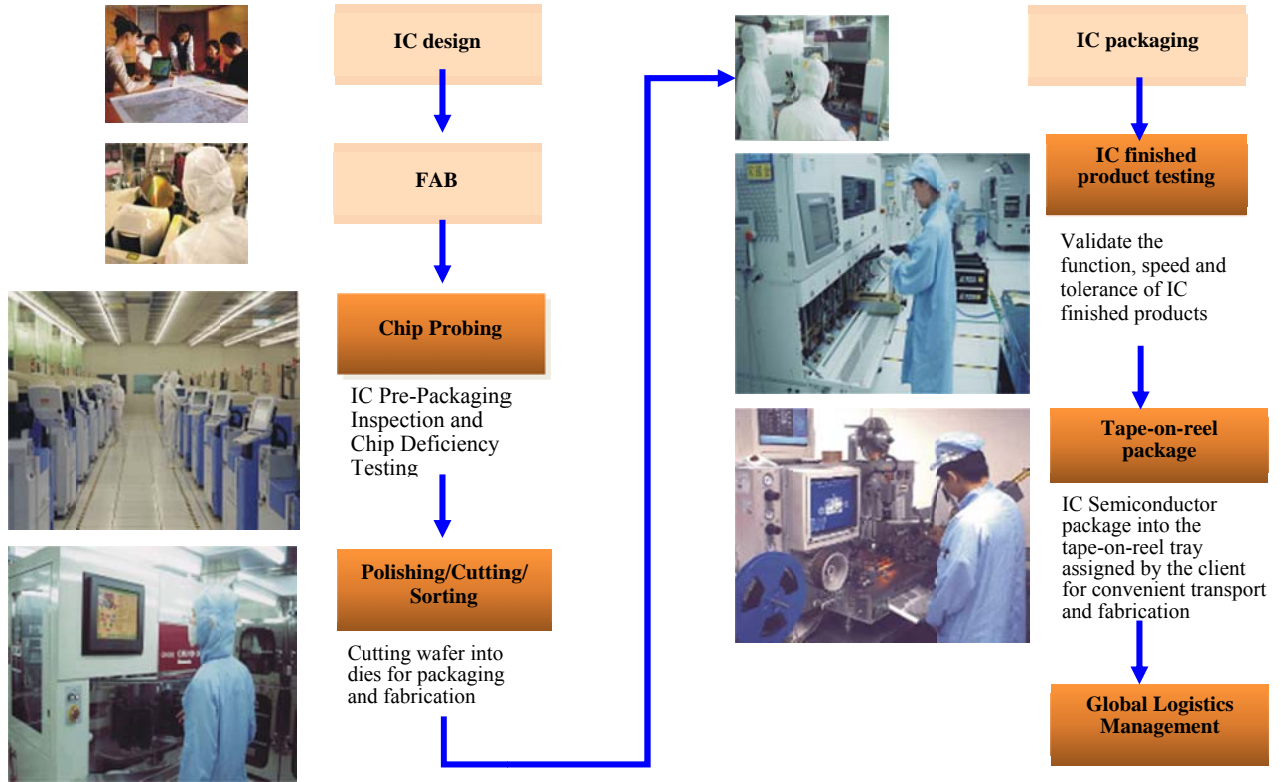
### (1) Company Profile

<b>Company Name</b>	King Yuan Electronics Corp. (KYEC)
<b>Date of Establishment</b>	May 28, 1987
<b>Paid-in Capital</b>	NTD 11,711,731,380
<b>Chairman</b>	C.K. Lee
<b>President</b>	A.H. Liu
<b>Company Headquarters</b>	No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City
<b>Plants</b>	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
<b>No. of Employees</b>	Approximately 4,991 people
<b>Main Business</b>	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
<b>Taiwan Stock Exchange</b>	2449
<b>Spokesperson</b>	Gauss Chang
<b>Deputy Spokesperson</b>	AaronChang



(2) Services

The services of KYEC consist of testing areas, including chip probe, IC finished product testing and wafer polishing/cutting/die sorting...etc. The product lines include Memory, Logic & Mixed-Signal, SOC, CIS /CCD, LCD Driver, RF /Wireless, and MEMS, with over 2,800 sets of testing instruments.



(3) Core Value

The Core Value of KYEC:

- **Performance**: Set up high-standard objectives to meet customer demand for higher quality, lower costs, faster delivery, and enhance customer satisfaction.
- **Innovation**: Constantly improve and provide innovative solutions to offer satisfying quality and services with higher satisfaction to clients.
- **Excellence**: Complete work assignment with full efforts, actively take work objectives with challenge, and achieve outstanding standards and remarkable performance.
- **Sharing**: Voluntary in sharing knowledge and skills as well as experience owned with others so that the company and clients can share and grow together.





#### (4) Worldwide Business Division

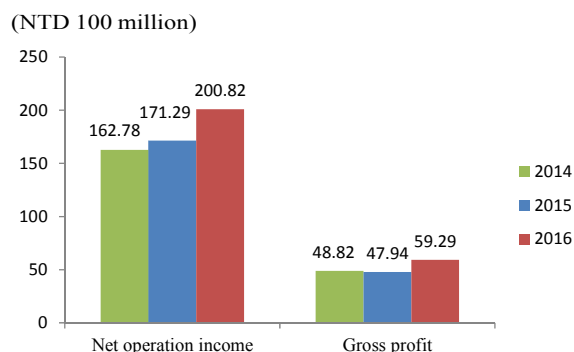
Professional packaging and testing is one of the semiconductors in Taiwan with the earliest and fastest development, except for wafer foundry. Moreover KYEC is the only company specializes in professional testing, placing the company on an even more prominent position in the market. KYEC has long established worldwide business divisions to cope with business expansion and development requirement, thereby to accommodate the thriving development of outsourced professional testing industries. Apart from its establishment in Taiwan, KYEC also set up a factory in Suzhou, China and worldwide business divisions in North America, Southeast Asia, and Japan to provide services to clients nearby. The worldwide business divisions and the distribution of operating income in 2016 are shown in the follows:



#### (5) Management Performance

The 2016 consolidated operating income was NTD 20082 million, up 17.2% when compared with 2015, with a gross profit of 29.53% and approximately close to that of 2015. 2016 was a year of booming prosperity and recovery for global semiconductor industry. In spite of the many changes in the overall political, economic and environmental conditions, KYEC still managed to create new milestones with business growth rate performing superior than the peer industries. KYEC also continues to acquire orders from international big companies and establishes KYEC's unique added-value in testing services and packaging professions for the global semiconductor back-end process.

Consolidated Operating Income and Gross Profits:



#### (6) Members participating in various external departments

Associations	Remarks
The Allied Association for Science Park Industries <sup>↗</sup>	Chairman Lee served as the Deputy Director-General <sup>↗</sup>
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

The CSR team of KYEC is established by the highest authority of Administrative Center, which cover the work related to the promotion of corporate social responsibilities and the members consist of departmental representatives from the Finance Division, Planning Division, Sales Division, Human Resource Division, Facility and Environment Safety Division, Material Division, and Quality Assurance Division.

The departments identify the 2016 KYEC stakeholders, including the shareholders and investors, customers, employees, suppliers, contractors, communities and neighborhoods, media, and government agencies by the representation, influence, affinity, reliance, and political implications of stakeholders in accordance with the work properties and the reference on the practice and rules of thumb in relevant industries.



### (2) Stakeholders' Concerned Issues and Interaction

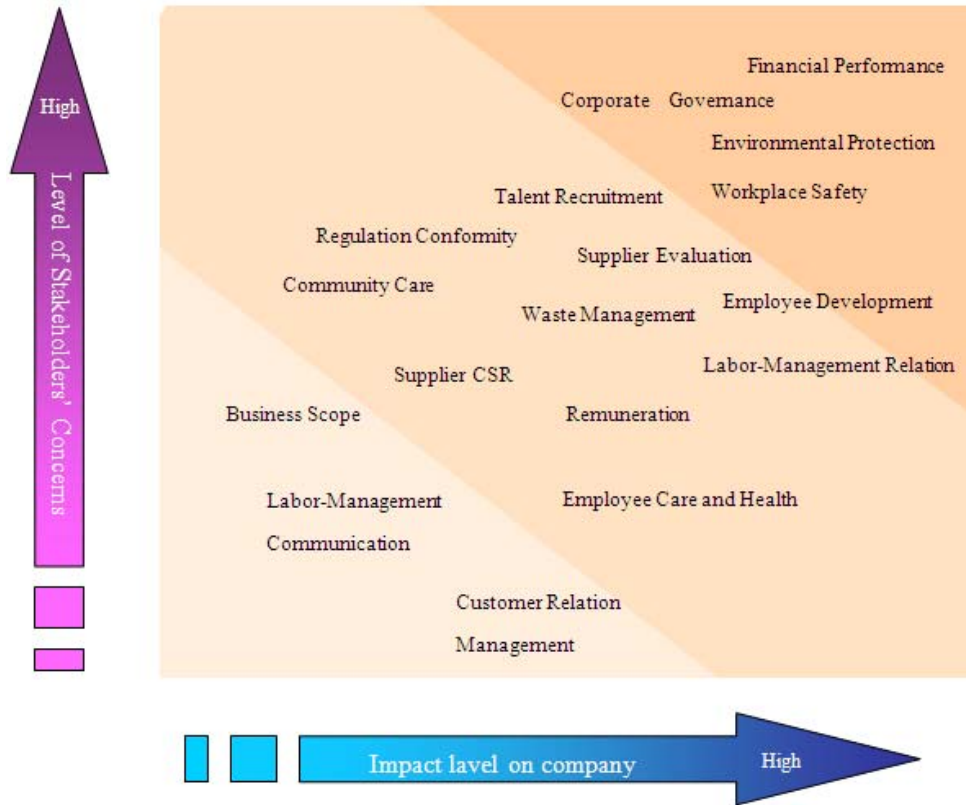
KYEC offers a diversity of interaction and communication mechanisms with the stakeholders, including the KYEC “Internal/External Communication Management Procedures,” “company strategy and review meetings,” “customer satisfaction survey,” “employee seminars,” “supplier questionnaire survey,” “government regulations and decrees,” “investor queries,” and various communication channels in order to fully understand the requirement of stakeholders. With regards to communication and response, we communicate with the stakeholders via different communicating path to understand their expectation and demand for KYEC in addition to incorporating the concerned issues into routine work and annual plan. Apart from conducting immediate communication and responses we also we also apply the information in the drafting of corporate social responsibility policies and reference for promotional plans. The relevant communication issues, mechanism and frequency are described below:

Stakeholders	Communication Agenda	Communication mechanism	Frequency
<b>Shareholders/ Investors</b>	◎Financial performance	Market Observation Post System	Unscheduled
	◎Operational size	Domestic and international investment forums	Unscheduled
	◎Corporate governance	General meetings of shareholders	Annually
<b>Customers</b>	◎Corporate social responsibility	Customer satisfaction survey	Annually
	◎Customer commitment and services	Customer questionnaire	Unscheduled
	◎Customer relation management	Email	Unscheduled
	◎Firefighting equipment installation and management	Issuance of customer documents	Unscheduled
	◎Disaster prevention and emergency contingency	Customer audit	Unscheduled
	◎Waste management	Company website	Unscheduled
<b>Employees</b>	◎Environmental protection and safety and health related regulations and laws.		
	◎Environmental protection		
	◎Remuneration	Departmental Meetings	Weekly/Monthly
	◎Leave and rights	Labor-Management Meeting	Quarterly
	◎Talent recruitment	Employee Welfare Committee Meeting	Quarterly
	◎Employee development	Employee Seminar	Quarterly
	◎Employee care and health	New Employee Seminar	Quarterly
	◎Club activities	Foreign Employee Seminar	Semiannually
	◎Welfare funding	Employee Board	Regular
	◎labor-management relation	Proposal Improvement System	Unscheduled
	◎Workplace safety	Compliant Handling Committee	Depending on the situation
	◎Labor-management communication	Personnel Evaluation Committee	Depending on the situation
	◎Management of incidents and work related injuries	Occupational Safety and Health Committee	Quarterly

<b>Supplier</b>	◎Supplier CSR	Supplier Audit	Annual/ Unscheduled
	◎Supplier evaluation	Supplier questionnaire survey	Regular
	◎Product quality and price	Contact window for department of purchase	Regular
	◎Hazardous substance management	Supplier quality meeting	Unscheduled
	◎Source of mining acquisition and employees' rights		
<b>Contractor</b>	◎Factory safety and health operation requirement	Contractor negotiation meeting	Monthly
<b>Community / Neighborhood</b>	◎Water resource management	Responses from neighborhood chiefs	Unscheduled
	◎Social welfare	Sponsorship of art and cultural activities	Unscheduled
<b>Government Agencies</b>	◎Regulation conformity	Letter of correspondence and email	Unscheduled
	◎Financial information transparency	Propaganda meeting/briefing	Unscheduled
	◎Policy cooperation	Promulgated Decree	Unscheduled
	◎Corporate governance	External Official Document	Unscheduled
	◎Waste management	Public Hearing for Regulations	Unscheduled
	◎Disaster prevention and emergency contingency		
◎Hazard substance/dangerous articles management			
◎Machinery equipment safety and management			
◎Contracting and change management			
◎Waste water discharge and management			
◎Environmental protection, safety and health related laws and regulations			
◎Greenhouse gas management			
◎Green energy purchase and energy management			
<b>Media</b>	◎Community care	Press Release	Unscheduled
	◎Management performance	Press Conference	Unscheduled

**(3) Material Issues Matrix Analysis**

A total of 14 stakeholder related issues have been identified through collective collection and comprehensive discussion, followed by drawing key CSR issue matrix diagram by the level of attention of stakeholders and the impact on enterprises.



**(4) Identification of the Scope and Border of Material Considerations**

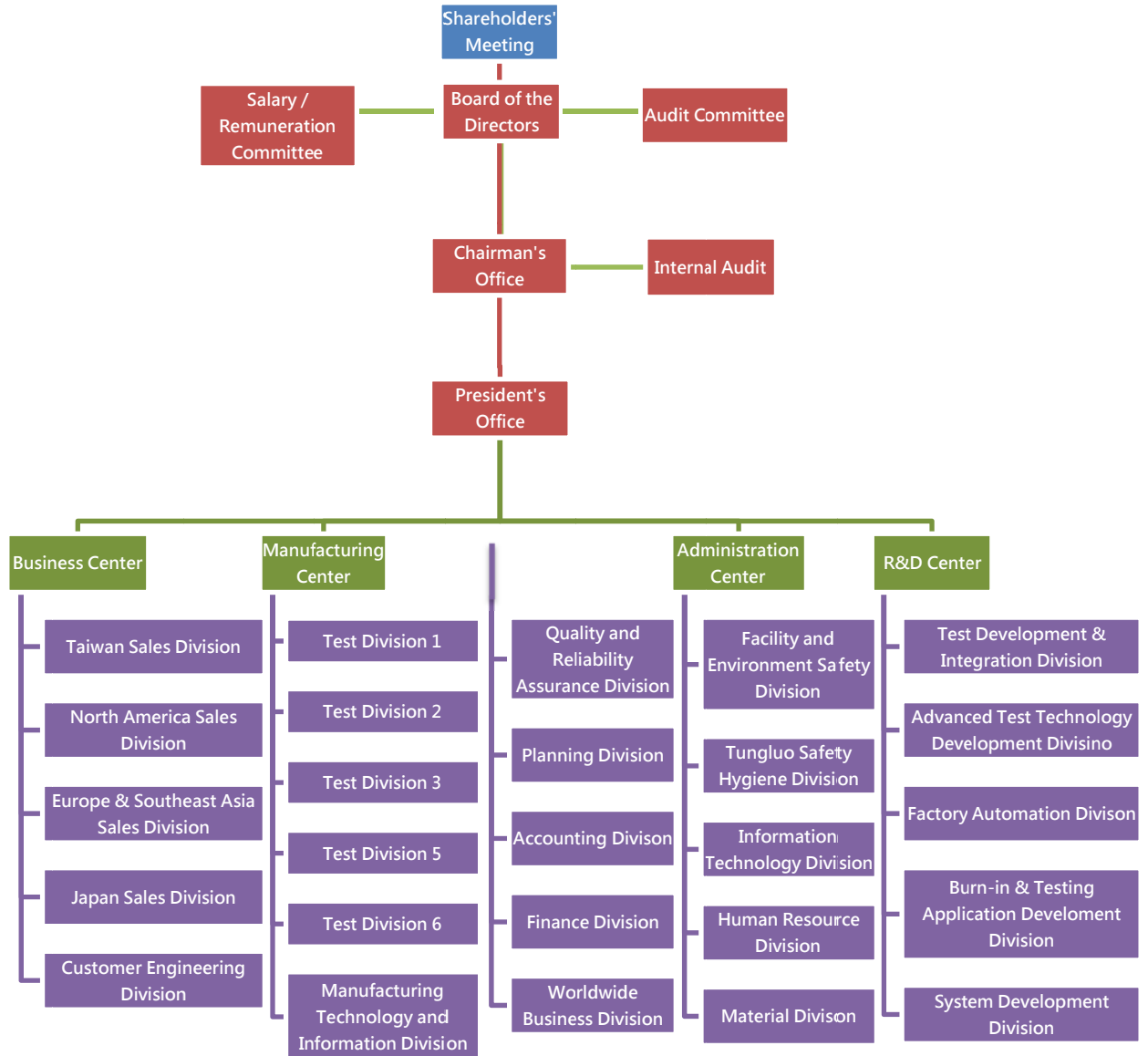
A total of 14 stakeholder related issues have been identified through collective collection and comprehensive discussion, followed by drawing key CSR issue matrix diagram by the level of attention of stakeholders and the impact on enterprises

Material Agenda	Within Organization	Outside organization	Category	Consideration	GRI indicators	Articles of Reference
	KYEC					
Corporate Governance	V	V	-	Governance	G4	Corporate Governance
Financial Performance	V	V (Customer)	Economy	Management Performance	G4-EC1~3	KYEC Overview
Environmental Protection	V	V (Supplier)	Environment	Emission	G4-EN15~19	Environment Management
Workplace	V	V	Society	Occupational	G4-LA5~7	Occupational

<b>Safety</b>		(Contractor)		Health and Safety		safety and health
<b>Employee Care and Health</b>	V	V (Customer, Community)	Environment	Occupational Health and Safety	G4-LA5~7	Occupational safety and health
<b>Supplier CSR</b>	V	V (Supplier)	Environment	Supplier Environmental Evaluation	G4-EN32~33	Environment Management
<b>Regulation Conformity</b>	V	—	Environment	Regulation Conformity	G4-EN29	Environment Management
<b>Supplier Evaluation</b>	V	— (Supplier)	Economy	Purchase Practice	G4-EC9	Supply chain management
<b>Labor-Management Relation</b>	V	—	Society	Labor-Employer relation, same pay for men and women	G4-LA2,13	Employees' rights
<b>Employee Development</b>	V	V (Contractor, Community)	Society	Training and education	G4-LA9~11	Employees' rights
<b>Waste Management</b>	V	V (Customer, Community)	Environment	Waste water and waste	G4-EN22~24	Environment management
<b>Remuneration</b>	V	—	Society	Employee diversity and equality opportunity, same pay for men and women	G4-LA12,13	Employee's rights
<b>Talent Recruitment</b>	V	V (Community)	Society	Labor-Employer relation, Employee diversity and equality opportunity, local community	G4-LA1,12 G4-SO1	Employees' rights and social participation
<b>Community Care</b>	V	V (Community)	Society	Local community	G4-SO1~2	Social participation

## Corporate Governance

### (1) Corporate Governance Framework



(2) Key Department 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.



<b>R&amp;D Center</b>	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.
<b>Testing Development and Integration Division</b>	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.
<b>Advanced Test Technology Development Division</b>	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.
<b>Factory Automation Division</b>	Executing and establishing testing environment, developing the accessories and peripheral testing application technology needed for the production.
<b>Burn-in &amp; Test Application Development Division</b>	Product development, equipment assembly inspection and maintenance, burn-in testing development, production stability improvement on production line.
<b>System R&amp;D Division</b>	Proprietary testing platform system /equipment upgrade, proprietary testing platform function extension.
<b>Administration Center</b>	Integrating group administrative resources, supporting group operation, using minimum costs to maximize profits for the company.
<b>Tungluo Safety Hygiene Division</b>	Responsible for the hygiene, environmental protection, and labor safety issues of the plant.
<b>Facility &amp; Environment Safety Division</b>	Responsible for the design, construction, maintenance, and corporate general affairs and environmental protection and labor safety issues of facility.
<b>Information Technology Division</b>	Responsible for the design, promotion, review, and improvement on corporate information system, and the regulation and supervisor on long-term information system.
<b>Human Resource Division</b>	Responsible for the drafting, review and revision of human resource development plan of the company.
<b>Material Division</b>	Responsible for the procurement, inventory management issues of raw materials and equipment of the company.
<b>Quality Reliability &amp; Assurance Division</b>	Consolidate the upgrade of company product quality, formulation of quality strategy, improvement on quality system, and execution and control of instrument, equipment and documents.
<b>Planning Division</b>	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.
<b>Accounting Division</b>	Consolidate company tax affairs, generalization, and cost accounting.
<b>Finance Division</b>	Consolidate company stock affairs and fund procurement.
<b>Worldwide Business Divisions</b>	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.

### (3) Board of the Directors

#### 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.

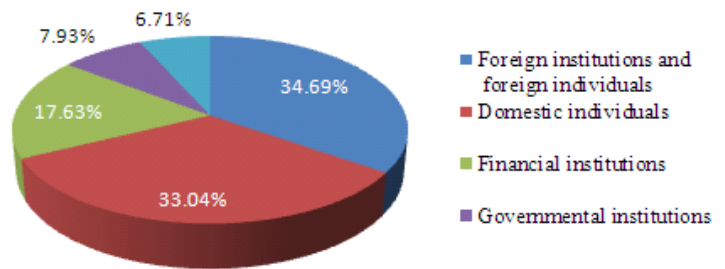
Members of Board of the Directors, their major experience, education and part-time functions are described below:

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 KYEC General 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 Independent Director of Quang Viet Enterprise Co., Ltd.
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 Representative,	2014.6.12	3 years	—	—
	Chih-hung, Lu	2016.9.1		Master Degree Pixart Imaging Inc. Executive Vice President	Associate Manager of Direct Investment Department, China Development Industrial Bank Feature Integration Technology Director Attopsemi Technology Director.
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.

Title	Name	Elected Date	Term	Major Experience (Education)	Other functions currently serving at the company and other companies
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

**(4) Shareholder Structure**

2016 Shareholding Ratio:



**(5) Salary/Remuneration Committee**

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:

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

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 second Salary/Remuneration Committee of KYEC consisted of four committee members. The term of committee member is between June 24, 2014 and June 11, 2017.

The 2015 Salary/Remuneration Committee meeting was called four times with the following attendance by the committee members:

Title	Name	No. of Actual Attendance	Actual Attendance Rate(%)	Remarks
Coordinator	Shi-Jer Shen	4	100	Coordinator and Chairman
Committee Member	Hsien-Tsun Yang	4	100	
Committee Member	Hui-Chun Hsu	4	100	
Committee Member	Chung-Chi Huang	4	100	

**(6) Audit Committee**

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.

Operations of Audit Committee

The 2016 Audit Committee called for five times 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	5	0	100.00	Coordinator and Chairman
Independent Director	Shi-Jer Shen	5	0	100.00	
Independent Director	Hui-Chun Hsu	5	0	100.00	

**(7) 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 properly 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.

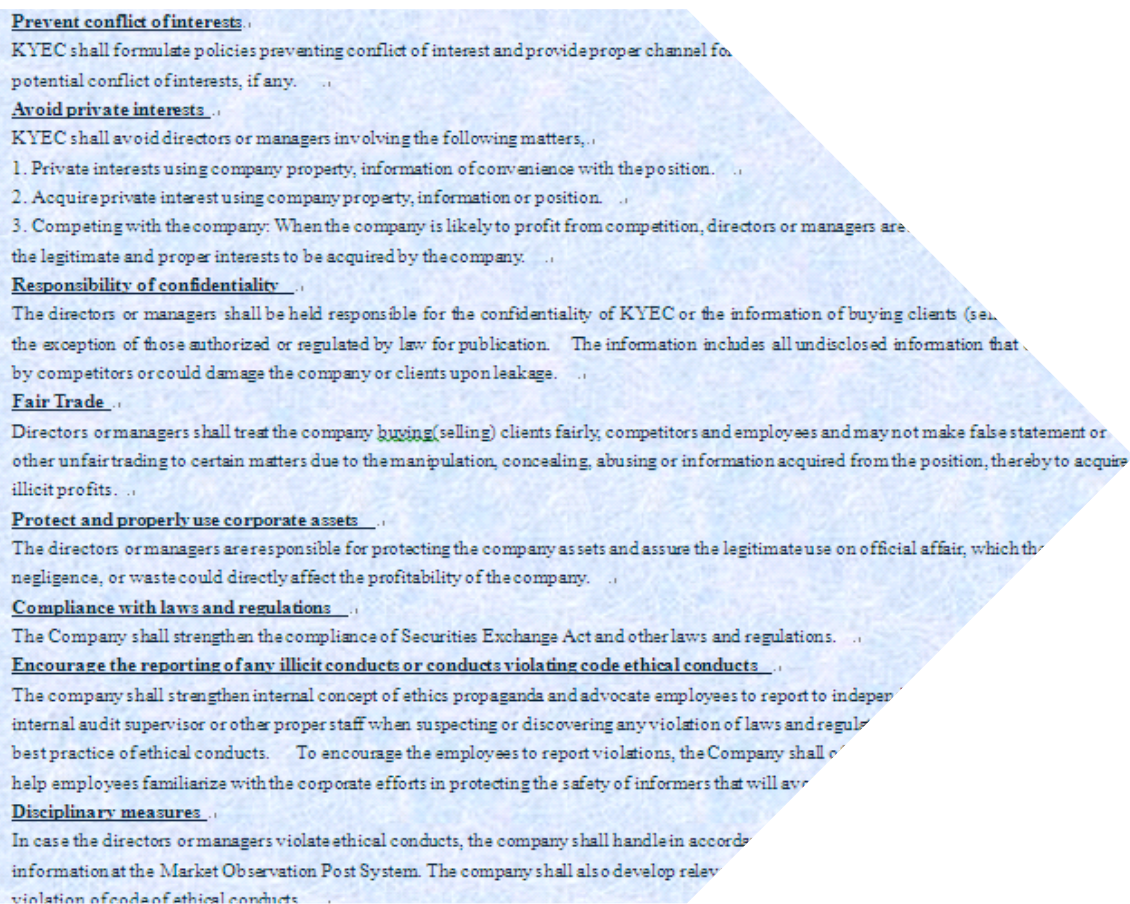
The annual audit plan is described below:

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, audit and sponsor 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.

## (8) Employee Code of Ethics and Conducts

In recognition of the guidance of competent authority for the directors and managerial officers of TWSE listed and TPEX listed companies in Taiwan to act in line with the codes of ethical conduct and help KYEC stakeholders better understand the ethical standards, KYEC has developed the “Code of Ethics and Conducts” in accordance with the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies.” The Guidelines were adopted by the Board of Direction meeting on April 28, 2015



For more information please refer to:

Market Observation Post System: <http://mops.twse.com.tw/>

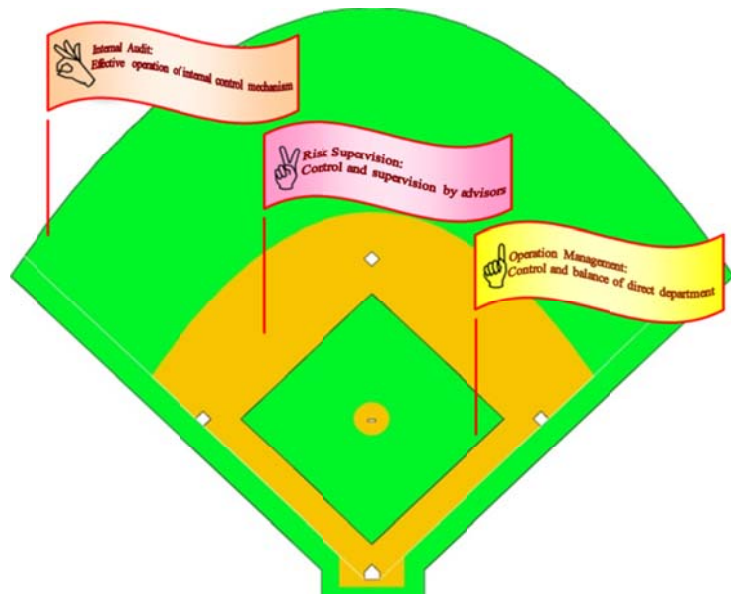
## (9) Implement Philosophies of Integrity Management

In recognition of the competent authority’s intention to establish the reference framework of excellent business operations in TWSE/TPEX Listed Companies and assist enterprise with establishing integral corporate culture for sound management, KYEC develops the “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and actual corporate operations. The Board of Directors have adopted the principles at the resolution of BOD meeting on April 28, 2015 while the Internal Audit of Chairman Office serving as the special department responsible for the formulation, supervision and execution of ethical management policy and prevention solutions.

<b>Scope of Regulation</b>	All employees of KYEC, KYEC subsidiary and group companies (including directors, managers, employees, and consignors).
<b>Regulatory Conducts</b>	(1) Bribery, receiving gifts for bribery, providing illicit political donations, improper charity donation or sponsoring and providing unreasonable gifts, reception, or other improper interests. (2) Avoid trading with parties showing records of unethical conducts. (3) Avoidance of conflict of interests between the directors, managers and company.
<b>Special Department in Supervision and Execution</b>	Internal Audit of Chairman Office
<b>Information Disclosure</b>	Strengthen the performance of disclosure on ethical... company website

**(10) Risk Strategies and Responses**

KYEC applies the management model of three defenses for risk management to build establish complete and rigorous risk control operations. The Board of Directors is responsible for the supervision of risk control mechanism, regulations related to control and review, and review on key risk report. The scope includes multiple dimensions to facilitate the effective identification, measurement and response management of various risks.



Risk items and coping strategies are shown in the following table:

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 and hence the Company should collect daily interest rate change to timely take proper response actions.

	Exchange rate fluctuation	<p>1. The capital expense mainly consists of import equipment. To reduce the impact of exchange rate fluctuation against the profits, the company reaches agreement with major customers to pay some account receivable in USD.</p> <p>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 against profits</p> <p>3. Collect daily interest rate change to timely take proper response actions.</p>
Supplier Risk	Quality Change	Based on the trading amount & abnormal rate to define Level 1 and Level 2 material. The supplier performance of Level 1 material shall be evaluated monthly while The supplier performance of Level 2 material shall be evaluated quarterly to supervisor the quality stability of suppliers.
	Material Shortage	Suppliers borrowing or relocating materials from his clients, peer industries borrowing or relocating materials from each other, clients provide customer materials transfer of materials to second supplier, and transfer to alternative materials.
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

KYEC values supply chain risk management and regards it as part of the corporate competitive advantages. In a global world, any material natural disaster or accident could have influence on the company. Hence KYEC requires suppliers to comprehensively improve their capacity in the autonomous management of supply chain risk and take initiative in providing assistance. The focus of corporate attention and requirement include the follows: Strengthen the environmental protection and quality management system of suppliers, green purchase, supplier audit and consoling, and green operation vision.



### (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, KYEC 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 KYEC 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 when 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 providing services 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 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, and training) to the formulation of non-hazardous substance policy to help all employees understand and pay attention to about the execution of team performance

## (3) Suppliers

KYEC aims to meet customer satisfaction as the ultimate objectives and its management philosophy is projected to work closely with suppliers. Under the corporate social responsibility in a globally intense supply chain, the Company is devoted to promote corporate social responsibility to the affiliated supplier groups with the following key issues:

- Quality and product safety assurance.
- Green procurement.
- Compliance with laws/regulations and social norms.
- Assure the information security of suppliers.
- Commitment of performance in Electronic Industry Citizenship Coalition Code of Conduct (abbreviated as EICC).

### (1) Supplier Selection

To assure the capacity of upstream and downstream suppliers 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” forms as the reference for evaluation review. KYEC also evaluates the suppliers in terms of quality, delivery, price, and services on a monthly basis:

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

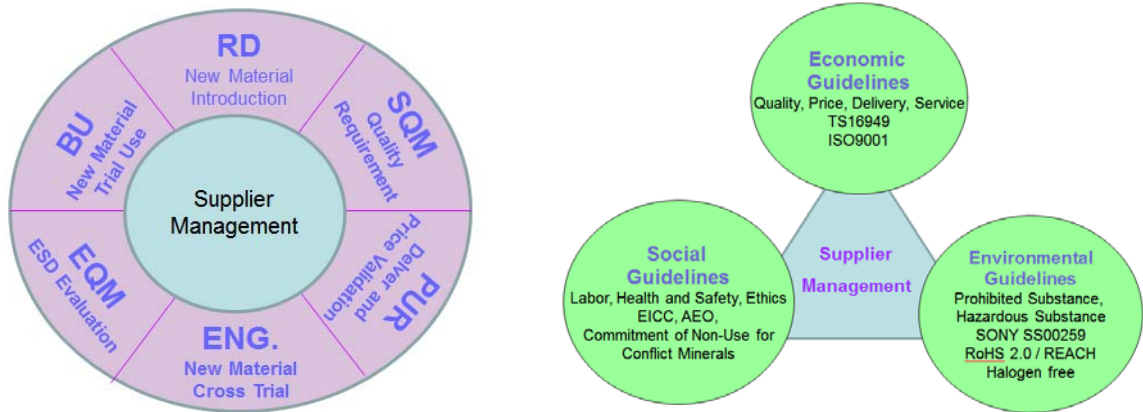
Suppliers with outstanding evaluation results shall be listed as partners of priority for KYEC. In case the evaluation result does not conform to the KYEC system requirement or suppliers have poor historic records, KYEC will take more precaution in including such suppliers in the list of qualified suppliers during the selection process.

### (2) Supplier Management

KYEC is committed to the maintenance of long-term cooperation with domestic or foreign suppliers by co-establishing a sustainable supply chain with stable development. Apart from considering 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 plans.

KYEC requires all suppliers to strictly comply with quality management system, environmental safety and hygiene management system, and Authorized Economic Operator appraisal. The supplier procurement procedures require the review on 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 one by one. Moreover, the procedures require the suppliers to sign the commitment of performance in Electronic Industry Citizenship Coalition Code of Conduct for corporate social responsibility management.

To enhance the overall competitiveness of the supply chain, KYEC not only conducts routine supplier audit but includes supplier quality, cost, service level, environmental protection, work safety and technology as well as other factors into the items of evaluation. 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 “Electronic Industry Code of Conduct,” “REACH SVHC” and “SONY SS00259) with explicit and full disclosure on green supplier management center for suppliers to comply.



### (3) Requirement for Supplier Management

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.

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 within the company, including the educational system, production operation, goods inbound and outflow, supplier safety education and audit. KYEC Chunan Factory has acquired the AEO certificate in 2012 and conforms to WCO (World Customer Organization) safety regulation certification so that product export process becomes even more convenient. KYEC completed Miaoli Tungluo Factory by the end of 2014. The AEO certification for Tungluo Factory was completed on December 14, 2015.

KYEC's Chunan Factory located in Miaoli has been awarded with AEO since 2012 and is also the first enterprise in Miaoli County certified by AEO. The factory 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 Factory was expired in 2015. The certificate was renewal on 10 May 2016. Tungluo Factory was certified by AEO on December 14, 2015.

(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

**KYEC**  
**電子行業公民聯盟行為準則承諾書 (EICC Code 承諾書)**  
**Assurance letter of following EICC Code for KYEC**

一、本公司承諾自即日起確實遵守與執行電子行業公民聯盟行為準則 (ELECTRONIC INDUSTRY CITIZENSHIP COALITION 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。  
 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)、鉑(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, 非政府軍事組織所把持的非法採礦的礦區。

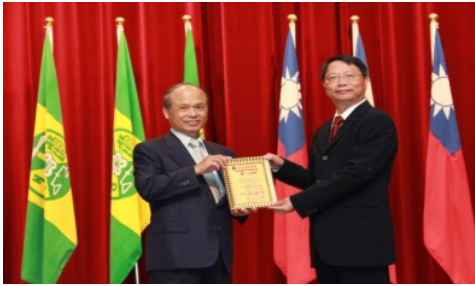
(1) Our company will follow Electronic Industry Citizenship Coalition (EICC) Code of Conduct which KYEC request suppliers to implement related regulations of corporate social responsibility from now on.  
 (2) EICC Code scope including following items. Please refer the following items and link website (<http://eicc.info>) to get more detailed information and stipulation.  
 A. Labor  
 B. Health 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): \_\_\_\_\_

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

公司專用印處 Seal



Award for AEO

Award for International Trade Presentation



Distinguished Bonded Factory Presentation

#### (5) Supplier Audit

Suppliers of KYEC need to undergo routine evaluation and classification according to the amount of transaction between January and November and the types of materials and quality status scheduled for audit plan in the following year. SQM and relevant staff will conduct audit evaluation at the supplier's site and record the results in the "Supplier Audit Form" and "Supplier Audit Result Form," to assure the supplier's quality in conformance with KYEC requirement.

The 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 submit reasonable improvement objectives and schedule to assure the suppliers in conformance with the aforementioned requirement.

(5-1) Local material suppliers

a. Material Type and the Transacting Amount for Current Year

Total Transacting Amount (NT: 10K)	Material Type	Direct Material	Indirect Material
		(products with direct contact to customers)	(products with indirect contact to customers)
> 1000		Required	Required
1000 ~ 800		Required	Not Required
< 800		Not Required	Not Required

b. Performance evaluation

Average annual performance evaluation	< 80 分	≥ 80 分
	Required	Not Required
Average annual quality performance	< 70%	≥ 90%
	Required	Not Required

c. Quality condition and risk

Quality anomaly that leads to customer complaint	Yes	None
	Required	Not Required

d. Annual audit result

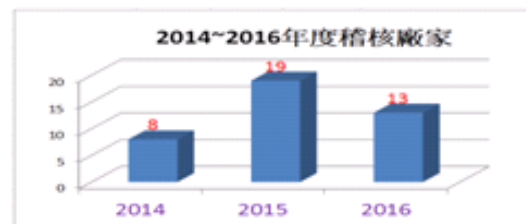
Previous audit result rating	F	C	S	O
	Required	Required	Not Required	Not Required

e. Third Party Quality Management System certification

ISO9001	None	Fail	Yes
	Required	Required	Not required

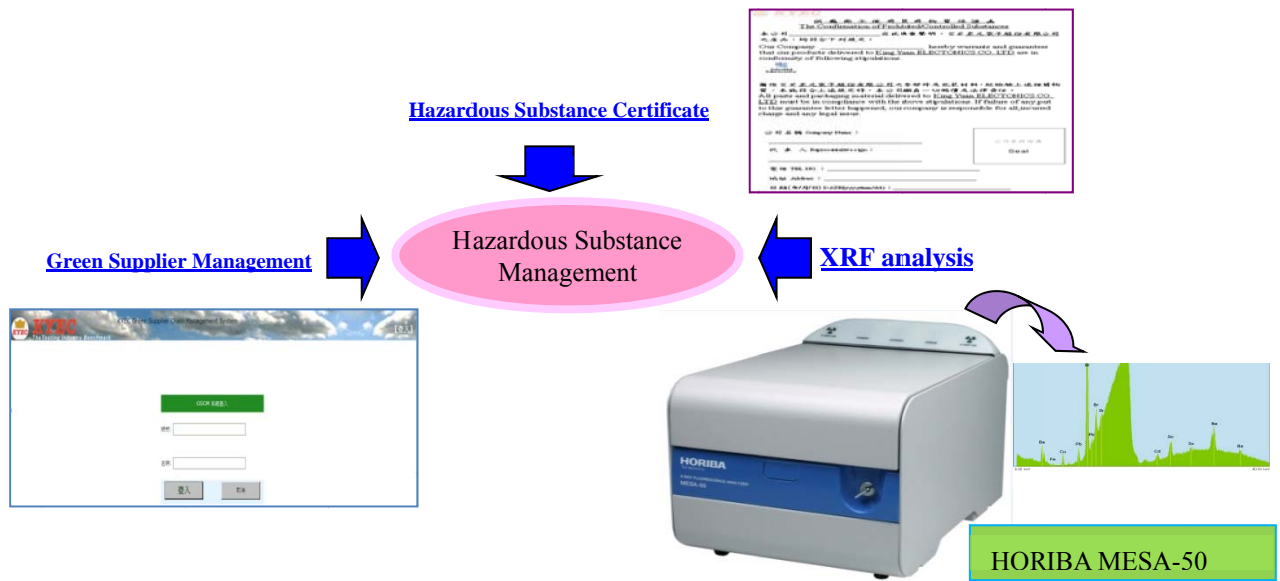
SCORE	GRADE	MEANING
90~100	O	Outstanding
70~89	S	Satisfactory
60~69	C	Conditional
< 60	F	Fail

2014-2016 Annual Audit Companies



- (5-2) Continuous procurement if audit score exceeds 70 points; if total score falls below 70 points, the score of single HSF management item falls below 70% of total score for that item, or if customers are discovered with violation of relevant provisions, suppliers are suggested for removal from QVL or suspended for procurement.
  - (5-3) When the supplier is classified as A or G grade (namely ACCEPT), the flaws founded in audit will undergo secondary flaw review in the next audit to validate the effectiveness of improvement.
  - (5-4) When the supplier is classified as Grade B, Grade-B supplier will be driven to continue improvement operation in order to gradually improve quality
  - (5-5) When the supplier is classified as Grade C, supplier will be asked to provide audit flaw improvement plan and execution in 2 weeks. The quality management of supplier shall complete the secondary audit in 2 months and the supplier may be requested to strengthen material shipping inspection before completing the audit as quality management.
  - (5-6) When the supplier is classified as Grade D or if the first evaluation of new supplier is Grade C or below, the SQM will discuss with relevant departments to suggest removing the supplier from QVL or notify the clients of the audit results so the clients can determine if to freeze the supplier. If the client agrees to freeze the supplier, KYEC shall seek for Second Source for cross-trial procedure and if clients disagree with freezing that supplier, KYEC shall follow client's waiver to continue procurement and management.
- (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

3 Aspects for Hazardous Chemical Substance Management



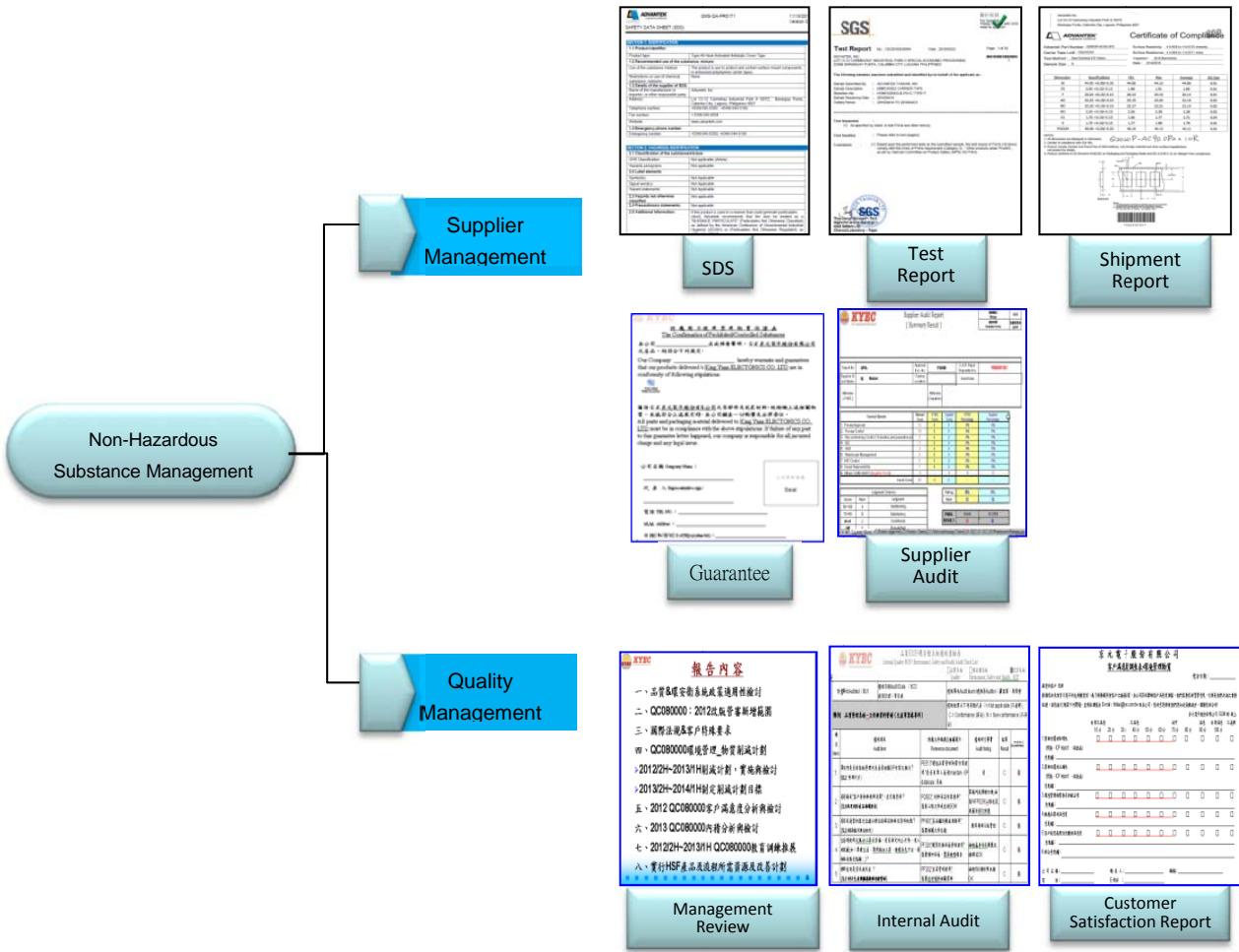
In pursuit of environmental sustainability and reduce the pollution of packaging material on the environment, KYEC implements green packaging material policy such as “supply chain management,” “routine x-ray fluorescent light analysis,” “propaganda and communication,” and “compliance with international 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 packaging 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.

**2016-1 內部品質/環安衛稽核小組人員名單**

2016-1 內部品質稽核小組人員名單				生產管理處稽核																						
稽核單位/類別	委稽核單位	稽核小組長																								
BU1 (-)	BU1 (-) 部門互稽核	柯芊蕙	HQ	PQA 陳政君	PQA 江明育	PP1 潘重宇	PP2 林恩輝	PP1 楊浩昕	TE1 翁士斌	TE2 張亦鳴	TE1 王宜龍	PD1 陳英君	EE 陳明池	PD2 林宜盈	PD2 郭梅仲											
			CH	PQA 黃竹勇	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝	蔡家輝							
BU2 (-)	BU2 (-) 部門互稽核	吳世華	NSY	PQA 李麗芬	PP 姚欣怡	PP 郭政倫	PE 李明順	PE 周啟浩	PE 連紹宗	PD2 吳貞慶	PD2 鄭月	PD2 洪甄琦														
			CP	PQA 徐韻芬	PP 江秉哲	PP 彭文輝	PE 李麗雲	PE 徐美鈴	PD1 黃依息	PD1 張靜宜	PD1 楊樹敏	AE 邱美慧														
BU1 (二)	BU2	韓麗鈴		11920	11610	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930	11930			
BU3 (三)	BU3 (三) 部門互稽核	邱權宗	PQA 李淑鈴	PQA 羅宜華	PP 李筱傑	TE 黃智輝	PD1 黃淑玲	PD2 曾麗儀	AE 陳俊瑋	EE1 陳政宏	EE2 廖唯誠	EE3 蔡麗芬														
			PQA 陳怡鴻	PP 陳秋榮	TE 蔡家賢	PD1 吳政宏	PD2 王士誠	AE 吳煥倫	EE1 江建宏	EE2 詹益宏	EE3 羅國碩															
BU5 (三)	BU3	張玉芳	15330	15410	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280	15280			
BU5 (四)	BU5 (四) 部門互稽核	董淑慧	PQA 曾美輝	PP 王蔚評	TE 羅文聰	PD1 孫彰明	PD1 陳寶真	PD2 孫彰明	PD2 徐紹滿	AE 李郁之	AE 吳再峻															
			PQA 林信吉	PP 陳曉庭	TE 孫禮庭	PD1 陳怡鴻	PD2 陳玉芳	AE 王慧瑋																		
BU3 (四)	BU5	吳政宏	13940	13510	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140	13140			
BU6 (五)	BU6 (五) 部門互稽核	林玉珊	CP	PQA 陳坤隆	PQA 林毓珊	PP 李品輝	PE1 黃俊球	PE1 蔡冠英	PD1 陳英君	PD1 賴志峰	PD1 黎欣怡	PD1 李玄端	AE 陳俊漢													
			FT	PQA 鄭偉麟	PP 韓序	PE2 高國豪	PE2 紀立民	PD2 李慶康	PD2 陳鈺斌	PD2 夏聖熾	PD2 王翠輝	AE 蔡紫婷														
廠務管理處 (五)	BU6	賴美秀	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330	7330			

(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 20012) in 2013. The new factory (Tungluo) also acquired the QC080000 certification in 2014. And Continue to do on 2015 & 2016.

**GP Directive**

**2003 Aug.** SONY-GP

**2008 Aug.** IECQ QC080000:2005

**2013 Aug.** Upgrade IECQ QC080000:2012

**2014 Sep.** Add site Tong Lou

**2015 Sep.** Surveillance Audit

SONY  
グリーンパートナー-環境品質認証通知書  
Notification of Green Partner Certification

IECQ  
IECQ Certificate of Conformity  
Hazardous Substance Process Management

IECQ  
IECQ Certificate of Conformity  
Hazardous Substance Process Management

(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 countersignature 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.

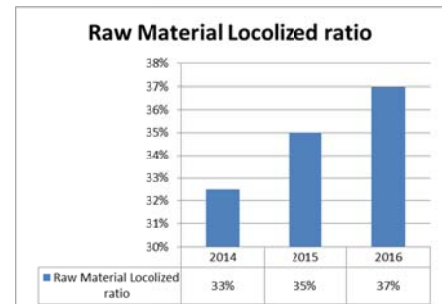
(14) Order consistency

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.

(15) 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%, increased to 32.5% in 2014 and 35% in 2015 and even increased to 37% in 2016. 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 2016 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.

**(16) Conflict Minerals Management**

With regards to conflict mineral management, KYEC is obliged to fulfill its corporate social responsibly by complying with the conduct codes and relevant requirement developed by the Electronic Industry Citizen Coalition (abbreviated as EICC) and Global e-Sustainability Initiative (abbreviated as GeSI), as a member of the electric industry supply chain. KYEC also investigates on the supply chain and prepares into policy with commitment to not use conflict minerals from Republic of Congo or the surrounding 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 right, 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 rater 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, KYEC has requested all suppliers supplying electronic materials to KYEC to fill out the “Electronic Industry Code of Conduct (EICC Code)” 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 “Electronic Industry Code of Conduct (EICC Code).”

**(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**

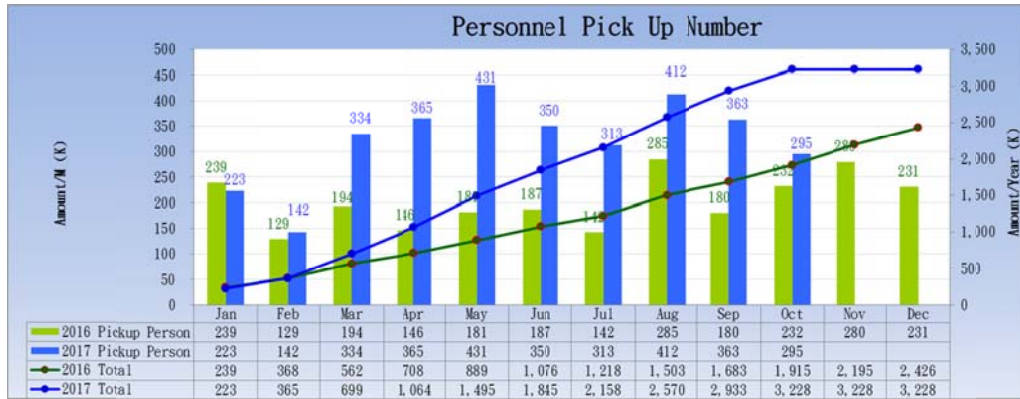
KYEC improves transport efficiency, reduce transportation miscellaneous costs and cost wastes of unnecessary routes through rational design of vehicle routes, which effectively resolve the chaos of transport movement and mitigates traffic congestion to attain the social benefits of environmental protection.



Contracting rides to and from Tungluo Factory in 2015 due to business operations resulted in a monthly average rides from Chu Nan Factory to Tungluo Factory: 63 rides; From Tungluo Factory to Chu Nan Factory: 91 rides. The total rides were 154 rides with a contracting fee of NTD130,800.

The logistics planning to consolidate the shifts in one hour before and after the shift, which absorbed a total of 114 rides with a cost of absorption of NT92,000. The absorption rate is 75% and an actual number of 40 shifts could be saved each month.

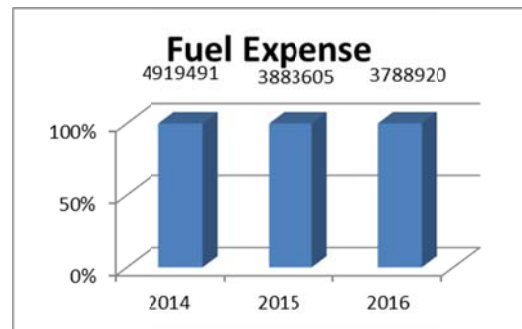
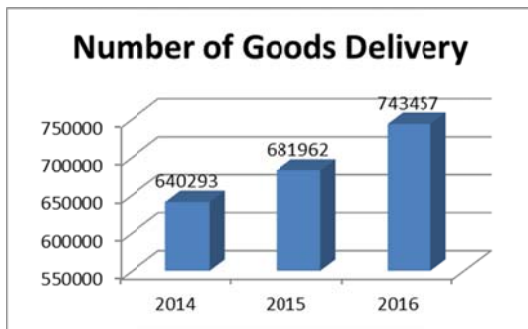
1) Optimized Shifts for Personnel Pickup:



2) Optimized Shifts for Goods Delivery:

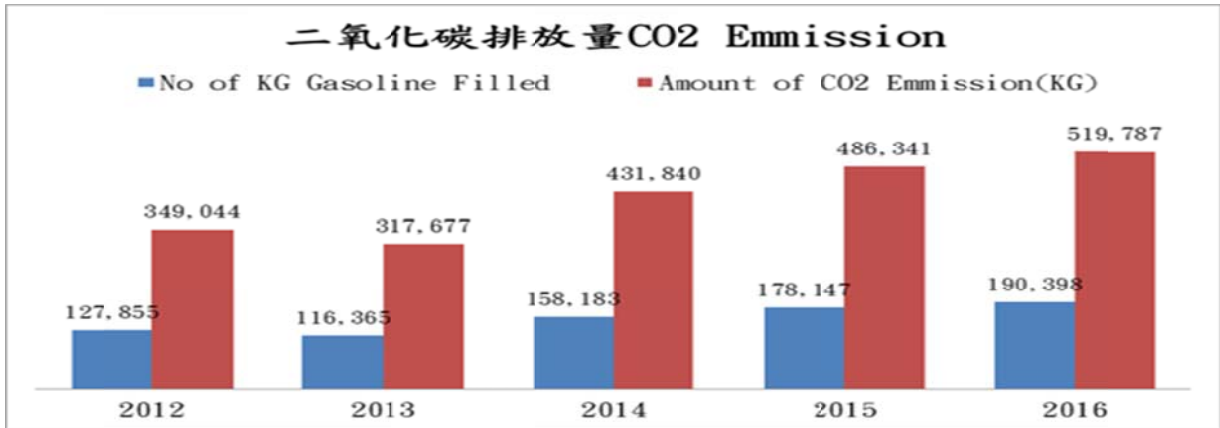
The total number of goods delivery was 743,457 in 2016, it was 61,495 more than in 2015, and 9% increased of the year.

The fuel costs about NT3.78 mio in 2016. It was NT95,000 less than in 2015, and saving about 2%.



(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 vehicle schedule, in order to reduce the number of shifts and fuel costs, reduce CO2 emission, and thereby reducing impact on the environment. The 2016 CO2 emission was increased by 33,445 KG, up 7% per year mainly because of cooperation with Tungluo Factory operation, but was improved compared with the 13% increase in 2015.



Year	2012	2013	2014	2015	2016	Annual increase	Annual decrease	Remark
No of KG Gasoline Filled	127,855	116,365	158,183	178,147	190,398	12,251	7%	
Amount of CO2 Emission(KG)	349,044	317,677	431,840	486,341	519,737	33,445	7%	Carbon emission for each kilogram of diesel is 2.73 KG

(1) GPS Control Delivering Vehicles

GPS allows the coordinators to control the routes of vehicles and the temporarily additional pickup operation in order to notify drives immediately for avoidance of repeated shifts and saving fuel costs.

編號	駕駛員持有者	分類	回報時間	定位位置	車況現況
1503-T6	張勝賢	3.5噸小貨車	2017/05/15 11:16:42	新竹市香山區【國3】104公里	102 km/h 向西南
619-Y7	蔡金亨	10.5噸中貨車	2017/05/15 11:16:40	台中市大雅區四德里中清路一段237-5號	31 km/h 向南
5475-RU	彭文正	3.5噸小貨車	2017/05/15 11:16:52	新竹市香山區正義路	38 km/h 向東
4868-B8	洪宙宏	3.5噸小貨車	2017/05/15 11:16:48	新竹縣寶山鄉科環路	60 km/h 向西南
ABN-2551	林銘璋	3.5噸小貨車	2017/05/15 11:16:34	新竹縣寶山鄉新竹系統交流道	95 km/h 向西南
AJN-8032	洪宙宏	3.5噸小貨車	2017/05/15 11:16:34	桃園市楊梅區【國1】74公里	99 km/h 向西
APT-2171	李增財	3.5噸小貨車	2017/05/15 11:16:16	苗栗縣竹南鎮中華路78巷29弄	熄火

(2) GPS Controlling Idleness in Delivering Vehicles

The management shall explain the importance of idleness for environmental impact to all drivers each month, informing them of correct driving methods to save fuel costs and monitoring the idleness in vehicles via GP

行程報表					
條件：[ 班別D ] 時間 2017/5/16 00:00:00 ~ 2017/5/16 23:59:59 怠速停留 3 分鐘以上 或 熄火停留 30 分鐘以上					
車號 / 駕駛： ABN-2539 / 李本全 日期： 2017/5/16 (二)					
時間	位置 / 狀態	里程	開車(含怠速)	怠速 停留	熄火 停留
09:12	出車：苗栗縣竹南鎮中華路【京元電子中華一廠】附近29公尺				
09:12 - 09:14	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12公尺	0.09 公里	2 分		
09:14 - 10:02	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12公尺				48 分
10:02 - 10:29	新竹縣竹北市復興三路二段【立】附近34公尺	23.43 公里	27 分	2	
10:33 - 10:35	新竹縣竹北市復興三路二段【立】附近103公尺	0.34 公里	2 分		
10:37 - 10:59	新竹縣竹北市博愛街【宜揚(ESSI)】附近31公尺	6.5 公里	22 分		
11:05 - 11:09	新竹縣竹北市博愛街646巷【慧榮科技】附近28公尺	0.48 公里	4 分	3	
11:16 - 11:42	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32公尺	24.15 公里	26 分		



## Environmental Management

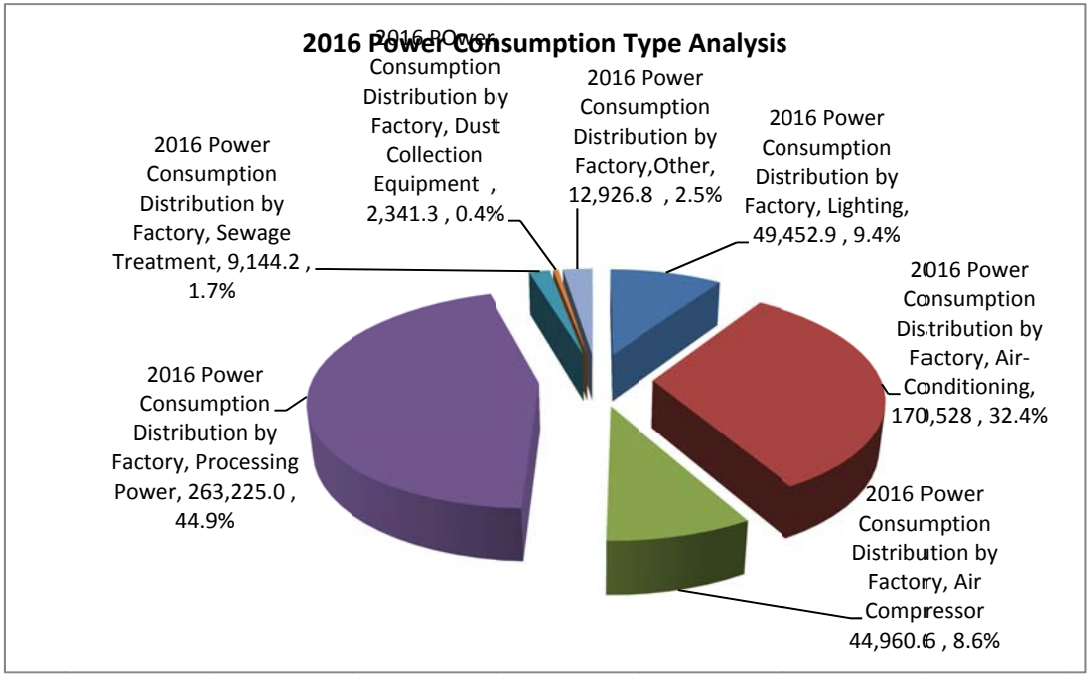
### 1. Energy consumption and Management

#### (1) Energy Consumption

The main source of KYEC power consumption comes from the outsourced power of indirect energy, without using natural gas, gasoline or diesel as fuel for indirect energy. The 2016 power consumption was 529,578.8 MWh while processing power consumption accounts for 44.9% of total power consumption, followed by air-conditioning power consumption accounts for 32.4%.

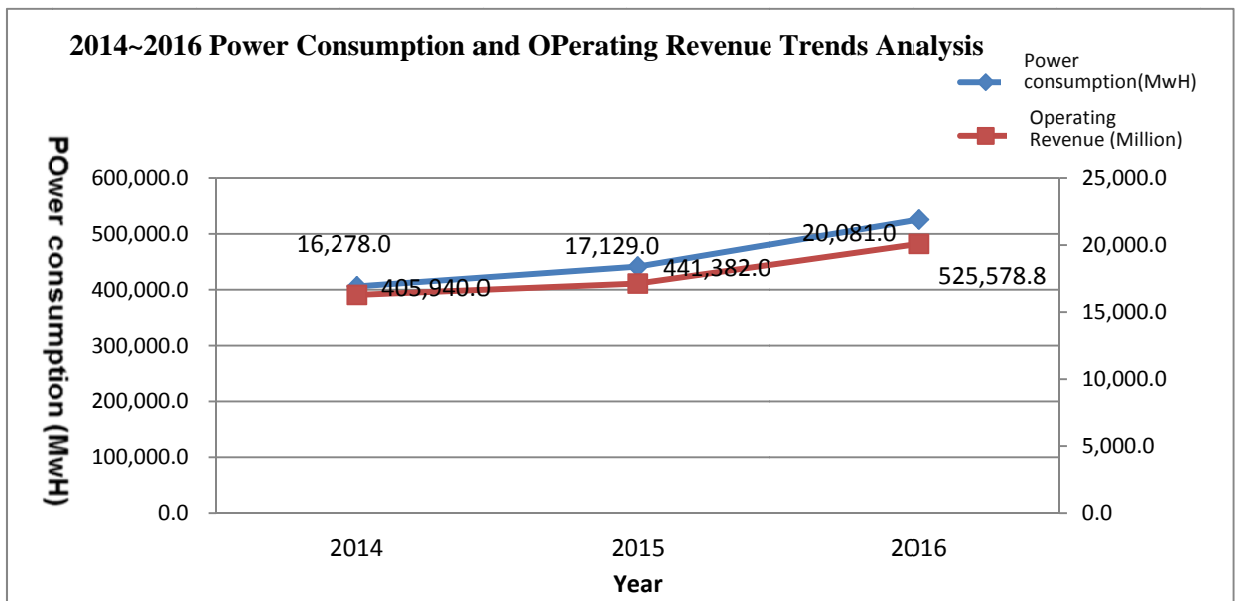
2016 Direct and Indirect Energy Use Statistics					
	Power (MWh)	Diesel	Gasoline	Natural Gas	LPG
KYEC Headquarters	22,678.8	0	0	0	0
Chu Nan Factory	406,900.0	0	0	0	0
Tungluo Factory	100,000.0	0	0	0	0
<b>Total</b>	<b>529,578.8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2016 Power Consumption Distribution by Factory								
Factory/ Type	Power Consumption (MWh/Year)							Total
	Lighting	Ai-Conditioner	Air Compressor	Processing Power	Sewage Treatment	Dust Collection Equipment	Other	
Chu Nan Factory	44,319.0	145,044.0	32,232.0	176,873.1	2,417.4	2,014.5	0.0	402,900.0
Hsinchu Factory	1,133.9	7,484.0	3,628.6	9,751.9	226.8	226.8	226.8	22,678.8
Tungluo Factory	4,000.0	18,000.0	9,100.0	49,600.0	6,500.0	100.0	12,700.0	100,000.0
<b>Total</b>	<b>49,452.9</b>	<b>170,528.0</b>	<b>44,960.6</b>	<b>236,225.0</b>	<b>9,144.2</b>	<b>2,341.3</b>	<b>12,926.8</b>	<b>525,578.8</b>
<b>Ratio</b>	<b>9.4%</b>	<b>32.4%</b>	<b>8.6%</b>	<b>44.9%</b>	<b>1.7%</b>	<b>0.4%</b>	<b>2.5%</b>	<b>100.0%</b>



Following the official operation of Tungluo Factory in 2014 and annually increasing productivity, the 2014~2016 energy consumption and operating revenue trends are described in the following analysis:

2013~2015 Power Consumption and Operating Revenue Statistics			
Year	2014	2015	2016
Power consumption (MwH)	405,940.0	441,382.0	525,578.8
Operating Revenue (Million)	16,278.0	17,129.0	20,081.0



(2) Energy Management and Audit

KYEC incorporates departments of procurement, sales, quality management, and others through integrated energy saving organization framework to call for energy management meeting weekly, routinely trace the power use and energy-saving effect by factory, conduct energy department energy-consumption objective management and reduction, and expand the technical, experience and management system to all factories.

The factories are installed with real-time monitoring system to organize, systematize, and simplify the energy management system, control the use of energies, and send personnel to treat and review the cause in times of anomaly. KYEC conducts regular equipment maintenance and repair, continue to evaluate equipment performance, replace energy-consuming equipment with new ones, and enhance energy-saving benefits. Moreover, KYEC introduces quality suppliers and experts to participate in the evaluation for improvement and adopt experience to boost the factory energy-saving effect.

Each year, KYEC applies IR-Scan technology to discover potential abnormal energy consumption with follow-up and improvement. Furthermore, the relevant environmental certification such as ISO14001 and ISO14064 integrates system and regulations into factory operation to establish proposition and improvement incentive mechanism so that personnel are encouraged to propose energy-saving and improvement proposal in order to receive bonus based on the effect.

In November 2016, KYEC launched ISO15001 energy management system to establish energy performance indicator (EnPI) and energy base (EB) in order to enhance the energy usage rate, reduce cost expenditure and lower environmental impact.



ISO15001 energy management system



Energy management policy

(3) Energy-Saving Project and Benefits:

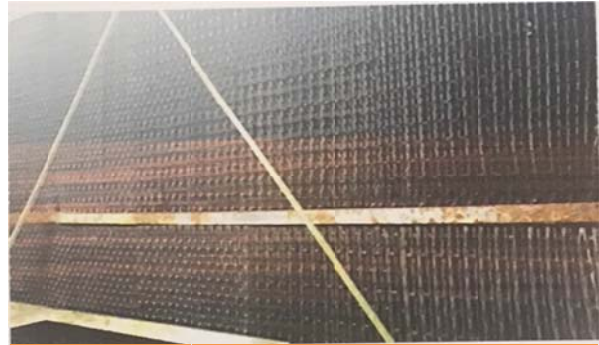
Power use is the main greenhouse gas emission source of the KYEC and also the most effective reduction proposal for energy and power saving. Hence apart from adopting administrative measures for reducing power use, KYEC also needs to emphasize on the overall power equipment such as air conditioner system to conduct energy consumption estimation, launch energy saving projects, effectively reduce power use, and attain the purpose of greenhouse gas reduction. The continuous implementation of power saving project by factory between 2013~2016 could save power by 29,635,941 KWh and reduce 14,920.04 tons of carbon emission.

Energy Saving Project and Improvement Effect by Factory						
Item	Energy Saving Project	Implementing Factory			Energy Saving and Effect Evaluation	
		Chu Nan Factory	Hsinchu Factory	Tungluo Factory	Energy Saving (KWH)	CO2 Reduction (Ton CO2e/Year)
1	Replacement of lighting fixture T8 with LED in clean rooms.	●			5,361,175	2,793.172
2	LED replacement for general lighting zone	●			232,750	121.263
3	LED replacement for common escape LED in factory	●			17,166	8.943
4	Ice water COP energy saving system	●			12,544,320	6,535.591
5	Ice water zone pump varying flow control	●			4,301,160	2,240.904
6	Cooling water flow change in PCW processing	●			536,112	279.314
7	Air conditioner in MDF computer room changed to inverter	●			171,000	89.091
8	Air exhauster operation in the bathroom	●			47,376	24.683
9	Improvement on air blower outside of air compressor	●			113,880	59.331
10	Temperature control for constant temperature and humidity zone	●	●	●	909,091	473.636
11	MAU energy saving improvement (water rinsing + hot pump)	●			3,081,818	1,605.627
12	Improvement on cutting, polishing and exhaust gate	●			349,147	181.906
13	Suspended use of 3F LV-13 transformer	●	●		35,040	18.256
14	Lowering 300kw of capacity in first feedback contract.	●	●		3,300	1.719
15	75HP vacuum replacement			●	2,606	1.358
16	New high-performance ice water main unit			●	289,440	150.798
17	300HP Air Compressor Replacemen			●	587,358	306.014

18	Dryer replacement new adsorbent	●			287,328	149.69
19	Replacing fin arrays of heat exchange for cooling tower.	●	●		699,525	364.45
20	Replacing the signage with LED lighting.	●			12,264	6.39
21	Phase out GeN2 passenger elevators and B elevators to generate voltage regeneration system	●			42,312	22.04
22	24-hour bathroom lighting replaced with LED, total 32 pieces		●		11,773	6.13
Total					29,635,941	14,920.04



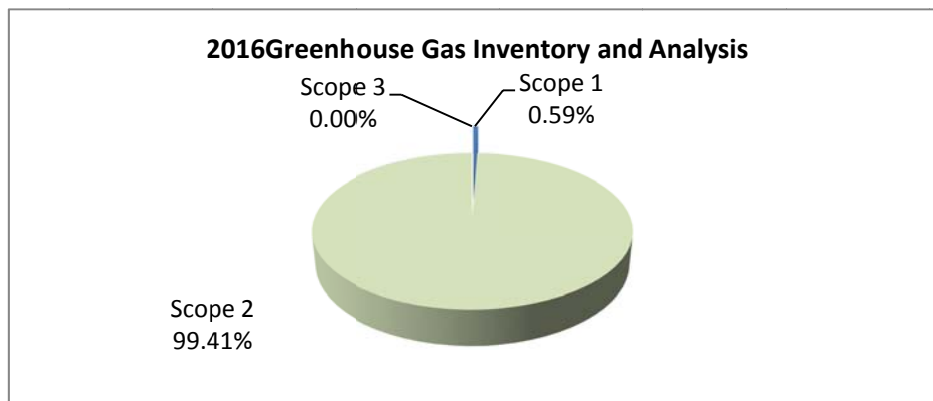
Replacing the signage with LED lighting



Replacing fin arrays of heat exchange for cooling tower

## 2. Greenhouse Gas Inventory

Extreme weather or changes in climate incidents is the most concerned issue for most enterprises in terms of climate change. 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 in the achievement of objectives in greenhouse gas reduction. 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).



### (1) Greenhouse Gas Inventory and Analysis

The 2016 inventory and calculation show that the greenhouse gas emission in Scope 1 is 1,263.0213 tons of CO<sub>2</sub>e, accounting for 0.59%; which main source comes from R-134a coolant from the water cooling machine. The greenhouse gas emission in Scope 2 is 212,822.7174 tons of CO<sub>2</sub>e, accounting for 99.41%; which main source comes from purchased power. In terms of ratio, the greenhouse gas emission of the company mainly comes from purchased power. The 2016 inventory results are shown below: Note 1

Note 1.

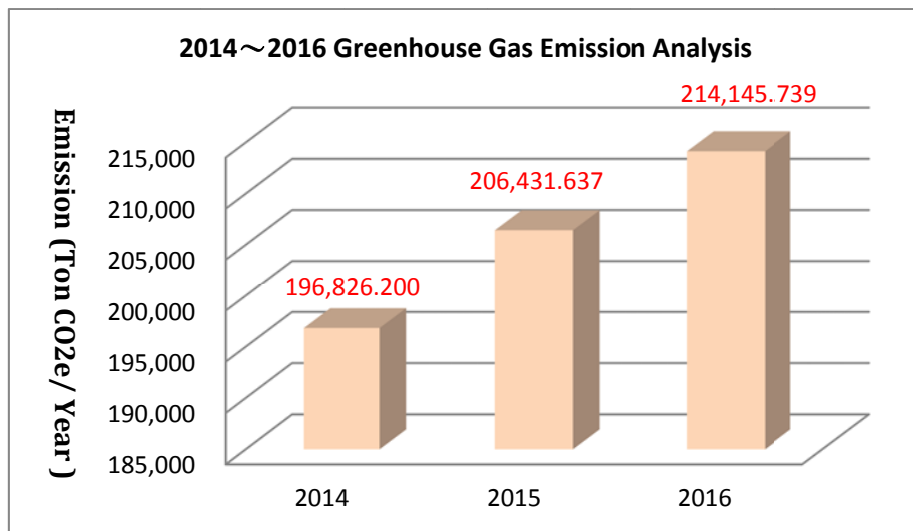
Scope 1: Mainly consists of fixed resource emission, mobility resource emission and dissipation emission.

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

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

Factory	Scope 1	Scope 2	Scope 3	Total
Hsinchu Factory	24.5831	12,474.1056	0.0000	12,498.689
Chu Nan Factory	1,184.9690	175,898.6406	0.0000	177,083.610
Tungluo Factory	53.4692	24,509.9712	0.0000	24,563.440
Total Emission (ton CO2e/ year)	1,263.0213	212,882.7174	0.0000	214,145.739
Percentage (%)	0.59%	99.41%	0.00%	100.00%

2016 Greenhouse Gases Emission								
Factory	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Hsinchu Factory	12476.1772	22.4826	0.0289	0	0	0	0	12498.689
Chu Nan Factory	176428.8867	387.2020	7.5209	260	0	0	0	177083.610
Tungluo Factory	24513.359	50.0343	0.0472	0	0	0	0	24563.441
Total Emission (Ton CO2e/ Year)	213418.4229	459.7189	7.5970	260	0	0	0	214145.739
Percentage (%)	99.7%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	100.0%





(2) Energy-Saving and Carbon Reduction Measures:

In response to global climate change, KYEC starts to purchase green power. In 2015, KYEC purchased a total of 1.75 million KWH green powers . Green power refers to the process of producing power which carbon dioxide emission was zero or near zero, resulting in relatively lower impact on the environment. The main source of the purchased green power comes from solar energy and wind power generation on land, which is expected to reduce 910,000 KG of carbon emission. KYEC takes real actions in energy saving and carbon reduction, receiving award from the Ministry of Economic Affairs and Miaoli County as the excellent enterprises in green power purchase. KYEC expects to set an example and lead the organization and the public to take actions in green power purchase and thereby making contribution to environmental protection.

The factories continue to promote and implement various actions in autonomous management for energy saving and carbon reduction so that such concept will become part of employees' life.



2016 Letter of Recognition for Green Power Purchase issued by Miaoli County Government  
2016 Ministry of Economic Affairs Green Power Purchase Mark

**Actions of Autonomous Management for Energy Saving and Carbon Reduction**

- Set up recycling zone, announce classification method and establish control mechanism.
- Post slogan signs for energy saving and carbon reduction to develop the energy-saving habits in employees/customers.
- Set up power save mode for photocopy machine or computer equipment to reduce energy consumption.
- Purchase or use products with green marks.
- Promote walking, bicycling, riding electric scooter, or carpool in employees.
- Offer parking area for electric scooter and bicycles to enhance employee intention in green transport.
- Routinely share and promote local agricultural products.
- Prohibit the use of disposable tableware in employee cafeteria and use eco-friendly tableware.
- Promote vegetable and fruit meals in employee cafeteria by promoting special sales of agricultural products in
- Use independent lighting switch device in the office and apply responsibility-division management system
- Use conference mode for education and training in all factories.
- Continue to promote e-system and reduce the use of paper and printing.

Establishing environmental protection propaganda area for conducting education and propaganda on energy saving and carbon reduction.



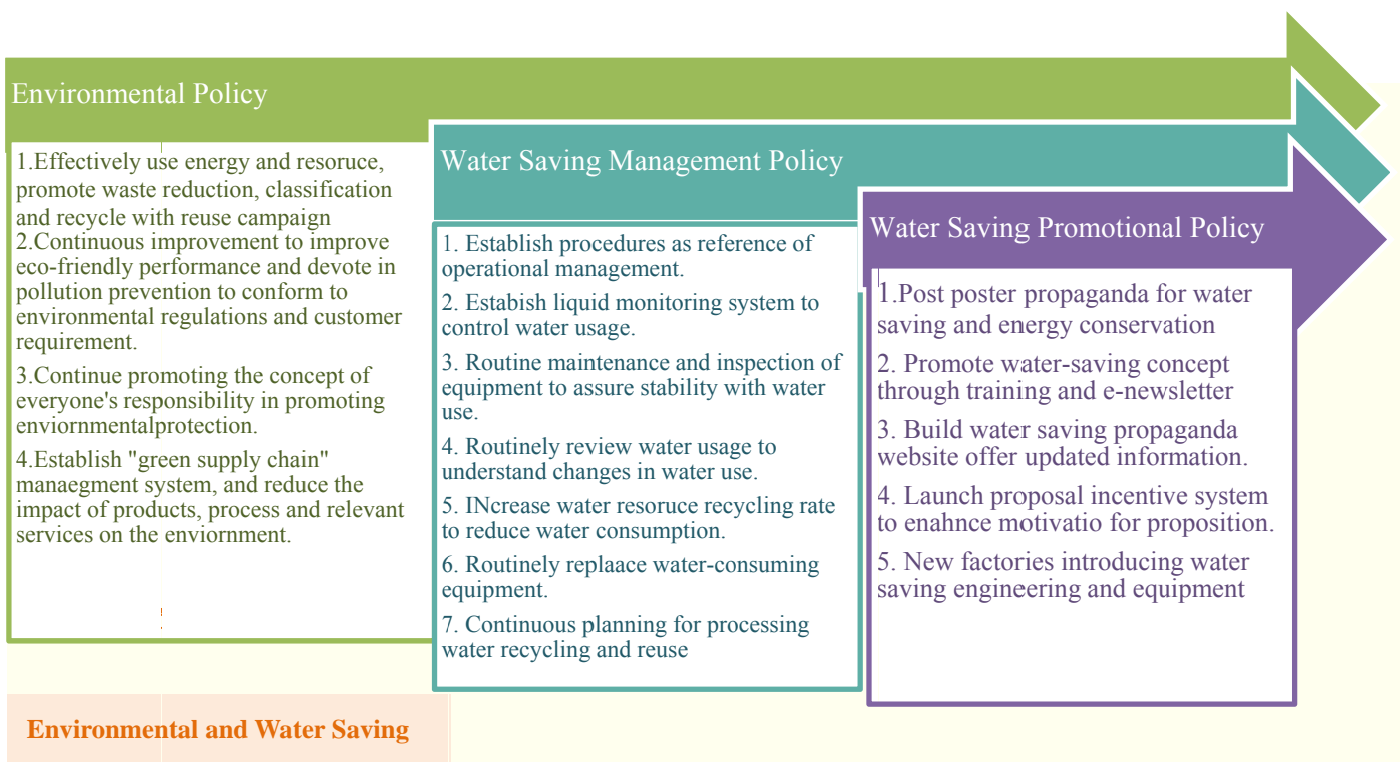
Tong-luo Factory was awarded with the "Green Factory Mark" from the Industrial Development Bureau of the Ministry of Economic Affairs in 2016

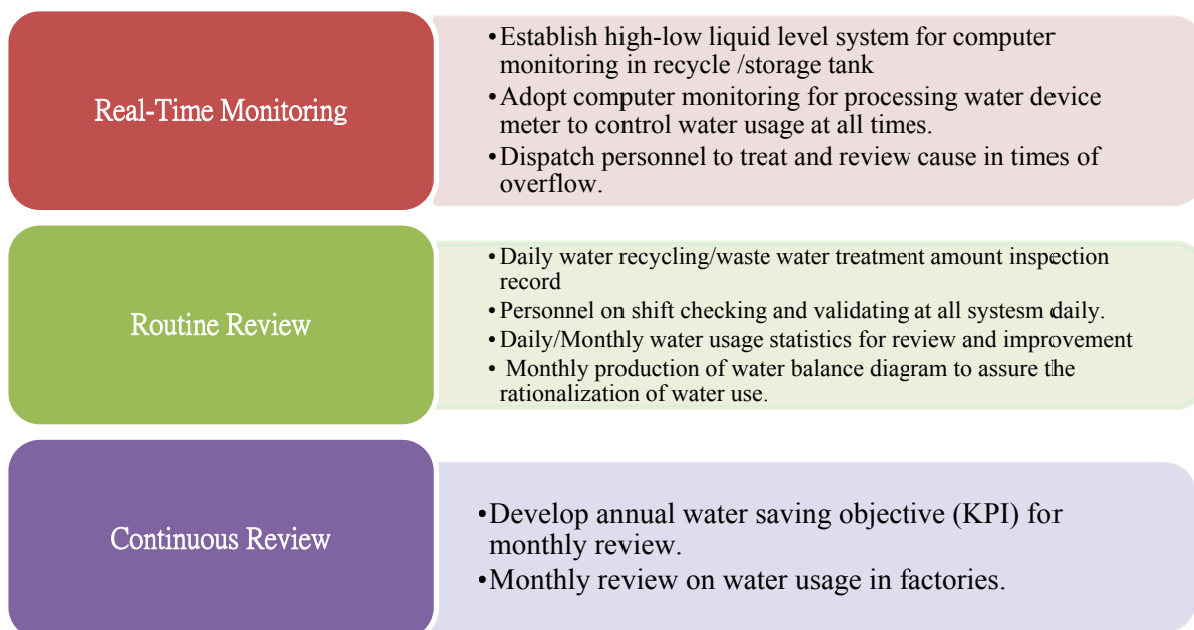
### 3. Water Resource and Impact on Wate

#### (1) Water Saving Policy and Management

The principle of water use conforms to the standard of water-saving processing design and maximizes the use of every drop of water through waste water recycling and reuse, thereby reducing the use of tap water. All departments shall establish water saving promotional organization to develop implementation guidelines and routinely review and inspect changes in water use. The departments shall also validate the effectiveness of factory facilities to replace water-consuming equipment and avoid waste.

The departments also implement proposal for improvement incentive system to ncourage employees with the proposal of energy and water saving solutions in addition to taking active participation in governmental water saving plan and seminars. The departments shall continue to exchange water saving experience, using new equipment and technology to enhance the ratio of water resource recycling and reuse in the factories.





**Water Resource Management System**

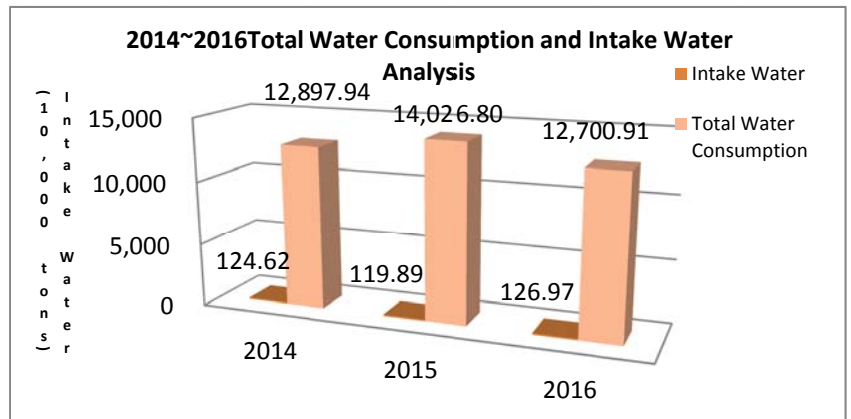
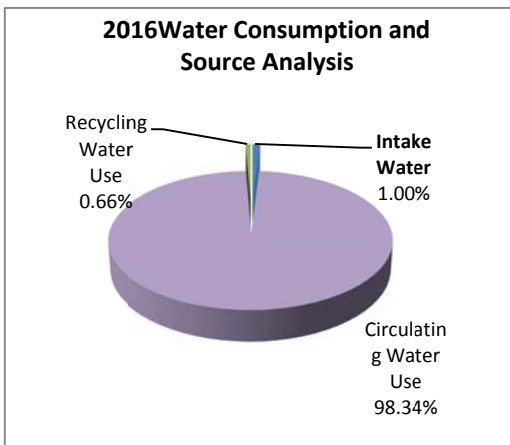
(2) Water Resource Management Indicator

KYEC continues to launch different water-saving recycling project each year with over 70% of waste water recycling rate. In 2016, KYEC’s intake water in 2016 was 1,269,745 tons, which only accounted for 1% of total water consumption while other sources of water use come from the processing waste water recycled and reused or supply from water treatment system in circulation. KYEC has accomplished the environmental objectives through the effective use energy resources.

The 2016 Water Consumption Recycling and Reuse Rate is analyzed below: Note 1

2016 Water Resource Recycling and Use Statistics						
Unit: Tons						
Item	Intake Water	Circulating Water Use	Recycling Water Use	Total Water Consumption	Reuse Rate	Recycling Rate (excluding the circulation amount from cooling water tower)
Cooling	551,210	121,322,400	320,826	122,194,436		
Furnace	0	0	0	0		
Processing	628,466	3,573,600	498,408	4,700,474	<b>99.00%</b>	<b>77.67%</b>
Livelihood	90,069	0	24,160	114,229		
<b>Total</b>	<b>1,269,745</b>	<b>124,896,000</b>	<b>843,394</b>	<b>127,009,139</b>		

2014~2016 Water Consumption and Water Source Analysis				
Unit: 10,000 tons				
Year		2014	2015	2016
<b>Recycling and Water Use</b>	Recycling Water Use	42.76	73.67	84.34
	Circulating Water Use	12,730.56	13,833.24	12,489.60
<b>Intake Water</b>		124.62	119.89	126.97
<b>Total Water Consumption</b>		12,897.94	14,026.80	12,700.91
<b>Intake Water to Total Water Consumption Ratio</b>		0.97%	0.85%	1.00%



Note 1:

1. Reuse Rate = (Circulating Water Use + Recycling Water Use) ÷ Total Water Consumption
2. Recycling Rate = (Circulating Water Use + Recycling Water Use – Tower Cooling Water in Circulation) ÷ (Total Water Consumption – Tower Cooling Water in Circulation)
3. Circulating Water Use: Referring to the reuse water without treatment by the same water use unit
4. Recycling and Reuse Water: Referring to the water reuse produced from waste water treatment

(3) Water Saving Plan and Benefits

The launch of different water saving solutions including the continuous implementation of waste water recycling and reuse from the processing and water system in addition to building rainwater recycling system will save 1,335,850 tons of water a year, reduce 1,691.78 tons of sludge in output, and reduce 259.12 tons of carbon emission, reaching a total economic benefits of saving NTD 56,785,000 /year.

No.	Implementation Solution	Environmental Benefits			Economic Benefit's
		Water amount saved	Amount of sludge saved	Carbon reduction	Amount saved
		(10K tons/year)	(tons/year)	(tones/year)	(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 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



#### 4. Pollution Prevention

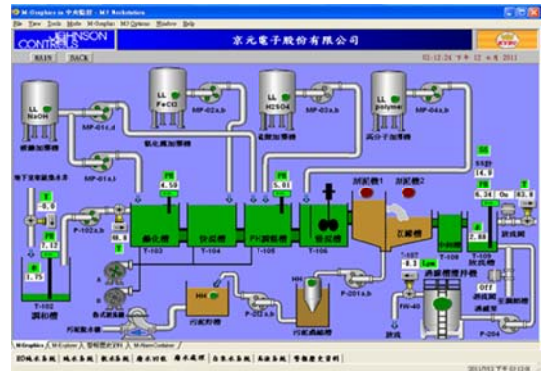
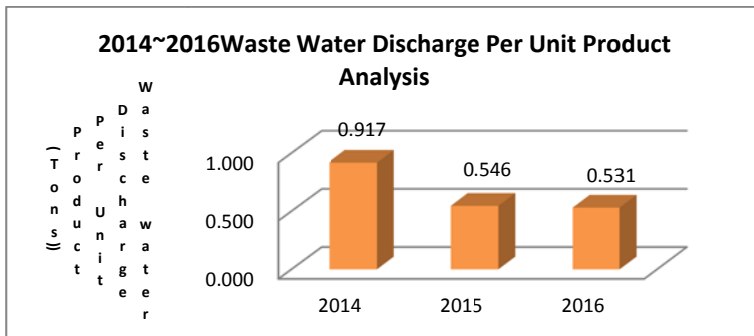
##### (1) Waste Water Discharge and Management

The factories are installed with processing waste water recycling and treatment equipment with specialist in charge of operation and management in addition to developing operation maintenance and repair operation procedures. Each year the budget is prepared to maintain and replace waste water prevention and treatment equipment in order to effectively improve the processing waste water recycling and reuse rate. The waste water discharge per unit product gradually drops from the 0.971 tons in 2014 to the 0.531 tons in 2016, which maximizes the benefits of prevention and treatment equipment.

KYEC complies with domestic and international environmental protection laws and regulations, acquires water pollution prevention license, and routinely conduct waste water inspection and declaration. For the daily site audit on waste water treatment and waste water discharge outside of factory, KYEC will immediately conduct inverse flow treatment in times of abnormal effluent. Each year the inspection unit recognized by the Environmental Protection Administration will conduct waste water and sludge inspection analysis. The waste water will undergo effluent treatment and then discharged to licensed agricultural and irrigation gutter. KYEC also analyzes the inspection discharge data quarterly to verify if such data conform to the effluent and Department of Irrigation and Engineering standards, in order to reduce the impact of waste water discharge on the environment.



2014~2016 Waste Water Discharge Analysis			
Year	2014	2015	2016
Waste Water Discharge (tons)	344,499	394,758	392,967
Cutting and Polishing Quantity (Pieces)	375,645	723,000	740,000
Waste Water Production Per Unit Product (tons)	0.917	0.546	0.531



Installation of Waste Water Treatment Monitoring System



(2) Rainwater Management

Rainwater is often neglected in the management of water source and so KYEC designs rainwater collection systems in all factories to store rain water during rainy season and effectively use rainwater collected for irrigation and bathroom water flush through the piping connection between factories. In spite of the absence of enormous economic benefits from raining water recycling, the saving in water costs is only added value while the good use of water source is the direct achievement of environmental sustainability

Apart from effective use of rainwater source, KYEC also establishes the “Rainwater Gutter Management Operation Instructions” to routinely patrol and monitor the water quality in rainwater gutter. KYEC also outsources inspection companies to draw samples during rainy season to immediately shut down the rainwater gutter gate in case of abnormal water quality. Rainwater is also introduced into the waste water treatment system for treatment, follow-up and correction of cause of abnormal water quality. A water division pier is also set up in the waste water treatment plant and sludge storage zone to guide the rainwater into the gutter and avoid the overflow of mixed rainwater and waste water into the rainwater gutter in times of storms. The factories routinely clean rainwater gutter to prevent overflow of rainwater sediment in times of rainy season.



↑ Sludge Storage Zone installed with water division pier



↑ Factories installed with rainwater recycling system



↑ Rainwater gutter installed with water gate for recycle and treatment in stimes of abnormal

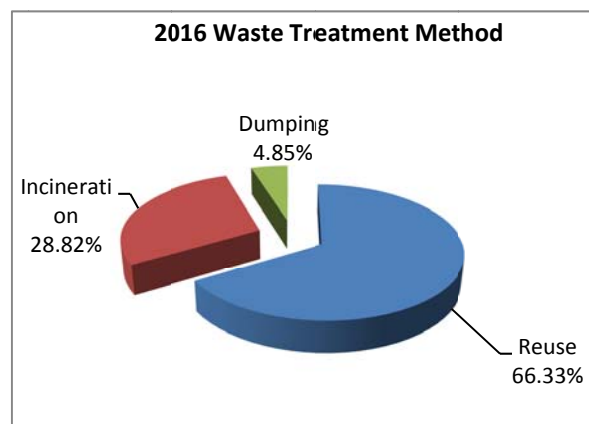
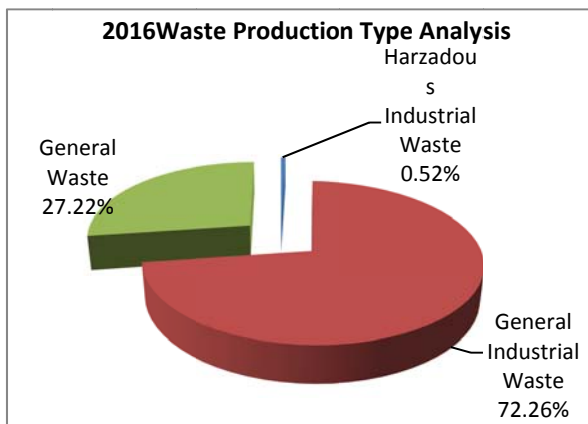
(3) Waste Management and Reuse

KYEC specializes in semiconductor testing process without using toxic substance. KYEC does not produce air pollution in testing process but only waste water treatment and wastes. Wastes are outsourced to qualified suppliers without overseas transport.

Each year KYEC targets at corporate environmental policy to set up various waste reductions, routinely audits energy saving objectives, trace and review factory waste reduction and energy saving conditions to establish cleaning and removal treatment supplier audit system, and routinely execute follow-up and audit without warning, in order to assure the legitimacy of outsourced cleaning and removal treatment operations. Contractors will need to complete 2 hours of environmental safety and hygiene education and training before working in the factories in order to strengthen the personnel with environmental protection work administration capacity when working at the factories.

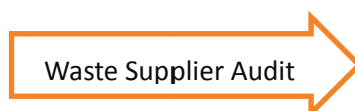
- The 2016 total waste production is shown below:

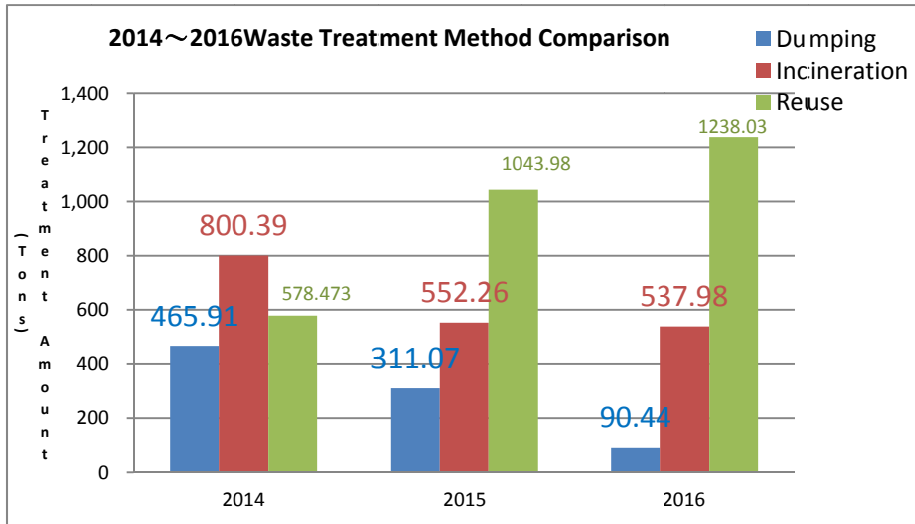
Total Types of Wastes	Hazardous Industrial Wastes	General Industrial Wastes	General Wastes	Total
Production (tons/year)	9.62	1,348.71	508.12	1,866.45



- **2014~2016 Waste Reduction and Recycling Effect:**

Waste treatment is operated mainly through incineration, dumping and reuse. The waste reuse rate climbed from 31.36% in 2013 to 67.12% in 2016. In the future, wastes will continue to be treated by reuse in attempt to meet the objective of waste recycling and reuse.





Recycling zone set up compression balers



Production line installed with recycling barrel



Production line installed with package material recycling barrel

Types of Wastes	Items for Recycling	Specific Approach
Hazardous Wastes	Customer Defect (IC, Wafer)	To be handed to recycling supplier for crushing and extraction of expensive metals
General Industrial Wastes	Wooden Pallet	1. Recycle on site for reuse. 2. Damaged units will be recycled and crushed into wood chips for use as fuel additives
	Empty Chemical Barrel	Recycling supplier will clean and reuse.
	Waste paper package	To be made into materials for use as recycle paper
	Waste metal	Recycle, dismantle, classify and reproduce into metal material.
	Waste metal and Aluminum can	Recycle and use as supporting materials for metal and aluminum products
	Waste plastic bottle	To be given to plastic factory for material remaking.
	PS Wrapping tape .PP Conveyor belt .PE Plastic wrap	To be given to plastic factory for material remaking.
	PVC Gloves	To be given to plastic factory for material remaking.
	Foaming package	Waste Styrofoam, foam, sponge...etc. Recycled for packing, furniture and shoe filling.
	IC tray	1. Site staff classifies, recycles and reuses. 2. Damaged pieces will be recycled and made into material
	IC tube	1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material
	Other items for recycling (batter, glass, waste aluminum)	1. Classify, recycle and reuse.
	Other waste plastic	1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material
Waste Information Products	Recycled, dismantled, classified and reproduced into supporting material	

#### 5. Compliance with Environmental Protection Laws

KYEC conducts regulatory check and identification each month to assure the factory operations in conformity with regulatory requirement. KYEC has not incidents against environmental protection laws and regulations in 2016.

## Occupational Safety and Hygiene

### 1. Safety and Hygiene Policy and Organization Operations

KYEC develops comprehensive safety and hygiene policy which the general manager announces to execute with all employees and supervisors. The content of policy describes KYEC's principle in implementing occupational safety and hygiene improvement campaigns and its objectives in the overall safety and hygiene as well as the commitment in improving the safety and hygiene performance.

KYEC specifies the responsibilities for safety and hygiene for all levels by establishing an occupational safety and hygiene committee and safety and hygiene promotion organization. The safety and hygiene issues are reviewed at the quarterly meeting to implement base-level communication mechanism. The occupational safety and hygiene committee calls for quarterly meeting to review safety and hygiene related matters, where the committee members consisting of the general manager, occupational safety and hygiene personnel and health service staff, departmental supervisors and safety and hygiene related engineers. Currently the committee consists of 79 people while 34 workers accounting for over one third of the committee members. The number of members constituting the 2016 occupational safety and hygiene committee by factory are described below:

Factory	No. of Committee Members	Worker Representative	Worker Representative Ratio
Corporate Headquarters	13	5	38.5%
Chu Nan Factory	47	21	44.7%
Tungluo Factory	19	8	42.1%
Total	79	34	43%

### 2. Statistics and Analysis of Occupational Disasters

A total of work related injury cases occurred in factories in 2016, summing up a total days of loss of 186 days, disability injury frequency of 0.71 and disability injury severity rate of 7. The majority of work related injury type in 2016 consisted of injuries from personnel fall and falling objects. There was no death or full disability as well as other severe work related safety accident.

Factories	No. of Cases	Days of Loss	Total Labor Hours Experienced	Disability Injury Frequency (A)	Disability Injury Severity Rate (B)
Corporate Headquarters	0	0	457,984	0.00	0.00
Chu Nan Factory	5	154	8,321,504	0.6	18.51
Tungluo Factory	2	32	1,121,104	1.78	28.54
Total	7	186	9,900,592	0.71	18.79

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**2016 Occupational Disaster Type Analysis**

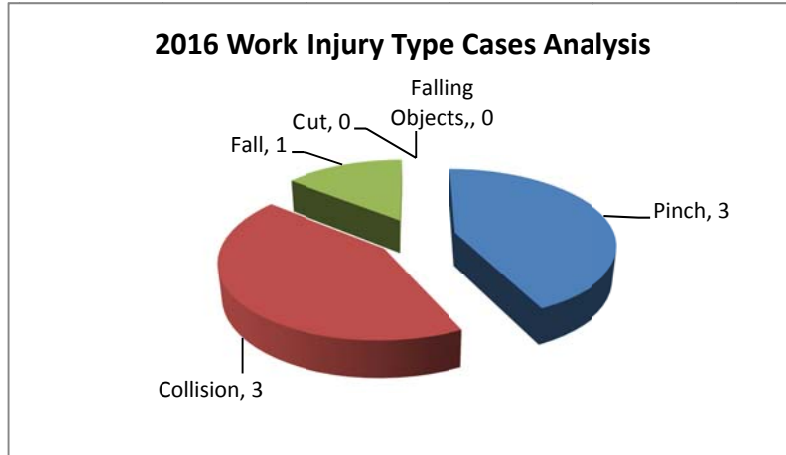
Injury Type	Fall	Pinch	Collision	Cut	Falling Objects	Total
Cases	3	3	1	0	0	7

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Note

Disability Injury Frequency (FR)= No. of Disability Injury / Total Working Hours Experienced \*1,000,000

Disability Injury Severity Ratio (SR)= Total Loss of Working Days / Total Working Hours Experienced \*1,000,000

KYEC continued to promote the “No Accident Accumulative Working Hours Incentive Campaign” since 2012 and compiles the statistics of no accident working hours in all departments monthly in addition to making announcement and incentives. In 2016, 7 cases of occupational disaster occurred, resulting in a disability injury frequency of 0.71 and disability injury severity 18.79 that are both significantly lower than those in 2014 and 2015.



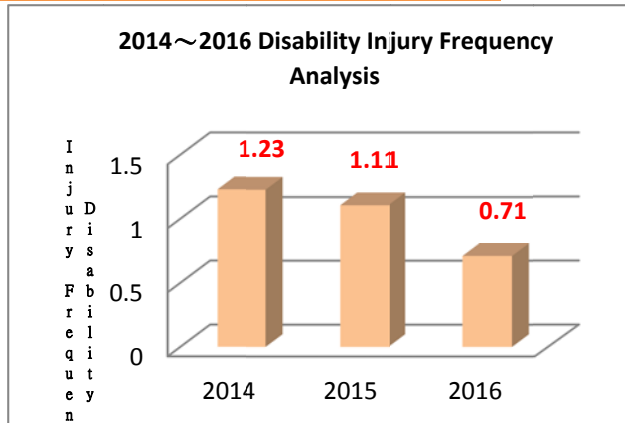
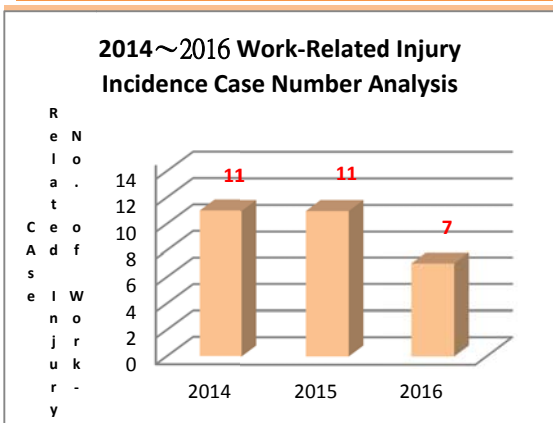
In view of the majority of work injury occurring to personnel at site, the work safety and environmental protection department incorporates the cases of work injury to the training materials as requisite the course as necessary course for production and equipment personnel. For departments with relatively higher incidence rate of work related injury, KYEC advocates through departmental supervisor meeting to enhance the safety awareness for personnel from the department supervisors. To reduce the incidence rate of work related injuries by human error, personnel violating regulations and leading to work related injuries will be taken into consideration for the distribution of performance bonuses.

After the incidence, KYEC will immediately require the responsible department to conduct incident survey and root-cause analysis in addition to proposing improvement actions, where the improvement report is advocated via the monthly e-newsletter and environmental safety and hygiene hallway. The factories shall undergo annual disaster statistics and analysis to propose improvement strategies for injury types with relatively higher ratio.

Traffic accident is also a common occupational disaster among factory staff. Hence KYEC advocates and reminders of the road sections susceptible to accidents to the training materials for new employees and the switch screen. In 2016, the traffic accidents consisted of all employees riding scooter and the quarterly scooter safe driving course was held in 2017 while posting traffic safety signs on the scooter parking lot to reinforce the concept of traffic safety driving in employees. In the event of repair project on the surrounding roads, employees will be announced via e-mail.

Year	2014	2015	2016
No. of Cases	11	11	7
Frequency of Disability Injury	1.23	1.11	0.71
Severity of Disability Injury	18.79	17	18.79
<b>總和傷害指數</b>	0.152	0.137	0.116

Sum injury index



**KYEC** The Hong Kong Electrical and Electronic Trades Association

**Q1 廠內公傷宣導事項**

一、磨手機過：  
人員機台完成操作時，必須將測試機台，在空運測試機台夾傷。  
二、磨機房：把中及機台手無蓋。  
三、開機房：教育訓練不完善。  
四、基本房：教育訓練不完善

一、磨手機過：  
分機台完成測試時，一直發生警告訊息，因機台門未關，所以把安全蓋關掉。機台手無蓋。  
二、磨機房：機台手無蓋。  
三、開機房：教育訓練不完善。  
四、基本房：教育訓練不完善

一、磨手機過：  
人員機台手無蓋，因手無蓋，所以把安全蓋關掉。機台手無蓋。  
二、磨機房：機台手無蓋。  
三、開機房：教育訓練不完善。  
四、基本房：教育訓練不完善

1. 因人員作業不慎，發生公傷時，將依人員獎懲辦法(1-08-001)，追究失職人員責任。  
2. 緊急狀況發生時，請按緊急停止按鈕。  
3. 事故發生到小時內需通知：(1)部門主管及總經理(2)工安環保部(3)醫務室

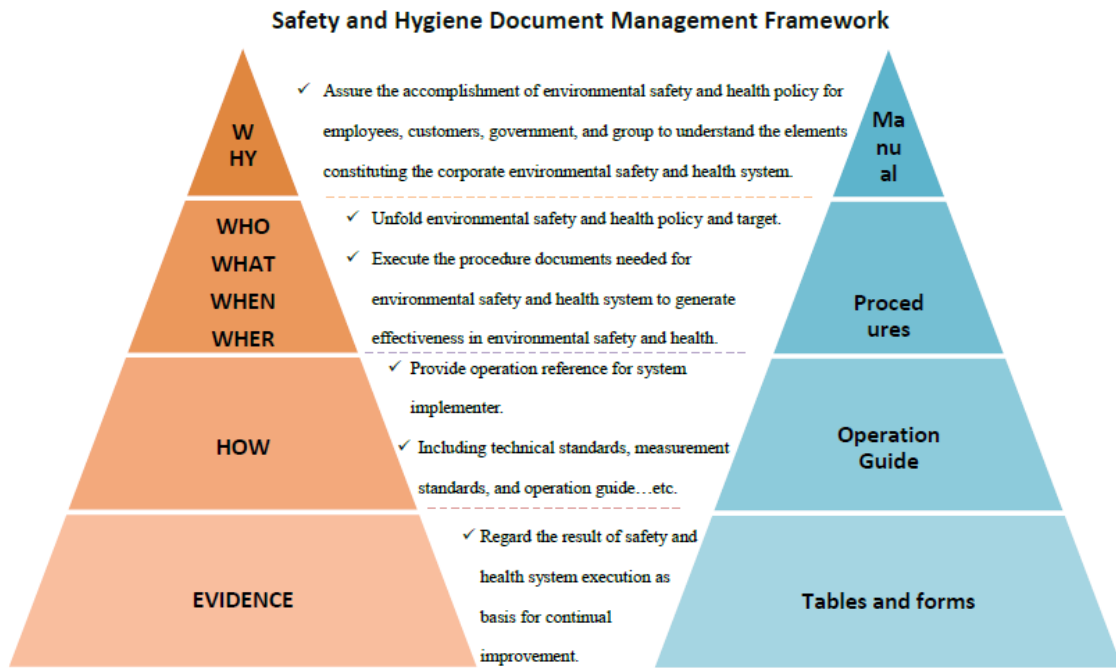
工安環保部

1. KYEC departments shall set up the environment safety and health park.
2. Inviting traffic police squat within the district to conduct traffic safety propaganda
3. Propaganda for turning computer on safely



### 3. Develop Safety and Hygiene Code of Practice and Management

Based on the framework of OHSAS18001 Occupational Safety and Hygiene Management System and applying the autonomous management philosophy of PDCA continuous improvement, KYEC develops various safety and hygiene management procedures and work practice as reference for operations, which not only lowers occupational disaster incidence rate but minimize the damage and impact on property, personnel and the environment.



#### 4. Chemical Safety and Hygiene Management

KYEC follows the framework and regulations of occupational safety and hygiene management system for the control on factory chemical substances, in addition to formulating the chemical management operation procedures, chemical warehousing management procedures, chemical tank loading/unloading operation procedures, as well as specifying the chemical purchase, storage, use, and labeling requirement.

Each year KYEC organizes “Hazard General Education Training” to conduct routine training for users who will strengthen the cognitive capacity and prevent accidents.

The factory offers a chemical substance warehouse with leakage treatment vehicle, anti-overflow pallet, and firefighting facilities to reduce the risks of personnel acquiring materials.

The chemical storage zone is installed with emergency response equipment while the chemical storage zone of waste water plant is installed with anti-overflow and emergency rinsing equipment to provide the use for leakage rescue. Areas concerned for hypoxia shall be installed with oxygen detection system with connection to central monitoring to avoid suffocation and hazards in operators.

The production line only stores few chemicals while each floor is installed with chemical anti-explosion cabin for collective management. In addition, the chemical anti-explosion storage cabin is routinely measured for volatile gas concentration to reduce exposing the operators to hazards. The chemical storage zones offer safety data sheet with formulation of hazardous substance list that is updated quarterly to maintain data accuracy. Additionally, the “chemical database” is established online for convenient query by employees.

The “chemical database” is established online for convenient

SDS 安全資料表

索引碼	化學物品名稱	標示內容	危害分類	使用貯存單位
KYEC01	次氯酸鈉(NaOCl)		急毒性物質第3級(吸入)、金屬腐蝕物第1級、腐蝕/刺激皮膚物質第1級、嚴重損傷/刺激眼睛物質第1級、水環境之危害物質(急性)第2級	新瑞處
KYEC02	鹽酸		金屬腐蝕物第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	新瑞處
KYEC03	硫酸		金屬腐蝕物第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	新瑞處
KYEC04	氫氧化鈉溶液		金屬腐蝕物第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	新瑞處、BU1、BU2、BU6
KYEC05	氯化氫		腐蝕/刺激皮膚第1A級	取消使用
KYEC06	高分子凝結劑(K+)	無	不歸類為危險物或有害物質	取消使用
KYEC07	高分子凝結劑(N+)		急毒性物質第3級(吞食)、急毒性物質第5級(皮膚)、腐蝕/刺激皮膚物質第3級、嚴重損傷/刺激眼睛第3級、皮膚過敏物質第1級	新瑞處
KYEC08	過硫酸油		易燃液體第3級、吸入性危害物質第一級、致毒物質第二級、特定標的器官系統毒性物質—最嚴重第3級	新瑞處
			急毒性物質第4級(吞食)、急毒性物質第4級(皮膚)、腐蝕/	



Chemical storage set leak-proof tray



Chemicals leakage drills

**5. Safety and Hygiene Risk Evaluation and Change Management**

KYEC conducts regular hazard identification and risk assessment on the various operation activities of corporate organization. The “risk management list” is established for hazard identification and risk assessment result and undergoes improvement according to the objectives of risk level. The risk level can also be applied to environmental safety and hygiene objectives, target and management solutions in addition to follow up routinely at the Occupational Safety and Hygiene Committee. Prior to introducing change of plan for the processing, raw material, machinery equipment, plant, and firefighting facilities, KYEC shall conduct risk assessment control on the operation, techniques, engineering, design, and environment in order to discover the potential risks. The department of change must first conduct identification and risk assessment. In case of high risk items, the department shall submit hazard control measures and improvement plan to assure the proper control of possible risks derived before, during and after the change. Additionally, the query opinions involving personnel will need to be taken into consideration and trainings will be provided to operators. The department shall monitor the risk after change for decision over continuous control.

**6. Emergency Response and Disaster Relief**

All factories shall set up emergency response treatment centers with personnel on shift. In case of receiving anomaly report, the staff may report and broadcast immediately according to the accident condition. All departments can also establish emergency response teams and shall routinely update the list to conduct work task training, strengthen personnel capacity to respond to emergency situations and help personnel familiarize with the application of safety protection equipment, thereby assuring the validity of emergency response treatment procedures.

The theme for drills will be scheduled each year to schedule all departments for emergency response drill plans. All shifts shall implement drills by plan. The emergency response plan shall be discussed at the pre-drill meeting for applicability while implementing audit and evaluation during the drill. The department shall also review the matters for improvement after the drills by proposing relevant suggestions. The departments actively participate in “Toufen-Chu Nan Industrial Par, Regional Joint Prevention Organization” to exchange ideas for environmental safety and hygiene management with each other, thereby mutually supporting each other. In response to the tour bus burning incident occurred in July, 2016, KYEC will include company shuttle bus safety drills into the annual drill plan in 2017 to strengthen the inspection of safety for company shuttle bus and the educational training for passengers.

In 2016, a total of 34 emergency response drills were held with the statistics of drill type sessions below:

Factories	Fire rescue	Earthquake disaster	Chemical leakage	Total factory evacuation
Hsinchu Factory	4	0	1	6
Chu Nan Factory	20	1	1	22
Tungluo Factory	4	1	1	6
Total	14	3	3	34



Fire Rescue Drills

Emergency Evacuation Drills



Company shuttle bus safety drills

2016 Total factory evacuation

## 7. Contractor Safety and Hygiene Management

The contractors play considerably important role in the environmental safety and hygiene management. A high ratio of contractor operations belongs to risk-based operations. Improper operations could result in personnel injury or death while more likely interrupts corporate operations. Hence, the factory develops Contractor Management and Purchase Management Guidelines for the management of contractor operations, signing the “Contractor or Subcontractor Construction Safety and Hygiene Environmental Protection Commitment” before contracting. The contractors shall committee to the compliance with factory environmental safety and hygiene regulation and various construction code of practice during the construction period in order to attain the objectives in “zero accident and zero disaster.”

The access card will be issued to the contractors after they have implemented the contractor pre-operation environmental safety and hygiene education and training with satisfying test results. The e-application for construction and contractor card system are used to implement factory access card system in order to effectively control the number of construction workers admitted to the factory daily and the nature of operations. For high-risk based operation formulation license system, the departments may be required to dispatch monitoring employees during the operation hours in addition to implementing construction region patrol and audit, thereby call for contractor reconciliation meeting regularly to review and advocate for safety and health management items. KYEC shall continue to promote safe hygiene family to fulfill the responsible care system from the business division to the downstream contractor personnel. Routine meeting allows contractors to exchange with each other.



Pre-Admission Environmental Safety and Hygiene Education and Training for Contractors

## 8. Fire Safety Equipment and Signs

All zones are installed with various fire detectors, fireproof division, and automatic fire alarm equipment, and 100-pound fire extinguisher. Pipes penetrating wall or floors are also installed with fireproof filling to reduce personnel and property loss rate in times of fire. The CO2 radiation system and central fire monitoring system are installed to prevent fire accidents.

The factory staff implements inspection and trial operation on the fire equipment monthly. In every 6 months, qualified firefighting equipment (master) shall inspect and declare the inspection results each year. The construction operation control shall be applied to operations susceptible to trigger errors in facilities while the electric equipment undergoes annual infrared thermal development scanning to discover abnormal equipment early and prevent electronic device induced fire.

Apart from labeling the fire extinguisher (fire box) and escape instruction sign according to the regulations, additional 3D sign is added to expand the angle of horizon and could enhance personnel identification easier. The escape door for each floor is installed with smoke escape bag and escape guidance equipment as emergency evacuation use. To help the personnel familiarize with the use of emergency response equipment and firefighting equipment as well as strengthening the emergency relief capacity of the personnel, the factory staff shall complete the fire extinguisher hands-on training for all staff.

### 9. Machinery Equipment Safety Management

The machinery equipment must undergo hazard identification and risk level assessment before introduction, implement change management process and reduce disaster incidence rate. The machinery equipment safety installation and standards of hazard warning labels shall be included in the purchase for order and acceptance standards. Equipment relocation, installation, operation, maintenance, and repair safety operation standards shall be established routinely by including various safety protection functions into the inspection items for daily maintenance or repair.

### 10. Overall Environmental Expenditure

This environmental protection expenditure only cover the 2016 expenditure from Facility and Environment Safety Division, which does not include carbon footprint and costs of prohibited substance management.

Category	Expenditure (NTD)
Operating Cost	48,745,100
Management Cost	278,093,887
Environmental Protection and Equipment Pollution Prevention	9,553,527
Social Activity Cost	0
Loss and Remedy Cost	0
Environmental Protection R&D Cost	0
<b>Total Cost</b>	<b>336,392,514</b>

2014~2016 Environmental Protection Expenditure Cost Comparison :

Year	2014	2015	2016
<b>Environmental Protection Expenditure</b>	1,691,044	1,366,691	9,395,406

## Employees' Rights

Talent is the key to achieving competitiveness. “Employment by talents and take local materials.” KYEC offers a diversity of employment channels, emphasize on thriving local economies, and upholds to the philosophy of protection and feedback to create more employment opportunities for Hsinchu and Miaoli areas. KYEC also employs local employees as the top priority. Currently the total number of employees is about 5,000 people and particularly employs from Hsinchu and Miaoli County account for more than 70%. Meanwhile, we also firmly believe that outstanding employees are the biggest assets of KYEC and therefore are committed to provide recruitment process in conformity with laws and regulations, comprehensive education and training system, safe and humanistic workplace environment, and competitive salary welfare system and public promotion channel. The above complete “selection, fostering, employment, and retention” related HR management allows employees to maximize their talents in workplace while joining KYEC hand-in-hand to create a win-win future for both sides.



### 1. Standards of Recruitment and Employment

KYEC protects workers' rights through Labor Standard Act and Act of Gender Equality in Employment, where workers will not receive preferential treatment due to discretion in race, social class, nationality, religion, disability, sexual orientation, union qualification, political party, or age. Moreover, KYEC is committed and implements relevant labor policies for EICC workers, health and safety, environmental protection, commercial code of ethics, and management system elements, including (1) the ban on child labor. Apart from the explicit declarations in Personnel Code, KYEC also adds prevention mechanism to recruitment and employment by more actively develop the operation instructions for employment of child labor and young labor in order to exclude misuse and assure subsequent related matters. (2) Freedom to choose employment, which assures voluntary intention from employees and KYEC shall not employ based on cohesion and compulsive criteria. Moreover, employees own the right to terminate labor contract at any

time as long as they meet the period of resignation declaration in the provisions under Labor Standard Act. Regarding the change of labor services, in case of employees voluntary resignation, suspension or transfer of KYEC or the affiliated factory, loss or operation tightening, company suspension of work for over one month due to force majeure, and change of operation nature, that makes it necessary to reduce employees without proper work for placement, and incompetent for the work consigned, both workers and employers shall follow the standards below.

- (1) Those having worked for over three months but less than 1 year shall notify in 10 days in advance.
- (2) Those having worked for more than one year but less three years shall notify in 20 days in advance.
- (3) Those having worked for three consecutive years shall notify in 30 days in advance.

In response to the expansion of factories in Taiwan, the number of new employees increases annually. In 2016, the number of new employees recruited reached 991 people and in particular, the ratio between men and women was 645 men to 346 women, as shown in the following table.

### (1) Occupation

Distribution of New Employees		2014				2015				2016			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)
Occupation	Supervisory Administrator	42	3.98%	34	3.22%	41	5.92%	22	3.18%	14	1.41%	19	1.92%
	Engineer	416	39.40%	131	12.40%	224	32.37%	103	14.88%	292	29.47%	77	7.77%
	Technician	248	23.50%	184	17.40%	211	30.49%	91	13.15%	339	34.21%	250	25.23%
Sex Subtotal		706	66.90%	349	33.10%	476	68.79%	216	31.21%	645	65.09%	346	34.91%

### (2) Work Location

Distribution of New Employees		2014				2015				2016			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)
Work Location	Miaoli Factory	660	62.56%	332	31.47%	443	64.02%	198	28.61%	630	63.57%	337	34.01%
	Hsinchu Factory	46	4.40%	17	1.60%	33	4.77%	18	2.60%	15	1.51%	9	0.91%
Sex Subtotal		706	66.90%	349	33.10%	476	68.79%	216	31.21%	645	65.09%	346	34.91%

### (3) Age

Distribution of New Employees		2014				2015				2016			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)
Age	Under 30 years old	461	43.70%	240	22.70%	329	47.54%	154	22.25%	421	42.48%	192	19.37%
	Between 30 (including) and 50 years old	244	23.10%	109	10.30%	147	21.24%	62	8.96%	223	22.50%	153	15.44%
	50 Years or older	1	0.10%	0	0.00%	0	0.00%	0	0.00%	1	0.10%	1	0.10%
Sex Subtotal		706	66.90%	349	33.10%	476	68.79%	216	31.21%	645	65.09%	346	34.91%



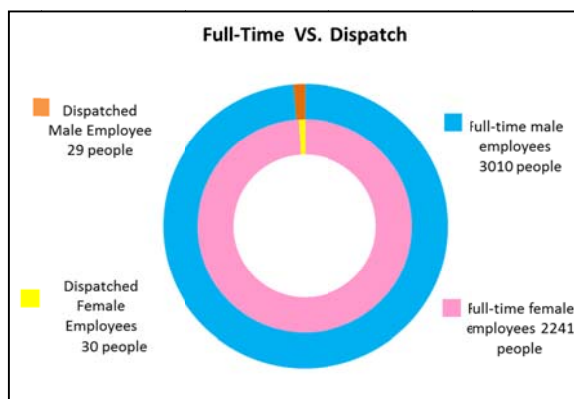
## 2. Employee Distribution

In recent years, the number of employees rises year by year and as of 2016, the number of employees for KYEC reached 5,300 people (including the company and dispatched employees). In terms of nationality ratio, the national ratio is 78.15% and non-Taiwanese ratio is 21.85%. In terms of titles, supervisory administrators account for 16.85%, engineers account for 33.47% and technicians account for 49.68%.

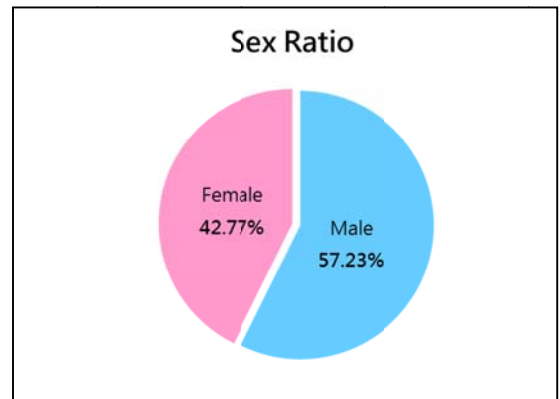
Labor intense is one of the characteristics of package and testing factories. Currently about 70% of current employees come from local Hsinchu and Miaoli counties and cities. Additionally to cope with the demand for night-shift HR and to strive for foreign worker quota for offsetting the shortage in employees of Taiwan national, currently the KYEC employee of Taiwan national accounts for 78.15% of total employees while foreign employees account for 21.85% of total employees.

KYEC Employee Distribution		2014				2015				2016			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)
Occupation	Supervisory Administrator	588	12.03%	267	5.46%	579	11.60%	292	5.85%	594	11.19%	301	5.67%
	Engineer	1303	26.66%	440	9.00%	1249	25.03%	465	9.32%	1315	24.76%	462	8.70%
	Technician	809	16.55%	1481	30.30%	936	18.75%	1470	29.45%	1130	21.28%	1508	28.40%
Work Location	Miaoli Factory	2494	51.02%	1978	40.47%	2575	51.59%	2023	40.53%	2918	54.95%	2132	40.15%
	Hsinchu Factory	206	4.21%	210	4.30%	189	3.79%	204	4.09%	121	2.28%	139	2.62%
Age	Under 30 years old	972	19.89%	646	13.22%	1011	20.26%	691	13.84%	1169	22.02%	697	13.13%
	Between 30 (including) and 50 years old	1684	34.45%	1484	30.36%	1707	34.20%	1474	29.53%	1812	34.12%	1485	27.97%
	50 Years or older	44	0.90%	58	1.19%	46	0.92%	62	1.24%	58	1.09%	89	1.68%
Employment	Corporate	2666	54.54%	2149	43.96%	2736	54.82%	2197	44.02%	3010	56.69%	2241	42.20%
	Dispatched	34	0.70%	39	0.80%	28	0.56%	30	0.60%	29	0.55%	30	0.56%
Nationality	Taiwan National	2377	48.63%	1666	34.08%	2371	47.51%	1677	33.60%	2506	47.19%	1644	30.96%
	Foreign	323	6.61%	522	10.68%	393	7.87%	550	11.02%	533	10.04%	627	11.81%
Sex Subtotal		2700	55%	2188	45%	2764	55.38%	2227	44.62%	3039	57.23%	2271	42.77%

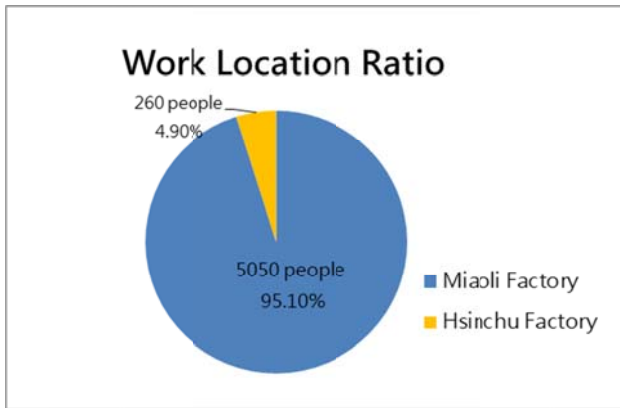
(1) Full-Time and Dispatch Employee Ratio



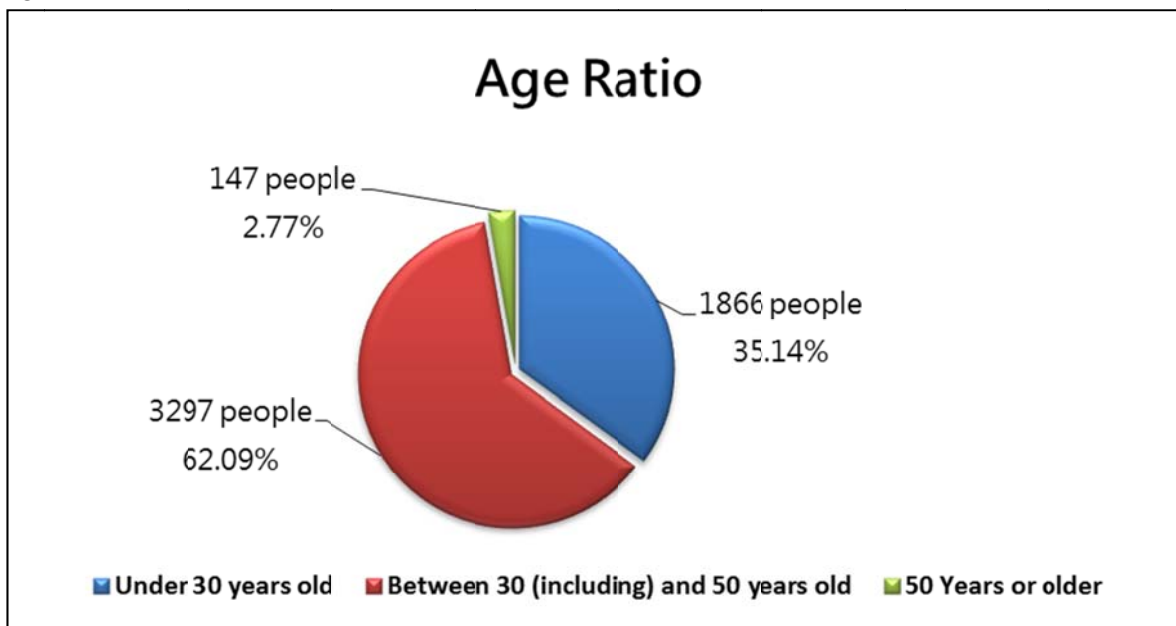
(2) Sex Distribution



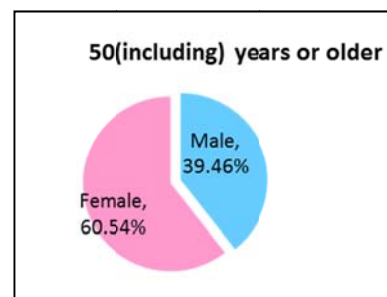
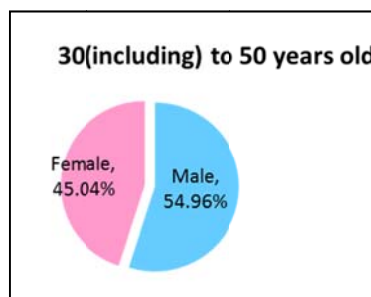
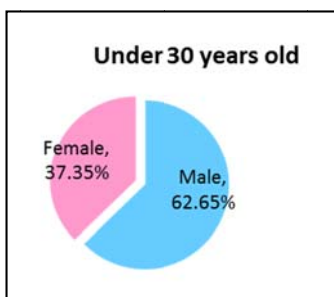
(3) Regional Distribution



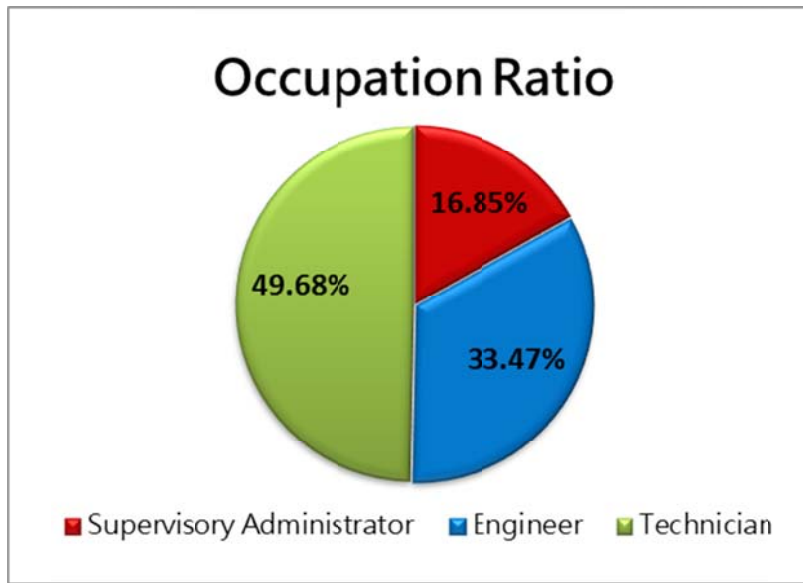
(4) Age Distribution



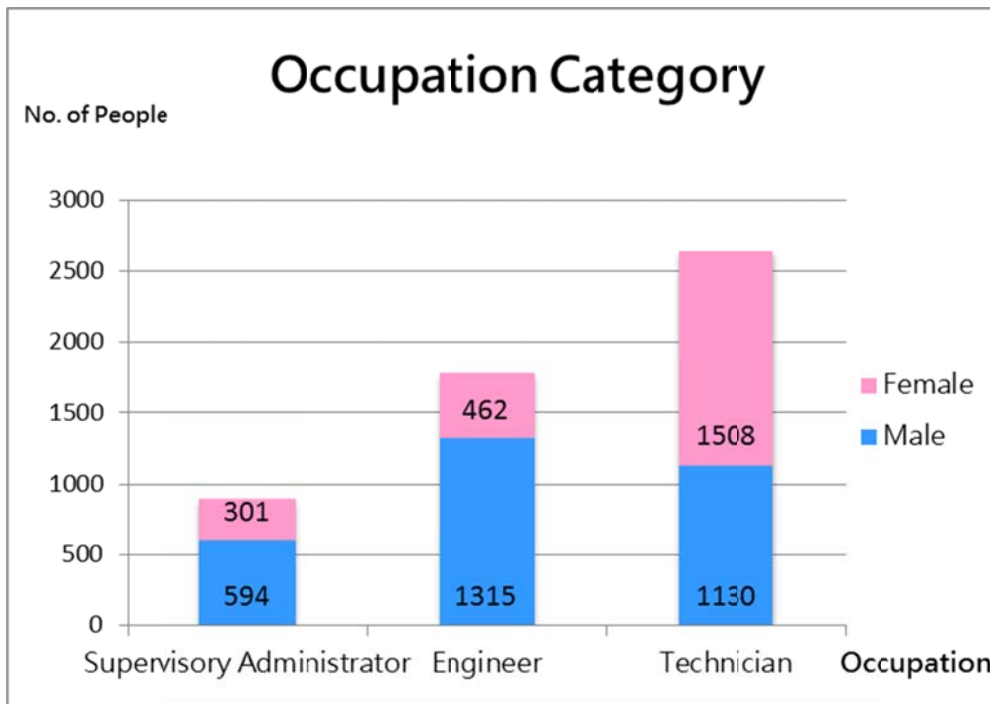
• Sub-distribution by gender



(5) Occupational Distribution



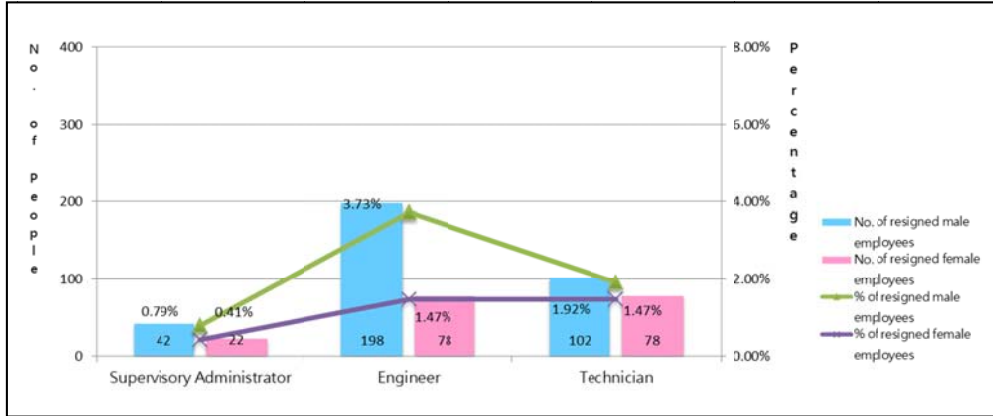
- Sub-distribution by gender



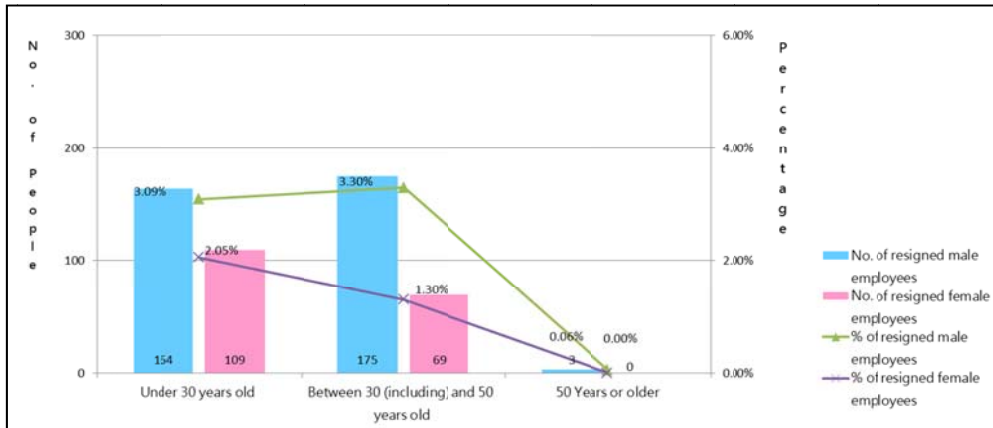
### 3. Employee Resignation

Distribution of Resigned Employees		2014				2015				2016			
		Male		Female		Male		Female		Male		Female	
Occupation		No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)	No. of Persons	Ratio (%)
	Supervisory Administrator												
	Engineer	47	5.86%	23	2.87%	43	6.86%	15	2.39%	42	8.08%	22	4.23%
	Technician	343	42.80%	101	12.60%	273	43.54%	73	11.64%	198	38.08%	78	15.00%
Work Location	Miaoli Factory	161	20.10%	127	15.80%	131	20.89%	92	14.67%	102	19.62%	78	15.00%
	Hsinchu Factory	479	59.73%	230	28.68%	403	64.27%	161	25.68%	335	64.42%	169	32.50%
Age	Under 30 years old	72	9%	21	2.60%	44	7.02%	19	3.03%	7	1.35%	9	1.73%
	Between 30 (including) and 50 years old	273	34%	146	18.20%	244	38.92%	110	17.54%	164	31.54%	109	20.96%
	50 Years or older	276	34.40%	105	13.10%	202	32.22%	70	11.16%	175	33.65%	69	13.27%
<b>Subtotal by Sex</b>		2	0.20%	0	0%	1	0.16%	0	0.00%	3	0.58%	0	0.00%
<b>Distribution of Resigned Employees</b>		<b>551</b>	<b>68.70%</b>	<b>251</b>	<b>31.30%</b>	<b>447</b>	<b>71.29%</b>	<b>180</b>	<b>28.71%</b>	<b>342</b>	<b>65.77%</b>	<b>178</b>	<b>34.23%</b>

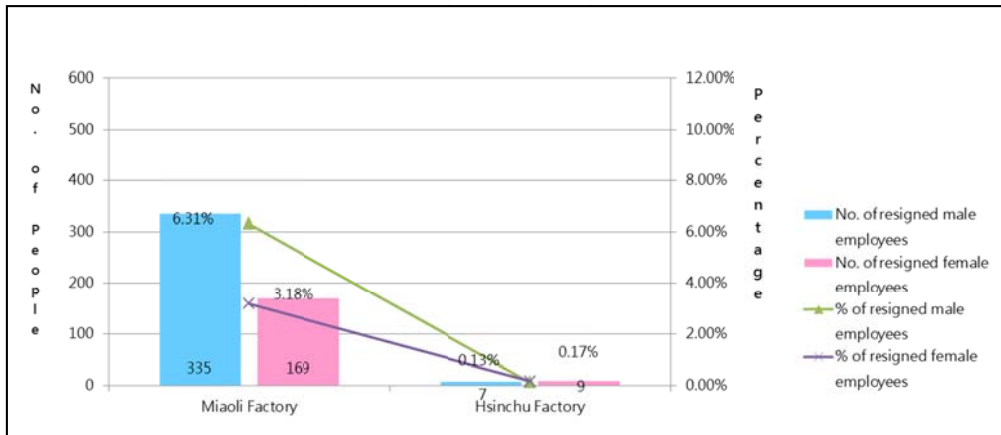
• **By Occupation**



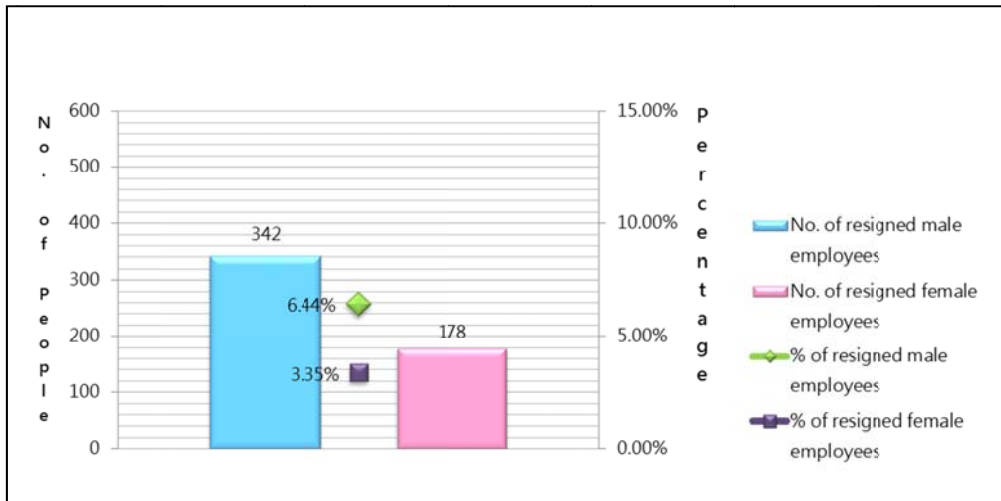
• **By Age**



• By Factory



• By Sex



#### 4. Competitive Salary

The salary standard of KYEC employees is determined by education and professional skills and experience, which will not differ due to sex, race, religion, political stance, marital status, unions and association difference. The standard starting salary exceeds the minimum wage specified by Labor Standard Act. The overalls structure includes base salary, meals, allowance, bonus, and dividends. 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 continuous excellence. Upholding to the principles of profit sharing and in the event of annual profits, KYEC shall appropriate 8%~10% as employee remuneration with 3%~5% of salary increase by year as gratitude for the efforts from the employees. In the future, KYEC is making the forecast with increasingly climbing operational performance in the future.

Average Salary Comparison:

Category	Average Salary Ratio – Female vs. Male	
	Miaoli Factory	Hsinchu Factory
Supervisory Administrator	1.43	1.65
Engineer	1.04	0.96
Technician	0.87	0.91

1. Data for the fixed salary of current employees as of 2017 / 01/ 01.  
 2. Comparison based on female  
 3. Data source excludes foreign.

#### 5. Complete Retirement Plan

KYEC establishes a labor pension reserve funds supervisory committee by law in order to take care of employees after retirement and promote labor-employer relation and improve work effectivity. The Committee shall supervisor the saving and use of pension funds in addition to appropriating pension reserves in 2% of the monthly salary to save in special account with the Bank of Taiwan. Commencing from July 1, 2005, employees applicable of new system shall appropriate 6% pension fund from the employee’s monthly wage and save it in the labor pension personal account established by the Ministry of Labor. The employee participation in retirement plan is 100%.

Additionally, KYEC shall calculate pension reserves for employees meeting the prerequisites of retirement at the end of each year in order to estimate the balance of labor pension reserve account for the aforementioned employees. In case of insufficient balance to pay for the total labor pension funds for employees meeting the retirement criteria in one year, the difference will be appropriated in one sum at the end of March in the following year in order to protect the pension rights of employees.

Pension Fund Plan:

Item	Ratio of Pension Funds Appropriation to Salary	Ratio of Employees Participating in Pension Fund Plan
Old-System Pension Funds(Note <sup>1</sup> )	Employer: 2% Employee: 0%	100%
New-System Pension Funds	Employer: 6% Employee: 0~6%	100%

Note <sup>1</sup> Employees entitled to the old system of pension fund seniority shall be entitled to the new system of pension fund seniority after they voluntarily choose to have the new system of pension fund seniority.

## 6. 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 coverage to all family members. Meanwhile, the company also arranges for weekly insurance companies to station and provide relevant consulting services in the factory, with travel insurance for travel and business trips overseas.

## 7. Complete Leave System and Benefits

KYEC develops leave related guidelines 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 and other laws and regulations. Moreover, KYEC offers employees with benefits and measures related to food, clothing, accommodation, and transportation, including employee dividends, free routine health examination, domestic and foreign travel funds, medical office, physician of special division with free medical consultation services, employee dormitory for employees from afar, employee cafeteria and meal allowance, library reading room, free car and scooter parking lot, senior employee and model employee incentives, departmental activity funding...etc. KYEC even offers high amount of bonus for different activities to draw and encourage employees with participation, thereby promoting the balance between work and life. We also routinely review the internal benefits and design proper benefit measures according to employee needs (i.e. signing special contract with kindergarten nearby) so that the spouses of employees can also enjoy the convenience in life. KYEC also responds to the new tax filing method of the government by applying online registration services for the health insurance card for employees and spouses that will facilitate the tax filing process with more ease

Benefits Overview:



## 8. Public Performance Appraisal and Promotion Development

The performance management and development system of KYEC not only are used to evaluate employees' performance during specific period of time as the channel for promotion, bonus distribution and talent incubation but also actively plays the role of effective path that assists employees in terms of career development. KYEC applies self-evaluation and supervisor evaluation at the end of each year to review the first-half-year objective completion rate. KYEC reaches consensus produced from the review on output in the past and future through one-on-one performance interview. Next, the Evaluation Committee will objectively discuss to resolve the final performance appraisal before giving feedback of the evaluation results to the particular employee. Finally, such appraisal is used as reference for the bonus distribution and talent incubation in the second half of the year, in addition to making continuous improvement based on this circulation. In addition, KYEC also takes active measures in helping an providing employees appraised with poor performance the opportunity to improve. Employees are arranged with counseling, training and improvement plans so their efforts for the entire year will not be eradicated due to one result.



The performance appraisal process for KYEC employees is public and transparent, which eliminates the subjective error resulted from one-factor evaluation. Moreover employees will not be discriminated against in appraisal or promotion due to sex, race, religion, and marital status. If the employees oppose to the performance result in any way, the employees may petition for secondary review from the Human Resource Division. Furthermore, KYEC values the career development of employees highly by providing occupational promotions and the departments will recommend employees meeting qualifications based on performance, scores, personal capacity, and relevant work outcome. The supervisor will review while the personnel evaluation committee will resolve to grant promotion. The occupational promotions rate for entry-level supervisors and employees in 2016 shows a 42% conformance rate, which suggests for unobstructed promotion channel and effective use.

## 9. Parental-Leave-Without-Pay Measures

KYEC Group values employee concerns for daycare and breastfeeding by offering care for employees, pregnancy, and postpartum health education consultation, breastfeeding room, and signing contract with daycare centers, in addition to providing parental-leave-without-pay according to the Labor Standard Act and offering services to apply for parental-leave allowance from the Bureau of Labor Insurance. Under such complete supporting measures, the total number of employees applying for parental leave in 2016 was 52 people and the average reinstatement rate was approximately 79%. Moreover, the number of



employees retaining in KYEC for more than 1 year after reinstatement reaches as high as 90%.

Item	Female		Male		Subtotal
	No. of People	Ratio	No. of People	Ratio	
2016 actual number of people applying for parental leave without pay	44	85%	8	15%	52
2016 Expected number of people applying for reinstatement from parental leave without pay	44	79%	12	21%	56
2016 actual application for reinstatement from parental leave without pay	37	84%	7	16%	44
2015 Number of people on parental leave filing for reinstatement	21	68%	10	32%	31
2015 Number of people on parental leave having reinstatement with 1 continuous year of working	19	68%	9	32%	28
Reinstatement Rate	84%		58%		79%
Retention Rate	90%		90%		90%
1. Reinstatement calculation equation: Number of people reinstated in 2016 / Expected number of people reinstating in 2016*100%					
2. Retention Rate calculation equation: Number of people on parental leave having reinstatement with 1 continuous year of working in 2015 / Number of parental leave filing for reinstatement in 2015 * 100%					
3. Data as of 2017 / 01/ 01					

### 10. Employee Care

The management supports and promotes health promotional policy and develops the promotional plan and solution, formulating comprehensive safety and hygiene policy for the general manager to sign and announce. KYEC also clearly include “launching health promotion” and “assuring employee health” in the following content of policies:



The company values employee welfare by taking consideration of all employee requirement, Gradually designing diverse activities and increasing measures for activity rewards.

Stationed physician developing standards  
Classified management of anomalies,  
Strengthening care for cases with severity,  
Follow up anomalies in foreign workers,  
Follow up the health of contractors.

Developing health promotion activities according to health management outcome.  
Senior managers supporting and agreeing to organize follow-up questionnaire survey values.

(1) Effectively utilize energy and resource, launch waste reduction, classification, and recycling and reuse campaigns.

(2) Improve incessantly, enhance environmental safety and hygiene performance, and devote in pollution and injury/disease prevention to conform to environmental protection, safety, and health regulations and customer requirement.

(3) It is everyone’s responsibility to promote environmental protection, safety and hygiene in addition to continue advocating the education on such philosophy.

(4) Implement risk management and launch health promotion to pursue objectives in “zero disaster” and “zero injury.”

(5) Establish “Green Supply Chain” management system to assure work environment and employee health, and reduce the impact of products, processing, and related services on the environment.

※ Call for quarterly “Occupational Safety and Hygiene Committee Meeting” on a regular basis 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	Environment 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 management

Each year KYEC develops health management promotion plan and the management shall sign and implement. The 2016 execution status:  
A total of 12 sessions held with 999 people participated.

 <p><b>2016年員工健康檢查</b></p> <p>檢查地點/日期/時間/注意事項:</p> <table border="1"> <tr> <th>檢查地點</th> <th>檢查日期</th> <th>檢查時間</th> </tr> <tr> <td>中研一廠 6 樓餐廳</td> <td>3/21(一) - 3/24(四)</td> <td>上午6:30-10:30</td> </tr> <tr> <td>科技總部 11 樓餐廳</td> <td>3/28(一) - 3/29(二)</td> <td>上午6:30-10:30</td> </tr> <tr> <td>銅鑼廠 4 樓餐廳</td> <td>3/30(三) - 3/31(四)</td> <td>上午6:30-10:30</td> </tr> </table> <p>免費由廠提供服務,歡迎符合資格同仁踴躍參加! 凡參加由廠提供員工,當天該廠廠區IC卡。</p> <p>子突檢採血檢查: 肝臟及膽囊超音波檢查 C型肝炎病毒檢查: 肝臟及膽囊超音波檢查 腎臟超音波檢查: 肝臟及膽囊超音波檢查 乳房X光攝影檢查: 肝臟及膽囊超音波檢查</p> <p>檢查須知: ★符合全年健康人員名單,請於3/11前(含)前寄交健康課,由健康課轉交同仁。 1. 檢查前十二點以後請禁食、禁水,以利檢驗準確性。 2. 檢查前兩天請戒除菸酒及辛辣、避免影響肝腎功能檢驗結果。 3. 患有糖尿病、高血壓、心臟病者,請先告知醫護人員。 4. 女性受檢者請生理期,請先告知醫護人員。 5. 已懷孕或疑似懷孕之女性同仁,請勿接受檢查,請於報到時告知醫護人員。</p> <p>為關心同仁及眷屬健康,特提供同仁家屬(父母、配偶、子女)親屬參加健康檢查。</p> <p>報名時間:即日起至2016年3月16日(三)止。 報名方式:請將報名表E-mail至或逕向員工關係課接洽。 繳費方式:屆時將備領通知書。</p> <p>員工關係課 關心您!</p>	檢查地點	檢查日期	檢查時間	中研一廠 6 樓餐廳	3/21(一) - 3/24(四)	上午6:30-10:30	科技總部 11 樓餐廳	3/28(一) - 3/29(二)	上午6:30-10:30	銅鑼廠 4 樓餐廳	3/30(三) - 3/31(四)	上午6:30-10:30	 <p><b>愛在京元 3/3 捐血活動</b></p> <p>健康的您,再忙也別忘了捐血,您花一點時間,得以重燃他人生命之光。</p> <p>活動流程: A.填表登記 B.量體重、血壓 C.血色素、體溫 D.開始捐血</p> <p>備註:請攜帶照片及身份證字號之證件。</p> <p>活動資訊: 主辦單位:人力資源處/員工關係課 協辦單位:新竹捐血中心</p> <p>活動地點/時間: 廠區 日期 時間 地點 中研廠 3/3(四) 09:00-16:00 一廠19、20樓隔間 銅鑼廠 3/3(四) 09:00-16:00 醫衛室旁小花園</p> <p>若有相關問題,請洽員工關係課TL張美/CH品麗,謝謝!</p> <p>人力資源處 員工關係課</p>	 <p><b>認識防癌新觀念 常見癌症講座</b></p> <p>您知道癌症的發生率已連續蟬聯國人十大死因之首嗎?防治癌症尤其重要!邀請您一同來參與防癌講座。</p> <p>講師簡介: 講師: 楊醫師 現任: 奇嘉醫療院所皮膚科專科醫師 專任: 奇嘉醫院皮膚科專科醫師 專任: 奇嘉醫院皮膚科專科醫師 專任: 奇嘉醫院皮膚科專科醫師</p> <p>報名日期: 即日起~4/26(二)止 講座日期: 2016/4/27(三) 16:00 - 17:00 參加時間為正常上班時間者,報名時請標單位主管同意,始得參加。</p> <p>講座對象: 全體同仁皆可報名參加 講座地點: 中研一廠 6F中視廳 報名資訊: 欲參加者請回電E-Mail 相關問題可洽詢員工關係課 張怡、謝怡</p> <p>員工關係課 關心您。</p>
檢查地點	檢查日期	檢查時間												
中研一廠 6 樓餐廳	3/21(一) - 3/24(四)	上午6:30-10:30												
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銅鑼廠 4 樓餐廳	3/30(三) - 3/31(四)	上午6:30-10:30												
<p>2016 Annual Employee Health Examination Date: 2016/3/21~3/31(8 days)</p>	<p>Blood Donation Event Date: 2016/3/3</p>	<p>Cancer Prevention Workshop Date: 2016/4/27</p>												
 <p><b>腹'仇'者聯盟</b></p> <p>吃重性高體位者, BMI ≥ 24 係過重或肥胖體位,肥胖者心臟病、高血壓、糖尿病、脂肪肝等病症的元凶。</p> <p>健康不能等,邀請您一起參與「減重班」系列活動。</p> <p>報名日期: 即日起~5/13(五) 活動日期: 5/16(一)~10/28(五) 參加對象: 有減重需求BMI ≥ 24(含)以上者 BMI = 體重(kg) / 身高(M)<sup>2</sup></p> <p>活動內容: 1. 體態評估及諮詢 2. 營養師指導課程(5/24~6/14 每週二 18:30-19:30) 3. 專業講座 4. 團體運動課程及測驗評估 5. 心得分享會</p> <p>活動獎品: 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</p> <p>報名方式: 請將報名表E-Mail或逕向員工關係課接洽,請參加者加入報名群。</p> <p>報名辦法: 報名時請於報名表上自填報名前BMI是幾公斤幾名,在開班後數週內,以實際體重為準,數數最小時時,禮券券均發給。</p> <p>員工關係課 關心您。</p>	 <p><b>菸菸一熄~健康升級</b></p> <p>吸菸容易導致癌症、心臟病等健康危害,對於吸菸者的生活品質也會有影響。</p> <p>認識您與家人的身體健康,邀請您一起參與戒菸活動。</p> <p>報名日期: 即日起~6/17(五)截止 活動日期: 6/20(一)~6/20(二) 參加對象: 有戒菸需求同仁均可參加 報名方式: 請將報名表E-Mail或逕向員工關係課接洽 活動內容: 1. 戒菸成功者,精心禮券一筆 2. 戒菸成功者禮券計分至 3. 參與CO(一氧化碳)檢驗第二週一次,共計五次 4. 參加戒菸講座一筆 活動獎品: 自符合戒菸標準者,每人禮券禮券2,000元(以上獎品,依法列入個人年度所得)</p> <p>獎勵辦法: 累積點數滿13點,且CO(一氧化碳)檢驗連續兩次皆合格為50ppm以下者,高點時禮券由員工關係課發給。</p> <p>員工關係課 關心您。</p>	 <p><b>健康體直能 一起動一動</b></p> <p>活動日期: 2016/05/16(一) 活動時間: 15:00~17:00 參加時間為正常上班時間者,報名時請標單位主管同意,始得參加。</p> <p>活動地點: 中研一廠六樓餐廳(西台灣餐室旁) 參加對象: 全體同仁皆可自由報名參加</p> <p>活動內容: 身體量測、身體組成、柔軟度、肌肉測試、心肺耐力測試。</p> <p>報名方式: 欲參加者請回電E-mail活動簡章可洽詢員工關係課 張怡 費用: 全免費。</p> <p>減重班系列活動,可累計點數1點,換領報名券!!</p> <p>員工關係課 關心您。</p>												
<p>Weight loss event Date: 2016/5/16~10/28</p>	<p>Smoke Cessation Event Date: 2016/6/20~8/30</p>	<p>Physical Fitness Event Date: 2016/5/16</p>												
 <p><b>菸害防治講座</b></p> <p>為配合衛生福利部國民健康署推動無菸職場及健康促進計畫,及配合公司進行「健康職場自主認證查評」,敬請同仁務必出席上課並簽到!</p> <p>講師簡介: 講師: 羅醫師 現任: 奇嘉醫院皮膚科醫師 學歷: 國立台灣大學 經歷: 中國醫藥學院附設醫院護理部 奇嘉光電 營養師</p> <p>課程資訊: 講座日期: 2016/7/28(四) 16:00 - 17:00 講座地點: 中研一廠 6F中視廳</p> <p>學員須知: 1. 敬請上課同仁務必出席簽到 2. 上課名單詳如附件</p> <p>員工關係課 關心您。</p>	 <p><b>聰明健康吃</b></p> <p>不良的飲食及生活習慣,容易導致肥胖問題產生,認識體重對健康的影響,學習如何聰明健康吃。</p> <p>講師簡介: 講師: 鄧營養師 現任: 奇嘉醫院基金營養師 經歷: 國立交通大學生命科學研究所 經歷: 大林醫院臨床營養師 經歷: 奇嘉醫院臨床營養師 專長: 慢性肝病、癌症營養、減重營養、營養諮詢</p> <p>授課大綱: 1. 體重對健康的影響 2. 健康飲食觀念: 提升體重控制 3. 飲食選擇的靈活性 4. 如何選擇外食 5. 認識營養標示</p> <p>報名日期: 即日起~7/27(三)止 講座日期: 2016/7/29(五) 16:00 - 17:00 參加時間為正常上班時間者,報名時請標單位主管同意,始得參加。</p> <p>講座對象: 全體同仁皆可報名參加 講座地點: 中研一廠 6F中視廳</p> <p>報名資訊: 欲參加者請回電E-Mail或逕向員工關係課接洽,謝謝!</p> <p>員工關係課 關心您。</p>	 <p><b>看見你談講座 創造親子好關係</b></p> <p>談話行為人格分析了解親子間的互動模式及探索親子間的互動過程,想瞭解您與家中寶貝的互動關係嗎?邀請您一起來參與!</p> <p>授課大綱: 1. DISC理論與配對介紹 2. 人格特質介紹 3. 理解了孩子的人格特質 3. 與孩子的溝通方式介紹 5. 如何找出您與孩子溝通之道</p> <p>講師簡介: 現任: 營養師 現任: 營養師 現任: 營養師 現任: 營養師</p> <p>報名資訊: 活動日期: 2016/8/25(四) 16:00 - 17:00 參加時間為正常上班時間者,報名時請標單位主管同意,始得參加 報名日期: 即日起~8/24(三)止 活動對象: 全體同仁 活動地點: 中研一廠 6F中視廳 報名資訊: 有無願報名同仁,請洽員工關係課 張怡、謝怡</p> <p>員工關係課 關心您。</p>												

<p>Cigarette Hazard and Prevention Workshop Date: 2016/7/28</p>	<p>Nutrition Workshop Date: 2016/7/29</p>	<p>Nursing Health Education Workshop Date: 2016/8/25</p>
		
<p>Spiritual Lecture Date: 2016/9/9&amp;2016/9/27</p>	<p>Influenza Vaccination Date: 2016/10/17~2016/11/4</p>	<p>Chronicle Disease Health Education Workshop Date: 2016/11/18</p>

11. Promote Health Management and Advocacy Plan

KYEC complies to provisions prescribed in Labor Health Protection Regulations and Law by establishing qualified medical staff and stationed physician in the factory to facilitate health promotion services and offer chronic disease prevention and medical health care transfer services. KYEC organizes annual health examination and drafts the health promotion plan for that year with actual execution of health promotion activities based on the analysis results. Employees with abnormal results from the physical examination and health examination shall receive professional health education and advice from stationed physician. Meanwhile the factory offers records on the care for various injuries and diseases as well as injury/disease category.

- (1) Employee Health Management Process: Employees aged 45 or older participate in health examination every year while employees less than 45 years old shall participate in health examination in every 2 years. The average examination items are better than the regulatory required items, special examination items (noise operation: one examination for the operational environment in every half year, targeting at those employees working in areas with 85dB or higher), cancer screening items (scheduled oral cancer, colorectal cancer, breast cancer, and cervical cancer). The nurses will prepare anomaly health education consultation/secondary examination notice in case of discovering abnormal case to make appointment for health education with the employees.
- (2) New Employee Health Management Process: The nurses will prepare anomaly health education consultation/secondary examination notice in case of discovering abnormal case to make appointment for health education with the employees. In case the examination results suggest severity, the employees from the same area will be monitored over the work pattern and close follow-up will be focused on the results of secondary examination on abnormal items. Cases listed as special injury/disease will be jointly traced and cared for health with the stationed physician.

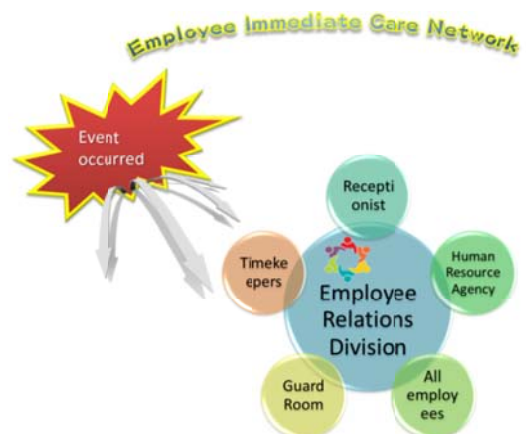
(3) Foreign Employee Health Management Process: Health examinations will be conducted upon arrival, in 6 months, 18 month and 30 months after reporting. In case of discovering anomaly, employees will undergo a two-week health autonomous management (self-measurement of heart beat and blood pressure) while employees will make appointment for health education. Additionally the work pattern of the employees will be monitored. Cases listed as special injury/disease will be jointly traced and cared for health with the stationed physician.

The factory nurses will notify employees of the secondary examination for abnormal physical and health examination results and the follow-up of secondary examination results in accordance with employee requirement and annual health promotion plan. Stationed physician will develop data standards according to the examination items while abnormal data will be divided into severe, medium and minor levels for health management. Stationed physician offers health education consulting and transfer services. Relevant workplace health promotion activities are held, including chronic disease prevention seminar and high-risk group health management, physical fitness examination, smoking prevention propaganda, smoking cessation class, introduction to contagious diseases in infants, nutrition seminar, four-cancer screening, epidemic infectious disease prevention propaganda and others.



12. **Physical and Mental Health of Employees**

The physical and mental health of employees is the key factor for corporate sustained operations. Apart from the establishment of special physician, KYEC also works with the outpatient psychologist from the Physical and Mental Division in large hospitals for factory-visit services. KYEC voluntarily establishes the “Employee Care Site” for employees to be aware



of the good intention by the company to take care of the employees and advocate for the corporate assistance in times of emergency situations. Hence, KYEC establishes the 24-HR employee emergency rescue hotline (KYEC 119), where a specialist will attend and handle to provide information and resource assistance.

To reduce the health hazards for employees working with high-risk special injury /disease, the medical team will care for employees by their physical, psychological and work related injuries with the following response actions:

- (1) Upon receiving reporting on the case, the factory nurse will contact, record and report to provide care for the cases jointly with department supervisors.
- (2) The injury case in and out of the factory will be evaluated by the medical team for resumption to work according to the previous operation properties, depending on the recovery situation of the body, in order to attain proper work arrangement.
- (3) In the event the health condition from the attendance system shows that the case requires care, i.e. taking 3 days of sick leave, pre-maternal leave, medical treatment leave, leave for 60H in a row, the medical team will voluntarily contact and care to give assistance to the employees.
- (4) KYEC cooperates with the physical and mental health division in peripheral hospitals, where professional consultants services for psychological consultation services and may transfer the cases to hospital for medication.
- (5) Employee Care Site: Report information to the Employee Relation Section through various means of transmission to immediately convey corporate care and resource supply to employees.

### 13. Valuing Female Employees

KYEC provides complete support and care to pregnant female employees by developing protection regulations for female employees:

- (1) Specify heavy object moving standard.
- (2) Pregnant female employees are prohibited from handling hazardous, explosive and igniting substance related work.
- (3) Pregnant and breastfeeding female employees are prohibited from working at night.
- (4) Comply with safety and hygiene laws and regulation to prohibit female employees from engaging in dangerous or hazardous work.
  - Organize mother seminar, female cancer screening and other health promotion activities to take care of the health of female employees.
  - Provide female employees with cozy feeding environment and design by excellent breastfeeding room specification, using green, nontoxic, and anti-flame materials. KYEC is proud of the comfortable, private and ergonomic design.
  - Giving maternal leave for all women giving birth in accordance with Labor Standard Act.
  - Welfare funding for newborns (can be applied by men or women).

To enhance maternal and breastfeeding female employees, the response actions are described below:

- (1) Factory nurse calls to show care to employees taking maternity leave to understand their requirement and provide consultation.
- (2) After the employees finish maternity leave and reinstate, factory physicians will be arranged to conduct mother health hazard questionnaire as health education consultation.
- (3) Before the case taking parental leave without pay reinstates, the factory nurse will conduct

interview to understand the physical condition and evaluation of reinstatement.

- (4) After the case taking parental leave without pay has reinstated, the factor nurse will evaluate the employees for work applicability.



**Organizing Maternal Class**



**Breastfeeding Room**

14. **Employee Communication**

KYEC protects employee rights in accordance with the relevant articles stipulated by government laws. The employees have the freedom to free assembly and the company does not interfere or intervene, or show any form of preferential treatment due to race, sex, nationality, religion, and political stance. KYEC is committed to establishing unobstructed communication channel with the employees and offers complete communication channels in order to effectively solve problems and employees could fully express their views and immediate communication, consequently establishing a harmonious working environment for the employees and management. All employees can express opinions via the Labor and Management Meeting, seminar, employee board and various grievance channels. The matters reflected by employees will be replied with results to maintain excellent two-way communication. In 2016, the Company has received 135 cases of feedback.

● **Grievance Mechanism Channels include:**

- Employee Board
- 8160 Special Email
- HR Dept. Service Phone
- 24-HR Employee Emergency Rescue Hotline

● **Communication Channels include:**

Item	Handling Dept.	Content	2016 effect
Employee Seminar	HR Dept.	System Benefits measures Public affairs Public safety	<b>100% handling and reply</b>
Seminar for New Employees			
Seminar for Foreign Employees			
Welfare Committee Meeting			
Worker-Management Meeting			
Service Hotline			
Employee Board			
Email			
Human Right Grievance			<b>There was no grievance case against discrimination regulation in 2016.</b>

● **Propaganda for Five-day work week measure**

The Labor Standard Act underwent revision in December 2016 and was promulgated for implementation on 2017/1/1. To help supervisors and employees understand the relevant provisions after the revision of laws, KYEC takes initiative to participate in the briefing organized by the Ministry of Labor or country/city governments to consult for the relevant details of laws with the country/city department of labor. The content of differential information after the revision is publicly explained in the factory to the supervisors and employees with decree interpretation and opinion exchange. A total of 14 sessions were organized between 2016/12/19~2017/1/16, where 1,110 employees attended, demonstrating an excellent outcome of the sessions process. The briefings will



effectively remove employee’s concerns for the laws and the purpose of communication with employees will be attained.



**「一例一休」常日班IDL 說明會**

一、目的：  
配合勞動法修訂「一例一休」條款，本次說明會讓常日班同仁了解公司的作法。

二、主席：李坤光 資深副總經理

三、參加對象：常日班IDL報名同仁

四、時間：2016/12/30(五)11:00~12:00  
地點：中華一廠6樓中視聽中心  
科技總部2樓視訊會議室  
銅鑼廠、5樓訓練教室

**報名須知**

1. 歡迎常日班IDL同仁自由報名。
2. 請秘書協助於12/27(二)17:00回覆Email報名名單，謝謝！
3. 座位有限若報名超額，將以單位人員比例通知人員參加，參加名單待發布通知！

若有相關問題：請與人力資源處 任尚聯繫，謝謝！



**「一例一休」公司規範暨於勞基法**

公司完全遵守政府法規—

1. 以鑒於法令規定的標準來計算假日加班費。
2. 依照新法規定，休息日加班時數以新法令4倍/24基礎計算。
3. 另為消除產線排班的困難，排休目的加班計算若比照休息日的規範。
4. 特休額符合勞基法規定給報。

辦理一例一休說明會

公司為讓同仁瞭解相關規範與權益，特辦理說明會

序	日期	主題	時間	參加人數
1	12/19(一)	總經理- 蘇耀主講/MC TE/EE	11:00-13:30	57
2	12/23(五)	副總經理主講/PD/AE/QRA-PQA	12:00-13:00	84
3	12/30(五)	常日IDL	11:00-12:00	197
4	1/4(三)	蘇耀副總- 四二廠B	08:00-09:00	50
5	1/4(三)	蘇耀副總- 四二廠B	20:00-21:00	53
6	1/5(四)	蘇耀副總- 四二廠A	20:00-21:00	36
7	1/6(五)	蘇耀副總- 四二廠A	08:00-09:00	57
8	1/6(五)	副總經理主講/PD/AE/QRA	12:00-13:00	92
9	1/9(一)	外務副總- 曹ABCDG	18:10-19:10	103
10	1/9(一)	外務副總- 曹ABCDG	19:40-20:40	137
11	1/11(三)	外務副總- 曹BCDEF	18:10-19:10	90
12	1/11(三)	外務副總- 曹BCDEF	19:40-20:40	112
13	1/16(一)	外務副總- 曹ABCDG	17:30-18:10	16
14	1/16(一)	外務副總- 曹ABCDG	19:50-20:30	26
		合計		1,110

溝通管道

若同仁對於一例一休有任何相關問題，歡迎來電詢問：人力資源處




### 15. Food Care

KYEC takes care of the employees’ appetite by offering different meal choices. For example, vegetable and fruit meals are offered daily in factory cafeteria, the convenience store also offers meals with calorie and ingredient labels, and salad and fruit. The meals are included in the meal allowance plan while café bar suppliers designs light meals and whole-wheat meal package in the menu.

The current contractor health management practice follows key supplier management during the stationing period. Long-term stationing supplier includes catering supplier, convenience store supplier, café bar supplier, cleaning supplier, and security supplier. The supplier shall offer the health examination report of staff working in the factory and in case of any anomaly case, the nurses will remind the employer to draw attention and show care for the health condition of their employees.

## 16. LOHAS KYEC

To develop cohesion with positive organizational atmosphere, KYEC designs a diversity of activities for employees to relax after work or develop proper entertainment.

In 2016, there are 8,920 people joined our company's several static activities or dynamic activities, including campanula paint competition, basketball game, body chess game, movie watching, coupons, one day trip, and family day in Lihpao lands with different two theme parks, all of members had wonderful time with families.

The factory selects model employees and establishes internal paradigm to encourage outstanding employees, promote mutual encouragement and learning between employees, and select employees with outstanding performance. KYEC holds one annual section with compliance to reward guidelines.

Senior employees and employees having worked for 5 years and 10 years shall be presented with rewards in appreciation of their long-term contribution to the company.

KYEC is also committed to employee relation by expanding the benefit to spouses of employees, holding family activities and outdoor activities while opening health examination to the spouses, and free group insurance for the spouse and children of the employees.







17. Quality Workplace

KYEC is committed to build a quality work environment by building many recreational areas at high floors with excellent views, including the table tennis zone, employee cafeteria, 24-hour convenience store, and café bar for employees to watch the beautiful views during dining.



	
<p>Table Tennis Area</p>	<p>Blood Pressure Monitor and Weight Scale</p>

1. There are weight scale and electronic blood pressure monitor in the public area for employee use. Employees can measure and control self-health.
2. The multi-function entertainment center includes a reading room and a massage room. The reading room offers books, magazines and newspapers with over 6,072 books in collection. The massage room offers employees from visually impaired masseurs. KYEC signs contract with Miaoli County Association of Care for Visually Impaired to provide services that will relieve the stress and fatigue in employees. In 2016 alone, 8,619 people have participated.
3. Establish friendly breastfeeding environment with comfortable sofa, refrigerator for storing breastmilk, and information on raising infants. In 2016, 17 people visit this area monthly in average.
4. The Consultation Room takes consideration of privacy and KYEC invites professional consultants in case employees have the needs in consulting services for work and career, family life, interpersonal relationship, and physical and psychological demand. 6 people have visited the consultation room in 2016.
5. The employees may consult with the legal department for legal consultation services in case they have any doubts related to legal issues in life or work. KYEC schedules one monthly visit of attorney to the factory to solve legal issues for employees in addition to publishing the case (anonymous) on the internal website to share the information with peer employees. There were 32 people who visited the legal department.
6. Routinely advocate health promotion information and organize workplace health promotion activities.
  - There is a “KYEC Employee Care Site” on the homepage with weekly propaganda focusing on medical health news and health promotion activities. As of now, there are 1,461 articles published and the total number of views is 203,526 people.
  - The factory features an environmental safety and hygiene hallway where health promotion themed posters are updated on a regular basis.
  - The Medical Office offers propaganda fliers and health books for employees to borrow and read.
  - The company reading room also offers medical health magazines and books for employees to borrow and read.
  - The routine update of health promotion themed posters is advocated through the

announcement system.

- The factor offers an outdoor smoking zone but KYEC regulates the smoking behavior in employees and suppliers as well as the environment. Posters related to smoking prevention are promoted routinely at the environmental safety and hygiene hallway.

京元電子 員工關懷網

首頁 福安專區 生活專區 關懷專區 急救常識專區



餵母乳餵到手痠？7大正確哺乳姿勢新手媽咪必知

BY 醫務室, ON 十二月 8TH, 2016

正確哺乳姿勢少費力氣，也更舒適的方式，就是媽咪必知！正確的姿勢能預防痠痛和避免乳房結塊，將乳房擠成球形，希望協助媽媽們在哺乳過程中更舒適、更輕鬆、更愉快。此篇為協助媽媽們更舒適、更輕鬆、更愉快的方式，千萬不要讓媽媽們吃力的痛苦。——[閱讀更多](#)

◎ 發表留言 ◎ \* 回覆管理專區

12月份健康資訊宣導：「秋冬心警報~掌握黃金救命時間」

BY 醫務室, ON 十一月 24TH, 2016



◎ 發表留言 ◎ \* 回覆管理專區

擺脫肩頸、小腿痠痛！上班族超實用按摩術

BY 醫務室, ON 九月 6TH, 2016

各位同事，你們工作之餘，是不是常常感到肩頸痠痛、腰酸背痛、或是腿腳痠痛？這些都是因為長時間的勞動，導致肌肉僵硬、血液循環不良，或是因為長時間的勞動，導致肌肉僵硬、血液循環不良。這篇為各位同事提供超實用的按摩術，千萬不要錯過。——[閱讀更多](#)

◎ 發表留言 ◎ \* 回覆管理專區 \* 醫務室管理區

18. Education and Training

Regardless of gender, KYEC employees have equality of opportunity in receiving training. In 2016, a total of 360 training classes were held, adding up to 2,639 hours for total class hours with 43,148 people participating.

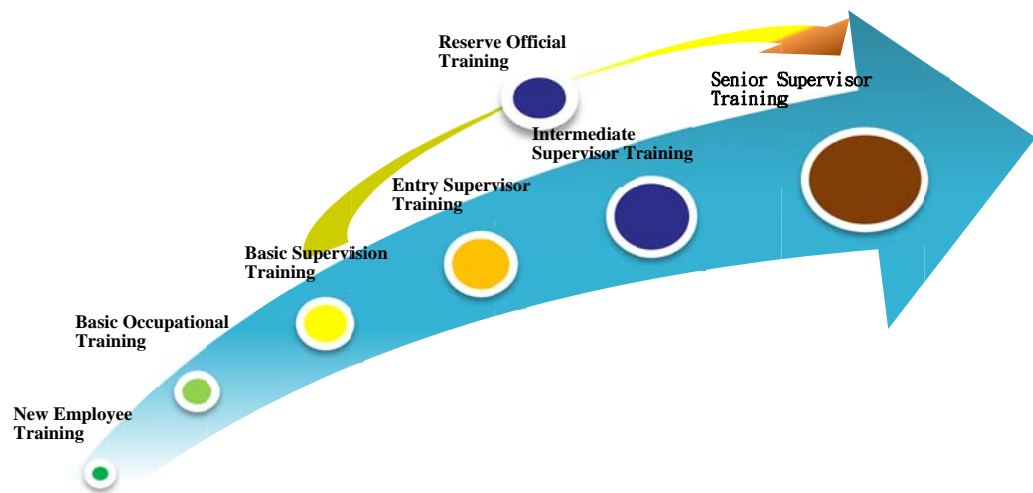
©2016 Average Employee Training House(Statistics as of 2016/12/31)

Item	2014			2015			2016		
	Sex	Total Training Hours	Average Training Hours per Person (Note)	Sex	Total Training Hours	Average Training Hours per Person	Sex	Total Training Hours	Average Training Hours per Person
Indirect Staff	M	99,125	43.3	M	80,556	41.5	M	86,158	43.2
	F	20,073	24	F	21,401	26.4	F	18,481	22.0
	Subtotal	119,197	38.2	Subtotal	101,957	37.0	Subtotal	104,639	36.9
Direct Staff	M	15,586	22.6	M	15,143	26.6	M	15,838	27.8
	F	36,529	34.1	F	37,852	39.4	F	37,923	39.5
	Subtotal	52,115	29.6	Subtotal	52,995	34.6	Subtotal	53,761	35.1
<b>Total</b>	-	<b>171,312</b>	<b>35.1</b>	-	<b>154,951</b>	<b>36.2</b>	-	<b>158,400</b>	<b>36.3</b>

KYEC trains employees to acquire labor safety related certificates in accordance with government laws and regulations in order to conform to execution operation requirement and fulfill environment management. Moreover, KYEC organizes ISO quality related auditor certification training to enhance the internal audit effect, continue quality improvement and effectively implement corporate quality system. KYEC has helped employees acquire 1,257 certificates in 29 categories, as shown in the following table:

Name of Certificate	Name of Certificate
Class A Occupational Safety and Hygiene Operation Supervisor	Energy Administrator
Class A Waste Treatment	Hypoxia Operation Supervisor
Class A Waste Water Specialist	Dust Operation Supervisor
Class A Waste Water Treatment	Specific Chemical Substance Operation Supervisor
Class B Waste Water Treatment	Stationary Crane Operator (at least 3 tons)
Class A Toxic Chemical Substance Professional Technology Management	Firefighting Management Personnel
Class C Toxic Chemical Substance Professional Technology Management	Organic Solvents Operation Supervisor
Oxygen-Acetylene welding Operator	Emergency Care Personnel Safety and Hygiene Education and Training
Occupational Safety and Hygiene Administrator	ISOTS16949 Internal Auditor Training
Occupational Safety and Hygiene Administrator	QC080000
Forklift Truck Driver	ISO9001.TS16949.TL9000 Internal Audit
High Pressure Gas Specific Equipment Operator	TL9000 Internal Auditor Training
High Pressure Gas Operation Supervisor	VDA6.3Audit Training
ISO14001/OHSAS18001/TOSHMS Internal Auditor Training	
<b>Total 1,257certificates</b>	

To strengthen the corporate management system and sustainable management, KYEC values highly the incubation of talents. KYEC has established complete education and training systems for the learning and development of employees to accurately accomplish talent incubation objectives. The learning and development plan of employees are designed by the personal tasks and ranks of employees as well as their career development status in the company. Such phase-based objective plan can systematically help employees learn and grow, fulfilling the various professional knowledge and skills needed for their positions, and thereby contributing to the achievement of training objectives and boosting the overall competitiveness.



KYEC trains employees with a diversity of methods, where employees can acquire rich training sources through different means and urge them to learn and grow independently. The establishment of E-learning allows KYEC to advocate education and training apart from the on-the-job training. The content of KYEC e-learning includes project management, environmental management, equipment management, production management, quality competence, legal intellectual property, and other types of courses. Currently there are 132 classes offered online which the employees can learn and schedule in their own pace, without the restriction by time and space and thereby effectively strengthen the effect of employee education. In 2016 alone, 264,271 ployees have registered with the system

Moreover, employees will clearly understand the arrangement of learning plan by the company and the department from the establishment of employee learning map and the duty course planning. Employees can also check training courses and training records from the system while administrators can also administer and trace the training completion by employees through the learning map system.



KYEC values highly work health and safety, environmental protection, and employee compliance with code of ethics. The Human Resource Division will arrange training for all new employees, including corporate culture and core value, personnel management standards, quality policy (including 6S), legal knowledge & intellectual property education, information security and propaganda, employee hygiene education, and worker safety education. The training for new employees requires everyone to complete the training. Moreover, EICC general education will be arranged that year to cover contents in workers, health and safety, environmental protection, code of ethics, and employee training completion rate is 100%.



KYEC prepares employee learning and development plan according to employees' personal position and ranks as well as their career development in the company. KYEC develops objective plans by phases to systematically help employees learn and grow, thereby fulfilling the various professional knowledge and skills needed for the position step by step. Such development achieves training objectives, enhance overall competitiveness, and combines knowledge and skills on the framework, which helps improve personal work performance and thereby enhance corporate influence on the economy and competitiveness.

About 50% of KYEC clients come from overseas and the Company encourages employees to strengthen their language proficiency by holding English and Japanese courses each year for employee to register at their own will. Employees are expected to enhance their language communication capacity and apply the knowledge on their work. In particular, employees will be tested for TOEIC after the English conversation training. Employees showing progress meeting the standards will be rewarded with bonuses.





## Social Participation

KYEC has long upheld to “Social Care and Sustainable Development.” Apart from fostering talents with enthusiasm, KYEC also promotes arts and humanities, care for disadvantaged, and social welfare events through constant commitment and paying attention to the schooling difficulties for children in disadvantaged and new immigrant families. Upholding to long-term support for community care, KYEC not only provides corporate sponsorship but also encourages its employees to participate in social welfare events. In 2016, KYEC held 9 welfare events, including arts, sports and education. The company intends to take specific actions in giving corporate feedback to the society and towns through employees’ power, and thereby fulfilling its corporate social responsibility. For this reason, KYEC puts more efforts in the promotion of social welfare and support for arts and sports with more emphasis on the co-prosperity and co-survival with the local communities.

### 1. Sponsoring “2016 Romance of Osmanthus Town Concert” organized by Miaoli County Government

The opening ceremony for National Disabled Games was held in Miaoli on May 26. The four-day game was unfolded with much intense. The “Romance of Osmanthus Town” held in Miaoli Dome Stadium on the 28<sup>th</sup> added more excitement and cultural and artistic atmosphere to the disabled games.



Miaoli County Government sponsored and KYEC organized the “Romance of Osmanthus Town” concert, inviting six guests including Yin Zheng-Yang, Zhang Xio-Qin, Huang Si-Ting, Ying Ta-Ru, Chen Zhong-Yi, and Huang Shi-Xin, and the Hsin Chu Wind Orchestra. The guests

and the orchestra collectively interpreted elegant repertoires in different languages and styles, including Mandarin, Taiwanese, Hakka, and English, bringing a harvest of music feast to the participating guests.

The concert was intensified particularly when Yin Zheng-Yang who won three Golden Melodies and Chairman Lee sang the classic Taiwanese song, “Continuous Bygone Love” together. Yin Zheng-Yang sang in alto, accompanied by the base and elegant saxophone played by Chairman Lee, forming an exceptional repertoire and became the spotlight of this event.

Miaoli County Governor Hsu Yao-Chang thanked KYEC for its great sponsorship and commitment in this event. Hsu Yao-Chang suggested that KYEC not only builds solid foundation in Miaoli with financial support but also devotes h various charity events and concerts. KYEC spares no efforts in the engagement of social welfare and is one paradigm in enterprises.

## 2. Sponsoring 2016 Cai Qin Tour Concert in Taiwan



The last session for Cai Qin's "Unforgettable Formosa" tour concert in Taiwan was held in Miaoli Dome Stadium at 7:30P.M, where audience filled up all the seats. This is Cai Qin's second concert in the mountain city of Miaoli and she really appreciates the enthusiasm and support from Miaoli locals, which lead to the tour concert in Taiwan tonight. KYEC is one of the main sponsors for the concert tonight. KYEC Chairman C.K. Lee stated that the holding of Cai Qing's second concert in Miaoli has been a blessing for the Miaoli fans since the fans do not need to travel out of town but can appreciate her voice at home; or worry about no transportation on the way home. This is the main reason for KYEC's sponsorship with pleasure.

## 3. Adopting Wenfeng Elementary School in Zhangshu Village, Tong-luo Township – Shennong Project (2nd Year)

In response to Shennong Program, KYEC continues the second year in adopting Wenfeng Elementary School in Zhangshu Village, Tong-luo Township by growing Roselle. Lovely Taiwan Foundation promotes the "Shennong Program" for school children to acquaint with the land and crops through actual plantation and to experience the hardship of being a farmer. The "Shennong Program" can also affect the parents of students in rural small schools engaging in farming to understand organic agriculture and the importance of implementing organic farming practice.

Local small organic farmers can supply the amount of vegetables needed for school lunch through school order to help the management of small organic farmers. Over the last half year, Shennong Program has invited ten enterprises to adopt 11 elementary schools in Miaoli County.

In midst of the frequent food crisis in Taiwan, KYEC intends to let the students cultivate organic crops for a healthy diet and the adoption of Wenfeng Elementary School by KYEC forms an interactive network between the community, enterprise and school.



4. **Miaoli County Table Tennis Association**

KYEC sponsors the Miaoli County Table Tennis Association with NTD500,000 to develop table tennis players of the new generation, so that Miaoli County athletes can develop in these fields and win credit for the county while retaining talents for the county. The table tennis talents of the new generation could perhaps win credit for Taiwan, which will promote the national sports atmosphere and national health mentally and physically. The sponsorship exhibits KYEC’s support for the sports fields, which not only boosts Taiwan’s international competitiveness and influence in the sports fields but also advocates for national movement in sports to strengthen people’s physique and improve national health.

5. **Sponsoring Hsin Chu Wind Orchestra**

KYEC sponsors Hsin Chu Wind Orchestra each year and exhibits its support for music so that the Taiwan public can have more access to experiencing various concerts. As the director of Hsin Chu Wind Orchestra, Chairman C.K. Lee spares no efforts in the promotion of music and arts. Hsin Chu Wind Orchestra has held multiple concerts in 2016, including the following three sessions, providing people with normal recreation, enhancing humanistic qualities, promoting culture, and providing excellent leisure and entertainment on the weekends.

1. Miyazaki Hayao Music Concert
2. Parent-Children Musical “Monkey and the Crab”
3. “Hi Passion” Chemistry between Rock Jazz and Orchestra



## 6. Industry-University Collaboration for Talents

For years KYEC has worked for the promotion of seamless connection between the industry and the academia by concurrently seeking and developing outstanding talents. KYEC actively implements the industry-academic training project form the Ministry of Education by signing internship projects with various schools in norther, central and southern Taiwan and even offshore island such as National Kaohsiung University of Applied Sciences, National United University and National Quemoy University.

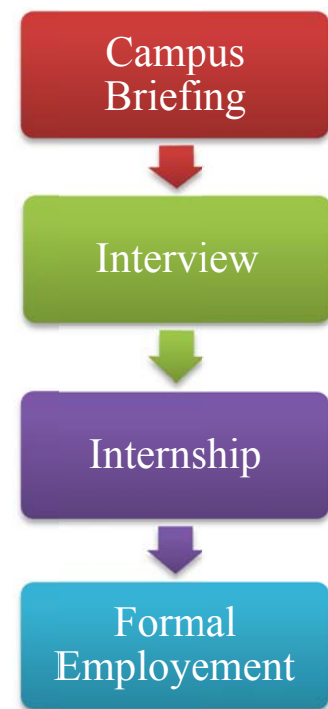
KYEC upholds to the philosophy of taking from the local and giving feedback to the local communities by fostering talent incubation with occupational and technical education, signing internship projects with the local Asia Pacific Institute of Creativity and Chung Hua University.

Additionally KYEC has donated 10 million worth of instruments to Asia Pacific Institute of Creativity to conducts training for the basic technicians in semiconductor industries, thereby enhancing student competitiveness. In view of this, KYEC spares no effort in the close relation between industry-university collaboration and HR connection as well as between investment and incubation of occupational and technical talents.

KYEC offers a good scheduling plan from campus briefing, interview, training, to formal employment, where KYEC selects students meeting the prerequisites but also demonstrate strong intention. KYEC event provides professional practice training (including the introduction to semiconductor process, introduction to packaging and sealing...etc.) Such plans not only help students quickly blend into the workplace environment but also apply what they have acquired to practice, in order to find position and orientation for the future in advance. Moreover, students demonstrating outstanding performance during internship will be offered with ludicrous retention proposal by KYEC in attempt to lower the employment costs for students entering the society in the future. At the same time, it will also help the company train future reserve talents. In addition, the channel for industry-university collaboration will transfer the academic power of R&D to enterprises, driving the enterprise to develop core technology and thereby achieving a win-win collaboration mechanism between the enterprise and students.

Sign industry-university collaboration with National Quemoy University to create multiple-win situation for industry and academia.

KYEC signed industry-university memorandum with National Quemoy University on June 4. To help students experience the workplace early, establish correct working attitudes, increase students' practical experience and enhance student competitiveness, KYEC cooperate with students for intership courses and offer university students National Quemoy University to take intership at KYEC Taiwan factory and Suzhou Factory. KYEC expects to put the R&D capacity of academia and practical experience of the industry in close collaboration to jointly establish a triple-win situation among enterprise, university and students, while concurrently providing students with seamless connection upon graduation.



As a leading professional semiconductor testing factory in Taiwan, KYEC has collaborated with multiple universities and high schools to provide students with internship courses instructed by factory senior supervisors, assisting student to experience the workplace of the industry early and the operations. Such collaboration not only help students establish correct working attitudes but also reduces he pre-job training costs for enterprises, reserving employment talents for the enterprises while enhancing the likelihood of employment for students upon graduation. KYEC serves as a successful paradigm of collaboration between the industry and academia.

Students visiting the factory :



7. **Massage by Visually Impaired**

KYEC started employing visually impaired masseurs with fixed salary since 2008. The Company also designs a massage space with cozy environment. The service rate of visually impaired masseurs reaches 80% and most employees are quite satisfied with the service. KYEC offers employment to persons with disability, strengthen the care on socially disadvantaged, and supports disadvantaged family to reduce financial stress and maintain living stability.

8. **Other Social Charity**

KYEC upholds to the concept of “care for society and sustainable development” by actively developing talents and launching care for the disadvantaged as well as other charity events in addition to encouraging the employees to participate in social charity events. The power of employees contributes to the implementation of giving corporate feedback to the society and taking specific actions, thereby fulfilling corporate social responsibility



# Appendix





General Standard Disclosures		Indicator	Corresponding Chapters	Page
1. Strategy and Analysis	G4-1	Highest decision maker of the organization and the relevant statement of organization and strategy sustainability	Words from Owner	3
2. Organization Overview	G4-3	Organization name	Company Profile	6
	G4-4	Major brand, products and services	Service	7
	G4-5	Location of corporate headquarters	Company Profile	6
	G4-6	Number of countries and name of countries where the company operation is located (including the country of major operation and the country related to sustainability management).	Worldwide Offices	8
	G4-7	Nature of ownership and legal form.	Shareholder Structure	18
	G4-8	Markets for service supply (including the geographic location map, service department and client/beneficiary type)	Service and Worldwide Offices	7、8
	G4-9	Report organization scale (including 1. No. of employees. 2. Operating activities. 3. Net sales (private companies) or net operating revenue (State-owned organizations). 4. Total capital is subdivided into debts and equity (private company). 5. Quantity of products or services provided).	Company profile, worldwide offices, operating performance	6、8
	G4-10	a. Total number of employees by employment contract and sex report. b. Total number of full-time employees by employment contract and sex report. c. Total number of workers by sex report, including self-employed and non-self-employed employees. d. Total number of workers by region and sex report e. Report the substantial operation of the organization and if is legally recognized as freelancer (self-employed or individual worker other than non-self-employed) to serve the position, including the contractor employees and contracting HR. f. Report any material change in the number of employment (e.g. seasonal change in tourism or agricultural employment )	Employee Distribution	72

General	Standard Disclosures	Indicator	Corresponding Chapters	Page
2.Organization Overview	G4-11	Ratio of employees protected by the employee-management group agreement.	Standards of Recruitment and Employment	70
	G4-12	Describe the supply chain of the organization.	Supplier	24
	G4-13	Describe any material change related to the organization scale, framework, ownership, or supply chain during the report period, including: the change of worldwide offices or operation such as facility activation, shutdown and expansion of shareholder structure and other capital formation, maintenance and change services (private institutions) in suppliers' worldwide offices, structure of supply chain, or changes in the relation with suppliers, including the selection and termination.	New construction of Phase II Tungluo Factory	-
	G4-14	Report the organization if there is any method or principles on prevention.	Risk strategy and responses	21
	G4-15	List the external economic, environmental social chapters, principles or other advocacies that have been signed or recognized by the company.	Supplier, Standards Supplier, of Recruitment and Employment	24、70
	G4-16	List the companies participating in association (i.e. commercial association), membership with national or international institutions: The position served at the governance department of association participating in projects or committee with sponsor funds other than regular membership fees will be provided as strategic consideration for membership.	Members participating in various external departments	8
3.Identification of Material Dimension and Border	G4-17	a. List all entities with consolidated report or equivalent documents in the organization. b. Report if there is any entity involving the consolidated report or equivalent documents that are not included in the organization.	Operating performance	8
	G4-18	a. Explain and define the report content and dimension border process. b. Explain how the organization implements the report principles in the report content.	About Report	3
	G4-19	List all material dimension identified form the report content.	Material issue matrix analysis	12

General Standard Disclosures	Indicator	Corresponding Chapters	Page
3. Identification of Material Dimension and Border	G4-20 For each material dimension, report the dimension of consideration inside of the organization with the specification below: Report if the dimension is material inside the organization and the dimension is material to all entities (i.e. G4-17) within the organization, please choose one of the following two methods. Report: any specific restriction on the dimension border within the organization in G4-17 if the dimension is not material entity or material entities, or in G4-17, the dimension is material entity or entities.	Identification of Material Dimension and Border	12
	G4-21 For each material dimension, report the dimension of consideration outside of the organization with the specification below: Report if the dimension is material outside the organization and if so, identify if the dimension is a material entity, entities, or elements. Additionally, describe the geographic location for any specific restriction regarding the dimension border outside of the organization.	Identification of Material Dimension and Border	12
	G4-22 Report the information provided in previous report with influence and reason of any re-preparation.	No incident of re-preparation	-
	G4-23 The scope and dimension border of this report and previous report significantly varies.	About Report	3
4. Stakeholder Conference	G4-24 Provide list of stakeholder groups which the organization participates.	Identification and communication with stakeholders	9
	G4-25 Report the basis of identification and selection of stakeholders.	Identification and communication with stakeholders	9
	G4-26 Report the participation method of organization stakeholders (including participation frequency, according to the form and stakeholder group) in addition to indicating if participating in any part of the report preparation process.	Stakeholders concerned issues and interaction	9
	G4-27 The report proposes the stakeholder groups of each concerned issue and concerned matter through the stakeholder participation and how the organization responds to these concerned issues and concerned matters, including through this report forma	Identification of Material Dimension and Border	12

General	Standard Disclosures	Indicator	Corresponding Chapters	Page
5. Basic Information of Report	G4-28	Period of information supply (namely the fiscal or calendar year)	About Report	3
	G4-29	Latest report date (if any)	June, 2016	-
	G4-30	Report cycle (every year or every two year)	Annually	-
	G4-31	Contact person in charge of report or other contents with concerns.	About Report	3
	G4-32	a. Report the “matters of compliance” chosen by the organization. b. Report the corresponding GRI for the “matters of compliance/” selected by the report (please refer to GRI G4 Part 1) c. If the report has been verified externally, the report shall cite external guarantee report. GRI may suggest the use but it is not compulsory requirement in GRI Guidelines.	About Report	3
	G4-33	a. Report the policy and current practice for the organization seeking external guarantee. b. If the sustainability report does not contain the scope and basis of guarantee, then the scope and basis of the external guarantee shall be needed. c. Report the relation between the organization and guarantor. d. When seeking the guarantee for sustainability report, can the highest governance department of the report and senior management participate?	About Report	3
6. Governance	G4-34	Reporting the governance framework of the organization, including the committee of highest governance department. Identify the committee with decision-making responsibility in economic, environmental and social impact.	Corporate governance framework	14
7. Ethics and Integrity	G4-56	Describing the behavioral value, principles, standards and regulations such as conduct principles and code of ethics	Employee code of ethic conducts, implementation of integral management philosophy	20

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		G4-EC2	Climate change that leads to impact of organizational activity on the finance as well as other risk and opportunities.	Risk strategy and response	21	
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	Procurement Practice		Management Guidelines	Supplier Selection	24	
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		G4-EN17	Other indirect greenhouse gas emission (Scope 3)	Greenhouse Gas Inventory and Analysis	46	
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		G4-EN24	Number of times and quantity for material leakage.	No such incident	-	
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		G4-EN29	Incident violating material environmental laws and the total amount of fines, non-monetary	No such incident	-	

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		G4-EN32	Ratio of new supplies applied with environment standard screening	Supplier selection	25
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Social: Labor Conditions	Employee- Management Relation		Management Guidelines	Employee's rights	70
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		G4-LA2	Providing benefits to all employees in key worldwide offices.	Complete Leave System and Benefits	78
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		G4-LA6	Total number of work related mortality by region and sex analysis of injury type and work related injury rate, occupational disease incidence rate, days of loss ratio, and absenteeism,	Occupational Disaster Statistics and Analysis	60
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		G4-LA12	Sex, age, minority, and other diversity indicators that report the senior management of the company and the composition of employees by employee category.	Visually Impaired Massage	102
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		G4-LA13	Basic salary and salary ratio for men and women in key worldwide offices by employee category.	Competitive Salary	77
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		G4-LA16	The quantity of filing registration, handling and solving labor conditions through formal grievance mechanism.	Employee Communication	87
Social: Human Rights	Non-Discrimination		Management Guidelines	Employee Communication	87
		G4-HR3	The total number of discrimination incidents and the corrective actions already taken	No such incident	-
	Coercion and compulsive labor		Management Guidelines	Standards of Recruitment and Employment	70
		G4-HR6	Already identified worldwide offices and suppliers with coercive or compulsive labor risks, and the actions taken to contribute to the elimination of all forms of coercive labor.	No such incident	-
	Evaluation		Management Guidelines	Standards of Recruitment and Employment	70
		G4-HR9	Total operating data and ratio subject to human rights review or affecting evaluation	No such incident	-
	Human rights evaluation of supplier		Management Guidelines	Supplier Management	24
		G4-HR11	Significantly actual and potential adverse human right impact and actions taken in the supply chain	Procurement Measures for Conflict Minerals	27
Social: Society	Local Community		Management Guidelines	Social Participation	97
		G4-SO1	Implement local community participation, ratio of operating activities affecting evaluation and development project	Social Participation	97
	Anti-Competition Behavior		Management Guidelines	Code of employee ethic conducts	20
		G4-SO7	The total number of accounts and results of taking legal actions against anti-competition behavior, anti-trust, and monopoly.	No such incident	-

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