



2016 Tatung CSR Report



About this report

We follow GRI G4 to produce 2016 Tatung Corporate Social Responsibility Report to present a more focused content to the needs of the stakeholders, as well as sharing the achievements done by Tatung in a systematical manner.

Scope

Tatung's economic, quality and service, social, and environmental performances in Taiwan are disclosed in this report.

Reporting year

The time frame of this report is one year period. All the activities and data disclosed are from 2015/01/01~ 2015/12/31 unless otherwise stated.

Previous reports

Tatung started to publish non-financial report since 2002. The previous report was published in June 2015. Previous reports can be downloaded via:

http://www.tatung.com/en/responsibility_rp.asp

Schedule for the next report

2017 Tatung Corporate Social Responsibility Report will be published in June 2017.

Subsidiaries

The scope of this report includes the activities and performances of Tatung in Taiwan. The sites include the headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant and San-Hsia Factory. The activities and performances from subsidiaries are not disclosed in this report except for TCPC¹.

Note: Part of TCPC's information is disclosed in Chapter 4.

Data measurement techniques

The numbers in economic performances were calculated with IFRSs (cited from Annual Report and presented in NTD). The numbers in social and quality performances were gathered by related departments in the company. The numbers (presented in international indicators) in environmental performances were provided by BUs and reviewed/ corrected by ESD.

The contents of this report follow the requirements of AA1000AS:2008 and Global Reporting Initiative (GRI) guidelines (G4) and have been verified by TÜV Asia Pacific Ltd. Taiwan Branch (TUV NORD). The disclosure of this report follows "CORE" in accordance. The assurance statement is enclosed in Annex 6.

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The English version is translated from Chinese version. If there is any conflict between these two versions or any difference in the interpretation between these two versions, the Chinese version shall prevail. Tatung has done the best to ensure the accuracy of this report. If there is any content in this report different to the content provided by the related department of Tatung The provided content shall prevail.

Top management statement

Corporate sustainable development and social responsibility are the two issues that the stakeholders concern most and also are the commitments Tatung follows since founded. We disclose our commitment and performance of business operation, product quality, service, environmental protection, and social participation by publishing Tatung Corporate Social Responsibility Report every year and to communicate with stakeholders as well as to record the development of the company.

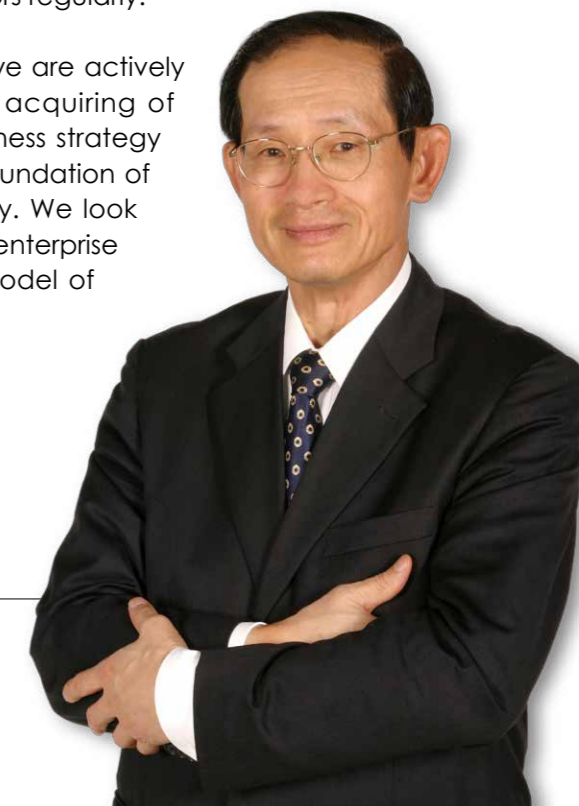
After COP 21 convention held at Paris in 2015, energy saving and carbon reduction has become the top priority issues to deal with globally. Tatung's CSR strategy has been set to promotion of energy saving, low carbon, water saving products and systems and to built a sustainable environment together with global citizens. Building up smart cities has become a global trend, from individual, home, enterprise, building, community to even a country all can be optimized by IOT technology.

Hence, Tatung has been an electric equipments and household appliances provider for the past 60 years. From 30 years ago, we also started to accumulate information, communication and system integration experiences. Five years ago, we and our subsidiaries have spent tremendous resources to develop various smart solutions by using IOT, cloud computing, and big data analysis in order to achieve goals of smart city, smart industry, health and safe environment, smart energy management, and energy storage and monitor system for high efficient energy use. We deeply understand a goal with such scale can not be made by a single company nor a corporation, so we expect to follow national policies and cooperate with other partners.

The new government's energy policy is to promote grid efficiency, reduce carbon emissions and increase the proportion of green energy. Our various smart solutions are fully fit the energy policy. Tatung is a long live local enterprise, should cooperate with the government to build a green energy efficiency, energy saving and carbon reducing Taiwan, as well as provide these environment sustainable programs to the world.

Serving the country through industry, contributing to the community, and caring disadvantages are always our core values since founded. In past years, we have organized many public charities and assisted disadvantaged groups. We will keep carrying out industry-education cooperation with Tatung University and Tatung Senior High School as well as arrange blood donation event regularly, donate to charity groups and care about disadvantaged families. Tatung takes great concern on corporate governance issue, we have issued code of ethics, ethical principle, CSR best practice principles and reported the achievements to board of directors regularly.

Tatung will be a hundred year enterprise in 2018, we are actively involved in the building of intelligence system, acquiring of certifications and awards, which displays our business strategy is on the right track. This is not only acted as the foundation of business expansion, but also benefited our country. We look forward to the future business of this hundred year enterprise is the benchmark of smart energy solution, is a model of sustainable development for the environment.



Chairman

A handwritten signature in black ink, appearing to read 'R. S. Lin'.

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Listening and responding to the topics that are concerned by the stakeholders is a key element for a company to achieve sustainable development and carry out corporate social responsibility. Tatung finds out the blind spots and gains valuable opinions by communicating with the stakeholders. The contents of this report are to disclose the identified significant topics to the stakeholders.

1.1 Identification on the stakeholders and communication channels

Tatung formed CSR Reporting Group in 2012. The members are from the top level departments in the headquarters and the factories. The main jobs of the group are to identify the stakeholders and the significant topics. Tatung identifies her stakeholders by her operation experiences and based on the principle that any organizations or persons impacted by the operation of the company or any organization or persons having impacts to the company. The process identifies 7 stakeholders and forms communication channels (Table 1.1-1).

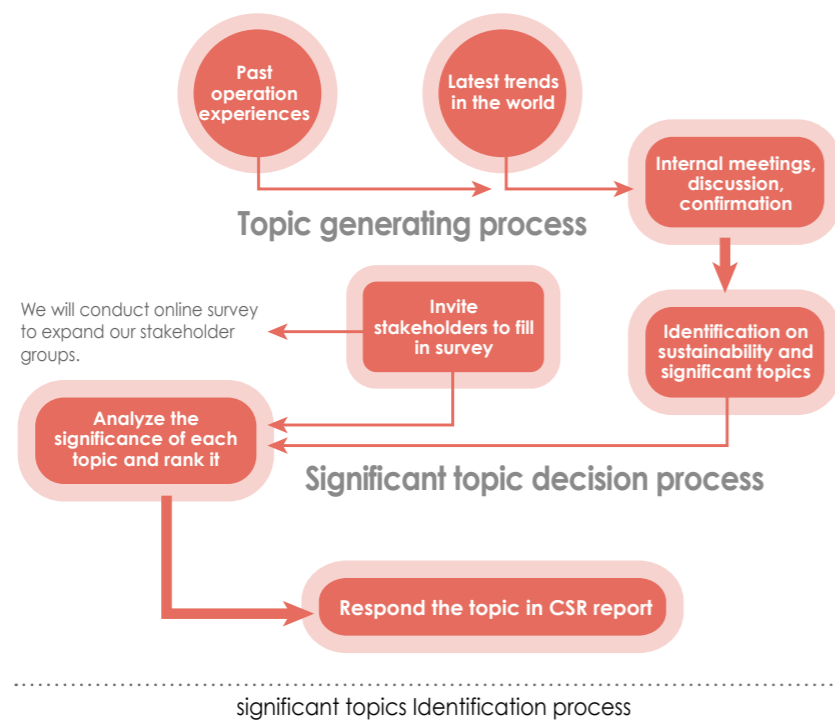
▶▶ Table 1.1-1 List of stakeholders and the communication channels

Stakeholder	Meaning to Tatung	Interested issue	Communication channel	Communication frequency
Shareholders	The investors who support Tatung	Governance and financial performance	<ul style="list-style-type: none"> Regular shareholders' meeting Irregular shareholders' meetings, direct phone line, e-mail 	<ul style="list-style-type: none"> Once per year Irregular
Customers	The companies having business with Tatung	Product quality	<ul style="list-style-type: none"> Customer service, PM 	<ul style="list-style-type: none"> Irregular
Employees	The most valuable assets	Labor rights, welfares	<ul style="list-style-type: none"> Chairman's mailbox, Complaint mechanism, scheduled education and training, notice board Biweekly HR newspaper Health and Safety Committee in the headquarter and factories Labor-management meeting 	<ul style="list-style-type: none"> Irregular Once per 2 weeks Once per 3 months Once per 3 months
Local communities and parties	Tatung good neighborhood	Pollutant emissions, interactive with local community	<ul style="list-style-type: none"> Direct phone lines, social charity/donation activities 	<ul style="list-style-type: none"> Irregular
Authorities	Instructors of Tatung	Compliance	<ul style="list-style-type: none"> Audits 	<ul style="list-style-type: none"> Irregular
Suppliers	Partners grow together	The quality of parts and products, the requirements regarding to hazardous substances	<ul style="list-style-type: none"> Supplier complaint mailbox supplier@tatung.com Supplier evaluation, annually re-evaluation Supplier assessment 	<ul style="list-style-type: none"> Irregular Once per year Once per month
Consumers	Supporters of Tatung products	Product safety and labeling, leakage of personal information	<ul style="list-style-type: none"> TCPC phone lines, Tatung 3C Stores, official websites, satisfactory survey 	<ul style="list-style-type: none"> Irregular

1.2 Identification of significant topics

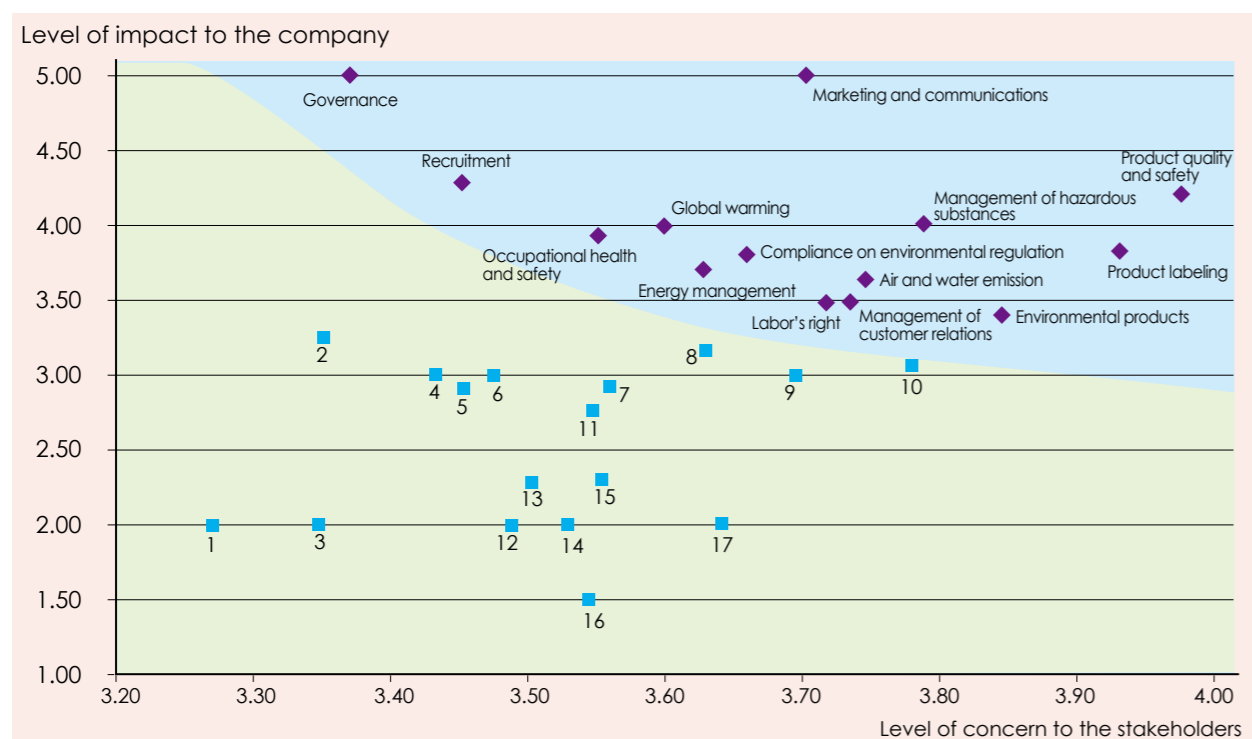
Tatung concluded 31 possible topics that may have impacts to the stakeholders and the company based on the operation experiences and the latest trends. The comparison between the topics and aspects listed in GRI G4 is shown on Table 1.2-1. During the identification process, CSR Reporting Group firstly evaluated the probability, the influence, and the level of impacts that brought by the topics and graded them (grade 1~5). At the same time, Tatung invited her stakeholders to complete a survey which includes the contents of the topics. At last, the grading from inside and outside the company were evaluated and discussed by CSR Reporting Group and the combination grading for the topics that located on blue color region in Figure 1.2-1 were identified as the significant topics. In order to receive opinions from wider range of stakeholders, Tatung sets up questionnaire on the company's official website. The data collected will be used and analyzed to the content of 2017 Tatung Corporate Social Responsibility Report.

This year Tatung identified 14 significant topics and they covered product, social and governance, and environment categories. The three most significant topics are "Marketing communication", "Governance", and "Product quality and safety". Marketing communication was identified as significant due to Tatung opens online shopping website and runs few community web sites, therefore the way to make advertisement and consumer information protection becomes important this year. Energy management has become a significant topic, too. The reason for this is due to Tatung has made "Green Energy Tatung" as company strategy; therefore energy management has become an important topic. In addition, as a responsible company, topics such as product, employee, and capability for profit are long term concerned topic as well. The 14 significant topics are responded in detail in the following chapters. The relevancy of the significant topics in the value chain is expressed on Table 1.2-2.



▶▶ Table 1.2-1 The topics and correspondent to G4 standard disclosures or aspects

Topics	Corresponds to GRI G4 standard disclosures or aspects
Financial performance	Economic performance / Indirect economic impacts
Governance	G4-34 Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.
Code of ethics	G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics.
Risk management	G4-2 Provide a description of key impacts, risks, and opportunities.
Global warming	Emissions
Environmental management	Overall environmental management
Energy management	Energy
Air and water emission	Emissions / Effluents and wastes
Wastes management	Effluents and wastes
Water and resources management	Water, materials
Environmental products	Products and services
Suppliers management	Supplier assessment for labor practices, human rights, and environment
Compliance on environmental regulation	Compliance on environmental regulations
Labor's right	Training and education, equal remuneration for women and men
Welfare	Employment
Labor-management relations	Labor-management relations
Occupational health and safety	Occupational health and safety
Education and career development	Training and education
Recruitment	Employment
Human rights and non-discrimination	Diversity and equal opportunity, Non-discrimination
Freedom of association and collective bargaining	Freedom of association and collective bargaining
Forced labor	Forced or compulsory labor
Help disadvantage groups	Local communities
Interactive with local communities	Local communities
Anti-competitive behavior	Anti-competitive behavior
Product quality and safety	Customer health and safety / Compliance on product regulations
Product labeling	Product and service labeling
Management of hazardous substances	Customer health and safety
Marketing communications	Marketing communications
Management of customer relations	Customer privacy
Disclosure on non-financial information	Website, non-financial report



▲ Figure 1.2-1 Demonstration of significant topics

Non-significant topics

Category	No.	Topics	Category	No.	Topics
Economic	11	Economic performance	Social (Human rights)	1	Freedom of association and collective bargaining
	13	Risk management		3	Code of ethics
Environment	7	Environmental management		5	Interactive with local communities
	8	Water and resources management		6	Forced labor
	10	Wastes management		12	Human rights and non-discrimination
Social (Labor practices and decent work)	9	Welfare	15	Help disadvantage groups	
	16	Education and career development	4	Anti-competitive behavior	
	17	Labor-management relations	14	Suppliers management	
			2	Disclosure on non-financial information	

▶▶ Table 1.2-2 The boundaries of significant topics

Boundary	Significant topics	Within organization		Outside organization
		Tatung	Subsidiaries/ re-investment companies	Suppliers
Social (Product responsibility)	Product quality and safety	■	■	■
	Product labeling	■	-	■
	Environmental products	■	■	-
	Management of hazardous substances	■	-	□
	Marketing communications	■	-	-
	Management of customer relations	■	-	-
Social (Labor practices and decent work)	Recruitment	■	■	-
	Labor's right	■	■	□
	Occupational health and safety	■	■	□
Governance	Governance	■	■	-
Environment	Global warming	■	□	-
	Energy management	■	□	-
	Air and water emission	■	■	-
	Compliance on environmental regulation	■	■	□

Note: ■ represents that Tatung having influence on all the subsidiaries and suppliers;
□ represents that Tatung having influence on part of subsidiaries and suppliers;
- represents not affecting subsidiaries and suppliers yet.

CH2 Profile of Tatung Co.

Performance summary

Capital: NTD\$ 23.395 billions
 Revenue: NTD\$ 18.151 billions
 EPS: -1.35 dollars
 No. of employees: 3,406
 4 Taiwan Excellence Awards
 Participates in 41 associations

Vision

Innovation for quality
 Products for energy saving,
 environmental friendly, and healthy life
 Fulfillment of social responsibility as a
 corporate citizen

2.1 Company profile

Tatung Company (Tatung Co.) was funded in 1918 and formerly known as Xie Chih Business Enterprise. The total capital at that time was Taiwan Yuan \$180,000. In 1968, the company changed her name to Tatung Co. based on the Company Act and released the shares to public. As of December 2015, the issued capital and registered was NT\$23.395 billion. Tatung is listed on the Taiwan Stock Exchange (TSE) under the trading code of 2371. The brand name is TATUNG. For more details, please refer to Figure 2.1-1.

Tatung holds 3 business groups and Real Estate Asset Management Division. To sustain strong and long-term growth, Tatung focuses particularly on the development of advanced technologies and global network of operation. With its overseas branches expanding into 12 countries, Tatung is in a solid position to deliver products more efficiently and render customer services more effectively (as shown in Figure 2.1-2). Tatung offers customers tremendous advantages on cost, speed, and seamless backend support to stay ahead in today's dynamic business world. Tatung specializes in the ODM/OEM business and serves branded customers on a global basis. In addition, Tatung takes part in many associations and organizations (Table 2.1-1) which related to her industries to gather the latest information and trends.

As a conglomerate, Tatung Co's investees involve in some major industries such as optoelectronics, energy, telecommunication, system integration, industrial system, branding channel, and asset development. Those that are public listed on the Taiwan Stock Exchange include Chunghwa Picture Tubes (2475), Forward Electronics (8085), Shan Chih Semiconductor (3579), Green Energy Technology (3519), Tatung Fine Chemicals (4738: Emerging stock market), Elitegroup Computer Systems (2331), and Tatung System Technologies (8099). Table 2.1-2 shows the main domestic subsidiaries of Tatung Please refer to Annex 1 for the list of consolidated entities.

Tatung received many awards and certifications on operations and products in 2015 (Table 2.1-3). Tatung also endorses initiatives in regarding care disadvantaged groups and employee's health (Table 2.1-4). All these acknowledgements from all sides are certainly the driving force behind the growth of Tatung.



▲ Figure 2.1-1 Information of Tatung Co.



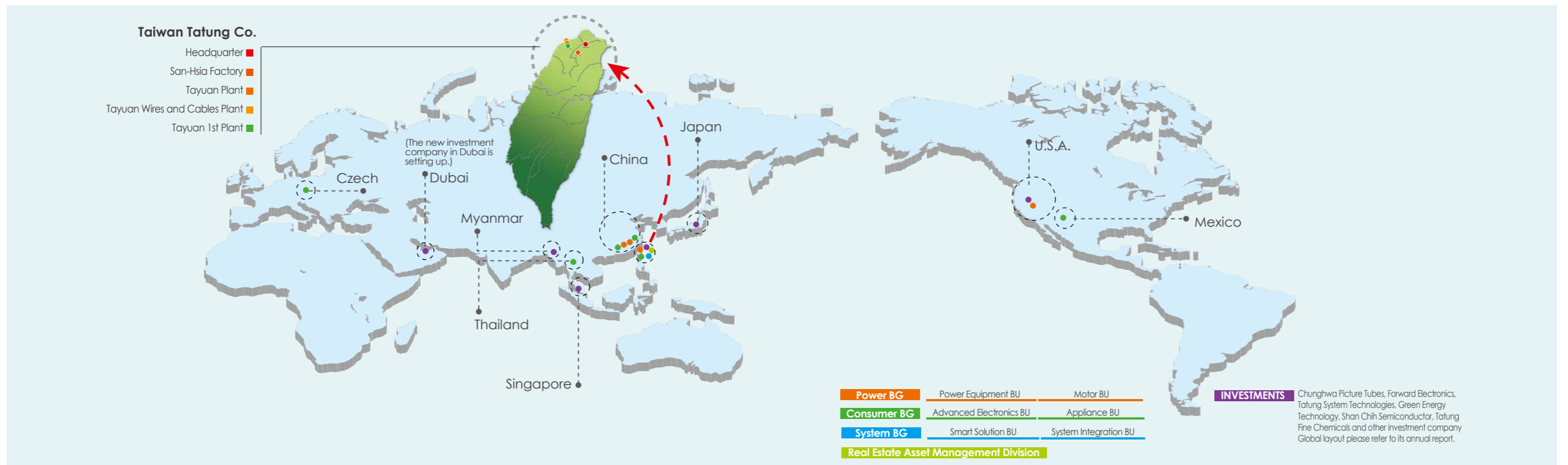
▶▶ Table 2.1-1 Membership status in associations and organizations

Association/organization	Member	Managing role ¹	Association/organization	Member	Managing role ¹
ROC-USA Business Council	■		Taiwan Smart Grid Industry Association	■	■
The Third Wednesday Club	■		Taiwan Information Storage Association	■	
Chinese International Economic Cooperation Association	■	■	Taiwan Motor Industry Association	■	■
Chinese National Association of Industry and Commerce, Taiwan	■	■	Taiwan Electrical and Electronic Manufacturers' Association	■	■
CNS Certification Mark Association, R.O.C.	■		Taiwan Environmental Engineering Association	■	
Information Service Industry Association of R.O.C.	■		Monte Jade Science & Technology Association of Taiwan	■	■
Advanced Industrial Cooperation Association	■		Taiwan Smart Energy Industry Association	■	
Taipei Electrical Commercial Association	■		Taiwan & Myanmar Friendship Association Economic Cooperation Association for the Advancement	■	
Industrial Association of Taipei City	■	■	Taiwan Institute for Climate Change and Energy	■	
Taiwan Telematics Industry Association	■		Good Design Association, Taiwan	■	
Taiwan Packaging Association	■	■			
Taiwan Wind Energy Association	■				

Note1: Managing role includes director and supervisor.

▶▶ Table 2.1-1 Membership status in associations and organizations(cont.)

Association/organization	Member	Managing role ¹	Association/organization	Member	Managing role ¹
Industrial Safety and Health Association of the R.O.C.	■		Taipei Measuring Instrument Association	■	
Chinese Institute of Engineers	■		Taiwan Association of Machinery Industry	■	■
Taiwan Digital Television Committee	■		Taiwan Digital Television Committee	■	
Taiwan Industrial Technology Association	■	■	Taiwan Water Pipe Engineering Industries Association	■	
Chinese Foundation For Digitization Technology	■		Taiwan Refrigeration and Air-Conditioning Engineering Association R.O.C.	■	
Taiwan Accreditation Foundation	■		Taiwan Metal Industry Association	■	
The Business Development Foundation of the Chinese Straits	■	■	Taiwan Electrical Contractors Association	■	
SINOCON Industrial Standards Foundation	■	■	Taiwan Association of Machinery Industry	■	
Electric-Electronic & Environmental Technology Development Association of R.O.C.	■	■	Taiwan Electric Wire & Cable Industries Association	■	
Importers and Exporters Association of Taipei	■				



▲ Figure 2.1-2 Tatung global network

▶▶ Table 2.1-2 The main domestic subsidiaries of Tatung

Optoelectronics	Chunghwa Picture Tubes, Ltd. Forward Electronics Co., Ltd.	Chemical Engineering Business	Tatung Fine Chemicals Co., Ltd.
Energy Solutions Business	Shan Chih Semiconductor Co., Ltd. Green Energy Technology Inc.	Asset Development Business	Shan Chih Asset Development Co., Ltd.
Retail Channel Business	Tatung Consumer Products (Taiwan) Co., Ltd.	Others	Chunghwa Electronics Development Co., Ltd.
Electronics & Information Business	Tatung System Technologies Inc. Central Research Technology Co., Ltd.		TISNet Technology Inc. Shan Chih Investment Co., Ltd.
Industrial Appliance Business and System	Toes Opto-Mechatronics Co., Ltd.		Tatung Medical & Healthcare Technologies Co., Ltd.
	Tatung-Okuma Co., Ltd. Tatung SM-Cyclo Co., Ltd.		Tatung Die Casting Co., Ltd. Chih Sheng Investment Co., Ltd.

Note: The data in this report does not include subsidiaries.

▶▶ Table 2.1-3 Awards received in 2015

Award	Description
Taiwan Excellence Award 2015	DC Floor Fan, Instant hot water dispenser, JEMIC Single Phase Smart Meter, Xper Wound Dressing,
2015 Taiwan Corporate Sustainability Report Awards – Bronze Medal	Awarded for three consecutive years
2014 Brands 100 – ranked 4th in electronic industry, ranked 24 in total, ranked 8th in local brands	The survey was from consumers' point of view to evaluate how much influence that a brand has in daily life.
Purchased Green Power 800 thousands kw-hr	Headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant
2015 Taipei Energy Conservation Leadership Awards – Improvement Award	Headquarter
2015 Taiwan Intelligent Building Association Award – Design Category Gold Award	Tatung Smart Manor

▶▶ Table 2.1-4 Initiatives endorsed by Tatung

Organization	Item
Chinese Blood Donation Association	Corporate blood donation
Health Promotion Administration	Smoke-free work place
Health Promotion Administration	Healthy work place

2.2 Financial performances

Affected by the volatile global economy in 2015, while the management team of Tatung continues to engage in corporate and operational transformations, the overall operation failed to make profits due to losses in core businesses and investments. Regardless of the declination in industrial appliance and system group businesses, crediting the efforts to reduction of costs and low-gross profit production lines, the overall gross margin remained close to that of the year before, although recognition of one-off loss was made during the process of adjusting the low-gross profit production which led to losses in core businesses. Despite GET's reduction of losses compared to year 2014, the recognition of profits of several overseas investment businesses from asset mobilization, and the profits earned by Elitegroup Computer Systems along with other investments, the losses in CPT increased compared to year 2014 which led to net loss in investments in 2015. For more details, please refer to Table 2.2-1.

Tatung operates normally on a daily basis and accepts no financial support from the government. For more detailed financial performances, please look into "Tatung 2015 Annual Report" which can be downloaded at: http://www.tatung.com/en/f_report_year.asp

▶▶ Table 2.2-1 Financial income and expense of Tatung

Item	2012	2013	2014	2015
Operating income	32,185,089	24,087,818	21,295,466	18,151,104
Realized gross profit	2,960,479	2,394,002	1,846,739	1,581,503
Personnel expenses ¹	2,966,312	2,810,058	2,700,133	2,518,949
Net income	160,055	(257,408)	(874,725)	(966,334)
Non-operating income and expenses	(4,200,912)	(1,490,473)	1,209,308	(2,107,282)
Income tax benefits	22,226	136,473	28,956	(1,399)
Net income after tax	(4,415,092)	(1,364,192)	1,288,947	(3,750,958)
Earnings per share (NT\$)	(1.74)	(0.70)	0.16	(1.35)
Dividends per share (NT\$)	0	0	0	0

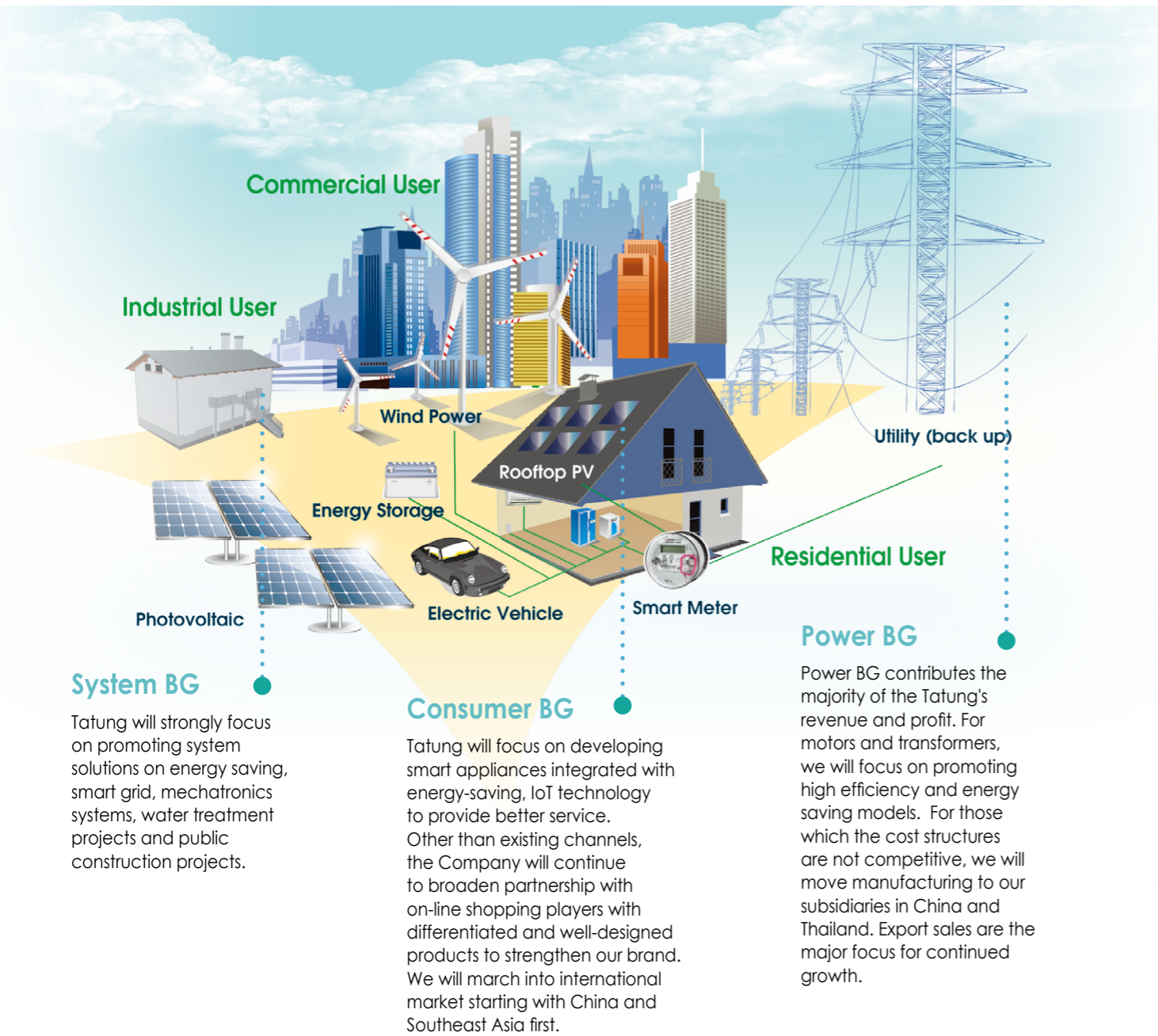
Unit: NT\$ Thousand / () represents negative values

Note 1: Personnel expenses include salaries, staff labor and health insurance, pension, and others.

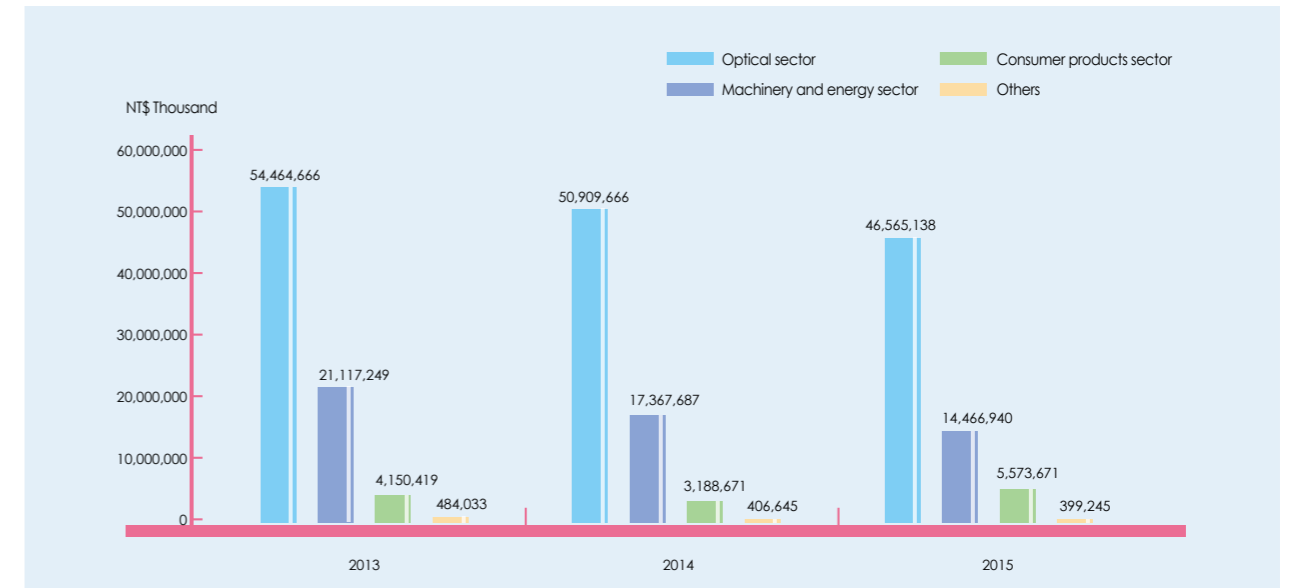
2.3 Services and products

Service and product scope

Tatung holds three business groups. To sustain strong and long-term growth, Tatung focuses particularly on the development of advanced technologies and global network of operation. With her overseas branches expanding into 12 countries, Tatung is in a solid position to deliver products more efficiently and render customer services more effectively. Global warming caused by climate change has brought risks to the operation of the business, but also created opportunities. In view of energy saving and carbon reduction has become the subject of global attention; Tatung is committed to the introduction of energy-saving related products, systems and services. The three business groups offers a variety of high efficiency of consumer electronics and home appliances, motors, electrical equipment and automation products, system to smart grid, smart community and smart home (Please see Annex II for product information). Tatung's future development priorities as follows:

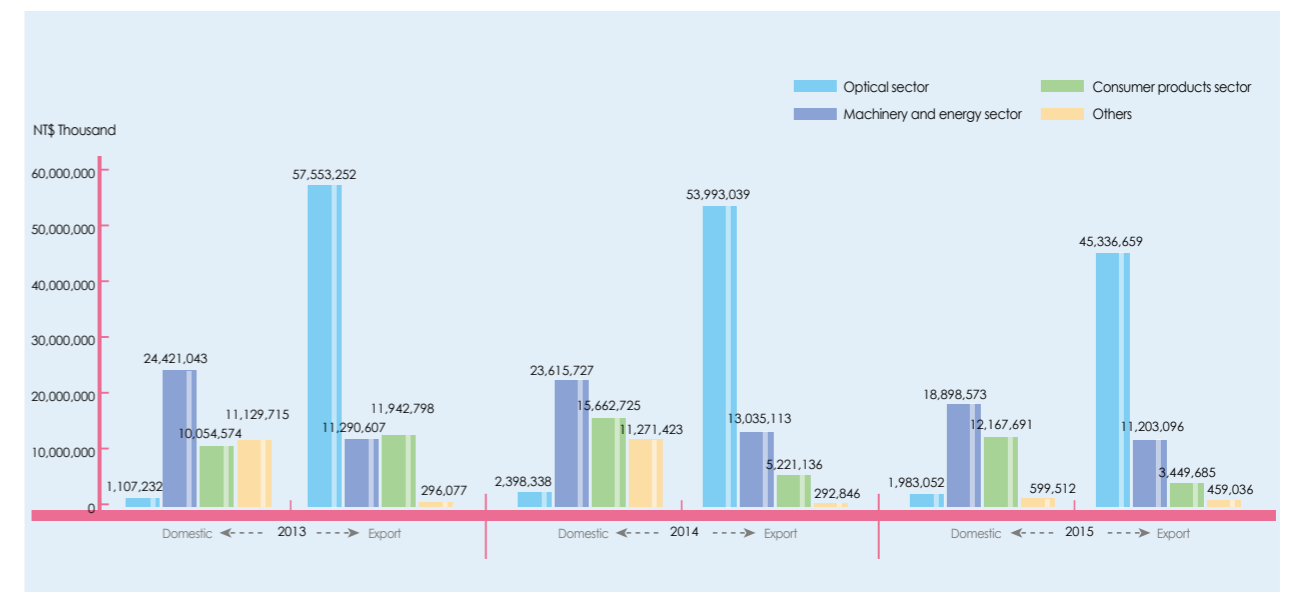


The production values and sells information are shown on Figure 2.3-2~3.



Note: Data from consolidate report

▲ Figure 2.3-2 Tatung' s production amount



Note: Data from consolidate report

▲ Figure 2.3-3 Tatung' s domestic and overseas sales information

Performance summary

100% Attendance rate for Board of Directors

100% Attendance rate for
Audit Committee

100% Attendance rate for
Compensation Committee

Rate of independent directors 33%

Training 18 times in total for members
of the board

Published CSR report for 15 consecutive years

Target

Short term

Establish principles regarding to corporate governance and modify them when receiving new request from authorities.

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Mid term

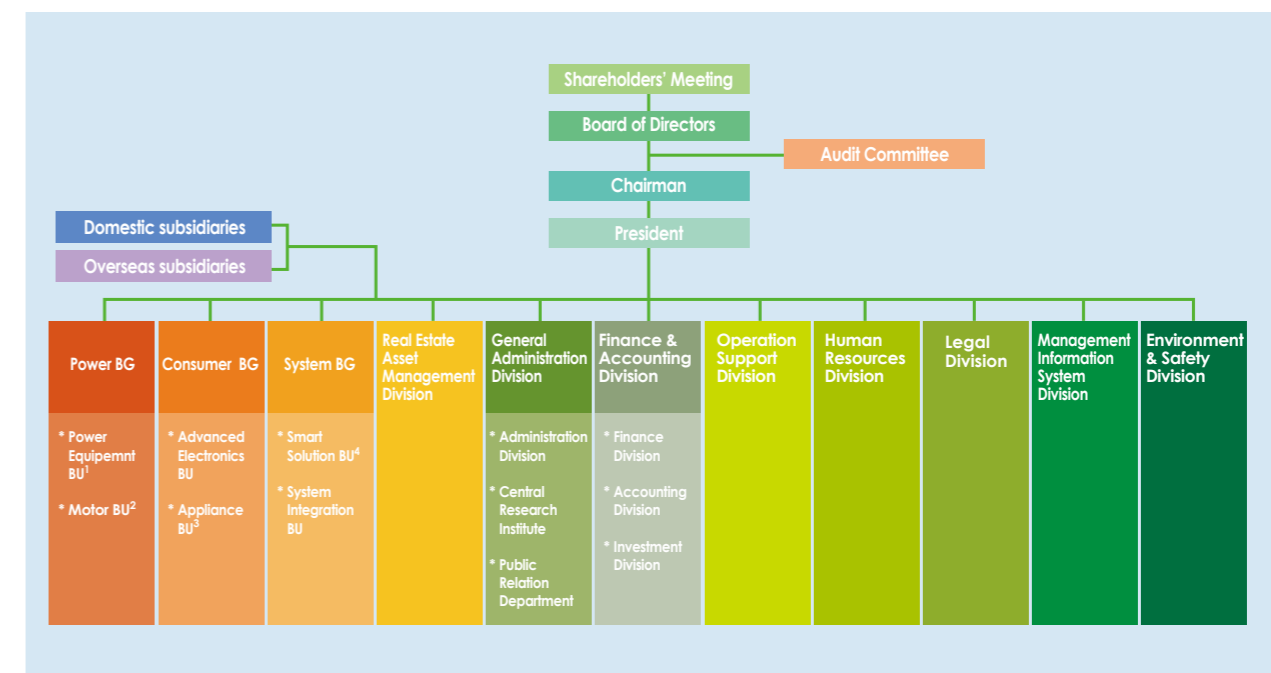
All the operations follow related governance principles.

Long term

Managers and employees of Tatung Co. follow ethical principle to avoid breaching regulations and ensuring company's sustainable operation and performance, as well as concerns about social issues and practices corporate social responsibility.

3.1 Corporate structure

The governance structure of Tatung is shown on Figure 3.1-1. The top manager is Chairman, Wei-shan Lin, and he does not have any other administrative position. Apart from the administrative divisions, Tatung is also consisted with Power BG, Consumer BG, System BG, Real estate asset management division, and domestic/overseas subsidiaries.



Note: The chart is updated to April, 2016.

Note 1: Owns Tayuan Plant and Taoyuan Wires and Cables Plant at Dayuan Industrial Park in Taoyuan City.

Note 2: Owns San-Hsia Factory in Sanxia district, New Taipei City.

Note 3: Owns Taoyuan 1st Plant in Dayuan district, Taoyuan City.

Note 4: Owns Electrical Meters Center at Tayuan Plant

▲ Figure 3.1-1 Tatung organization chart

3.2 Governance

Tatung works closely with changing regulations and observes the world current events to the construction of a sound corporate governance framework. In recent years, we have faced serious challenges on business; we not continue with ongoing organizational and physical adjustment, the focus of operations and integration of group resources, but also review and revise the relevant corporate governance approach to enhance the operational efficiency of corporate governance.

Tatung governance best practice principles

In order to establish sound corporate governance system, Tatung adopted the principles of Taiwan Stock Exchange Corporation (TWSE) and the Greta Securities Market (GTSM) and published "Tatung governance best practice principles" in 2014. The principles are agreed by board of directors and aiming to achieve the followings:

1. Protect the rights in interests of shareholders.
2. Strengthen the powers of the board of directors.
3. Fulfill the function of supervisors.
4. Respect the rights and interests of stakeholders.
5. Enhance information transparency.

Tatung code of ethics

In order to guide the directors and managers of ethical conduct, for example, prevent conflicts of interest, to avoid the chance of personal interests and fulfill the duty of confidentiality, fair dealing, protection and proper use of company assets, to follow the laws and regulations, to encourage the reporting of any violations of law or ethical behavior and conduct of disciplinary measures, Tatung has developed "Tatung code of ethics" and agreed by the board of directors.

Tatung ethical principle

In order to establish an ethical and sound management of corporate culture development to build up a good business mode of operation, risk control mechanism and sustainable business environment, Tatung published "Tatung ethical principle". The principle prohibits director, supervisor, manager, employees, and mandataries

or persons having substantial control shall not conduct unethical behavior. Ethical training and education are conducted among the mentioned personnel regularly. Persons and companies who have business with Tatung are invited to attend the education to fully understand the commitment made by Tatung.

Shareholders' meeting

Shareholders' meeting is consisted with each shareholder and held once per year. Extraordinary shareholders' meetings are held under exceptional circumstances. Each shareholder has right to express his/her opinions to the company and involves in decision making with votes. Tatung has the group which is responsible for gathering/disclosing company's information and responding to shareholders. Tatung also setup company's official site to disclose the related governance news and company activities and to act as a communication channel between the company and shareholders¹.

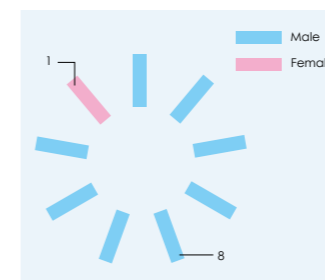
Note 1: Contact window for shareholders
http://www.tatung.com/en/stock_contact.asp

Board of directors

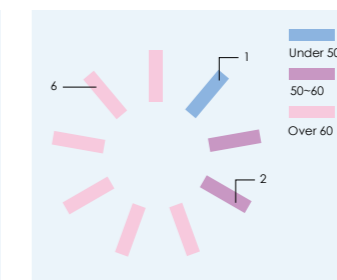
The highest governance authority of Tatung is board of directors. The members of the board are listed on Table 3.2-1. Tatung Company Act lists that the company shall have 5 to 9 members in the board and shall be appointed for a period of 3 years. The shareholders shall vote from the director candidate list at shareholder's meeting. The number of the directors elected to not less than 3 and not less than one fifth of the number of directors of independent directors. The professional qualifications, number of shares owned, part-time constraints, nominated and elected way and others of independent directors should be according to regulation and Company Act. The information for each director and training record is shown on Table 3.2-1 and Table 3.2-2. The board of directors manages the company operation performances, works hard to maximize the benefits for the shareholders. When there is event of conflicts of interest during board of directors' meeting, Tatung follows related regulations to resolve it. Figure 3.2-1 and Figure 3.2-2 demonstrates age and gender distribution of board of directors. Five meetings were held for the board in 2015, the detail is shown on Table 3.2.3. Table 3.2-4 shows major resolutions of the board of directors.

▶▶ Table 3.2-1 List of board of directors and functional committees

Name	Nationality or corporate seat	Title	Audit committee	Compensation committee	Job title assumed in the Company and any other company
Mr. Wei-shan Lin	Republic of China (Taiwan)	Chairman			Chairman of Chungwa Picture Tubes, Ltd. Chairman of Forward Electronics Co., Ltd. Chairman of Shan Chih Semiconductor Co., Ltd. Chairman of Green Energy Technology Inc., Chairman of Tatung Consumer Products (Taiwan) Co., Ltd. Chairman of Shan Chih Asset Development Co., Ltd. Chairman of Tatung Fine Chemicals Co., Ltd. Chairman of Toes Opto-Mechatronics Co., Ltd. Chairman of Tatung SM-Cyclo Co., Ltd. Chairman of Chungwa Electronics Development Co., Ltd. Chairman of Tatung Die Casting Co., Ltd. Chairman of Tatung Medical & Healthcare Technologies Co., Ltd. Chairman of Shan Chih Investment Co., Ltd. Chairman of Tatung Company of Japan, Inc. Chairman of Tatung Electronics (Singapore) Pte. Ltd. Chairman of Tatung Electric (Singapore) Pte. Ltd. Chairman of Taiwan Telecommunication Industry Co., Ltd.
Ms. Wen-yen K. Lin	Republic of China (Taiwan)	Director			President of Tatung Company, Chairman of Tatung System Technologies Inc. Chairman of Tatung Information (Singapore) Pte. Ltd. Chairman of Tatung Mexico S.A. de C.V., Chairman of Tatung Czech s.r.o. Chairman of Elitegroup Computer Systems Co., Ltd.
Mr. Wei-tung Lin	Republic of China (Taiwan)	Director			Direct of Tatung Industry Company.
Mr. Hua Chang	Republic of China (Taiwan)	Director			Chairman & President of Shan Chih Asset Development Co., Ltd. Director of Tatung Industry Company Director of Cheng Sheng Broadcasting Corp. Director of Chungwa Electronics Development Co., Ltd. Chairman & President of Chih Sheng Realty Co., Ltd. Director of Kuender Co., Ltd.
Mr. Lung-ta Lee	Republic of China (Taiwan)	Director			Director & President of Shan Chih Semiconductor Co., Ltd. Director of Tatung Fine Chemicals Co., Ltd., Director of Green Energy Technology Inc., Chairman of Greater Power Ltd. Director of Tatung Company of Japan, Inc. Director of Pheeda Technology Co., Ltd. Chairman & President of Chih De Investment Co., Ltd. Chairman of Ultra Energy Holdings Ltd. Chairman of Ultra Energy (Weifang) Technology Co. Ltd. Chairman of Shang Chih International Chemical Industry Co., Ltd. Chairman of Huacian Tatung Advanced Technology Materials Co., Ltd. Chairman of Wujiang Shanghua Material Technology Co., Ltd. Chairman of Wujiang Shang Huah Plastic Co., Ltd. Chairman of Dongguan Tongji Trading Co., Ltd. Director of Chih Sheng Investment Co., Ltd. Director of Chungwa Electronics Development Co., Ltd.
Representative of Tatung University	Republic of China (Taiwan)	Director			-
Representative of Tatung University Mr. Huo-yen Chen	Republic of China (Taiwan)	Director			President of Tatung High School
Mr. Peng-fei Su	Republic of China (Taiwan)	Independent Direct	○	○	Senior Vice General Manager in Investment Department, Cheng Ye Assets Management Co., Ltd. Independent Director, San Chih Semiconductor Co., Ltd. Independent Director, Vectorite Biomedical Inc.
Mr. Tzong-der Liou	Republic of China (Taiwan)	Independent Direct	○	○	Professor, College of Law, National Chengchi University, Director of Taiwan Administrative Law Association
Mr. Chi-ming Wu	Republic of China (Taiwan)	Independent Director	○	○	Associate Professor, Department of Finance, National Chengchi University, Independent Director, TSC Auto ID Technology Independent Director, Ennoconn Corporation



▲ Figure 3.2-1 Genders distribution of the board of directors



▲ Figure 3.2-2 Age distribution of the board of directors

▶▶ Table 3.2-2 Training record of board of directors

Directors	Training category	Hours
Wei-shan Lin	CSR	6
Wen-yen K. Lin	CSR	6
Wei-tung Lin	CSR, Management	6
I-hua Chang	Law, CSR	6
Lung-ta Lee	CSR, Law	6
Huo-yen Chen	CSR	6
Peng-fei Su	Law, Management	6
Tzong-der Liou	CSR, Governance	6
Chi-ming Wu	CSR, Management	6

▶▶ Table 3.2-3 The status for the attendance of directors

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Notes
Chairman	Wei-shan Lin	5	0	100	
Director	Wen-yen K. Lin	5	0	100	
Director	I-hua Chang	4	1	80	Actual attendance rate:100%
Director	Wei-tung Lin	4	1	80	Actual attendance rate:100%
Director	Lung-ta Lee	4	1	80	Actual attendance rate:100%
Director	Tatung University / Huo-yen Chen	5	0	100	
Independent Director	Peng-fei Su	5	0	100	
Independent Director	Tzong-der Liou	5	0	100	
Independent Director	Chi-ming Wu	5	0	100	

▶▶ Table 3.2-4 Major resolutions of the board of directors

Date	Major resolutions
2015.03.24	The board of directors resolved to convene the 2015 Regular Shareholder's Meeting.
2015.05.05	Directors' resolved no dividend distribution in year 2015.

Audit committee

Tatung has Audit Committee (which is responsible to Board of Directors) to review and assess the qualitative aspects of financial reports, the registered accounting firm's selection, independence and qualifications, the effectiveness of the systems of internal control system.

Audit Committee (functional)

The board of directors also has Audit Committee (functional) which is responsible for oversight of the Company Act, Securities and Exchange Act, and such other related laws and regulations. Table 3.2-5 shows the status for the attendance of Audit Committee members.

Compensation committee

The Compensation Committee is responsible for approving the Compensation Committee Charter for intensifying corporate governance and consolidating the director and executive compensation programs.

Table 3.2-6 shows the status for the attendance of Compensation Committee members.

In regarding to the Board's performances, Tatung evaluates the performances in accordance to "Corporate governance self-evaluation indicators" and reports the results to Audit Committee (functional). Tatung authorizes the board of directors to determine the directors' traveling expenses and remuneration based on the contribution to the operations of the Company with reference to the domestic and outside the industry standards agreed (shown on Table 3.2-7). The president, vice president and associate adhere to the orders of the Board to deal with the company's business. The appointment, dismissal and remuneration are following the Companies Act. Allocation of rewards such as the company has a surplus, and the other in accordance with the provisions of Company Article 24.

▶▶ Table 3.2-5 Status for the attendance of Audit Committee (functional) members

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Independent Director	Peng-fei Su	6	0	100
Independent Director	Tzong-der Liou	6	0	100
Independent Director	Chi-ming Wu	6	0	100

▶▶ Table 3.2-6 status for the attendance of Compensation Committee members

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Independent Director	Peng-fei Su	2	0	100
Independent Director	Tzong-der Liou	2	0	100
Independent Director	Chi-ming Wu	2	0	100

▶▶ Table 3.2-7 Remuneration paid to directors in 2015

Unit: NT\$ Thousand

Job title/ Name	Remuneration to directors							
	Remuneration		Retirement pension		Remuneration allocated from earnings		Business execution expenses	
	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements	The Company	All companies included in Financial statements
Chairman / Wei-shan Lin	13,559	14,459	-	-	-	100	-	2,494
Director/ Wen-yen K. Lin	-	600	-	-	-	-	120	2,970
Director/ I-hua Chang	-	-	-	-	-	-	120	270
Director/ Wei-tung Lin	-	-	-	-	-	-	120	270
Director/ Lung-ta Lee	-	60	-	-	-	-	120	600
Director/ Huo-yen Chen (Representative of Tatung University)	-	-	-	-	-	-	120	120
Independent-Director Peng-fei Su	3,200	3,632	-	-	-	-	-	-
Independent-Director Tzong-der Liou	2,620	2,620	-	-	-	-	-	-
Independent-Director Chi-ming Wu	2,400	2,400	-	-	-	-	-	-

Note: Please refer to 2015 Tatung Annual Report page 17-18 for completed data.

Internal control system and internal control committee

In order to promote the effective operation and ethical management of the company, Tatung established "Internal Control System".

The mission is to:

1. Ensure the enforcement of company policies and rules.
2. Avoid the waste, lost and non-efficient use of assets.
3. Ensure the accuracy of accounting and operating information.
4. Evaluate the performances for each division.

Internal control system covers all operations of Tatung, including accounting, finance, planning, organization, control and management, and information about sales, production, purchasing, materials, engineering, personnel and research and development. Tatung follows "Regulations Governing Establishment of Internal Control Systems by Public Companies" proclaimed by Financial Supervisory Commission, dividing the business operations to Sale and receipt cycle, Purchase and payment cycle, Production cycle (environment, health and safety issue included), Labor and wage cycle, Finance cycle, Fixed asset cycle, Investment cycle, and Research and development cycle, as well as setting out the management controls for data access and other activities. Tatung monitors and controls the system and operation procedures



▲ Figure 3.2-3 Structure of internal control committee



▲ Figure 3.2-4 Tatung internal control system statement

continuously by carrying out the internal auditing and review meetings of Internal Control Committee. Such practice can enhance the internal control system and optimize the efficiency of corporate governance. Figure 3.2-3 shows the organization of Tatung internal control committee, Figure 3.2-4 shows Tatung internal control system statement.

Internal control system is not only practiced in Tatung but also practiced among Tatung's subsidiaries. The subsidiaries are graded into different levels according to their scales. Different levels have different audit frequencies.

In addition to internal control system, Tatung has introduced and maintained various of management systems in the factories for specific topics, such as ISO14001 (environment), OHSAS18001 (health and safety), ISO9001 (quality) and others. The factories follow the procedures of the management systems to review and update the related laws and regulations. At the same time, the factories conduct internal audit and management review to ensure the operations can comply with the laws and regulations. The administrative in headquarter also announce the latest and related regulations to the employees by publishing on the internal website and/or through e-mails. In this way, the employees will gain the knowledge of regulations and avoid breaching them at work.



▲ Figure 3.2-5 Regulation promotions on internal website

Risk management

When facing on rapid changing business environment and climate change, Tatung assigns responsible departments to process risk assessment on significant topics. Table 3.2-8 shows Tatung's risk and counter measures.

▶▶ Table 3.2-8 Risks and counter measures of Tatung

Category	Item	Measure
Ethical management	Non-ethical behavior	<ul style="list-style-type: none"> Tatung states that the employees are prohibited to perform malpractices or accept gifts of others in regarding to their jobs on company rules, ethical corporate management best practice principles, and business ethics statement for group employees. Tatung also establishes rigorous and effective accounting system and internal control system to prevent bribery and acceptance of bribes, illegal campaign contributions. The Company has established effective accounting and internal control systems for ensuring the implementation of policies, and the internal auditors formulate annual audit plans based on the results of the risk assessment and report to the Board its audit report. The company has a mechanism of processing employees' complaints for employees' unethical conducts. The company maintains secrecy and inspects the reported contents as well as protects informants' rights and interest.
Operation	Changes in technologies on the financial position and operation	<ul style="list-style-type: none"> With the mass demand for energy efficiency & carbon reduction technique to cope with global warming, Tatung has developed deep technical foundation, kept putting efforts on research & development, and expanded the business of key products as well as system aggressively in smart grid to ensure its technology and market leading position in domestic electricity generation, power transmission & distribution and energy management. Tatung has strived to develop high-quality green home appliances with health, environment protection, energy saving and high efficiency concepts to increase the sales performance and profit. With the advent of the digital era, Tatung focuses on developing visual products, such as LCD TVs and LCD monitors, which offer bright market prospects. With the coming of age of personal high-frequency radio communication, Tatung is actively exploring opportunities in 4th generation wireless communications business.
Finance	Interest rate	<ul style="list-style-type: none"> Derivatives can be used as a hedge against interest rate fluctuations for the Company's long-term debts. When considering mid to long-term bond issues, the Company carefully sets its target interest rate to lower its interest rate risks as much as possible. For example, the Company's offshore exchangeable corporate bond issue offers a fixed interest rate, while its domestic secured convertible bond offers a zero coupon rate. secured convertible bond offers a zero coupon rate.
	Exchange rate	The Company has a natural hedge against currency fluctuation as its business involves imports and exports. It also utilizes derivatives to hedge the remainder of its foreign exchange position that is exposed to currency exchange risks. The management of risks involving such derivatives are set forth in the Company's "Operational Procedures for Derivatives Trading." The Company also has an internal control system to supervise the loss limit of foreign currency transactions.
	Derivatives trading	The Company engages in derivative trades, such as operational hedging of foreign exchange, for the sole purpose of lowering its financial risk and conducts all transactions in accordance with the Company's internal control procedure.
Legal	Changes in policies and laws	<ul style="list-style-type: none"> The Company carefully monitors any changes in local and foreign policies and makes appropriate adjustments in the Company's internal control system and operations when necessary. The Company's R&D units and financial department continues to avail of and seek various investment incentives, such as tax credit, granted by the Ministry of Economic Affairs and other government agencies.
Market	Concentration of sales	The company will diversify its customer base in order to reduce the concentration of sales.
	Concentration of purchase	The company will arrange for alternative sources for purchase in order to reduce the concentration of purchase.
Environment/health and safety	Environment	<ul style="list-style-type: none"> Continue to run environmental management system to elevate environmental performance. Conduct "Pollution Prevention Pays" program and internal control system to prevent the violations of regulation.
	Health and safety	<ul style="list-style-type: none"> Continue to run occupational health and safety management system to elevate health and safety performance. Conduct "Disaster Prevention Pays" program and internal control system to prevent the violations of regulation. Conduct monitoring on operation site, job safety analysis and establish safety S.O.P.
Climate change	Carbon emission	Conduct GHG emission inventory and energy saving projects.
	Water resource	Promote water saving projects.
	Loss from disasters	Tatung makes property insurance (all risk type) to transfer the risks. Tatung also requests engineers to provide improvement recommendation for the potential flooding areas. The factories then enhance their preventing plans to reduce the level of losses.

Corporate social responsibility CSR policy and management

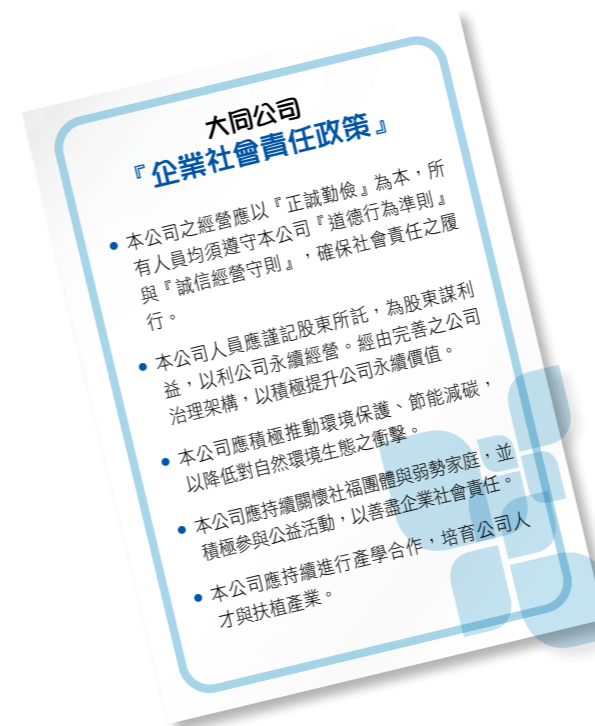
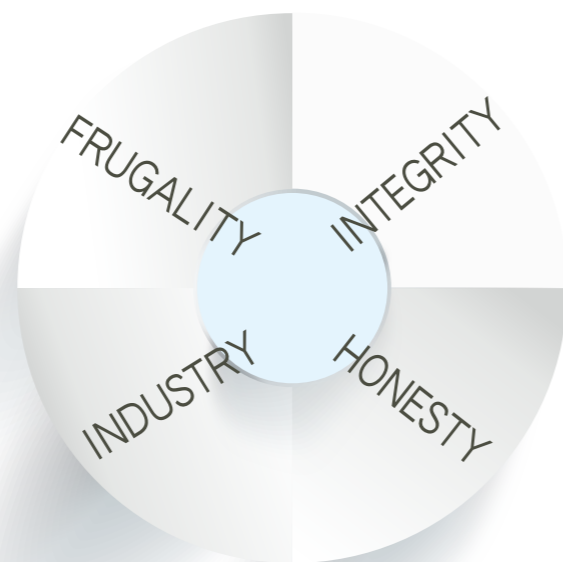
Established in 1918, the foundation of the company is built on four fundamental values – integrity, honesty, industry, and frugality. They are represented as the essence of the company's commitments to our stakeholders. Mr. T. S. Lin, Chairman Emeritus of the company further extended the precepts behind these core values to serve as the guidelines for the company's continued success and prosperity. To be able to fulfill corporate social responsibility and contribute to the progress of economy, environment and the community, Tatung set "Tatung corporate social responsibility best practice principles" to manage the economy, environment and social risks and impacts in 2014. The principles act as guidance for implementing corporate governance, sustainable development and the environment, the maintenance of social welfare, strengthening CSR disclosure.

Tatung yet to be established "CSR Committee", General Administration Division is responsible for promoting and managing the current issues related to corporate social responsibility. The results and performances will be reported to board of directors regularly.

Disclose on non-financial information

In order to actively and effectively disclose company information and show the achievements in sustainable development, Tatung followed GRI (Global Reporting Initiative) framework and started to publish "Tatung Corporate Environmental Report" since 2002. Starting from 2008, the environmental report was renamed to "Tatung Corporate Sustainability Report" due to the balance of disclosed information. From 2015, with the request from the authority, we once again changed its name to "Tatung Corporate Social responsibility Report".

Tatung will publish corporate social responsibility report in June every year to be in accordance with our CSR best practice principles and the request by authority to disclose Tatung's performance in the economic, social and environment. The report works as a tool for communicating with stakeholders. Tatung also encourages her subsidiaries to issue corporate social responsibility report. Currently CPT and GET also issue their corporate social responsibility report every year.



Note: Previous reports can be downloaded here:
<http://www.tatung.com.tw/Content/csr-report.asp?ids=2>

▲ Figure 3.2-6 Evolution of CSR report

Industry-education cooperation

To cultivate young engineering talent and to lend efforts to research and development through cooperation between the company and Tatung High School as well as Tatung University. Realizing the importance of education in a society with a knowledge-based economy, Tatung sponsors the schools' major projects while also contributing industrial experience to the teaching. As a responsible corporate citizen, Tatung regards its dedication to education as a manifestation of long-term commitment to social well being.

Shareholder responsibility

To pursue maximum returns for our shareholders and to maintain a stable dividend policy.

Employee harmony

To encourage self-motivation and cooperation amongst employees through the organization of profit centers to ensure fair compensation, incentives, welfare benefits, as well as to provide on-the-job training.

Customer satisfaction

To re-invest profits in pursuit of better product quality so as to create value for our customers.

Performance summary

Suppliers sign back commitment letter 99.90%
Suppliers monthly assessment A grade 95.58%
Suppliers annual re-evaluation A grade 95.16%

100% of factories with ISO 9001

6 TAF certified laboratories

2 violations againsted product labeling regulation

0 violation againsted product registration regulation

Repair satisfaction **97.09%**

0 violation from advertisement or promotion activities

0 complaint about information leaking from the customers

Target

Supply chain management

100% new suppliers sign back supplier commitment letter. >> P27

Product responsibility

- | | | |
|--|--|--|
| <p>1. Continue to run ISO 9001 : 2008 in the factories and pass certification.
>> P30</p> | <p>2. Continue to run ISO/IEC 17025 in testing labs and pass certification.
>> P30</p> | <p>3. Design and manufacture with national and international standard and pass certification.</p> |
| <p>4. All products will pass tests then can produce and sale.</p> | <p>5. Strengthen quality control in supply chain, also conduct DFMEA/PFMEA and incorporated into Design Guideline Check List.</p> | <p>6. Upholds customer first, total participation, the six fundamental powers to raise product quality.</p> |

Product labeling

- | | |
|--|--|
| <p>1. Label the products with regulation
>> P33</p> | <p>2. Establish feedback and anti-recurrence mechanisms</p> |
|--|--|

Sales

- | | |
|---|---|
| <p>1. Aware of change in regulation and avoid againsting violation upon sales
>> P35</p> | <p>2. Maintain online shopping platform and establish auto correction measure
>> P35</p> |
|---|---|

Customer management

- | | |
|---|---|
| <p>1. Continue to manage customer information in accordance to regulation
>> P36</p> | <p>2. Satisfaction above 92% for repair service
>> P36</p> |
|---|---|

4.1 Supply chain management

Management

Tatung believes that with good relationship with decent suppliers can make sure getting high quality parts/products to raise productivity to share the benefits to the customers around the world. Hence, Tatung has "Supply Chain Management Method" to select and manage suppliers. As for the management of suppliers in the subsidiaries, Tatung conducts internal control to audit the management performance on suppliers in the subsidiaries.

Good quality, competitive price, on time delivery, and service are the first consideration when Tatung purchases raw materials, parts and products. Tatung also prefers purchase from local suppliers in Taiwan in order to support local business and fulfill social responsibility. The main suppliers are from Taiwan, followed by China. The details are list in Figure 4.1-4. Meanwhile, in order to maintain excellent product quality, Tatung requests suppliers to use brand new materials in providing main materials, parts, and products.

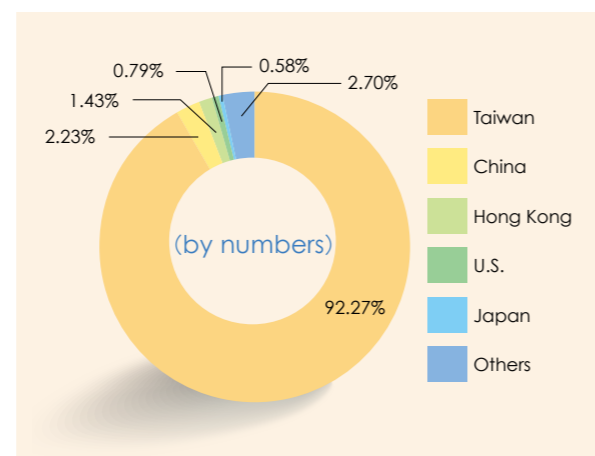
In addition, Tatung requests suppliers to fulfill corporate social responsibility together by asking suppliers to sign a commitment letter, which includes health and safety, environmental protection, human rights, freedom of association, child labor, forced labor topics. The commitment letter is a must have document to become Tatung's supplier. Tatung started to enforce this policy in 2015 and 99.9% of suppliers had signed back the commitment letter. Only 0.1% did not sign back the commitment letter due to they are military authorities. Tatung will continue this policy and expect all the suppliers signing back the commitment letter.

Tatung as well as includes honest terms and human rights issues in suppliers' contract. At the moment, Consumer BG has included CSR-related issues into

supplier audit process. Tatung will consider fully into each business group.

Supplier introduction and evaluation

Tatung groups her suppliers into four categories; each category has its own evaluation standard. The introduction of the new supplier in Category I requires on site assessment by evaluation team. The assessment content mainly includes design, technical capabilities, quality management, manufacturing capabilities and management capacity. The introduction of the new supplier in Category II requires only document review. For construction category, the introduction of the new supplier requires on site assessment. In addition, Tatung also evaluates the management of hazardous substances (RoHS and REACH), conducting safety measures for hazardous job, and implementation of environmental management system as an extra evaluation for introduction of a new supplier. The detailed management measures are shown on Table 4.1-1 and Figure 4.1-2. The supplier with assessment result above B grade can then be introduced. All suppliers are requested to sign procurement contract and commitment letter.

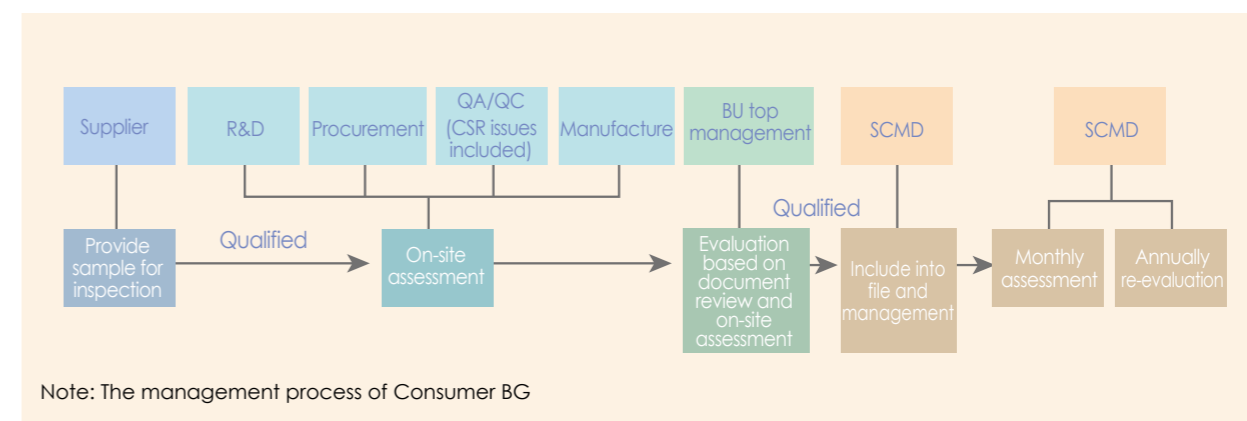


▲ Figure 4.1-1 Sources of suppliers in 2015

▶▶ Table 4.1-1 Category of suppliers and introducing procedures

Category	Classification criteria	Introducing procedure	Management
Category I	1. Important materials (parts, components, half-ready products, and products). 2. ODM/OEM 3. Outsourcing (including full case, manufacture only, product only). 4. Significant to product quality that need intensive management and tutoring.	1. On-site assessment 2. Sign procurement contract 3. Sign commitment letter	1. Monthly assessment ¹ 2. Annually re-evaluation ²
Category II	1. Suppliers, who provide raw materials, ready to sale products, imported components, with less quality risks. 2. Suppliers who are world famous company with top capability in product and QA/QC.	1. Document review 2. Sign procurement contract 3. Sign commitment letter	Monthly assessment ¹
Construction	Suppliers who build factory, apartment, office building, system installation, or repair project.	1. On-site assessment or document review for existed cases 2. Sign procurement contract 3. Sign commitment letter	Evaluation after the case is completed
Others	1. Suppliers who provide office appliances, hard wares, software, waste disposal, verification, etc. 2. Suppliers who provide instruments or equipments. 3. Technical maintenance service.	1. Sign procurement contract 2. Sign commitment letter	Monthly assessment ¹

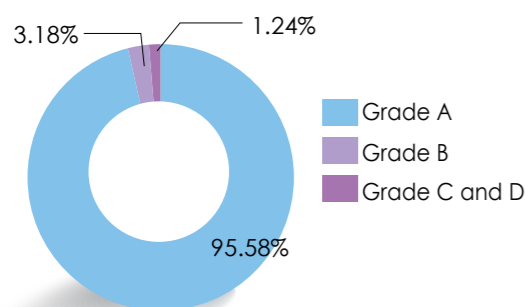
Note 1: Increase or decrease procurement amount based on the result of monthly assessment.
Note 2: Maintain business or search for second source based on the result of re-evaluation.



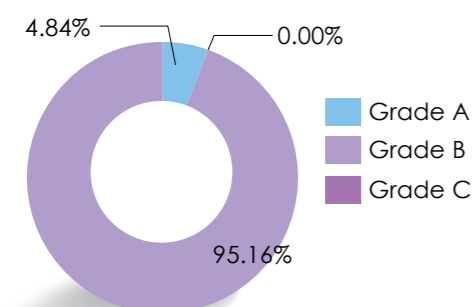
Note: The management process of Consumer BG

▲ Figure 4.1-2 Supplier management process

For suppliers who already cooperate with Tatung are implemented monthly assessment in aspect of quality, delivery, price, and service (Figure 4.1-3). Any non-conformity will be requested to correct. Another annually re-evaluation is periodically implemented for main components suppliers, listed component suppliers, and outsourcing suppliers. Tatung wishes the suppliers who collaborate with us can grow together. As for the safety of the service-providing suppliers (construction, waste disposal, repairing) who operate in the factories and subsidiaries, Tatung implements "Tatung Health and Safety Management Method for Contract Suppliers" to reduce the risk from accidents.



▲ Figure 4.1-3 Result of supplier monthly assessment in 2015



▲ Figure 4.1-4 Result of supplier annually re-evaluation in 2015

4.2 Product responsibility

Quality management

Product quality and safety is the keystone of sustainable operation for a company. By providing high quality and safe products can build the brand image, enhance competitiveness and create high-profit, low-risk business model, and achieve a win-win situation for consumers and company. Based on this philosophy, the products and factories of Tatung have established ISO 9001 and passed the verification, as shown in Table 4.2-1. The system can implement standardization, deviation reduction, as well as a tool to pass down the knowledge and experiences internally. In addition, they system can enhance the management capability, product quality stability, reduce product defect rate and reduce complain. The system can also enhance confidence of customers, thus expanding the market and enhancing competitiveness.

Other than the management system, Tatung has Calibration Lab and Tatung Environmental Research Center in headquarter. These two laboratories provide accurate measuring and calibration test services and hazardous substances testing service. Other than these, Tatung has Transformer Testing Lab, Switchgear Testing Lab, Air Condition Facility Testing Lab, and Motor Testing Lab in the factories (as shown in Table 4.2-2) to provide the assurance of excellent quality.



ISO9001 certificates

TAF certificates

▶▶ Table 4.2-1 Tatung product acquired ISO 9001

Factory	Registered product	Register date
Taoyuan 1st Plant	ISO 9001:2008 → Window mounted air conditioners, separated type air conditioners, dehumidifiers, box shaped air conditioners, water cooling central air conditioning systems, rice cookers, electric fans, refrigerators.	1993.12.09
San-Hsia Factory	ISO 9001:2008 → Generators (less than 10,560KVA), electrical motors (500HP and above), electrical motors (less than 500HP).	1993.12.14
Tayuan Plant	ISO 9001:2008 → Oil-immersed transformers (below and including 345KV), Oil-immersed reactors (below and including 69KV), Dry type transformers (below and including 36KV), Dry type reactors (below and including 36KV), Cast resin dry type transformers (below and including 36KV), Cast resin dry type potential & current transformers (below and including 36KV), High voltage & low voltage metal-enclosed switchgear & control gear (below and including 72.5KV), Metal-clad switchgear (below and including 36KV), Motor control center (below and including 15KV), Metal-enclosed low voltage power circuit breaker switchgear (below and including 600V), Distribution board (panel) (below and including 600V), Rectifier (below and including 600V), Amorphous metal transformers (below and including 36KV), Gas insulated switchgear, Capacitors, Watt-hour meters.	1994.08.03
Taoyuan Wires and Cables Plant	ISO 9001:2008 → Power wires and cables (including cross-linked polyethylene insulated shielded power cable rated 161 KV and below), bus-way, electronic wires, telecommunication wires and cables, optical fiber cables, bare copper wire, enameled copper wires, tinned single solid copper wire.	1994.07.23

▶▶ Table 4.2-2 TAF certified laboratories in Tatung

Name of laboratory and certification number	Testing item	Date of certification
Calibration Lab L0003-120207	Measuring and calibrating of products	1990.06.01
Tatung Environmental Research Center L1697-131009	Waster quantities and quality, hazardous substances of electric and electrical products	2007.10.24
Tatung Transformer Testing Lab L2306-130411	Transformer testing	2010.12.27
Air Conditioning Facility Testing Lab L2270-140417	Cooling capacity and EER of air conditioners	2011.01.20
Tatung Switchgear Testing Lab L2308-140316	Switchgear testing	2011.03.23
Tatung Motor Testing Lab L2613-120701	Motor testing	2012.07.01

Product safety and labeling

Product safety

Most of the countries make the laws and regulations in regarding to product's quality and safety in order to protect their citizens. Brand owners must pass all the tests and acquire certifications then can put their products into markets. In order to comply with related regulations among the world, Tatung designs and manufactures the products (including ODM/OEM products and accessories) to meet the requirements of the regulations. Before bulk production, the samples must pass the tests and managed by SAP management system. After all the test results have met the requirements, bulk production and sales then can be made. Table 4.2-3 lists the relevant regulation requirements, standards and verification internationally adopted by Tatung

In addition, for the defected products from the design or manufacture stage, Tatung makes recall on BSMI official website¹, medias and TCPC website² to prevent the consumers getting harmed from further using of such products. For the problem occurred, Tatung will strengthen overall quality control in supply chain, also conduct Design/Process Failure Modes and Effects Analysis (DFMEA / PFMEA) and incorporated into Design Guideline Check List measures to prevent recurrence. Tatung will do the best for providing consumer healthy, energy-efficiency, and safe products. In 2015, no violation occurred against Regulations Governing Registration of Product Certification.

▶▶ Table 4.2-3 Standards, certifications and verifications acquired by Tatung

Business group	Standards, certifications, and verifications acquired
Power BG	CNS Standards, China Compulsory Certification, Canadian Standards, American Safety Standards, ETL Verification, EU Network System Verification, Japan PSE Certification, Green Mark, etc.
System BG	ANSI International Certification, IEC International Certification, DLMS/COSEM Conformance, etc.
Consumer BG	CNS Standards, China Compulsory Certification, American Safety Standards, U.S. Federal Communications Commission for Telecommunications, Product Inspection Label from BSMI, Japanese Emissions Control Standards, Green Mark, Energy Label, Water Label, etc.

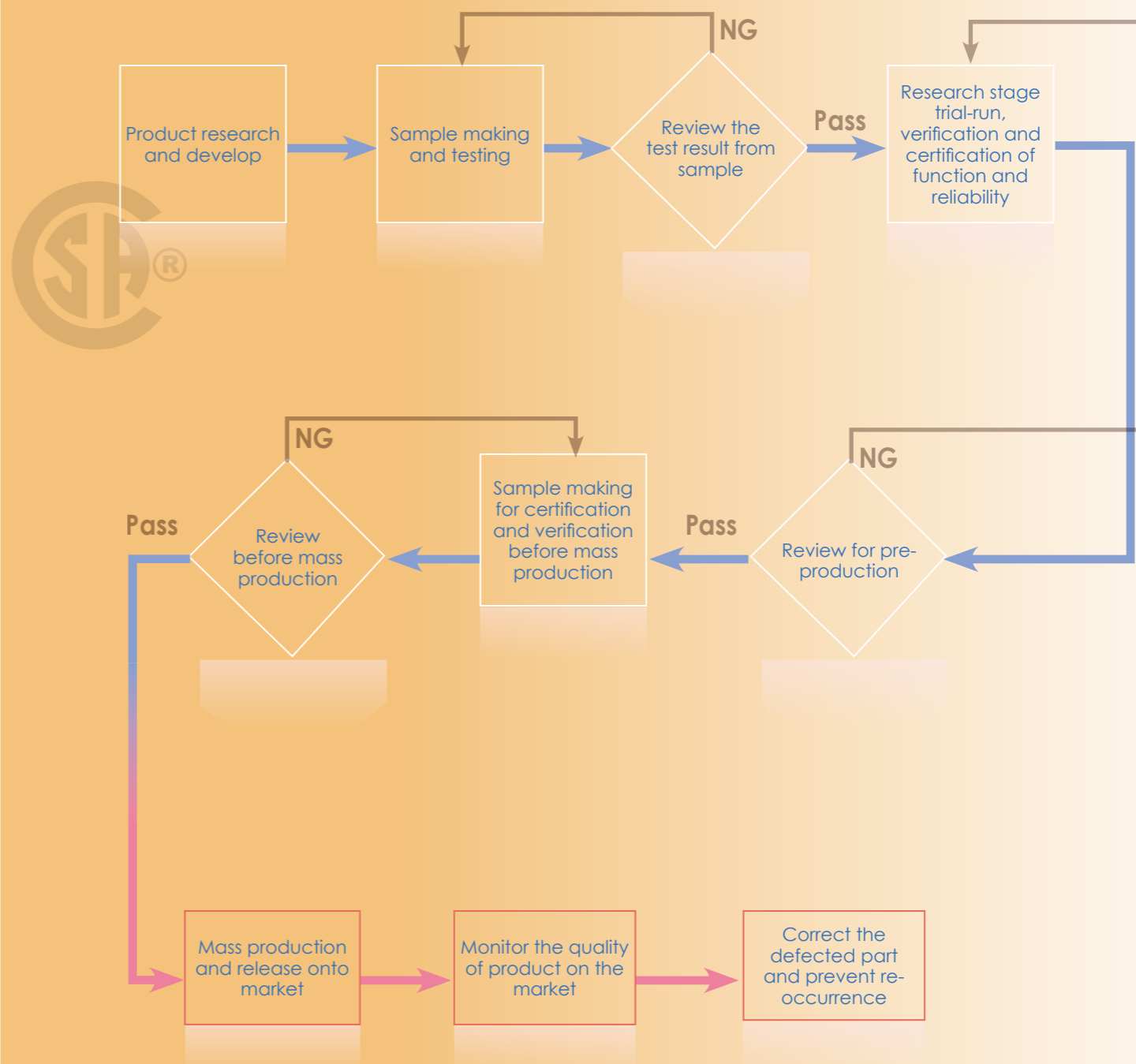
Tatung has 4 types of re-called products, the details are in follows :

- ★ The pc board is likely to be damaged for window type air conditioner with model number TW-252DCN due to water could go into air conditioner along power cord. TCPC has made recall on official site and offered free inspection service;
- ★ Dehumidifiers (with model numbers TWD-500B, TWD-510B, TWD-511B, TWD-711B, TWD-710B, TWD-660B, TDH-200HB, TWD-1400B, and TWD-1400BL, as shown in Figure 4.2-1) are recalled since 2007 due to one defected part provided by a supplier. Such defected part will cause unexpected accident while the machine is running. Consumer who has these particular models, please make a phone call to Tatung or TCPC and the specialist will visit your place for service free of charge;
- ★ One of the fluoresced lamps (Model: LS-3U21WD) (Figure 4.2-2), batch number 0904, 0905 and, 0906, is recalled due to parts problem. All the consumers will have the defected lamp replaced with a new one when they bring the defected one to any of Tatung 3C Stores;
- ★ Two models of electric water boilers (TLK-52Y and TLK-56Y) with the production number list on Table 4.2-4, some parts has quality issue and the customers can take the boiler to TCPC to replace the part for free of charge.

Note 1: BSMI official website
<http://www.bsmi.gov.tw/wSite/xslgip/chinese/index.html>
Note 2: TCPC official website
<http://tcpc.tatung.com>

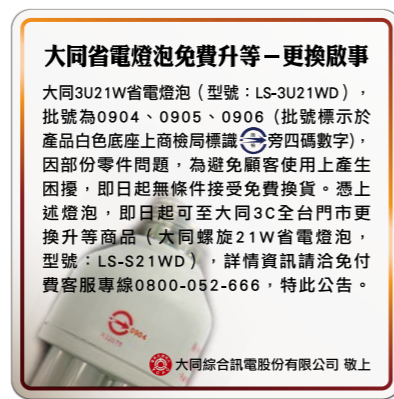
▶▶ Table 4.2-4 The water boilers that need to be inspected and replaced part

Model No.	TLK-52Y	TLK-56Y
Production No.	3AY7094*****	3AY8094*****
Production No.	3AY7097*****	3AY8097*****
Production No.	3AY7098*****	3AY8098*****

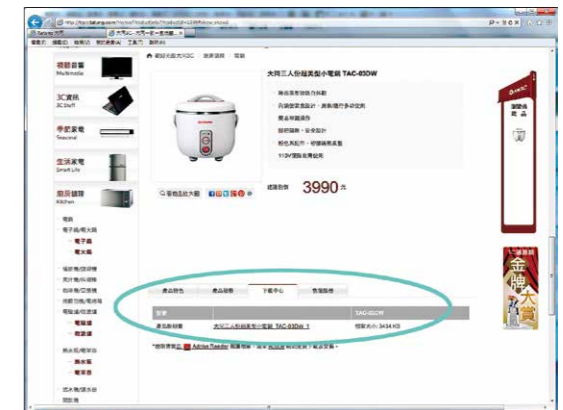




▲ Figure 4.2-1 Dehumidifiers that need to be recalled



▲ Figure 4.2-2 Fluoresced lamp that need to be recalled



▲ Figure 4.2-4 TCPC provides product information and manual on the official website

Product labeling

In order to let consumers use products safely, correctly, and avoiding safety issue due to incorrect operations, BSMI announced guidelines for electrical product labeling. Tatung follows the guideline and label required information on the products or on the package or on the instruction manual. In addition, Tatung also includes the instruction guide, maintenance guide and notice in the packages (as shown on Figure 4.2-3). Such information is also provided on TCPC official website (as shown on Figure 4.2-4).

Tatung has responsible department in each BU for the management, review, and monitor of product labeling issue, as well as takes part in BSMI market survey to ensure the correct labeling.

Label of sustainability on products and services

	Yes	No
Manufacturer, ODM/OEM, importer	√	—
Hazardous substances	√	—
Safety instruction	√	—
Disposal treatment	√	—

Although Tatung has put lot of efforts on product labeling, unfortunately, there were still two violations (hair drier and BBQ griller, see Table 4.2-5) in 2015. The violation for hair drier was the size of "caution water" label did not meet standard. The violation for BBQ griller was due to Tatung labeled importer/manufacturer as "Tatung" instead of separately label them. Tatung immediately corrected these mistakes after informed by BSMI, as well as made these violations as case study to avoid re-occurrences.

▶▶ Table 4.2-5 Violations against labeling regulation in 2015

Product	Violation	Fine NTD\$	Corrective measure
Hair drier TFS-D1000S	The size of "caution water" label was smaller than standard.	0	1. Correct label immediately. 2. Make these violations as case study to avoid re-occurrences
BBQ griller THP-100S	Did not label manufacturer/importer.	0	



▲ Figure 4.2-3 Product labeling and instruction (e.g. hair drier)

4.3 Sales and customer service

Anticompetitive behavior

The commercial advertisements and promotion that made by Tatung are all complied with the regulations. There was no violation against the regulations regarding to advertisements and on sale promotion in 2015. Besides, Tatung requests her dealers to avoid malicious price competition behavior or intent to harm the image of Tatung. Tatung also encourages the employees to participate in seminars regarding to anti-trust and fair trade topics.

Wide-spread service locations and convenient shopping experiences

Tatung upholds "customer first", "having only one phone call, the service is to" and aims to provide fast and excellent services to customers. Tatung lists the service channels on the official website for all the business, including TCPC, information (OA), large-size air conditioners, power equipment, smart grid business, and system solution business. Tatung entrusts her subsidiary company "TCPC" to provide a comfortable shopping environment as well as excellent after-sale services to consumers. TCPC has 238 Tatung 3C Store spreading from cities to countries, providing professional recommendations on purchasing house appliances and repairing services. In addition, TCPC launched "etungo" online shopping website to provide wide variety of product in kitchen, 3C, living room and make up. Besides, Tatung runs a fan site on Facebook to provide instant news and living tips.

In order to provide a more convenient customer service, TCPC provides online service. Consumers can access Tatung official website¹ or TCPC official web site² to make service request (Figure 4.3-1). The system will assign the service request to the accordance service station and provide rapid and high quality services. At the end of each case, customers are able to provide any positive or negative feedbacks by filling the online



survey which will be used for future improvement. Figure 4.3-2 shows the flowchart of Tatung online service. To extend the channels for listening to the customers, Tatung also provides an online feedback service³ which customers can ask questions, express their opinions and give positive feedbacks to Tatung and TCPC (Figure 4.3-3).

註 1 : <http://www.tatung.com/Customer/Index?langCN=TW>
 註 2 : <http://tcpc.tatung.com/Service/Repair01>
 註 3 : <http://tcpc.tatung.com/Contact/Create>



etungo official website



▲ Figure 4.3-1 Product online service form



▲ Figure 4.3-2 Flowchart for online service

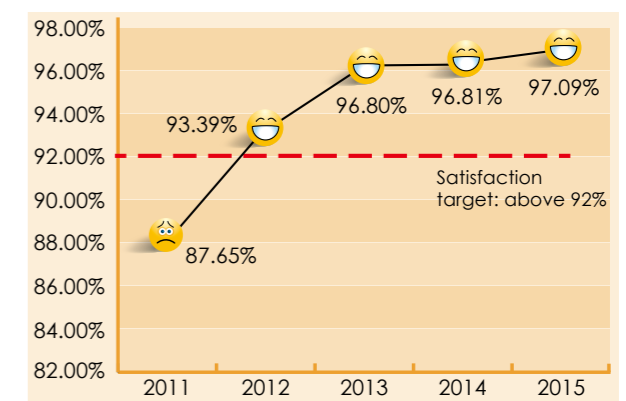


▲ Figure 4.3-3 Online feedback form

Management on customer information and satisfaction

Tatung follows regulations to protect the information that customers provided during purchasing or servicing. The information will not be delivered to other organizations without having consent from the customers. In order to enhance information security, Tatung established associated management system and passed ISO/IEC 27001. There was no complaint about information leaking from the customers in 2015.

Tatung takes great concern about the customer satisfaction. When a customer makes purchase or approaches Tatung 3C Stores to repair products, Tatung will make his/her information to phone interview list and interview about repairing experience. If the feedback is unsatisfied, Tatung will conduct a second service and make improvement. TCPC sets targets for repairing satisfaction (for consumers) not lower than 92%. The result was 97.09% satisfied in 2015. Tatung will continue to listen to the customers.



▲ Figure 4.3-4 Results of customer satisfaction

Performance summary

81.59% of employees joined labor union
Labor representatives' percentage in Health and Safety Committees higher than 33%

0 discrimination incident
 0 incidents against human right
 0 corruptions
 0 losses from labor disputation

Senior managers are all from local

No. of male employees: 2,594
 No. of female employees: 812
93.19% employees are from local

Ratio between basic salary and legal salary: 1.40~1.80:1 (staff), 1:1 (technician)

Ratio between female and male employees: 0.92:1 (staff), 0.89:1 (technician)

No. of training hours: 7.21 hrs (male),
 6.21 hrs (female)

FR: 1.30 (male), 0 (female)

SR: 34.79 (male), 0 (female)

AR: 0.0030 (male), 0.0091 (female)

No. of occupational disease: 0

50% of factories acquired CNS 15506 certification

100% of factories acquired
OHSAS 18001 certification

400 children participated Tatung Charity Soccer Camp

Target

Human right

Build up a non-discrimination working environment. >> P39

Gender equity

The differences of salary are from ability, not from genders. >> P42

Occupational health and safety

1. Continue to maintain OHSAS 18001 and CNS 15506 management systems.
 >> P52

2. Organizing regulation promotion at least once a year and organizing health and safety trainings.
 >> P52

3. "Occupational Accident Prevention Pays" program correction rate higher than 95%.
 >> P51

4. Making FR and SR lower 10% each year.
 >> P54

5.1 Human rights and anti-discrimination

An equaled working environment

Tatung takes great concern on human rights. All employees, applicants and contract workers are treated with dignity, fairness and respect regardless of their race, religion, skin colors, genders, marriage status, disables, member of union, birth place, and nationalities etc. Commitments of respect and ensure the benefits of labors, fulfill social responsibility and comply with regulation are clearly stated in our Labor Policy. Tatung hires one handicapped worker per every 100 workers and provides equal opportunities for minority groups. On the recruiting network and the human resource banks Tatung also makes the announcement of "Handicapped and aborigines are sincerely welcome" to declare our determination on anti-discrimination. Tatung also established "Anti-sexual harassment Regulation" and published on the internal website. Sexual harassment in any forms is strictly prohibited in any working places in Tatung. There was no discrimination and anti-human right incident in 2014. Tatung will continue to promote anti-discrimination policy in the company to prevent discrimination.

Trainings on human right

The vision of Tatung is to fulfill the social responsibility. Tatung actively involves in social welfare activities, respects and cares for life. Although there is no particular human rights education and training courses for the employees currently, but the lecturers will be stressed in the course of new employees to treat people

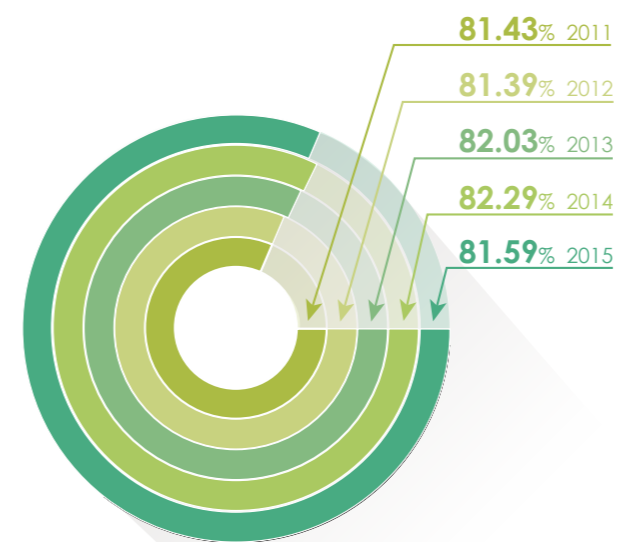
the truth, respect for individual differences and avoid prejudice and discrimination and abide by equality, justice, empathy heart, affinity, and to show the principles of the company staff from top to bottom to understand and practice the true meaning of human rights. As for security personnel, education in regarding to respect the employees' emotion and wills is given before carrying out their duties. This is not only ensuring the employees' human rights but also making security duties go smooth.

Freedom of association

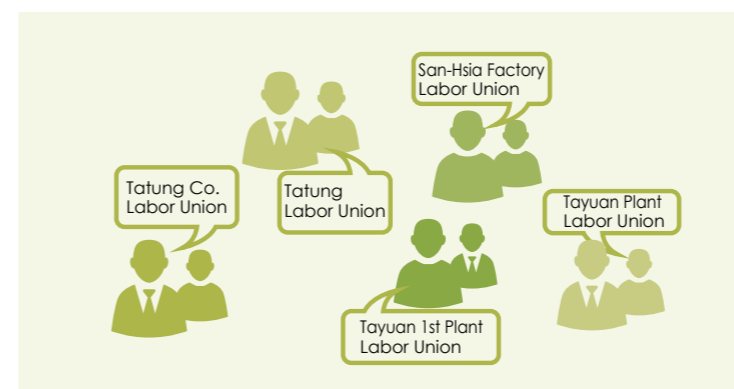
Tatung Labor Union was founded in 1959 for the purposes of taking care of labors' rights, improving labors' living standard, conducting collective bargaining, etc. Each employee has freedom choice to be the member of the union. Currently Tatung has totally 5 labor union distributed in the HQ and factories. Tatung does not interfere the wills of the employees to join labor union; hence the percentages of employees joining labor union are always over 80%. In 2015, 81.59% of employees are the members of labor union (Figure 5.1-1).

Child labor and forced labor

Tatung's hiring policy is complied with the related regulations. Hiring child labor is not allowed by Tatung. In "Company Rules" defined the working hours for a day and for a week. If there is necessary to adjust or prolong the working hours, the practice only can be implemented after getting the agreement from the labor union or the employee. There is no force laboring situation in Tatung.



▲ Figure 5.1-1 Percentage of employees who are labor union member



5.2 Employees' code of ethics

Tatung upholds the principles of "integrity, honesty, industry, and frugality" and prohibits any improper behavior and financial dealings. Tatung has established "Tatung ethical corporate management best practice principles" to prohibit every member in the company from doing non-ethical behaviors. Tatung requests the employees not to take advantages in any form at work, nor make external leakage of the technical and business content in the Company Rules. Tatung also established internal control measures such as internal control system, scheduled and unscheduled audits of the internal control committee and audit committee. The contracts signed with the suppliers are added the requirements such as shall not bribe or provide improper benefits to Tatung employees. If there is any corruption case, Tatung will pursue its legal responsibility to put an end to the corruption. No corruption case was happened in 2015.

In 2015, media reported Tatung employees were involved in Taipower Company procurement corruption case. Tatung thought the company having nothing to do with it and will fully cooperate with judicial investigation. At the meantime, Chairman and President of Tatung made a declaration to the managers and employees to follow ethical code of conducts of the company. In addition, Chairman of Tatung suffered adverse judgment due to violation of Security and Exchange Act in 2014. After appeal in 2015, the Supreme Court withdrew the judgment in regarding to violation of Security and Exchange Act and the case will be heard by High Court. Company operations are not affected by this case.

Tatung organizes series of legal trainings and encourages employees to participate. In addition, Tatung has set up S.O.P. for internal dealing of matters of significance and passed to the employees, directors and managers.

5.3 Employee composition, career development and benefits

Employee diversity

The recruitment policy of Tatung holds equality as the central concept; only capability is taken into account when recruiting an employee. Every division/factory evaluates the potential developed situation to propose a human resource budget and authorized by the president. When there is an empty position, the division/factory proposes a request to HR department based on the human resource budgets. HR department will then start to process the recruiting procedure from different channels. Every recruiting procedure is complied with the regulations. Table 5.3-1, Figure 5.3-1, Figure 5.3-2 demonstrate the employee compositions of Tatung. Tatung recruited more than 93% of local employees and more disable employees than the requirement by the regulation which protects disables' right to work.

▶▶ Table 5.3-1 Employee compositions of Tatung (by ages)

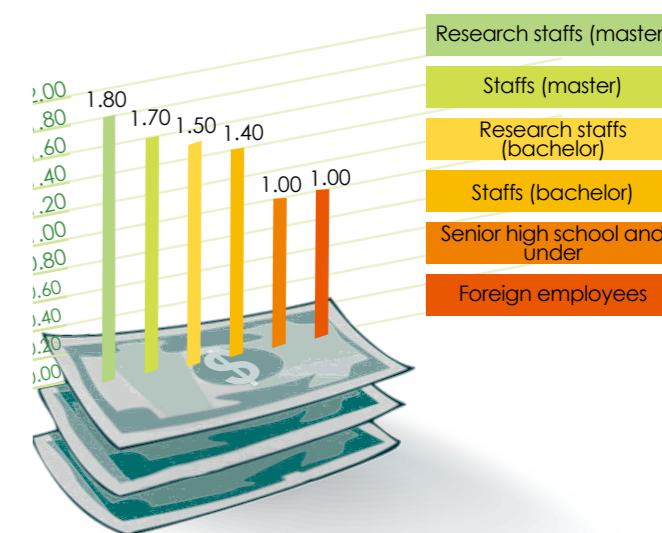
	Younger than 30		30~50		Over 50		
	Male	Female	Male	Female	Male	Female	
No. of employees	2012	550	123	1773	587	833	192
	2013	456	141	1727	574	813	191
	2014	362	122	1606	530	739	176
	2015	356	121	1534	516	704	175
No. of managers	2012	45	0	623	123	264	17
	2013	23	3	611	127	263	27
	2014	26	0	610	123	242	28
	2015	20	6	588	121	231	30
Percentage of new employee hires (%)	2012	7.34	1.40	5.79	1.21	0.86	0.00
	2013	3.49	1.05	4.10	1.18	0.21	0.03
	2014	3.93	1.24	5.04	1.27	0.57	0.03
	2015	7.90	2.70	5.96	1.61	1.91	0.29
Percentage of employee leaving (%)	2012	4.71	0.79	7.27	1.87	2.51	0.39
	2013	4.20	0.56	7.38	1.69	2.51	0.67
	2014	5.77	2.18	9.00	2.29	4.02	1.05
	2015	6.31	2.14	7.90	2.20	4.84	0.94

Basic salary and performance review

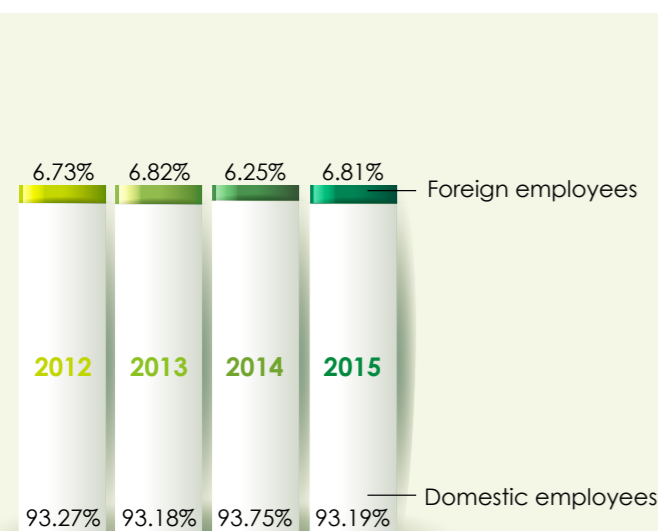
Due to the deterioration of the employment environment, the starting salary for freshmen is generally low in recent years. Tatung, as a deep plowing corporation for nearly a century in Taiwan, well protects the salaries and benefits for her employees. Tatung enacts her rules and internal control to ensure the minimum salary is complied with regulation. Tatung and discloses the structure of the salary and methods of payment on "Company Rules", so that all the employees understand their rights and interests. Based on the concept of equality among genders, the basic salary and allowance between female employees and male employees is 1:1. For different employment types, the ratio of basic salary and legal salary for technicians is 1:1; for staffs is from 1.40~1.80:1 based on different job types, specialty and qualifications. For average salary, the female employee to male employee is 0.89~0.92:1 in 2015 which is higher than the ratio in 2014.

Every employee's performance is reviewed regularly based on "Performance management method". The reviewed result is used as the base for training,

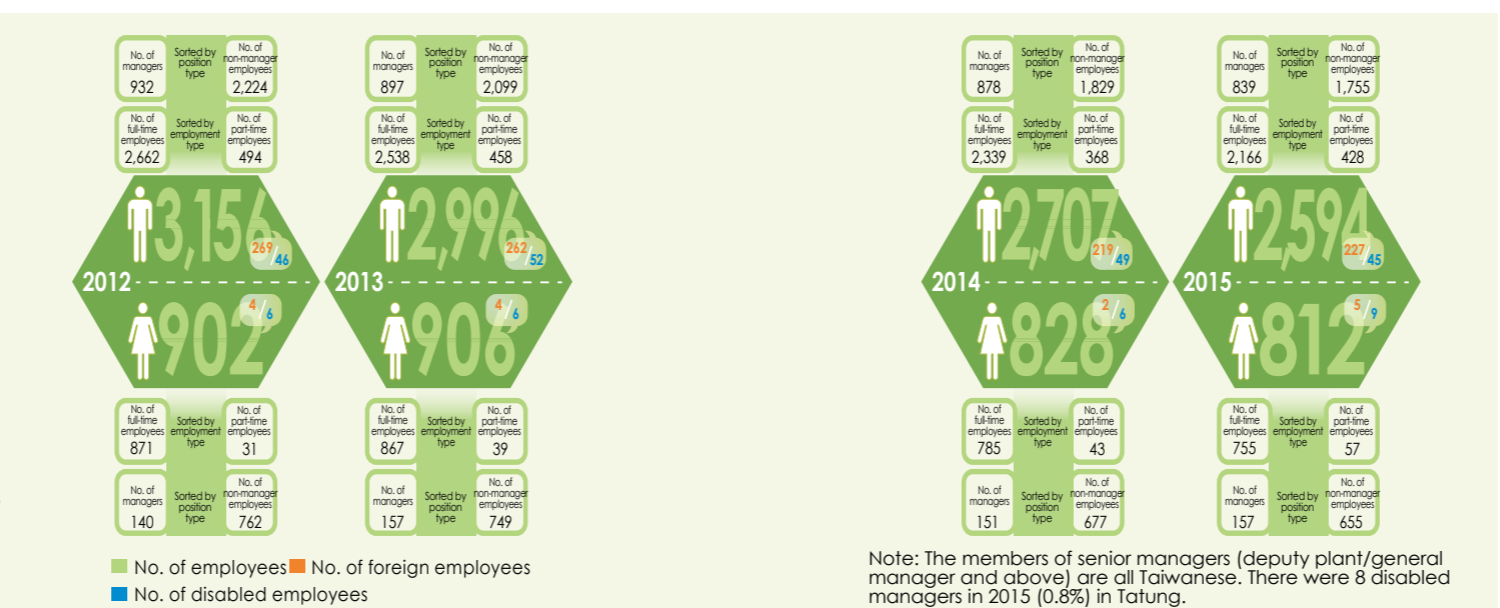
promoting, salary adjusting, bonus earning, and hiring. The method ensures reasonable alignment between employees' salary and labor contributed.



▲ Figure 5.3-3 Ratio between basic salary and legal salary for different employment types

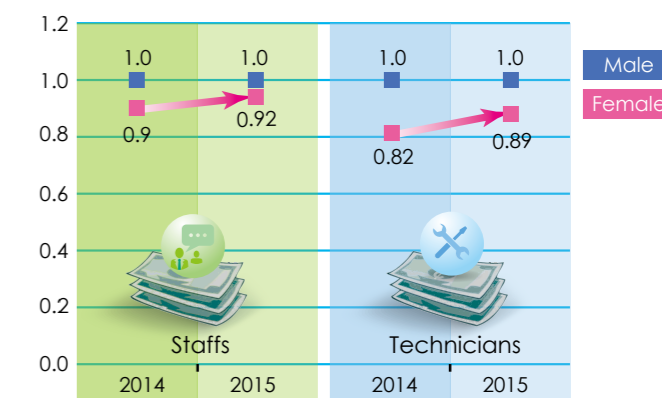


▲ Figure 5.3-1 Percentages of local and foreign employees



▲ Figure 5.3-2 Employee compositions of Tatung (by genders)

Note: The members of senior managers (deputy plant/general manager and above) are all Taiwanese. There were 8 disabled managers in 2015 (0.8%) in Tatung.



▲ Figure 5.3-4 Ratio between female and male employees (by employment type)

Parental leave

Tatung takes great concern on employees' family life and care for next generation. Tatung not only provides cash gifts for giving birth but also offers all employees maternity and parental leave in accordance to regulations. The statistics on parental leave is shown in Table 5.3-2.

Post-employment benefits

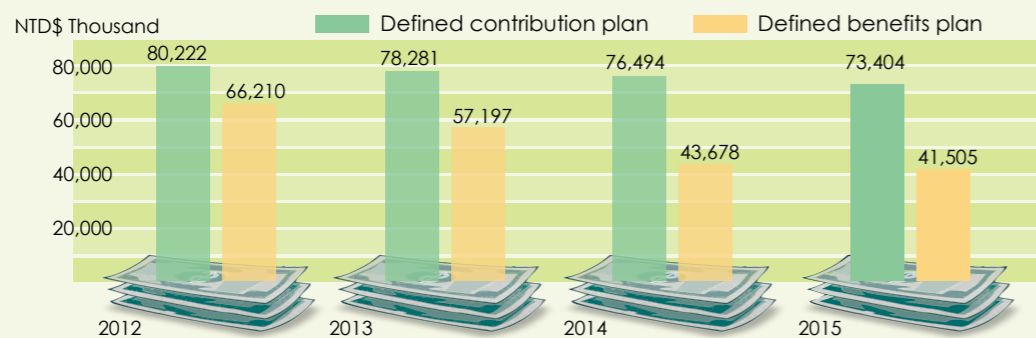
Tatung adopts "Defined contribution plan" and "Defined benefits plan" as her post employment benefits. For "Defined contribution plan", Tatung makes monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts in accordance with the Labor Pension Act. For "Defined benefits plan", Tatung contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis in accordance to Labor Standard Act to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. For detailed post-employment benefits, please refer to Tatung 2015 Annual Report¹ page 300~302.

Note 1: http://www.tatung.com/b5/f_report_year.asp?langCN=TW

▶▶ Table 5.3-2 Tatung parental leave statistics

	Male	Female		Male	Female
Application for parental leave			Retention rate		
Total number of employees that took parental leave in 2015.	9	19	Total number of employees that applied and returned to work in 2014.	1	3
Total number of employees that shall end parental leave in 2015.	4	9	Total number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work in 2014.	1	3
Total number of employees who returned to work after parental leave ended ¹ .	1	6	Retention rate	100%	100%
Return to work rate	25%	66.67%			

Note 1: Changed job due to personal career planning.



▲ Figure 5.3-5 Expenses under the post-employment benefits

Procedure for complaints and shortest notice period

Tatung has "Measure of processing employees' complaints" and other practices (Table 5.3-3) in place for the employees to complain about any dispute and provides a channel to deal with. Table 5.3-4 shows the amount of losses due to labor relation disputes in recent 4 years. Tatung sets the minimum notice periods (Table 5.3-5) regarding to operational changes on "Company Rules".

▶▶ Table 5.3-3 Labor relation measures

Management of labor relations	Measures
Channels for employees to voice dissent or communicate with management	Measure of processing employees' complaints
	Employees' mail box
	Voice out opinions in training courses
	Present proposals during Q.C. activities
	Communication during regular/special meetings between management and the labor unions

▶▶ Table 5.3-4 The amount of losses due to labor relation disputes

Year	Amount of losses (NTD: dollars)
2012	0
2013	0
2014	0
2015	0

▶▶ Table 5.3-5 The shortest notice period

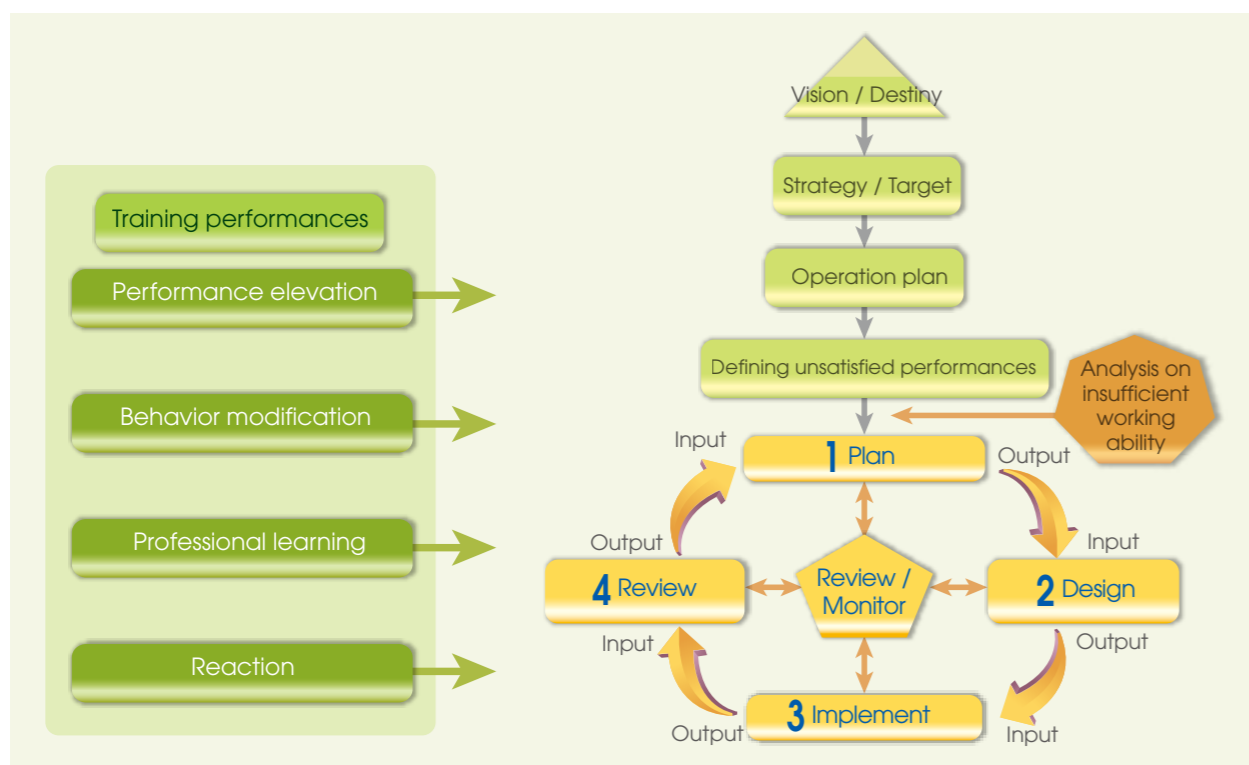
Employee	Shortest notice period
Work for 3 months~1 year	10 days
Work for 1~3 years	20 days
Work for more than 3 years	30 days

Education and career development Education and training target

Tatung pays enormous attention on employee's professional development and encourages self-learning. Tatung takes TTQS (Taiwan TrainQuality System) as guidance to develop her strategy and target as well as combine internal and external resources to provide high quality of operation and specialized training programs to the employees. Such training and education system can assist career development of the employees to create advantages on business competition. Tatung has established and published "Manual for education and training" as guidance to run education system on daily basis. The manual incorporates Tatung's management philosophy, human resource policy, and indicators of TTQS to establish education and training plan, design, implement, review, and outcome to improve the performances continuously of the organization. Tatung awarded TTQS Bronze Medal in 2013. Figure 5.3-6 shows Tatung's human resource development system.



Tatung awarded with TTQS bronze medal



▲ Figure 5.3-6 TTQS strategic human resource development system

Education and training system

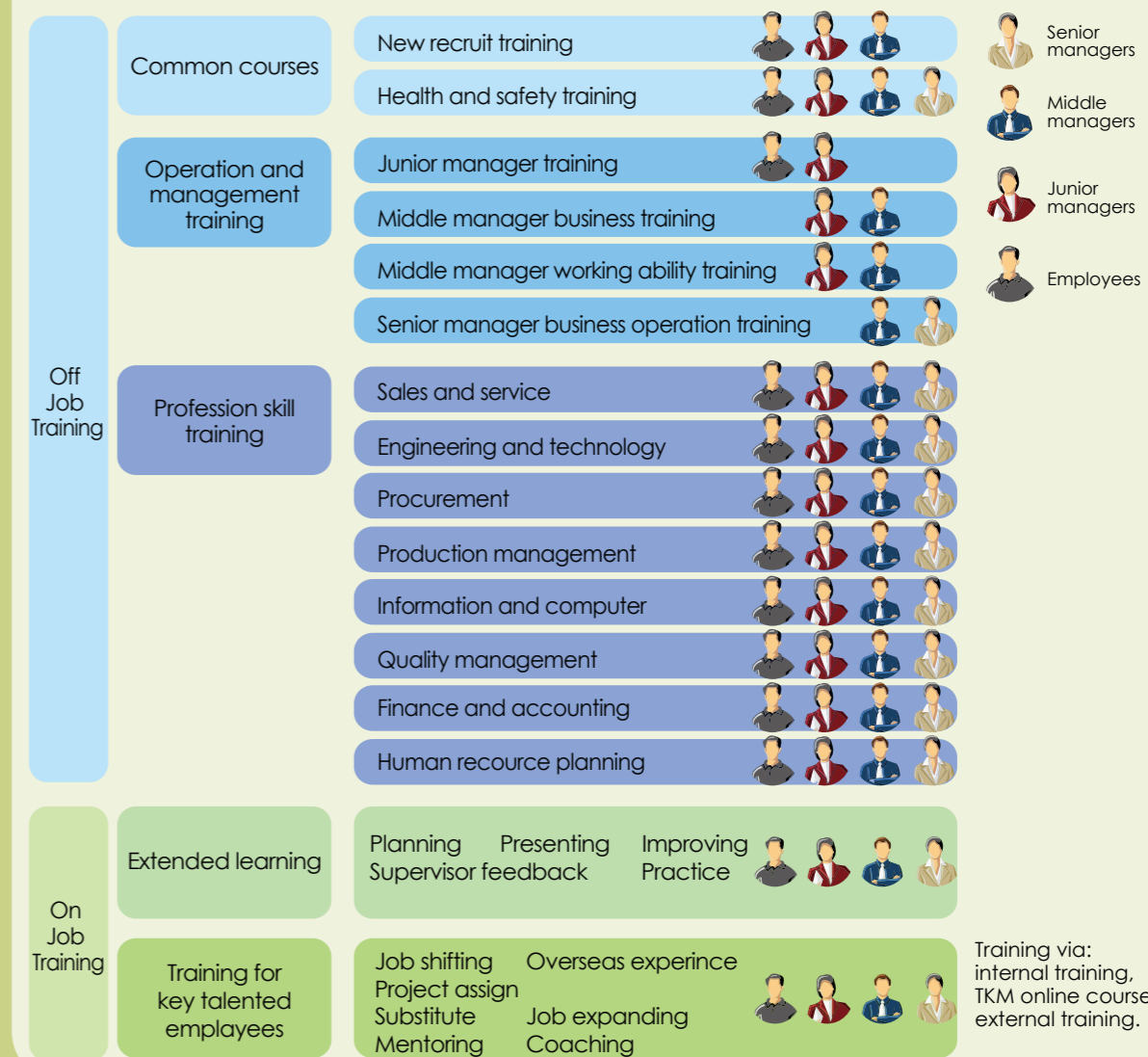
Tatung has established employee education and training management system in accordance to company's strategy development and human resource policy. The system sets up the training and education scope, personnel, and education steps in order to enhance the professions of the employees and improve the performances. The system is also adjusted with the change of company strategy (shown as Figure 5.3-7). HR division incorporates with human resource departments in the business groups to provide various education and training resources to the new recruits and employees. The courses across from the area of human resources management, information and communication, tax and audit, technology management, environmental protection, health and safety, sales skills, quality management, and other specialized working skills (Figure 5.3-8). The education/training practice creates a win-win situation for the company and

her employees. Figure 5.3-9 shows the number of employees and the hours spent on education and training.

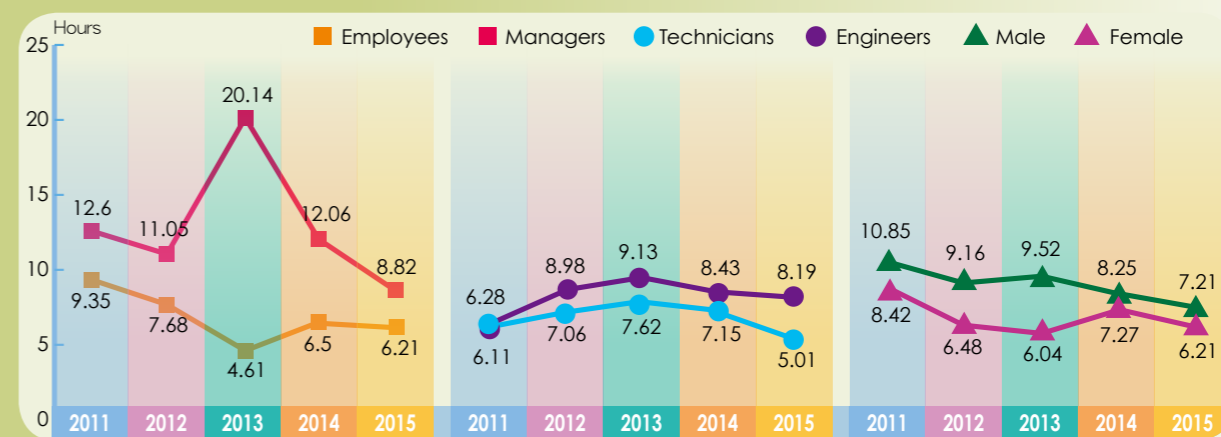


▲ Figure 5.3-7 Training courses change with company's strategy

Tatung Co. Education and training system



▲ Figure 5.3-8 Tatung education and training system



▲ Figure 5.3-9 Training hours per employee



Managers training classes



Welfares

Tatung Welfare Committee handles a broad range of employee welfare issues including: daily activities, financial assistance for education, funeral assistance, and interest free installment loans. Table 5.3-6 shows employees' welfare implemented in the factories and subsidiaries. Besides, in order to provide female employees a more comfortable and more convenient way to nurture the next generation without having to sacrifice their own work, or to increase their physical or psychological unnecessary burden, Tatung set up a nursery room for postnatal breast-feeding employees. It is also the company's most intimate birth gift for female employees.



Nursery room in the headquarter

▶▶ Table 5.3-6 Employees' welfare

Employees' welfare	Implementation
Stock ownership	Tatung subsidized employees to buy corporate stocks since 1992 as part of their savings.
Subsidies	Education subsidies for employees' children in senior high school and college/university; funeral subsidies for colleagues or their spouses and immediate relatives; financial subsidies for death of employees; cash gifts for weddings and birthdays of employees and their children's birth, subsidies for employee tour, subsidies for retirement pensions.
Restaurants	Restaurants, noodle stands, fruits shops and grocery stores are provided in Headquarter and factories/subsidiaries.
Benefits	Employees can purchase Tatung products via zero-interest installments and price discounts on groceries in corporate stores
Club activities	Tatung organizes education, recreation, physical education, computer, languages, hiking/mountain climbing and photography clubs to provide variety of social activities after work.
Health and safety plan	Labor insurance, health insurance, group insurance, retirement pension, free annual health check-up, oversea business trip insurance.
Retirement plan	Equal or better than regulation.

Health promotion and disease prevention

Tatung believes that the health of the employees and their families is a kind of assets to the company. Tatung organizes numerous health speeches, seminars, health checks to let the employees understand the importance of their health and promote to their families. The concreted measures are follows:

1. Clean air, healthy and happy workplace environment

Smoking has been proven to have negative effects to the health and smoking in workplace increases the risk of fire incidents. Smoking within the boundary of the companies/factories has always been prohibited. The employees, contractors, and visitors are not allowed to bring cigarettes, matches and lighters into the company. Tatung also clearly posts/marks "NO SMOKING" notice in the meeting room, at entrances and exits. The reason for Tatung doing this is to build a clean air and healthy workplace for everyone.

2. Welfare Committee

Welfare Committee regularly organizes the physical and cultural activities to encourage the employees having healthy living. It also establishes aerobic fitness club to provide employees physical activities to stretch and relieve pressures in their spare time.

3. Health examination fair

Tatung works with Health Center of Zhongshan District of Taipei City to organize Health examination fair on a yearly basis. The specialists from Taipei City Hospital are invited to the company to do high blood pressure, hyperlipidemia and high blood sugar screening, oral cancer screening, and cervical smear, breast cancer screening for women. Tatung also arranges high-quality health check annually in order to find out any premature diseases and treat them in advance to protect employees' health.

4. Health promotion seminars

Tatung organizes health promotion seminars and also publishes information about serious diseases on the company website and e-publications. The information contains not only about the diseases but also the preventions and treatment channels.

5. First aid training courses

Tatung runs first-aid/CPR courses every year to enhance employee's ability.

Health and serious disease seminars took place in HQ in 2015:

1 First aid training was held in May, 2015

2 Employees regular health check

By carrying out regular health check can find out potential diseases in advance to heal early. 415 managers and 1,580 employees (including part of subsidiaries) were given health check in 2015.

3 Health Fair

Tatung works with Zhongshan district Health Service Center to organize Health Fair in the company to provide free health check items for the employees.

4 Organized health speech for the employees' health knowledge and awareness in the headquarter.

Health seminars held in 2015

Date	Topic category	Organizers	No. of participants
2015/4/21	Ergonomics	Tatung/School of Nursing, NTU	20
2015/6/1	Mental health	Tatung/John Tung Foundation	250
2015/6/29	Mental health	Tatung/John Tung Foundation	250
2015/7/13	Physical health	Tatung/John Tung Foundation	250
2015/9/18	Mental health	Tatung/John Tung Foundation	250
2015/12/28	Physical health	Tatung/CH clinic	250

▶▶ Table 5.3-7 Health activities held in the factories in 2015

Month	Topic category	Location
2015.04	Physical health	Taoyuan 1st Plant
2015.05	Physical health	Taoyuan 1st Plant
2015.08~11	Physical health	Taoyuan 1st Plant
2015.09	Physical health	Taoyuan 1st Plant
2015.10	Mental health	Taoyuan 1st Plant
2015.07	Physical health	Tayuan Plant
2015.09	Gender equity and non-discrimination	Tayuan Plant
2015.09	Ergonomics	Tayuan Plant
2015.01	Hearing check	Min-Sheng General Hospital
2015.01 ~ 06	Physical health	Taoyuan Wires and Cables Plant
2015.01 ~ 06	Muscle and bone check	Taoyuan Wires and Cables Plant
2015.02 ~ 03	Hearing evaluation	Taoyuan Wires and Cables Plant
2015.02 ~ 05	Physical health	Taoyuan Wires and Cables Plant
2015.03	Physical health	Taoyuan Wires and Cables Plant
2015.05	Mental health	Taoyuan Wires and Cables Plant
2015.08	Female health evaluation	Taoyuan Wires and Cables Plant
2015.09 ~ 10	Physical health	Taoyuan Wires and Cables Plant
2015.12	Mental health	Taoyuan Wires and Cables Plant
2015.12	Hiking	Ta-shi
2015.12	Health check	Taoyuan Wires and Cables Plant
2015.12	Cancer check	Taoyuan Wires and Cables Plant
2015.02	AED training	San-Hsia Factory
2015.05	Physical health	San-Hsia Factory
2015.05、11	Blood donation	San-Hsia Factory
2015.08	Health check	San-Hsia Factory
2015.11	Physical health	San-Hsia Factory
2015.11 ~ 12	Physical health	San-Hsia Factory
2015.12	Physical health	San-Hsia Factory
2015.12	Flu vaccination	San-Hsia Factory
Every year	Cancer check	San-Hsia Factory
Irregular	A bottle of milk for pregnant employees everyday.	San-Hsia Factory



◀ First aid training



▲ Health fair



▲ Health seminar



◀ Pressure-release activity



▲ Health seminar



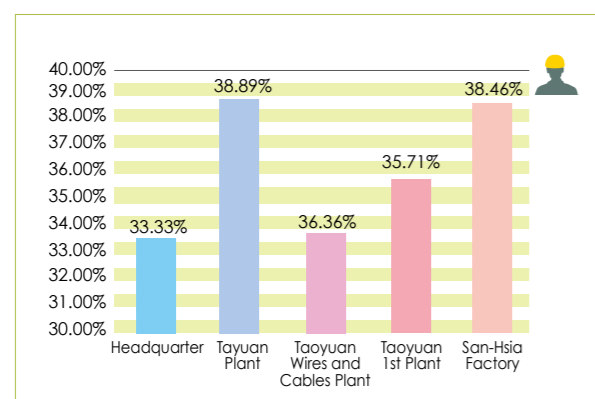
▲ Ergonomic seminar

5.4 Health, safety, and disaster free

Health and safety guidebook

In the case that recognition of dangerous materials is unsatisfactory, or that safety management has not been satisfactorily accomplished in the factories, there may be effects of varying degree to the health and safety work, and as a result, causing frequent disasters. This will not only threaten the safety of employees, but also the safety of the publics, as well as adversely impact the surrounding environment. Therefore, Tatung stipulates that the company should be in accordance with relevant health and safety regulations in "Company Rules" and holds employees' health examination (free of charge to the employees). Tatung also issues "Tatung Health and Safety Guidebook" to employees in order to raise their awareness regarding to occupational risks. In addition, Tatung holds "Health and Safety

Committee" meetings in headquarter and factories to communicate and review the contents and progress of health and safety issues. The percentage of labor representatives is better than the requirement of regulation (at least 33%).



▲ Figure 5.4-1 Percentage of labor representatives in Health and Safety Committees

Occupational health and safety management

Focusing on the issue of health and safety is one of the long standing policies in Tatung. With a regulated system and culture based strategy, Tatung has aggressively participated in education training, regulation consulting, and risk assessing, and has established the procedures to improve the issues of health and safety, as well as setting objectives and reforming projects. These are accomplished through the execution of reform projects and periodical assessments, as well as reviewed by to management, and aided in the continued improvement of health and safety performances, and hence assist Tatung to achieve the goal of a disaster free working environment. Table 5.4-1 shows the status of occupational health and safety management systems in Tatung. Other than relying on the management systems, ESD also carries out "Occupational Accident Prevention Pays" program every year and works hard to achieve the final target "disaster free in the factories and subsidiaries". The contents of the program are summarized below:

1. The factories and subsidiaries implement the projects which can improve or prevent health and safety issues, and ESD reviews the performances and provides feedbacks.
2. An annual Accident Prevention Pays seminar is organized to exchange the health and safety experiences between factories and subsidiaries.
3. Recommends outstanding factories or subsidiaries to compete governmental awards.

The results from Occupational Accident Prevention Pays program in 2015, fifty (subsidiaries not included) incidents against company rules were found. The incidents were major focused on health and safety protection measures were not enforced thoroughly. By the end of 2015, 48 incidents were corrected (96%) which met our target. For those have not been corrected, we will follow up the correction status.

In Occupational Accident Prevention Pays program in 2016, we will focus on checking hazardous chemical exposure evaluation and grading plan, working environmental monitoring plan to protect employees' health and safety.

Health and safety training and regulation promoting:

In order to raise the awareness of occupational health and safety among the employees and to comply with current regulations, ESD opens "Health and Safety Training Class" for new recruits, general employees, and managers in headquarter. The training classes introduce the related health and safety regulations such as "Occupational Safety and Health Act" and demonstrate the prevention of the occupational disasters.

The factories and subsidiaries also organize training courses for the needs of the business operations such as VOCs & Designated Chemicals class, Job

Safety Analysis class, Forklifters and Stationary Cranes training class, etc. As for regulation promotion, Tatung organizes "Tatung Corporate OHS Seminar" every year. The seminar was held in March 2015 and the topic was physical and mental health protection measures and ranking system for chemicals with health hazards.

In addition, Tatung complies with "Labor's Working Condition Monitoring Methods" and sets working environment monitoring and conducts monitoring. The results from monitoring are available to the employees. Tatung also educates the employees the potential hazards in the working environment and the necessary prevention measures.

▶▶ Table 5.4-1 Factories with OHSAS 18001 and CNS 15506

Factory	OHSAS18001 certified since	CNS15506 certified since
Tayuan Plant	2008.07	2010.07
Taoyuan Wires and Cables Plant	2009.06	-
Taoyuan 1st Plant	2010.03	-
San-Hsia Plant	2011.01	2013.01

▶▶ Table 5.4-2 Health and safety training results and target for 2016

2015		2016	
Training item	No. of participants	Training item	Targeting No. of participants
Health and Safety Training Class (new recruits)	256	Health and Safety Training Class (new recruits)	303
Health and Safety Training Class (general employees)	687	Health and Safety Training Class (general employees)	688
Health and Safety Training Class (managers)	213	Health and Safety Training Class (managers)	42
Emergency training class	41	Emergency training class	82
Fire fighting class	365	Fire fighting class	546
Stationary Cranes training class (over 3 tons)	48	Stationary Cranes training class (over 3 tons)	230
Forklifters training class (over 1 tons)	55	Forklifters training class (over 1 tons)	149
Health and Safety Training Class (construction contractors)	26	Health and Safety Training Class (construction contractors)	24
First-aid training	-	First-aid training	103

Performances of health and safety

Tatung continues to establish safety culture, reduce occupational disaster risk and provide a safe working environment. When an occupational disaster is occurred, root-cause analysis will be conducted and counter-measures will be implemented to prevent such case happening again. Table 5.4-3 demonstrates Frequency of Disability Rate (FR), Severity of Disability Rate (SR), Occupational Disease Rate, No. of death incidents, and Absentee Rate (AR) in 2015. There was no occupational disease case and death incident in 2015. From Figure 5.4-2, FR and SR for male employees are higher than in 2014, the main reason was from traffic accident at work. Tatung has promote traffic safety concept to the employees and continued to enhance the management of health and safety issues to minimize the accidents during operation.

Tatung has made a target for FR/SR decreases 10% each year. From the statistics in the past 4 years, Tatung did not meet the target. The main reason was the employees (sales, finance, R&D) from headquarter having traffic accident at work. FR/SR target was met in the factories instead (Figure 5.4-3). In spite of it is difficult to prevent traffic accident; Tatung will still promote traffic safety awareness to the employees to reduce such accident.

▶▶ Table 5.4-3 Health and safety performance in 2015

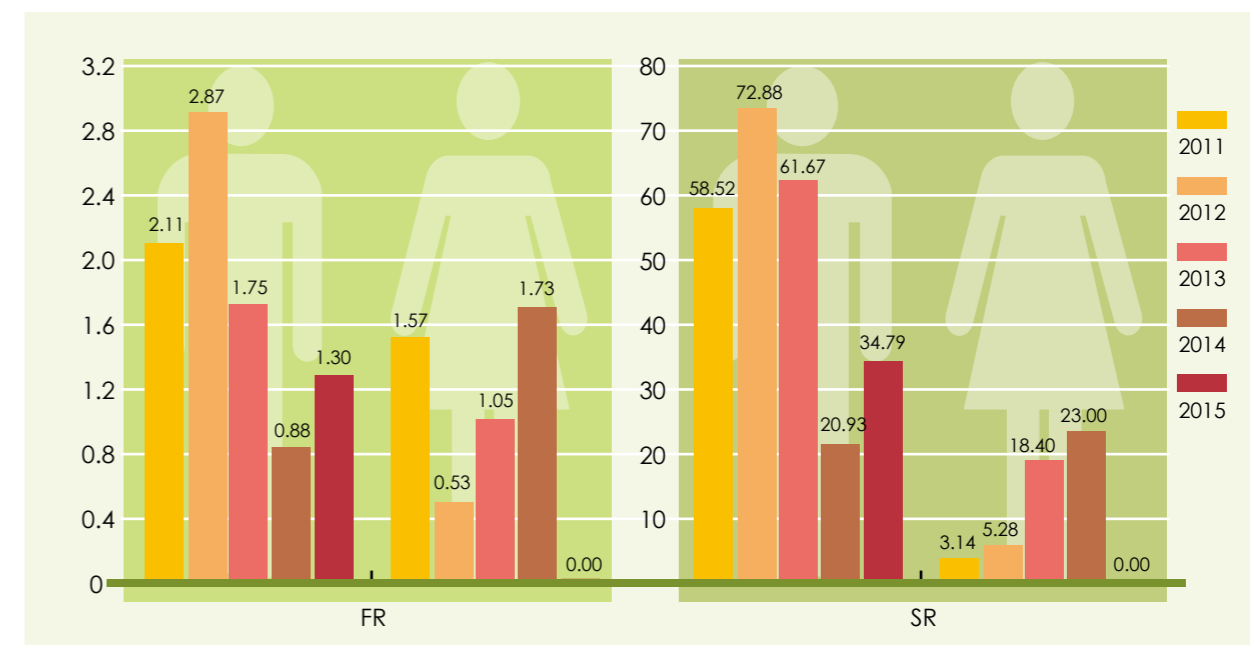
	FR ¹	SR ²	Occupational disease rate ³	No. of death incidents	AR ⁴
Male	1.30	34.79	0	0	0.0030
Female	0	0	0	0	0.0091

Note 1: FR is one of the indicators selected by CLA for occupational disaster statistic purpose. The formula is (No. of disability/Total working hours) x 1,000,000

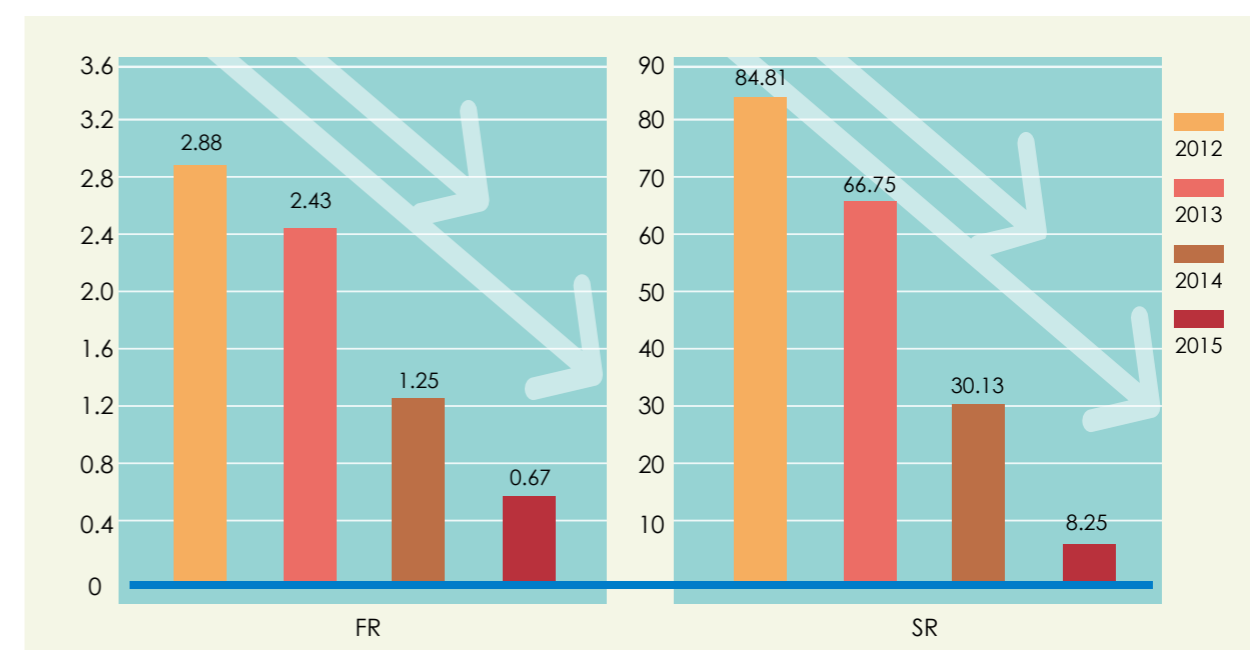
Note 2: SR is one of the indicators selected by CLA for occupational disaster statistic purpose. The formula is (Total lost days/Total working hours) x 1,000,000

Note 3: Occupational disease rate's formula is (No. of occupational diseases/Total working hours) x 1,000,000

Note 4: The formula for AR is (Total days of incapacity of any kind/Total days scheduled to be worked)



▲ Figure 5.4-2 Trends of FR and SR (Headquarter and factories)



▲ Figure 5.4-3 Trends of FR and SR (factories only)

5.5 Participation and benefits to the society

Participation in infrastructure projects, serving the country through industry

Tatung always actively gets involved in government's infrastructure projects with the spirits of serving the country through industry and fulfilling corporate social responsibility. In recent 3 years, Tatung supports government's policy to development green energy puts lots of efforts in to solar PV systems and has become the biggest solar PV system provider with the most experiences on government owned roof. In 2015, Tatung get Kinmen County solar PV system case. The case through smart meters and energy monitoring system, using the cloud to make big data analysis to let Kinmen County government grasp the trend of electricity consumption trend, reduce electricity losses, and improve power generation efficiency. In addition, Tatung bid for Pratas Island solar PV system case. The case bind 40kWp solar energy and firstly used domestic fuel control system to monitor the operation of the generator and the load status, thereby controlling the photovoltaic output to stabilize power supply system. Besides, Tatung cooperated with ITRI and Toshiba to promote Penghu smart grid field micro-grid system. It is not only the implementation of regional-based micro-grid applications in the ground, but also able to increase the proportion of renewable energy and to maintain a stable local power supply. Tatung uphold "Green Energy Tatung" development strategy, and will continue to participate in the renewable energy industry for making an effort to the country.

Integration of education and industry for fostering of talents

The founder of Tatung ended his private business in 1942 and donated his assets to create the "Integrated Research and Development" school and company which is the former of current Tatung High School and Tatung University. The spirit of operating the education in Tatung shows that the company is an annex company factory of the schools and provides the intern opportunities for students to practice their theories learnt from the

lectures. Tatung will continue to cooperate with the schools and provide intern opportunities every year.

Tatung charity soccer summer camp

Tatung is the only local private company that owns a soccer team. Tatung used to organize "Tatung Soccer Camp" as welfare to her employees at the beginning and expanding to invite the public. Chairman, Lin Wei-shan, feels that welfare groups and children from disadvantaged families having rare opportunity to participate in camp activities. Therefore, he instructs Tatung to organize "Tatung Charity Soccer Summer Camp" since 2010. In an effort to help the underprivileged children to cultivate a proper and healthy hobby, Tatung started to visit orphanages and welfare groups around Taiwan to experience the joy of playing football. Tatung provides all necessities for football playing and travels to each children's places to introduce international football game and teach the children proper skills of football. The children are also divided into teams to happily experience the game on the field. The main purpose of organizing "Tatung Charity Summer Soccer Camp" is hoping every child can gain happiness and satisfaction as well as positive attitude.

Tatung invited 400 underprivileged children from 19 charitable foundations to participate in "Tatung Charity Soccer Summer Camp" in 2015. Children were taught skill and knowledge of soccer in the field by Tatung's professional team. Tatung organizes this charitable event annually with an intention to inspire the disadvantaged children with sport playing hoping to help them to cultivate spirit of team-work and sportsmanship.



Supporting in traditions and arts

Tatung has always been supporting in traditional art and innovation and invited paper carving artists for five consecutive years to design Tatung Boy small lanterns whose design was based upon the animals representing Chinese zodiac. Tatung also supports the inheritance and innovation of folk art and invited local lantern artists to create Tatung Boy lanterns which were exhibited in the 2015 Taiwan Lantern Festival in Taichung City and Taipei Lantern Festival. To encourage originality of creation, Tatung invited performing art group for three consecutive years to work together producing a children drama, "Tatung Boy Loves the Earth", and toured at the elementary schools around the island. By infusing in the ideas of saving energy, health and environmental protection in the story, children can learn good habits from the play. In addition, Tatung Boy participated in the 2015 Happy Halloween in Tianmu organized by the Tianmu Marketplace Development Association and New Taipei City International Environmental Arts Festival to support the development of local commercial district.



▲ Tatung Boy lanterns in Lantern Festival



◀ Tatung Boy Loves the Earth drama in schools



◀ 2015 Happy Halloween in Tianmu

Performance summary

San-hsia Factory acquired ISO 50001 certification **75% of factories acquired ISO 14064-1 verification**

100% of factories acquired ISO 14001 certification
60% of represented products achieved goal of energy intensity

3P program correction rate **95.16%**

New applications of Green Mark, Energy Label, Water Label 235 pieces

Electricity saved 2,036,805 kw-hr
Greenhouse gases cut off 1,075 tons CO₂e

Energy consumption 300,004.25 GJ
Water consumption 659,678 M³
Steel (silicon steel included) consumption 7,390 tons
Copper consumption 17,714 tons
Aluminum consumption 768 tons
Insulation oil consumption 836 kL

Environmental protection expenses
NTD\$ 16,693,374 dollars

2 products undergoing product carbon footprint inventory

Fines for violations against regulation NTD\$ 200,000

Greenhouse gas emission 41,818.79 tons CO₂e
Waste water effluent 71,089.30 M³
S.S. emissions 276.66 kg
COD emissions 904.86 kg
NOx emissions 1,666 kg
Wastes generated 3,265.15 tons
SOx emissions 1,464 kg
VOC emissions 86,142 kg

Target

Environmental management

3P program correction rate above 95%. >> P61

Energy and Greenhouse gases management

- | | | |
|---|--|--|
| <p>1. Energy intensity of represented products in 2018 will be 6% less than in 2013.</p> <p>2016 : 3% less
2017 : 4.5% less
2018 : 6% less</p> <p>>> P64</p> | <p>2. Establish ISO 50001.</p> <p>Short term:
Establish ISO 50001 and pass certification in Tayuan Plant and Taoyuan Wires and Cables Plant in 2016.</p> <p>Mid-long term:
All the factories establish ISO 50001.</p> <p>>> P65</p> | <p>3. Carry out GHG inventory with ISO 14064-1.</p> <p>Short term:
Complete ISO 14064-1 GHG inventory for Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-hsia Factory (2015).</p> <p>Mid-long term:
Implement ISO 14064-1 in Tayuan Plant and complete GHG inventory.</p> <p>>> P65</p> |
|---|--|--|

Pollutant emission management

Ensure waste water and air pollutants meet standards. >> P67, 68

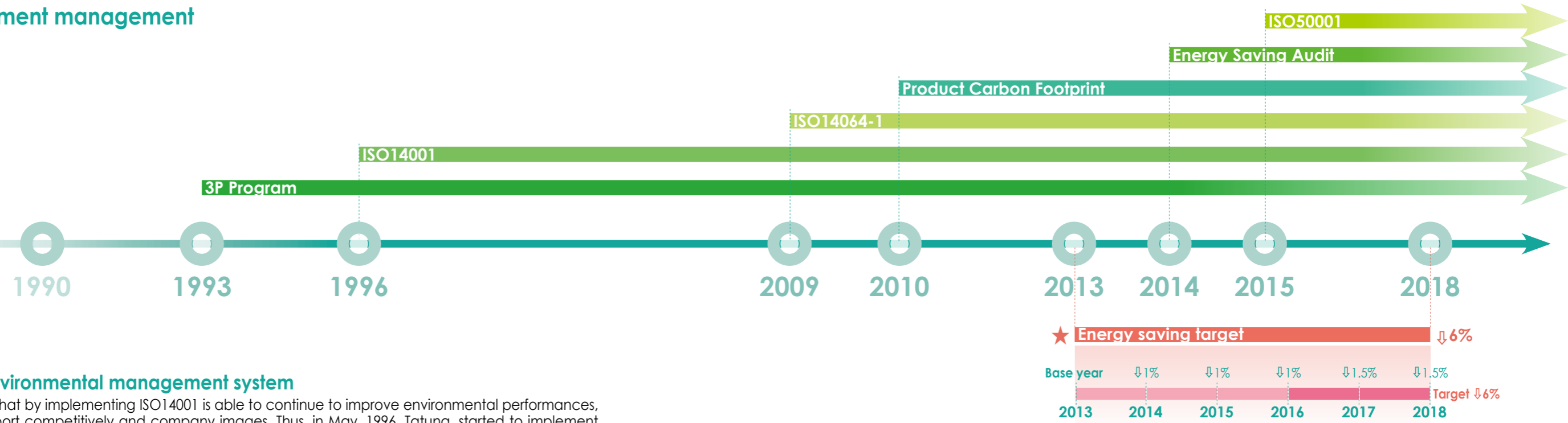
Green product management

- | | | | |
|--|---|--|--|
| <p>1. Continue to seek for solar PV system cases.</p> <p>>> P70</p> | <p>2. Continue to install solar PV systems in the group.</p> <p>>> P71</p> | <p>3. Work hard in smart building and green building.</p> <p>>> P72</p> | <p>4. Continue to apply for Green Mark, energy label, and water label.</p> <p>Short term:
New designed inverter air conditioners (DYHN) and fixed frequency air conditioner (DIN) apply for Green Mark.</p> <p>Mid term:
New designed DDSN series inverter air conditioner apply for Green Mark.</p> <p>Long term:
New design 1 VS 2 split type air conditioner apply for Green Mark.</p> <p>>> P70</p> |
|--|---|--|--|

Conformity

Numbers of violation against regulation in 2016 is less than in 2015. >> P75

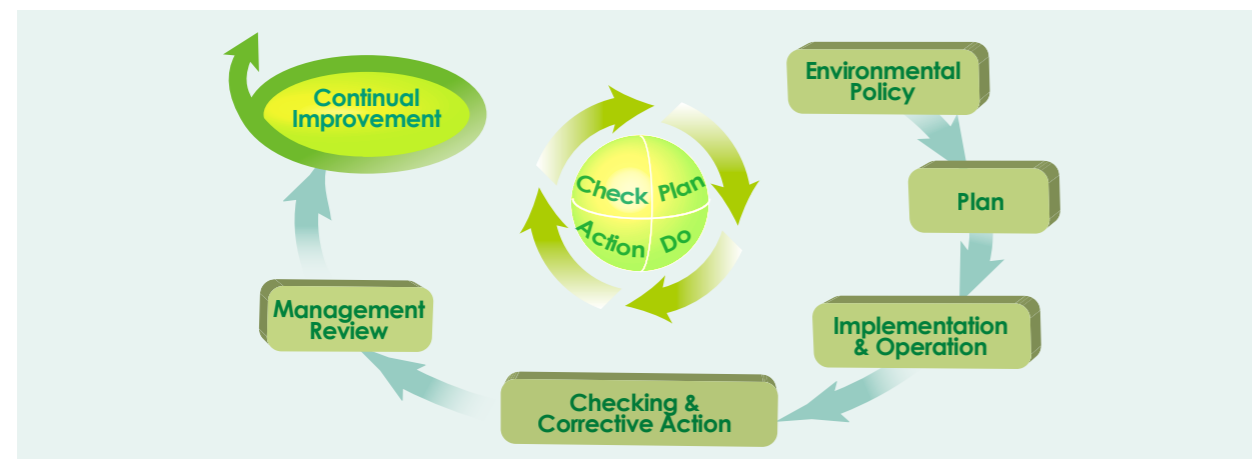
6.1 Environment management



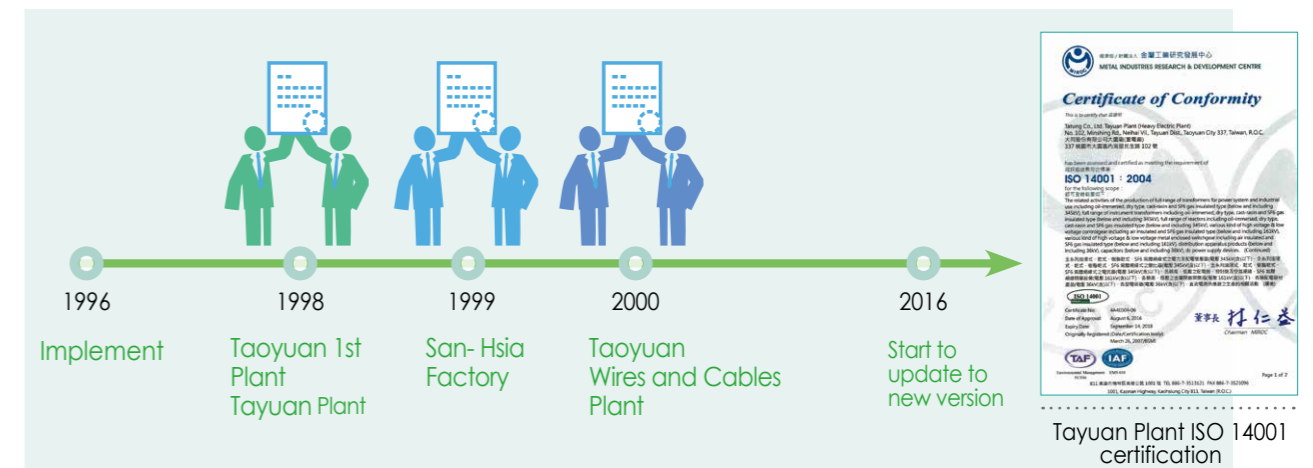
ISO 14001 environmental management system

Tatung believes that by implementing ISO14001 is able to continue to improve environmental performances, and improve export competitiveness and company images. Thus, in May, 1996, Tatung, started to implement ISO14001 among the factories and the subsidiaries. Table 6.1-1 shows the factories which have been certified with ISO14001 certification.

Tatung environmental management roadmap



EMS establishing and implementing procedure



▲ Figure 6.1-1 ISO14001 certification status

Pollution Prevention Pays (3P) Program

Tatung started to implement "Pollution Prevention Pays, 3P" program in the factories and the subsidiaries which have manufacturing function since 1993 to help Tatung to develop environmentally sound operations. The elements of 3P program are listed as follows:

- I. Promote Clean Production technology, fully utilize resources and materials and to reduce the wastes and the production costs. One aspect of this is to improve the existing manufacturing processes and management operations, with the objective of eliminating sources for pollution. Also improve upon raw materials, and improve upon the recycling/reuse, and exchange/reuse of waste materials. Another aspect of this is to develop and choose zero pollution or low pollution manufacturing processes to reduce the amount of wastes.
- II. Develop green products to create additional values for products. The objective is to apply the concept of "Design for the Environment, DfE", in the design phase to produce "recyclable, low pollution, toxic-free, resource saving, power saving, and durable" products to benefit the environment.
- III. ESD conducts yearly on-site auditing and evaluation in each factory and subsidiary to benefit management in their review of environmental performances and draft of new policy and objectives.
- IV. Conduct internal audit on regulation compliance in order to find out problem at first place and mitigate it.

When there any incidents found against company rules or with potential to cause environmental pollution, ESD will list such incidents and request the factories and the subsidiaries to correct them. ESD also set yearly correction target to be 95%. For the incidents which can not be corrected by the end of year, ESD will track them and make them to be corrected next year. 62 incidents (without subsidiaries) were requested to be corrected and 59 were completed in 2015. The correction rate is 95.16% and met target.



▲ 3P program on site audit (1)

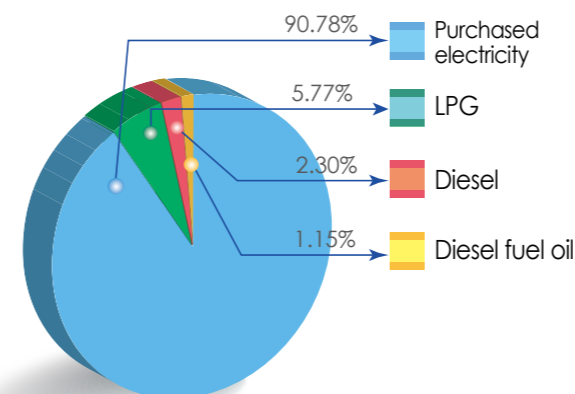


▲ 3P program on site audit (2)

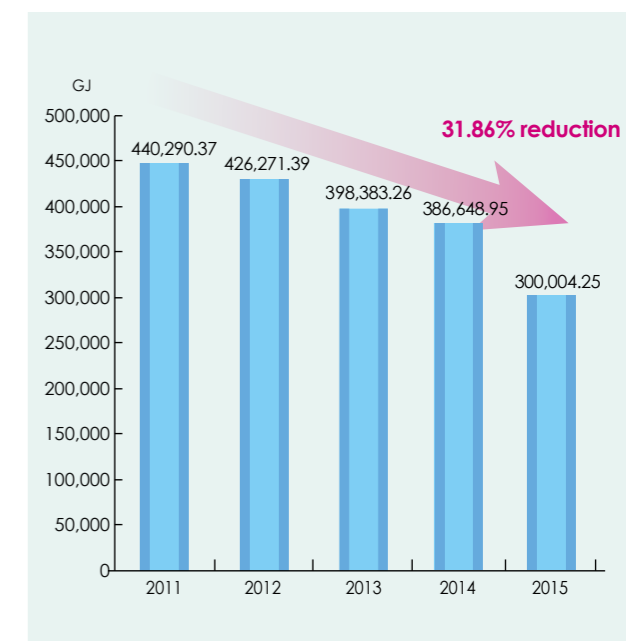
6.2 Energy consumption and GHG management

Energy consumption

There are two types of energies that Tatung consumes – direct energy and indirect energy. Direct energy sources are from diesel fuel oil, LPG, and diesel. Indirect energy source is purchased electricity from Taiwan Power Company. The amount of energy consumption is shown on Table 6.2-1, Figure 6.2-1 and Figure 6.2-2. The most consumed energy in 2015 is purchased electricity and the amount is 272,332.19 GJ (90.78%) which equals to 75,647.83 kw-hr, followed by LPG with 17,308.41 GJ (5.77%) which equals to 342.95 tons. The total amount of energy consumption in 2015 is 86,644.69 GJ lesser than in 2014, which is 22.40% reduction. When compares to 5 years ago, there is 31.86% reduction.



▲ Figure 6.2-1 Energy consumption percentages in 2015 (by category)



▲ Figure 6.2-2 Trend of energy consumption

▶▶ Table 6.2-1 Tatung energy consumption

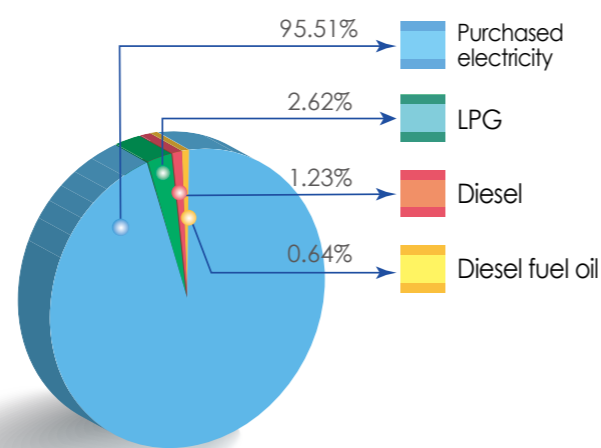
	2011	2012	2013	2014	2015
Diesel fuel oil	4,378.14	3,695.31	5,181.47	3,655.14	3,454.31
LPG	18,992.57	24,776.34	22,727.29	21,323.74	17,308.41
Diesel	9,292.43	7,053.35	7,445.85	7,927.32	6,909.34
Purchased electricity	407,627.23	390,746.39	363,028.65	353,742.74	272,332.19

Unit: GJ

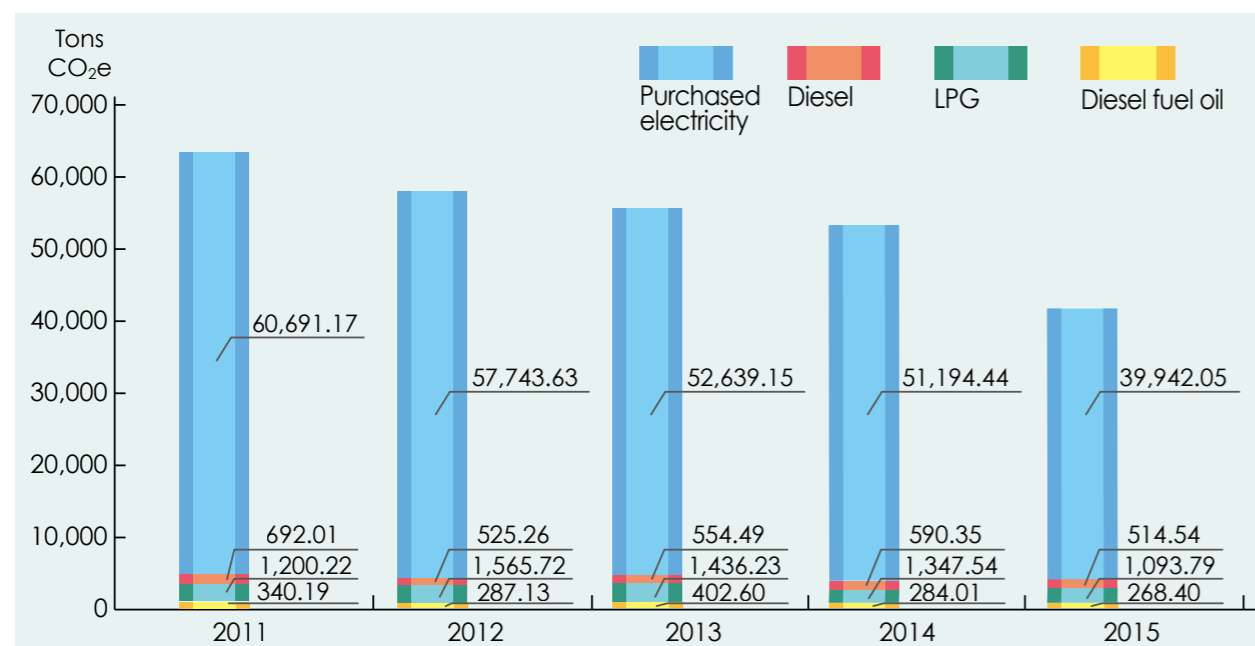
Note: The data from San-Hsia Factory, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant in 2011~2014 is collected based on ISO14064-1 and have been certified. The data in 2015 is collected based on ISO14064-1 but have not been certified yet. The data from H.Q. and Taoyuan Plant is collected from power bills.

Greenhouse gas emission

Due to Tayuan Plant is still undergoing the establishment of GHG emission inventory, the GHG emissions (scope 3 is not included) in this report are calculated as follows: the amount of energy sources disclosed in previous paragraph multiplied by each emission factor. The total GHG emission in 2015 is 41,818.79 ton CO₂e (Figure 6.2-3), 95.51% of the emission is from purchased electricity. The second largest portion is from LPG which is 2.62% (Figure 6.2-4).



▲ Figure 6.2-4 GHG emission percentage by source in 2015



Note 1: The data from San-Hsia Factory, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant in 2011~2014 is collected based on ISO14064-1 and have been certified. The data in 2015 is collected based on ISO14064-1 but have not been certified yet. The data from H.Q. and Tayuan Plant is collected from power bills.

Note 2: The greenhouse gases are CO₂, CH₄, N₂O and calculated with GWP (IPCC, 1995)

▲ Figure 6.2-3 Amount of GHG emissions

Energy saving and GHG management

Due to the fact that the most of energies are imported from overseas and the price of energy grows up gradually. It is expected that the cost of energy will rise by years and contribute to operating costs. In order to fulfill corporate social responsibility and reduce operating costs, Tatung set short and medium term goals which are based on energy intensity per product or unit and the baseline year is 2013. The goals are: Short term – reduce 3% in 2016, Medium term – reduce 6% in 2018. The result for each year is listed on Table 6.2-2. For the products have not reached the target, Tatung will introduce professions to do energy diagnose and provide training programs as well as implement ISO50001 in 2016. For the products have reached the target, Tatung will recommend the factory to compete for government prizes to raise company image and reward responsible persons, as well as sharing the experience within corporation.

To achieve the goal, Tatung conducts annual energy audit and reports the energy consumption information to the government as well as implements energy saving projects in the headquarter and the factories. In the subsidiaries, Tatung checks the energy saving performances during 3P program on-site audit to ensure the energy saving target can be achieved. In 2015, Tatung reduced about 2 million kwh of purchased electricity consumption via 6 dimensions (Table 6.2-3) which equaled to 1,075 tons of GHG emission reduction. Figure 6.2-5 indicates that the amount of GHG emission increases in two consecutive years since 2013. In addition, San-Hsia Factory has implemented ISO 50001 energy management system and passed certification in 2015. In this year, Tayuan Plant and Taoyuan Wires and Cables Plant is going to implement ISO 50001 and targeting to pass certification by the end of the year, 2015. The company's ISO50001 information can be found in Figure 6.2-6. Greenhouse gas emitted by human activities

▶▶ Table 6.2-2 Energy saving target status of Tatung main products

Main product	2014	2015	2016
Motors/generators	○	X	-
Rice cookers	X	X	-
Domestic air conditioners	○	○	-
Business air conditioners	○	○	-
Transformers	X	X	-
Switch gears	○	- ¹	-
Mechanical meters	X	○	-
LAN cables	X	○	-
Power cables	X	○	-
Wires	X	○	-

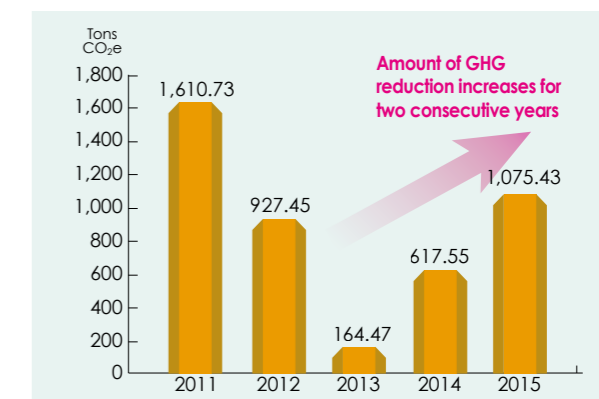
Note: ○ represents it meet the target, X represents it does not meet the target.

Note 1: The result was not completed by the publish date of this report. We will report it in next CSR report.

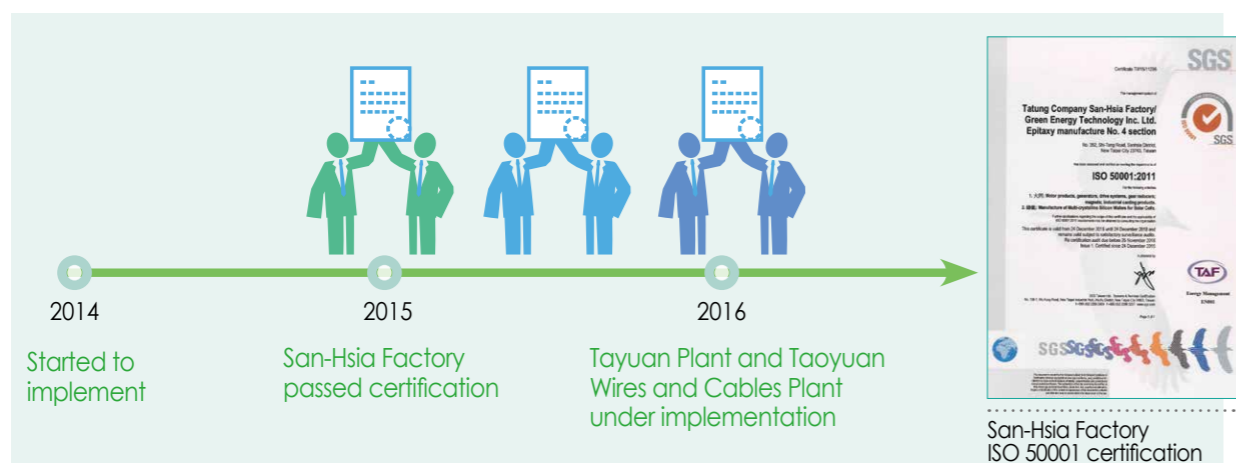
▶▶ Table 6.2-3 Tatung energy saving projects and results

Energy saving projects	Amount of electricity saved (kw-hr)	GHG reduction (ton CO ₂ e)
Utilized manufacturing process to reduce operation time.	142,408	75.19
Replaced with high energy efficient and energy saving equipments	237,157	125.22
Installed controllers or inverters on air conditioners and motors.	295,352	155.95
Centralized operation areas and shut down unnecessary air conditioners and lightings.	1,050,965	554.91
Increased the frequency of maintenance for air conditioners and installed curtains to avoid leakage of cooled air.	310,923	164.17
Total	2,036,805	1,075.43

Note: GHG are CO₂, CH₄, N₂O and calculated with GWP (IPCC, 1995)



▲ Figure 6.2-5 Amount of GHG emission reduction

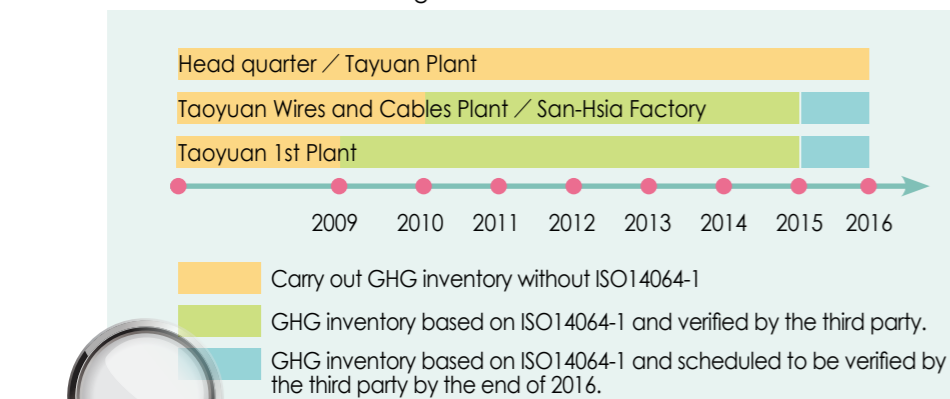


▲ Figure 6.2-6 Tatung ISO 50001 information

have already caused global warming and led to the threat on the sustainable development. Corporations actively to reduce the greenhouse gas emissions are not only to show a responsible image to the public but also able to reduce the operation costs from running the business. The stakeholders and publics nowadays are expecting corporations to disclose their greenhouse gas emissions information, too. In order to investigate the amount of GHG emission thoroughly and comply with the regulation, Tatung actively implements ISO14064-1 greenhouse gas management system into the factories. Once the factory completes GHG inventory, verification will be conducted by the third party based on reasonable level of assurance. Figure 6.2-7 shows

the factories have done GHG inventory and verified by third party.

For the purpose of enhancing the ability to do greenhouse gas inventory in the factories, ESD runs two training courses: ISO14064-1 GHG Management Class and ISO14064-1 Internal Verification Class every year. We are expecting to have more well-trained employees through these classes and they are able to do the greenhouse gas inventory well and pass the verification by the third party in the future. At the same time, the factories will continue to reduce GHG emissions by any possible measures.



▲ Figure 6.2-7 The status of GHG inventory in the factories



San Hsia Factory GHG verification statement



Taoyuan 1st Plant GHG verification statement



Taoyuan Wires and Cables Plant GHG verification statement

6.3 Resources consumption and pollutants management

Consumption and management on main materials

Tatung put quality, price, supply days, and after sale service into account when selecting a supplier. In order to ensure a good quality, Tatung requires suppliers to provide new resources. Table 6.3-1 shows the consumption amount of main materials and the percentage of local purchase.

▶▶ Table 6.3-1 The consumption of main materials and the percentage of local purchase

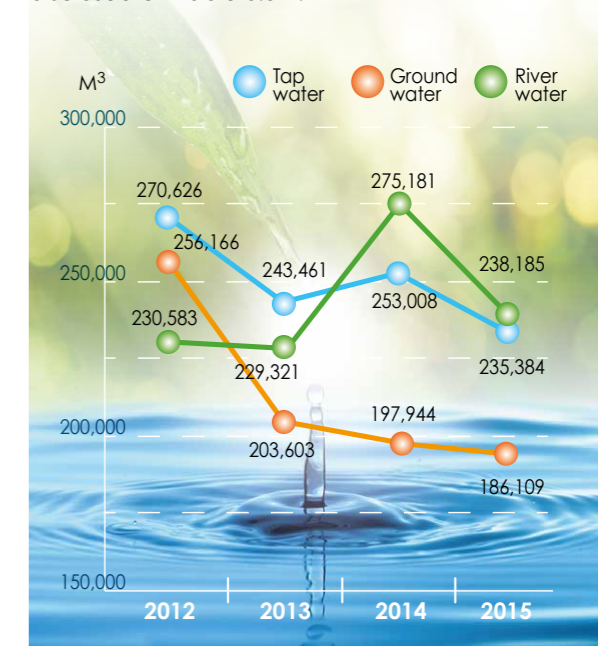
Main materials	Amount of consumption	Local purchase percentage
Steel (silicon steel included)	7,390 tons	67%
Copper	17,714 tons	0%
Aluminum	768 tons	49%
Insulation oil	836 kL	100%

Note: Tatung produces hundreds of different products. Some of them are OEM/ODM made. Therefore, the main materials are only selected from the above four fundamental materials and disclosed in this report.

Consumption and management of water resource

The sources of water for Tatung are from tap water, ground water, and river water. Tatung consumed 659,678 M³ (Figure 6.3-1) of water in 2015 which was 66,455 M³ less than the consumption in 2014 due to production was less. In 2015, 19.66% of waste water was recycled (equaled to 129,704 M³). Tatung will continue to conduct water conserving project in order to reduce water consumption.

As for the waste water management, all the factories and subsidiaries have granted government approved "water pollution prevention measures" and "permit for effluent", as well as setup waste water treatment facilities based on the prevention measures. All the waste water treatment facilities are operated in accordance to the prevention measures and the amount and quality of the effluent are regularly tested and reported to the authorities. The rest results are all below the effluent standard in 2015. In addition, the factories are located in industrial area and/or industrial zone where do not have bio-sensitive sites nearby. Therefore the effluent from Tatung will not have significant impacts to the biodiversity of the recipient water bodies. The detailed effluent information is disclosed on Table 6.3-2.



▲ Figure 6.3-1 Tatung water consumption

▶▶ Table 6.3-2 Waste water treatment and effluent description in 2015

Factory	Treatment method	Average COD concentration (mg/L)	Average SS concentration (mg/L)	Amount of effluent (m ³)	Recipient water body	Effluent reused by others
San-Hsia Factory	Factory owned waste water treatment plant in accordance to the requirement by the regulation	29.11	15.26	2,832	Heng River	None
Tayuan Plant		N.D.	1.45	2,903	New Street River	
Taoyuan Wires and Cables Plant		N.D.	3.14	46,505	New Street River	
Taoyuan 1st Plant		9.56	4.41	18,849	Tianxinzhi River	
Total		904.86kg¹	276.66kg	71,089.30		

Note: Effluent standard COD: 100, SS: 30. N.D. represents that pollutant concentration is lower than detecting limit (2015: 13mg/L).

Note 1: 13mg/L was used for N.D. parts to calculate weight of COD.



Taoyuan 1st Plant waste water treatment Plant



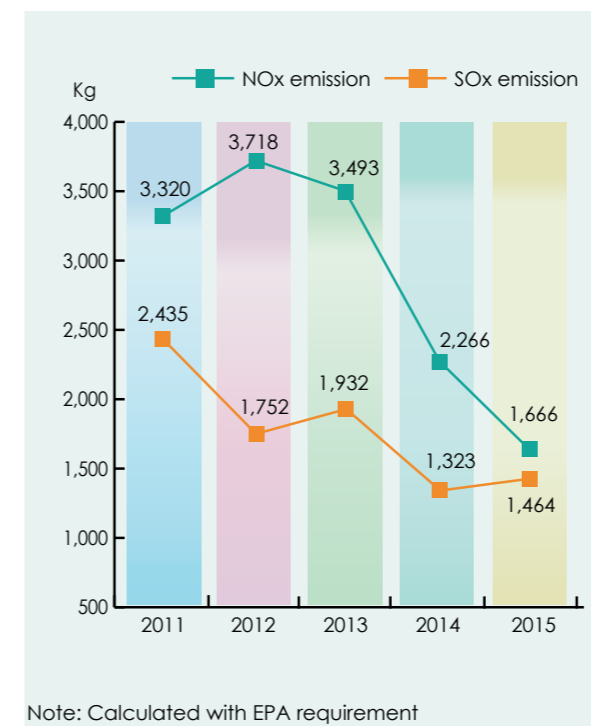
Taoyuan Wires and Cables Plant waste water treatment facility

Air pollutant emissions and management

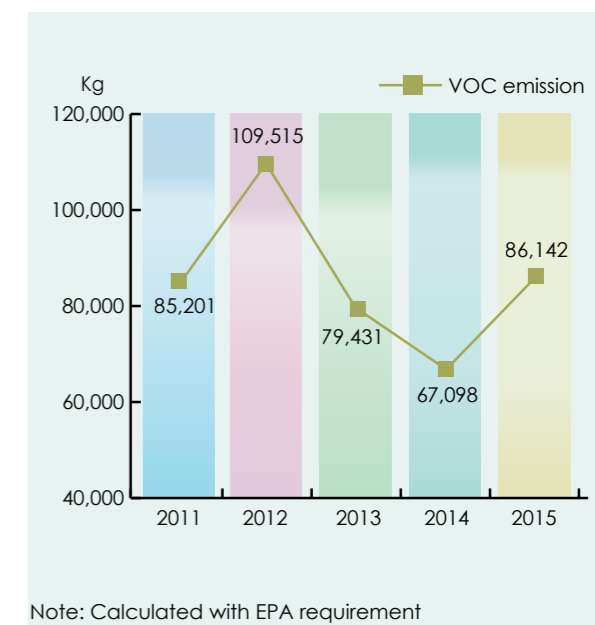
Tatung sets up and operates air pollutant treatment facilities in the factories in accordance to the regulation. Pollutant concentration is regularly tested and met the standard. The main air pollutants from the factories are NOx, SOx, and VOC. Tatung declares the amount of emissions and pays air pollution control fee to the authority. The amount of air pollutants in recently 5 years is shown in Figure 6.3-2 and Figure 6.3-3. In 2015, VOC emission was more than in 2014 due to more varnish was consumed.

Emission of ozone-depleting substances

In order to reduce the usage of ozone-depleting substances, Tatung started to use R-410A coolant in some of the air conditioners which is the first Taiwan company to do so. In addition, Tatung actively applies Green Mark for the air conditioners and the basic requirement is using zero ozone-depleting substances. The authority regulates that the air conditioners with cooling capability less than 7.1kw is forbidden to use R-22 as coolant since 2011. Therefore, Tatung stopped using R-22 coolant on the air conditioners with cooling capability less than 7.1kw from 2011.



▲ Figure 6.3-2 Air pollutant emission (1)

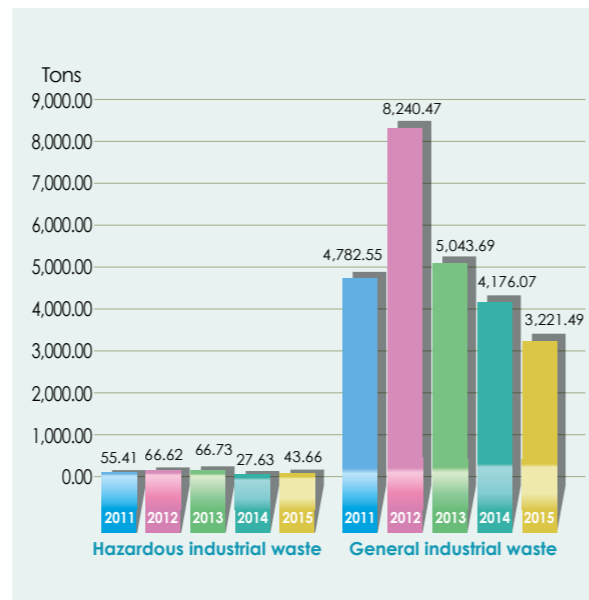


▲ Figure 6.3-3 Air pollutant emission (2)

Waste reduction and management

Tatung has already implemented plenty of pollution reduction measures in the factories, mostly resulting from green product design phase and improvement of manufacturing process. Tatung generated 3,265.15 tons of industrial wastes, including 3,221.49 tons of general industrial wastes and 43.66 tons of hazardous industrial wastes in 2015. From Figure 6.3-4, the amount of industrial wastes generated in recent years gradually decreases besides in 2012 which is due to clean up event in the factory.

The industrial wastes are stored in the way accordance to the regulation and then entrusted by licensed treatment agencies in Taiwan for treatment. None of the hazardous industrial waste is exported to overseas. Table 6.3-3 shows the methods used for waste treatment. The factories also have been working hard to recycle and/or reuse the wastes in order to minimize the impact to the environment. In 2015, 2,408.84 tons of wastes were reused (73.77% of total wastes).



▲ Figure 6.3-4 Amount of industrial wastes by Tatung

▶▶ Table 6.3-3 Waste treatment methods

Treatment method	Reuse	Incinerate	Solidify	Landfill	Physical	Chemical	Total
General industrial waste (tons)	2,408.84	668.75	21.02	56.23	66.27	0.38	3,221.49
Hazardous industrial waste (tons)	0	12.02	30.38	0	1.26	0	43.66
Treatment method percentages (by weight)	73.77%	20.85%	1.57%	1.72%	2.07%	0.01%	

6.4 Green products for a better earth

Establishing Solar PV systems

"Green Energy Tatung" is Tatung's development strategy. Tatung actively transforms the existed business to smart energy and energy saving provider in recent years. Whether in renewable energy field, smart building field, and green building field, Tatung has made lots of efforts in them. In recent years, Tatung sets up solar PV system in various places in Taiwan. The capacity reached 23MWp by the end of 2015. Our goal is to expand the capacity to 42 MWp. The solar PV system generated 23,081,267 kw-hr electricity in total in 2015, which equaled to 12,186.911 tons of CO₂ reduction.

Note 1: 1 kw-hr emits 0.528 kg CO₂.



National Penghu University of Science and Technology



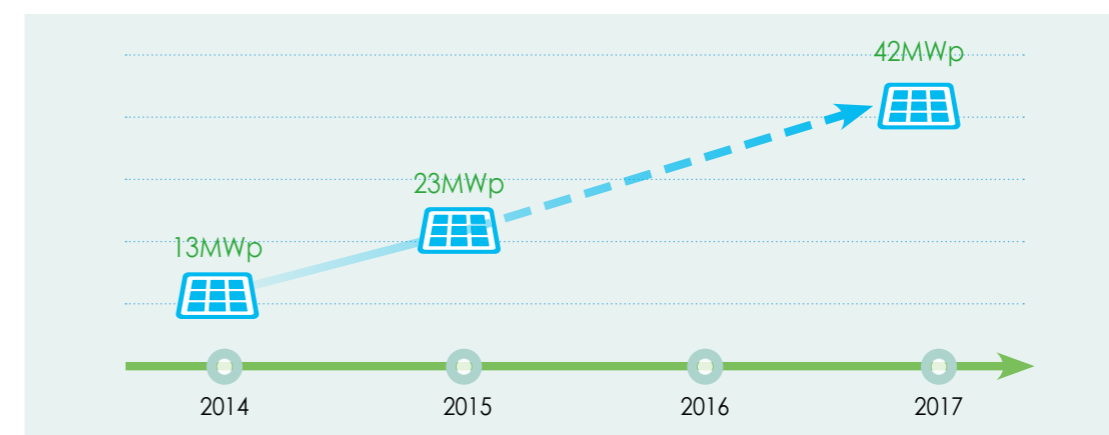
Taichung Wu Chuan Junior High School



Taichung Municipal Ssu Chang Li Junior High School



New Taipei Municipal Lin-Kou Junior High School



▲ Figure 6.2-6 Tatung solar PV system set up capacity and target

Within the group, Tatung responds to the government policy to develop green power, and combines "Green Energy Tatung" strategy to subscribe 800,000 of green power in 2015. Besides Tatung also actively taking action to utilize factory roof (Taoyuan 1st Plant, Taoyuan Wires and Cables Plant, Forward Electronics Co., Ltd. Kaohsiung Plant) within the group to build solar PV systems, the systems were completed by the end of 2015 with total capacity of 1,030 kWp. Tatung will continue to utilize the plant buildings to build solar PV systems and make contribution to the development of Taiwan's green power and reduce greenhouse gas emissions. For more details about Tatung solar PV system, please visit <http://www.tatung.com/Solution/detail/574?langCN=TW>.

In response to the policy in regarding to turn the farm land which is unable to farm due to subsidence to solar PV area made by Council of Agriculture for Yunlin county, Tatung cooperates

with local farmers to run a ground type solar PV system. Tatung considers serious subsidence areas have been unable to effectively grow the crops with economic value and farmers' livelihoods have adversely affected. Tatung erects solar PV systems through leased land from farmers, after 20 years the solar PV systems removed, the farm land will also be recovered and can be continued agricultural planting, which creating a farmers, company, government triple win situation.



Solar PV system installed in Taoyuan Wires and Cables Plant



Solar PV system installed in Taoyuan 1st Plant

Smart buildings and green buildings

In the growing problem of global warming, advanced countries have incorporated energy conservation and carbon reduction into the build projects. Buildings will combine technology transforming from automation to smart type. Through the automatic monitoring equipments, towards safety, health, comfort, and energy saving, green building and sustainable management has become a trend. The purpose of a smart commercial building is to provide energy-efficient operation and staff comfortable to improve working efficiency. Since 2014, Tatung implemented smart building solutions into ECS headquarter. The solutions included ECS's gateways (Quark) and Tatung's smart building management system (SBMS). After implementing SBMS, the building achieved 8% power saving target in 2015, and is expected to reach 20-30% of the power saving target in 2016. For more details about Tatung smart buildings, please visit <http://www.tatung.com/Solution/detail/576?langCN=TW>.



Tatung smart building-ECS Headquarter building

For this, Tatung Group pools its R&D strengths together to introduce smart systems and green energy efficiency into this smart building project, and utilizes the design ideas of smart and green building to create a sustainable smart community. This will connect Taiwan to the world and make Tatung one of the pioneers in smart innovated applications. Tatung brings together the entire group, as Shan-Chih Development works on the development of "Tatung Smart Manor," Tatung, Tatung System Technologies and Tatung Medical and Healthcare Technologies join force for the smart system and apply for a "smart green community" of smart building at the diamond level and green building at the gold level. This will be the first demonstrational community in Taiwan that is moving toward a smart city. This smart green community project consists of 5Ss, Smart Community, Smart Property Management, Smart Safety and Security, Smart Living and Smart HealthCare and Smart Energy Saving. We are trying to achieve not only 30% of saving in water and power and reduction of 40% of CO2 emission, but also create new energy as renewable source. On basis of the latest intelligent system platform of Tatung, all building facilities are connected and all the tenants have to do is to move a finger to exploit the public facilities of community or smart home appliances through cloud information APP while staying on top of the information of what they need for everyday life. For more details about Tatung's smart green building, please visit <http://www.tatung.com/Solution/detail/10679?langCN=TW>.



Tatung Manor "5S"

Devote in developing environmental friendly products

Tatung tirelessly dedicates to the development of green products and many of them have been awarded with "Green Mark", "Energy Label", and "Water Label". The new models of fixed-frequency air conditioners in 2015 have all been awarded with Green Mark. 90% of new models of inverter air conditioners in 2015 have been awarded with Green Mark. In general, 3 types and totally 90 models of Tatung products have been awarded with Green Mark. For Energy Label, 7 types and totally 379 models of Tatung products have been awarded with Energy Label. For Water Label, 21 models of washing machines have been awarded. The details on green products are shown on Table 6.4-1 and Figure 6.4-1.

Note: The above data was collected on 2016/03/29.

As for toxic free products, Tatung has followed EU RoHS directive and REACH regulation, through supply chain management and manufacturing management to ensure there is no hazardous substance in the products shipped to EU.

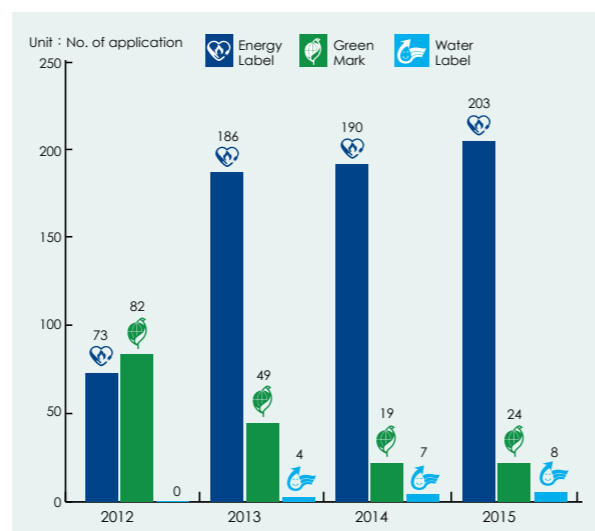
As increasing awareness on the global warming issue, Tatung expects the customers and consumers choosing the products which have lower environmental impacts. Hence, Tatung started to carry out product carbon footprint project to disclose product's GHG information. In 2010, San-Hsia Factory cooperated with China Steel Company to carry out carbon footprint inventory on A.C. motor (3hp) and verified by DNV. Tatung also assisted the subsidiaries such as CPT and GET to carry out product carbon footprint since 2011. Starting from 2012, Tatung has carried out product carbon footprint inventory on Tatung's signature product – Rice Cooker. So far Tatung has completed the establishment of Taiwan EPA carbon footprint PCRs for "Rice Cooker" and "Electronic Cookers" and followed the PCR to carry out product carbon footprint inventory for Rice Cookers. Tatung sets the schedule to complete by the end of 2016. In addition, Tatung also carries out product carbon footprint project on amorphous transformer and also sets the schedule to complete by the end of 2016.

▶▶ Table 6.4-1 Lists of green products

Product	Green Mark	Energy Label	Water Label
Electric fan	—	◎	—
Refrigerator	—	◎	—
Washing machine	—	◎	◎
Monitor	—	◎	—
Water dispenser (warm/hot water)	—	◎	—
Dehumidifier	—	◎	—
Domestic air conditioner	◎	◎	—
Amorphous cast-resin dry type transformer	◎	—	—
Amorphous oil-immersed type transformer	◎	—	—

Note1: Taiwan EPA established "Green Mark" program in order to encourage manufacturers to reduce pollution emissions, consumption of energies and resources during the life cycle of a product as well as to awake the consumers to choose resource saving, low pollution, recyclable products. The products with "Green Mark" represent the environmental performances ranked from top 20~30% in their product category.

Note 2: Bureau of Energy, Ministry of Economic Affairs, Taiwan initiated the voluntary "Energy Label" program. The products with "Energy Label" indicate that the energy efficiency of the product is 10~50% higher than national energy efficiency standard.



▲ Figure 6.3-1 Numbers of Green Mark, Energy Label, and Water Label awarded.

Product and package recycling at the end of life

As for the recycle on the wasted products, Tatung takes great attention on this issue. Tatung pays "Recycling and Cleaning Fee" to the government agency (Recycling Fund Management Board) to carry out country-wide waste recycling affairs. Based on the statistics¹ in 2014, the average recycling rate for electric and electronic device is 66.32%, the average recycling rate for information device is 43.13%. Apart from paying the fees and fulfilling producer responsibility, Tatung also works hard to use more recyclable materials through design and manufacturing stages and actively to apply for Green Mark.

In addition, as a corporate who has her own retailing system, Tatung works together with TCPC to set up battery and fluorescent lamp recycling box at each Tatung 3C Store to recycle consumers' wasted batteries and fluorescent lamps, as well as consumers' large wasted house appliances upon request when purchasing. By doing this, the wastes can be fully recycled under the control of regulation and avoided damage to the environment.

In regarding to the packaging materials of household appliances and consumer products, Tatung believes that the packaging materials are fully recycled. The reason behind this is the recycling channels in Taiwan are well established and residences are highly educated and aware to do recycle in their households. For the packaging materials (mainly wood/iron pallets or axles) used on large industrial products such as cables, transformers, power generators, motors, they are recycled and reused on daily operations.

Tatung commits herself to continue designing and producing more energy efficient and environmental friendly products to be consistent with her vision.

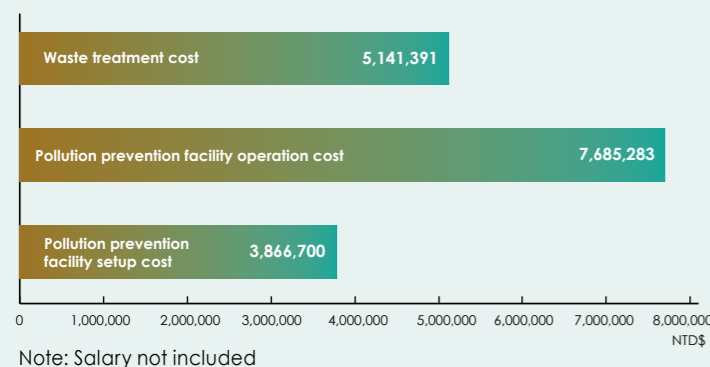
Note 1: The official website of Recycling Fund Management Board
<http://recycle.epa.gov.tw/recycle/epa/ShowPage2.aspx?key=6&sno=1010&subsno=293&subsubno=252>



6.5 Environmental costs and conformity of regulation

Environmental protection expenditures and investments by type

Tatung evaluates any possible pollutants occurred from the operations and has installed pollution prevention facilities in the factories. The environmental protection expenditures and investments in 2015 are NTD\$ 16,693,374 and shown in Figure 6.5-1.



▲ Figure 6.5-1 Environmental protection expenditures and investments by type in 2015

Failure to comply with regulations and significant spills

Tatung takes great concern on the development of environmental protection regulations. When there are public hearings or seminars for new regulations, Tatung assigns professions to receive the latest information. In spite of environmental management system and internal audit have been implemented in the company, there were two incidents which breach the regulation in 2015. San-Hsia Factory was fined NTD\$100,000 and Taoyuan 1st Plant was fined NTD\$100,000 due to violations of "Air Pollution Control Act". The violation occurred in Taoyuan 1st Plant have been corrected in accordance to the regulation and accepted by the authority. The violation occurred in San-Hsia Factory is still undergoing improvement. Tatung will further enhance internal audit to strengthen management to prevent such incidents happened again. Besides, there was not significant spill in 2015.



▲ Figure 6.5-2 Conformance measures in Tatung



Annex 1 Subsidiaries notes to consolidated financial statements

The consolidated entities are listed as follows

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
The Company, Chunghwa Electronics Development Co., Ltd., Green Energy Technology Inc., Chih Sheng Realty Co., Ltd. and Tatung Global Strategy Investment and Trading (BVI) Inc.	Chunghwa Picture Tubes, Ltd. ("CPT")	Manufacture and sale of picture tubes and TFT-LCD products	24.22%	24.22%
The Company, Shan-Chih Investment Co., Ltd. and Shan-Chih Asset Development Co.	Tatung System Technologies Inc. ("TSTI")	Manufacture of data storage	54.40%	54.40%
The Company, Chunghwa Picture Tubes, Ltd., San-Chih Semiconductor Co., Ltd. and Chunghwa Electronics Development Co., Ltd.	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	40.75%	41.30%
The Company	Taiwan Telecommunication Industry Company Ltd.	Telecommunication devices.	100.00%	100.00%
The Company and Chunghwa Electronics Development Co., Ltd.	San-Chih Semiconductor Co., Ltd. ("SCSC")	Manufacture and sales of semiconductors and chips	58.20%	58.20%
The Company	Central Research Technology Co.	EMCIRF testing and certification services	100.00%	100.00%
The Company	Tatung Consumer Products (Taiwan) Co., Ltd.	Sales, installation and service of home appliances and digital computer products	99.10%	99.10%
The Company	Tatung SM-Cycle Co.	Manufacture of speed reducers, speed variators	85.33%	85.33%
The Company, Chunghwa Electronics Development Co., Ltd. and Chih-Sheng Investment Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	Industrial coatings, electrocution coatings resistor coatings, photo-catalyst, inkjet ink	54.63%	54.63%
The Company	Shan-Chih Asset Development Co. ("SCAD")	Development and leasing of real estate	100.00%	100.00%
The Company, Shan-Chih Asset Development Co. and Chih Sheng Investment Co., Ltd.	Chunghwa Electronics Development Co., Ltd.	Investment holding	99.86%	99.86%
The Company	Tatung DIE Casting Co.	Manufacture and sales of zinc /aluminum parts and mold.	51.00%	51.00%
The Company	Tatung (Thailand) Co., Ltd.	Manufacturing of IT products	100.00%	100.00%

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
The Company	Tatung Co. of Japan, Inc.	Sales and purchase of electronic parts	100.00%	100.00%
The Company	Tatung Electronics(S) Pte. Ltd.	Sales and services of Tatung products in Singapore	90.00%	90.00%
The Company	Tatung Wire & Cable (Thailand) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Tatung Information (Singapore) Pte. Ltd.	Investment holding	100.00%	100.00%
The Company	Tatung Electric (Singapore) Pte. Ltd.	Investment holding	100.00%	100.00%
The Company	Tatung Co. of America Inc.	Sales and service of IT and household electronics products in the US	50.00%	50.00%
The Company	Tatung Mexico S.A de C.V.	Manufacture of IT products	100.00%	100.00%
The Company	Tatung Science and Technology, Inc.	Sale and purchase of IT products	100.00%	100.00%
The Company	Tatung Electric Company of America, Inc.	Manufacture and sales of motor products in America	100.00%	100.00%
The Company	Tatung Netherlands B.V.	Sales of digital information products	100.00%	100.00%
The Company	Tatung (U.K.) Ltd.	Sales of digital consumer products.	-	100.00%
The Company	TATUNG CZECH s.r.o	Manufacture of IT products	100.00%	100.00%
The Company	Tatung Medical Healthcare Technologies Co., Ltd.	Design and sales of medical instruments.	95.02%	95.41%
The Company	Toes Opto-Mechatronics Co.	Manufacture of data storage and process equipment	85.00%	85.00%
The Company	Tatung Vietnam Co., Ltd.	Manufacture and sales of home appliances	100.00%	100.00%
The Company	Tatung Electric Technology (VN) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Chih Sheng Investment Co., Ltd.	Investment holding	100.00%	100.00%
The Company and Chunghwa Electronics Development Co., Ltd.	Shan Chih Investment Co., Ltd.	Investment holding	100.00%	100.00%
The Company and Chunghwa Electronics Development Co., Ltd.	Tisnet Technology Inc.	Design and development of computer software and	-	100.00%

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
The Company	Tatung Global Strategy Investment and trading (BVI) Inc.	equipment Investment holding	100.00%	100.00%
The Company	Absolute Alpha Limited	Investment holding	100.00%	100.00%
The Company	Tatung Forever Energy Co., Ltd.	Solar energy related business	100.00%	-
CPT	Giantplus Technology Co., Ltd. ("Giantplus")	Research, development, production and sales of LCD.	53.67%	53.67%
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. ("CPTB")	Investment holding	100.00%	100.00%
CPT and CPTB	Chunghwa Picture Tubes (Labuan) Ltd. ("CPTL")	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTB and CPTL	Chunghwa Picture Tubes Technology (Group) Co., Ltd. ("CPTTG")	Investment holding	67.49%	67.49%
CPTB	Dalemont Investment Ltd.	Investment holding	100.00%	100.00%
CPTB	Daliant Investment Ltd.	Investment holding	100.00%	100.00%
CPTB	Bangalor Investment Ltd.	Investment holding	100.00%	100.00%
CPTB	Bensaline Investment Ltd.	Investment holding	100.00%	100.00%
CPTB	New Kingston Enterprises Limited ("NKEL")	Investment holding	100.00%	100.00%
CPTB, CPTL, CPTM and CPTTG	Chunghwa Picture Tubes (Wujiang) Ltd. ("CPTW")	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB, CPTL and CPTTG	Chunghwa Pictures Display Technology (Fujian) Ltd. ("FDT")	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB, CPTL and CPTTG	CPTF Optronics Co., Ltd.	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. ("CPTM")	Manufacture and sale of CRT	100.00%	100.00%
CPTF Optronics Co., Ltd., NKEL, and Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd. ("FVD")	Manufacture components of TFT-LCD	100.00%	100.00%
CPTF Optronics Co., Ltd.	Huallar Optronics (Fuzhou) Co. Ltd.	Manufacture components of TFT-LCD	51.00%	51.00%
CPTTG	Chunghwa Picture Tubes	Investment holding and sales	100.00%	100.00%

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
CPTTG	(Labuan) Ltd. ("CPTL") Fuzhou YingYuan Equity Investment Management Co., Ltd.	of TFT-LCD Investment	100.00%	-
CPTTG	Vibrant Display Technology Co., Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	-
CPTB and CPTTG	CPT TPV Optical (Fujian) Co., Ltd.	Manufacture components of TFT-LCD	80.00%	80.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Sales and service of flat-panel display	100.00%	100.00%
CPTTG, CPTF Optronics Co., Ltd., and Goldmax Asia Pacific Ltd	Komerstone Materials Technology Co. Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	100.00%
CPTF Optronics Co., Ltd.	CPTF Optronics (HK) Co., Ltd.	Sales of TFT-LCD	100.00%	100.00%
Giantplus Technology Co., Ltd.	Giantplus (Samoa) Holding Co., Ltd.	Investment	100.00%	100.00%
Giantplus Technology Co., Ltd.	Hsh Heng Investment Co., Ltd.	Investment	100.00%	100.00%
Giantplus (Samoa) Holding Co., Ltd.	Giantplus Holding L.L.C	Investment	100.00%	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Manufacture components of LCD display	100.00%	100.00%
Giantplus Holding L.L.C	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Manufacture components of LCD display	100.00%	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optronics Display Technology Co., Ltd.	Sales of touch panel	100.00%	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd., Green Energy Technology Inc. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	45.82%	45.82%
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd.	Manufacture and sale of tuner, keyboard, mouse, remote controller, switch, socket and potentiometer.	100.00%	100.00%
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Manufacture and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard,	100.00%	100.00%


Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
		mouse, switch, socket and connector.		
Taiwan Telecommunication Industry Company Ltd.	Taiwan Telecommunication Investments Limited.	Investment holding	-	100.00%
Taiwan Telecommunication Investments Limited.	Taiwan Telecommunication (Fujian) Company Ltd.	Manufacture of fax machine and printers	-	60.00%
Taiwan Telecommunication Investments Limited.	Shan Chih (Hong Kong) Co., Ltd.	International trading.	-	100.00%
San Chih Semiconductor Co., Ltd., Shan Chih Investment Co., Ltd. and Shan-Chih Asset Development Co., Chih Sheng Investment Co., Ltd.	Green Energy Technology Inc. ("GET")	Manufacture and sales of electronic parts and devices.	36.57%	33.00%
San Chih Semiconductor Co., Ltd.	Greater Power Limited	Investment holding	100.00%	100.00%
San Chih Semiconductor Co., Ltd.	Chih De Investment Co., Ltd.	Investment holding	100.00%	100.00%
Green Energy Technology Inc.	Energy Well International Limited	Investment holding	100.00%	100.00%
Green Energy Technology Inc.	Green Energy Global Investment	Investment holding	100.00%	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	100.00%	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	100.00%	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	100.00%	100.00%
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating.	100.00%	100.00%
Tatung Fine Chemicals Co., Ltd.	Huaian Tatung Advanced Technology Materials Co., Ltd.	Manufacture and sale of positive material of lithium battery, printer ink, electro-deposition high performance coating.	100.00%	100.00%
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%
Tatung Fine Chemicals Co., Ltd.	Wujiang Shang Huah Co., Ltd.	Plastic ABS plastic, color dyes	100.00%	100.00%

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	Manufacture and sale of ABS plastic.	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products.	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Manufacture and sales of TV, monitor and PCs.	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung Compressors (ZHONGSHAN) Co., Ltd.	Manufacture and sales of reciprocating compressors.	100.00%	100.00%
Tatung Electric (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung (Shanghai) Co., Ltd	Manufacture and sales of motors, generators, diesel engine generators, variable speed motors, inverters and PLCs, transformers and switchboards.	100.00%	100.00%
Tatung Mexico S.A de C.V.	TMX Logistics, Inc.	Hub service	100.00%	100.00%
Tatung Mexico S.A de C.V.	TMX Technologies Inc.	Technologies & business development	100.00%	100.00%
Shan Chin Investment Co.Ltd	Shan-Chih International Holding Corporation	Investment holding	100.00%	100.00%
Shan-Chih International Holding Corporation	Shan-Chih Wire&Cable Technology (Wujiang) Co. , Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
Tatung System Technologies Inc.	Tatung System Technologies Holding Ltd.	Investment holding	100.00%	100.00%
Tatung System Technologies Inc.	Tisnet Technology Inc.	Software design and development	100.00%	-
Tatung System Technologies Holding Ltd.	TSTI Technologies (Shanghai) Co., Ltd.	Information software Service	94.00%	94.00%
Chih Sheng Investment Co., Ltd.	Chih Sheng Investment (BVI)	Investment holding	100.00%	100.00%

Annex 2 Products and services provided by Tatung

Investor	Subsidiary	Main businesses	December 31,	
			2015	2014
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Produce, food retail and wholesale industry	52.17%	52.17%
Chih Sheng Investment (BVI) Co., Ltd	Chih Sheng Holding Co., Ltd.	Investment holding	100.00%	100.00%
Chih Sheng Holding Co., Ltd.	Goldmax Asia Pacific Ltd	Investment holding	51.26%	55.05%
Chih Sheng Holding Co., Ltd.	Chih Sheng Holding HK Limited	Investment holding	100.00%	100.00%
Absolute Alpha Limited	Tatung Information Technologies Corp.	Sales of electronic products	100.00%	100.00%
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. LTD	Sales of information products	100.00%	100.00%
Shan-Chih Asset Development Co. and Taipei Industry Corporation	Tatung Forestry and Construction Co.	Design and construction of structural engineering.	99.87%	99.87%
Shan-Chih Asset Development Co.	Taipei Industry Corporation	Production and sales of mixing concrete.	50.61%	50.61%
Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	Realty management	100.00%	100.00%
Shan-Chih Asset Development Co.	Shan-Chih Asset International Holding Corporation	Investment Holding	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Shan-Chih Asset International (Hong Kong) Holding Limited	Realty and Leasing Service	100.00%	100.00%
Shan-Chih Asset International (Hong Kong) Holding Limited	Suqian Zhiwei Real Estate Co., Ltd.	Realty management	100.00%	100.00%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Battery Material Retail	100.00%	-

Business Groups	Business Units	Products and services	Important Certifications
POWER BUSINESS GROUP	Power Equipment BU	<p>Industrial Appliance: Researching, developing and manufacturing all kinds of transformers rated 345kV 1000MVA and under, all kinds of reactors rated 345kV 100MVAR and under, 161kV class of gas insulated switchgears and gas circuit breakers, 36kV series of switchgear, power distribution equipment, and other industrial equipment.</p> <p>Wire & Cable: With nearly fifty years of technical experience, this business unit is responsible for manufacturing and sale of various wires, cables, optical fiber cables and busway which are widely used in telecommunication, power transmission and distribution system, industrial equipment, home appliance and IT network & electronic device.</p>	
	Motor BU	<p>Tatung's motors business has been operating for over six decades with sales worldwide. With "Tatung Motors Drive the World" as its theme. Integrating of all aspects of electric machine which covered for designing, manufacturing, and selling of electric motors, immersible pump motors, PM motors, EV motors, drives, water jacket motors, generator sets, and total solutions of power systems.</p>	
CONSUMER BUSINESS GROUP	Advanced Electronics BU	<p>The Advanced Electronics Business Unit (AEBU) focuses on providing global ODM customers with design and manufacturing products & solutions. The product lines include 2 main lines: digital entertainment and Internet-of-Things (IoT) products. The digital entertainment line includes electronic gaming and imaging accessories.</p> <p>The IoT products include IP camera, smart energy management and sensing-&-control devices and solutions. Tatung's customers can benefit from Tatung's fast reaction to accommodate market needs and flexibility in design customization. The on-going research and development will further enhance the customers' competitiveness in their products.</p>	
	Appliance BU	<p>Tatung launches Smart Home Energy Management System to provide efficient, convenient and comfortable green life. Tatung Smart HEMS is useful for anyone who wants to reduce home energy consumption and save money to offer users total management of home energy consumption with appliance control, energy consumption monitoring, and selfmonitoring functions anytime, anywhere, through any internet-enabled personal device.</p> <p>For new product developments, the new launched golden 6° 4K curved Display significantly reducing the standard error of 6° elevation design in the visual reflection of light generated, meanwhile to improve screen contrast images to create the best viewing perspective; the frame-type design with curved base metal material finish delivers the extraordinary taste. Large home appliances parts, Tatung continuously devotes itself to the developments of grade 1 energy label air-conditioning products and refrigerators, and energy-saving water mark washing machines. For small home appliances, with the rising awareness of environmental protection and energy, Tatung introduces Classic DC fan products which equipped with DC motor and DC inverter. Comparing with traditional fans, the new generation Classic DC fans can significantly save energy and reduce noise while retaining the high-quality and green life! Tatung home appliances products have been awarded the TAIWAN Excellence for over 22 years to demonstrate superior design and innovation capability.</p>	

Business Groups	Business Units	Products and services	Important Certifications
SYSTEM BUSINESS GROUP	Smart Solution BU	<p>IoT business opportunity is increasing therefore Tatung's Smart Solutions Business Unit integrates energy-saving products, ICT technologies, big data analysis and energy management systems to provide customers with the best applications.</p> <p>Tatung provides the Smart Building Management System, to analyze energy data to help you set a reasonable energy capacity, uninstall or improved insufficient equipment together with a management system that optimizes the best energy-saving effect. Tatung also has the smart building know-how to provide a complete Smart Home Solution and make customers enjoy the intimate experience in home life.</p> <p>The Smart Grid Solutions include all kinds of smart meters and AMI system. In addition, we are capable of integrating the Micro Grid system, developing and designing the solar system and related solar solutions for worldwide power utilities, governments, and residential users.</p>	
	System Integration BU	<p>System Integration BU mainly provides ICT (Information Communication Technology) system, solar energy system and infrastructure services.</p> <p>In the ICT system, BU primarily focus on ICT system integration services and software development, including Tatung's smart energy management system, document management system, attendance management system, enterprise resource management system and various information management systems, etc. The services are across government agencies, schools and related businesses. Besides, as early as 1992, BU has already won the achievement of CMMI (Capability Maturity Model Integration) maturity level 3.</p> <p>In the solar energy system, from north to south in Taiwan, there are hundreds of public buildings and cases, integrated with Tatung's high-performance solar energy products, to provide professional energy creation management and establishment services. The main services are electricity grid systems, stand-alone solar energy systems and related applications. With rich experience in Taiwan, BU actively expands foreign markets currently, like the areas of the Southeast Asia and the Middle East markets.</p> <p>In the infrastructure, BU provides high-quality total solution to customers, combined with multidisciplinary professionals which consists of the fields of power, electronics, mechanics, smart control, information, communication, transportation and project management, coordinates cross interface and integrated design, implementation, project management with related technical support.</p>	
Real Estate Asset Management Division		Real Estate Asset Management Division provides specialized investment services from entire real estate life cycle associated with planning, analyzing, developing, operating and managing on behalf of the Tatung Corporate to maximize asset value and achieve optimal asset performance through value added real estate strategy. Recent on-going projects include: Real Estate Asset Activation, Construction Project Management and Self-owned Building Renovation.	

Annex 3 Factories and subsidiaries participated in 3P program and Occupational Accident Prevention Pays program in 2015

Factories and subsidiaries participated in 3P program and Occupational Accident Prevention Pays program in 2015

Factories owned by Tatung	Subsidiaries	
Tayuan Plant	Tatung Die Casting Co., Ltd.	Chunghwa Picture Tubes, Ltd. ²
Taoyuan Wires and Cables Plant	Tatung Okuma Co., Ltd.	Forward Electronics Co., Ltd.
San-Hsia Factory	Tatung SM-Cyclo Co., Ltd.	Green Energy Technology Co., Ltd. ³
Taoyuan 1st Plant	Tatung Fine Chemicals Co., Ltd.	Toes Opto-Mechatronics Co., Ltd.
Electrical Meters Center ¹	Shan Chih Semiconductor Co., Ltd.	

Note : Only factories and subsidiaries with manufacturing function participate in 3P program and Occupational Accident Prevention Pays program. The information disclosed in this report is from Tatung's Factories (the light tan color background). Crystal Growing Center is not on the list due to it is no longer operated by Tatung

Note 1: Locates at Tayuan Plant.

Note 2: Includes Lungtan Plant and Yanmei Plant.

Note 3: Includes Kuanyin Plant, Kuanyin II Plant, Tayuan Plant, and Green Energy Technology Inc. Branch of Southern Taiwan Science Park.

Annex 4 List of GRI g4 Indicators

GRI content index for "in accordance" - core

General standard disclosures	Pages	Note
Strategy and analysis		
G4-1 Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Top Management Statement	
G4-2 Provide a description of key impacts, risks, and opportunities.	Top Management Statement, 22	
Organization profile		
G4-3 Report the name of the organization.	8	
G4-4 Report the primary brands, products, and services.	8, 13, Annex 2	
G4-5 Report the location of the organization's headquarters.	8	
G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	9~10	
G4-7 Report the nature of ownership and legal form.	8	
G4-8 Report the markets served.	9~10	
G4-9 Report the scale of the organization.	8	
G4-10 Report the total number of employees by employment type, contract, region, and gender.	41~42	
G4-11 Report the percentage of total employees covered by collective bargaining agreements.	39	
G4-12 Describe the organization's supply chain.	27~29	
G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	—	No significant change
G4-14 Report whether and how the precautionary approach or principle is addressed by the organization.	20~22	
G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	11	
G4-16 List memberships of associations and national or international advocacy organizations.	9~10	
Identified material aspects and boundaries		
G4-17 List all entities included in the organization's consolidated financial statements or equivalent documents.	Annex 1	
G4-18 Explain the process for defining the report content and the Aspect Boundaries.	3	
G4-19 List all the material Aspects identified in the process for defining report content.	5~6	
G4-20 For each material Aspect, report the Aspect Boundary within the organization.	6	
G4-21 For each material Aspect, report the Aspect Boundary outside the organization.	6	

General standard disclosures	Pages	Note
G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—	
G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	—	No significant change
Stakeholder engagement		
G4-24 Provide a list of stakeholder groups engaged by the organization.	2	
G4-25 Report the basis for identification and selection of stakeholders with whom to engaged.	2	
G4-26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	3	
G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	3	
Report profile		
G4-28 Reporting period for information provided.	About this report	
G4-29 Date of most recent previous report.	About this report	
G4-30 Reporting cycle.	About this report	
G4-31 Provide the contact point for questions regarding the report or its contents.	About this report	
G4-32 Report the "in accordance" option the organization has chosen.	About this report	
G4-33 Report the organization's policy and current practice with regard to seeking external assurance for the report.	About this report	
Governance		
G4-34 Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	16~18	
G4-35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	23	
G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	23	
G4-38 Report the composition of the highest governance body and its committees.	18	
G4-41 Report processes for the highest governance body to ensure conflicts of interests are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	17	
Ethics and integrity		
G4-51 Report the remuneration policies for the highest governance body and senior executives.	20	
G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent for management. Report any other relationships which the remuneration consultants have with the organization.	20	
G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics.	17, 23~24	

Note: All the above have been verified by third party.

Specific standard disclosures

Category	Aspect	DMA/Indicator	Pages	Level of disclosure ¹	Note	
Economic	Economic performance (Material Aspect)	DMA	12, 43	Not applicable		
		G4-EC1	Direct economic value generated and distributed	12	●	
		G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	12~13	●	
	Market presence (Material Aspect)	G4-EC3	Coverage of the organization's defined benefit plan obligations	43	●	
		DMA		41~42	Not applicable	
		G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	42	●	
	Indirect economic impacts	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	41	●	
		DMA		55	Not applicable	
	Procurement practices (Material Aspect)	G4-EC7	Development and impact of infrastructure investments and services supported	55	●	
DMA			66	Not applicable		
Others	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	66	●		
	Governance (Material Aspect)	DMA	17, 20~21, 23	Not applicable		
Emissions	Disclosure on non-financial information (Material Aspect)	DMA	23	Not applicable		
		DMA	66	Not applicable		
	Materials (Material Aspect)	DMA	66	Not applicable		
		(Material Aspect)		66	●	
	Energy (Material Aspect)	DMA		62, 64, 70~73	Not applicable	
		G4-EN3	Energy consumption within the organization	62	●	
		G4-EN6	Reduction of energy consumption	64	●	
		G4-EN7	Reductions in energy requirements of products and services	70~73	●	
	Water	DMA		66	Not applicable	
		G4-EN8	Total water withdrawal by source	66	●	
		G4-EN10	Percentage and total volume of water recycled and reused	66	●	
	Emissions (Material Aspect)	DMA		64~65, 68	Not applicable	
		G4-EN15	Direct greenhouse gas emissions (scope 1)	63	●	
		G4-EN16	Energy indirect greenhouse gas emissions (scope 2)	63	●	
		G4-EN19	Reduction of greenhouse gas emissions	64	●	

Category	Aspect	DMA/Indicator	Pages	Level of disclosure ¹	Note	
	Emissions	G4-EN20	Emissions of ozone-depleting substances	68	○	
		G4-EN21	NOx, SOx and other significant air emissions	68	●	
	Effluents and waste (Material Aspect)	DMA		66, 69	Not applicable	
		G4-EN22	Total water discharge by quality and destination	67	●	
		G4-EN23	Total weight of waste by type and disposal method	69	●	
		G4-EN24	Total number and volume of significant spills	75	●	
		G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention annex I, II, III, and VIII, and percentage of transported waste shipped internationally	69	●	
	Products and services (Material Aspect)	DMA		73~74	Not applicable	
		G4-EN27	Extent of impact mitigation of environmental impacts of products and services	73	●	
	Compliance (Material Aspect)	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	74	○	
		DMA		75	Not applicable	
Overall	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	75	●		
	DMA		75	Not applicable		
Social (labor practices and decent work)	Employment (Material Aspect)	G4-EN31	Total environmental protection expenditures and investments by type	75	●	
		DMA		41, 43, 47	Not applicable	
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	41	●	
	Labor/management relations	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	47	●	
		G4-LA3	Return to work and retention rates after parental leave, by gender	43	●	
		DMA		44	Not applicable	
	Occupational health and safety (Material Aspect)	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	44	●	
		DMA		51~53	Not applicable	
	Training and education (Material Aspect)	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	51	●	
		G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	53~54	●	
		Training and education (Material Aspect)	DMA		42, 44~45	Not applicable
G4-LA9			average hours of training per year per employee by gender, and by employee category	46	●	
G4-LA11			Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	42	●	

Category	Aspect	DMA/Indicator	Pages	Level of disclosure ¹	Note	
Social (labor practices and decent work)	Diversity and equal opportunity	DMA	39~41	Not applicable		
		G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	41~42	●	
	Equal remuneration for women and men	DMA	42	Not applicable		
		G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	42	●	
Social (human rights)	Non-discrimination (Material Aspect)	DMA	39	Not applicable		
		G4-HR3	Total number of incidents of discrimination and corrective actions taken	39	●	
	Forced or compulsory labor (Material Aspect)	DMA	39	Not applicable		
		G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	39	●	
Indigenous rights	DMA	44	Not applicable			
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	44	●		
Social (society)	Anti-competitive behavior	DMA	35	Not applicable		
		G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	35	●	
Social (product responsibility)	Customer health and safety (Material Aspect)	DMA	30~32	Not applicable		
		G4-PR1	Percentage of significant product and service categories for which health and safety impact are assessed for improvement	31	●	
	Product and service labeling (Material Aspect)	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	31	●	
		DMA	33, 36	Not applicable		
	Marketing communications (Material Aspect)	G4-PR	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	33	●	
		G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	34	●	
	Customer privacy (Material Aspect)	G4-PR5	Results of surveys measuring customer satisfaction	36	○	
		DMA	35	Not applicable		
	Compliance	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	35	●	
		DMA	36	Not applicable		
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	36	●		
		DMA	31, 33	Not applicable		
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	34	●		
		DMA	34	●		

Annex 5 List of UN Global Compact – The Ten Principles

Category	The Ten Principles	Page	Note
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	39	
	Businesses should make sure that they are not complicit in human rights abuses.	39	
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	39	
	Businesses should uphold the elimination of all forms of forced and compulsory labor.	39	
	Businesses should uphold the effective abolition of child labor.	39	
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	39, 41	
Environment	Businesses should support a precautionary approach to environmental challenges.	59, 61	
	Businesses should undertake initiatives to promote greater environmental responsibility.	59, 61	
	Businesses should encourage the development and diffusion of environmentally friendly technologies.	70~73	
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	17, 40	

Note: The above DMA and indicators have been verified by third party.

Note 1 : ● represents such indicator is fully disclosed, ○ represents such indicator is partially disclosed.

Annex 6 Third-party assurance statements



Assurance Statement

TUV Asia Pacific Ltd. Taiwan Branch ("TUV NORD") has been commissioned by the management of TATUNG CO. ("the Company") to carry out an independent assurance of the 2016 TATUNG Corporate Social Responsibility Report for the fiscal year 2015 ("CSR Report") against the AA1000 AS (2008), TUV Asia Pacific CSR Assurance Protocol for Assurance of Sustainability Reporting and the Global Reporting Initiative 2013 Sustainability Reporting Guidelines Version 4 ("GRI G4").

TATUNG CO. is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV NORD's responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with the Company. The management and stakeholders of TATUNG CO. are the intended users of this statement.

The assurance engagement is based on the assumption that the data and information provided to in the Company's CSR report is complete and true.

Nature and Scope of the Assurance

The scope of the assurance, based on the AA1000 AS (2008) Assurance methodology, include the text, and data in accompanying tables, contained in this report.

TUV NORD has developed a set of protocols for the Assurance of Corporate Social Responsibility Report based on AA1000 AS (2008) and guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines (2013).

The assurance of the Company's CSR report for the fiscal year 2015 related to its TATUNG CO. businesses (Headquarter, Tayuan Plant, Taoyuan Wires and Cables Plant, Taoyuan 1st Plant, and San-Hsia Factory) includes the following:

- 1) Reporting of economic, environmental, and social indicators; the year of activities covered in the CSR Report is 01.01.2015 to 31.12.2015;
- 2) Information related to the Company's issues, responses, performance data, case studies and underlying systems to manage Sustainability related data and information;
- 3) Information related to the Company's adherence to inclusivity, materiality and responsiveness and stakeholder engagements;
- 4) Evaluation of the Accountability Principles (Type II) and specified performance information with a HIGH level of Assurance, according to AA1000 AS (2008)
- 5) The report is "in accordance" with the G4 Sustainability Reporting Guidelines – CORE option

Assurance Methodology

TUV NORD is a licensed global assurance provider of Sustainability services, with quality, environmental, social and sustainability assurance specialists working all over the world.

Our assurance engagement was planned and carried out in accordance with the AA1000 AS (2008) and the TUV Asia Pacific CSR Assurance Protocol for Assurance of Sustainability Reporting. Assessment of TATUNG adherence to inclusivity, materiality and responsiveness and stakeholder engagements was based on AA1000 AS (2008)

Our assurance involved the following activities:

- * Gather objective evidence on the performance indicators as mentioned in the report.
- * Review any issues raised by external parties that could be relevant to the Company's policies.
- * Review of expectations of local and national regulations; international standards and those of general concern both in the public eye and/or raised by expert opinion.
- * Documentation; record review and evaluation of the report contents against the GRI's G4 application requirements.
- * Discussion with managers and relevant staff on the Company's approach to stakeholder engagement.
- * Interviews with relevant staffs involved in sustainability management, gathering information and report preparation.
- * Review key organizational developments.
- * Review of internal and external audits findings.
- * Review of supporting evidence based on the information made in the report.
- * Sampling method used to ensure the correctness of the data



Opinion Statement

The Company's CSR report (2016 TATUNG Corporate Social Responsibility Report) provides an appropriate view of the Company's CSR programs and performances during fiscal year 2015.

The economic, social and environment performance indicators as mentioned in the CSR report are represented appropriately. The CSR performance indicators disclosed in the report demonstrate the Company's efforts recognized by its Top Management and stakeholders.

Inclusivity: TATUNG invited stakeholders for questionnaire survey after consolidation each material impacts in Economic, Environment and social aspect by CSR Reporting Group and adopted 31 aspects from the operation experience as well as integrated with the trends of domestic and oversea. The scope for this report is covered headquarter and 4 plants/factories. It was recommended to collect more feedback from the stakeholders who are major stakeholders in value-chain, to closely link up all the material aspects to meet the expectations and to show the overall vision and strategy for TATUNG sustainability outcome in further report.

Materiality: Acceptable. TATUNG has established related procedures at the corporate level, as the issues which were identified by all departments were prioritized according to the extent of impact and applicable criterion for sustainable development of the company. For response each aspect, regarding the performance indicators for supply chain management is partially disclosure. It was recommended to declare the clear DMA for supply chain mapping and collect more comprehensive performance indicators to show how TATUNG endeavors and influences their supply chain.

Responsiveness: Acceptable. TATUNG has committed to implement the CSR practice and demonstrate related performance information to respond to the expectations and perceptions of its stakeholders as appropriate. For further reports, TATUNG could provide more mid-term and long-term objectives and declare the progress of implementation to respond to the stakeholders.

Reliability and accuracy of performance information:

In accordance to Type II, High level of assurance requirements, it can be concluded that the contents mentioned in the sustainability report is reliable. The company has a robust management system for obtaining objective evidences and data for the reporting in the Company's CSR Report.

Statement of Independence and Competence

TUV NORD Group is the world's leader in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

TUV Asia Pacific Ltd. Taiwan Branch, affirms its' independence from TATUNG CO. and confirms that there are no conflicts of interest with the organization or any of its subsidiaries and stakeholders when performing the assurance of the CSR Report. TUV Asia Pacific Ltd. Taiwan Branch was not involved in any manner with the said Company, when the latter was preparing the CSR report.

The assurance team consists of well experienced, qualified and registered Quality - ISO 9001, EMS - ISO 14001, GHG - ISO 14064-1, OHSAS 18001, SA 8000 Lead Auditors and AA1000 AS (2008) Accountability trained CSAP - Certified Sustainability Assurance Practitioner. The team based on their qualifications, extensive knowledge and experience of the industry provided the much required expertise for this assignment.

Jack Yeh
General Manager
TUV Asia Pacific Ltd., Taiwan Branch

Issue Date : 2016-06-20
TUV Asia Pacific Ltd., Taiwan Branch
Rm. A1, 9FL., No. 333, Tung Hua S. Rd., Sec. 2, Taipei, 10669, Taiwan R.O.C.



ANNEX

Annex 7 Feedback Survey Form

Thank you for reading 2016 Tatung Corporate Social Responsibility Report, and sharing Tatung's achievements toward sustainable development. Tatung welcomes your opinions and believes that communication should be a dialogue. In order to present the next edition in clearer and understandable way, please take a few minutes to fill in your opinions or advices and return it to us.

 Mailing address: Environment & Safety Division, Tatung ,
 No.22, Sec. 3, Zhongshan N. Rd., Taipei City 10435, Taiwan
 E-mail: csrreport@tatung.com

1. What is your overall impression of this report?
Excellent Good Average Poor
 Opinions: _____

2. In what chapters are you most impressed in this report?
Top Management Statement
Identification of the stakeholders and significant topics
Profile of Tatung Structure and governance
Supply chain management, product responsibility and customer service
Social performances Environmental performances
 Opinions: _____

3. In what chapters do you think needed to be improved in this report?
Top Management Statement
Identification of the stakeholders and significant topics
Profile of Tatung Structure and governance
Supply chain management, product responsibility and customer service
Social performances Environmental performances
 Opinions: _____

4. Please use the space below to express your opinions and advices.

Name		Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female	Occupation	
Address					
TEL		E-mail			
FAX					
<input type="checkbox"/> Yes, I would like to receive the next Tatung Corporate Social Responsibility Report					



**Environment & Safety Division
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