



Taiflex 2018 Corporate Social Responsibility Report



Index

1 Overview

- Message from the Chairperson
- Message from the President
- Awards and Outstanding Achievements
- About This Report

2 Stakeholder Engagement and Management

- CSR's Stakeholder Engagement and Management

3 Corporate Governance

- 3.1 Corporate Governance Structure
- 3.2 Code of Business Ethics
- 3.3 Regulatory Compliance
- 3.4 Confidential Information Protection
- 3.5 Risk Management

4 Economic Aspects

- 4.1 Corporate Overview
- 4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits

6 Social Aspects

- 6.1 Stable and Sound HR Structure
- 6.2 Talent Recruitment Focusing on Quality and Quantity
- 6.3 Employee Growth Engines
- 6.4 Outstanding Benefits and Safe Workplace
- 6.5 Employee Involvement
- 6.6 Build a Safe and Healthy Workplace
- 6.7 Taiflex's Social Contributions

7 Appendix

- Global Reporting Initiative (GRI) Standards Comparison Table

Table of Contents

1 Overview

- Message from the Chairperson
- Message from the President
- Awards and Outstanding Achievements
- About This Report

2 Stakeholder Engagement and Management

- CSR's Stakeholder Engagement and Management

3 Corporate Governance

- 3.1 Corporate Governance Structure
- 3.2 Code of Business Ethics
- 3.3 Regulatory Compliance
- 3.4 Confidential Information Protection
- 3.5 Risk Management

4 Economic Aspects

- 4.1 Corporate Overview
- 4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits

6 Social Aspects

- 6.1 Stable and Sound HR Structure
- 6.2 Talent Recruitment Focusing on Quality and Quantity
- 6.3 Employee Growth Engines
- 6.4 Outstanding Benefits and Safe Workplace
- 6.5 Employee Involvement
- 6.6 Build a Safe and Healthy Workplace
- 6.7 Taiflex's Social Contributions

7 Appendix

- Global Reporting Initiative (GRI) Standards Comparison Table

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- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI)
 - Standards Comparison Table

1

Overview

Message from the Chairperson

Message from the President

Awards and Outstanding Achievements

About This Report



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Message from the Chairperson



1. Corporate governance and economic aspects

The macroeconomic environment was unpredictable in 2018. Significant economic events, including China-US trade war, Brexit, and Federal Reserve's balance sheet reduction policy, all had profound impacts on the growth momentum of global economy. The lack of innovations and an increase in replacement cycle of the smartphone sector forced material suppliers to rely on opportunities stemming from new designs and applications. Looking into 2019, as the trend for compact and energy-efficient electronic devices persists and the 5G applications warm up, the demand for materials featuring high frequency, high speed, high dimensional stability, and fine circuit will continue to expand and their associated applications will gradually become apparent. Meanwhile, we proactively utilize our existing core formulas and manufacturing capabilities to diversify products and work towards producing high-value products. We have invested numerous resources and actively carried out supply chain integration in order to develop products which meet consumers' requirements, and applied core formula capabilities to provide customers with complete solutions. We will adhere to the principles of "Speed, Digitalization, Practicality and Definiteness" in laying the foundation for sustainable growth and strive to be a world-class flexible materials supplier for Taiflex to soar to a new height!

2. Environmental and social aspects

There is always room for improvement where corporate social responsibility is concerned. Taiflex is devoted to the innovation, research and development of non-toxic materials. We provide the most trustworthy services, which integrate advance materials and creative applications, and uphold eco-standards stricter than the regulatory requirements for product manufacturing. The Company effectively launches environmental protection measures including energy saving, carbon reduction, water conservation, waste minimization, greenhouse gas inventory and reduction, etc., as well as sponsors government agencies and schools to switch to energy-saving luminaries in order to achieve environmental sustainability.

From the social aspect, Taiflex has built a safe and healthy work place and obtained the OHSAS 18001: 2007 and TOSHMS certifications and the Badge of Accredited Healthy Workplace. Externally, our employees take the initiative to set up the "Taiflex Youth Care Association" to carry out various social welfare activities. Besides subsidizing disadvantaged groups and sponsoring low-income students, we also organize the Taiflex Youth Care Concert annually to showcase their talents so that students can learn to be self-sufficient and to build up their confidence.

Chairperson

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Message from the President



Taiflex is dedicated to the innovation, research and development of green materials and aims to be a world-class flexible materials supplier while fulfilling our corporate social responsibility. We ranked 31st in the CommonWealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises in 2018. In addition to achieve sustainability, we place great importance on creating a healthy and happy work environment where employees can constantly learn and grow. In 2018, Taiflex received the "Sports Corporation" certificate from Sports Administration, Ministry of Education. We encourage employees to embrace fitness and make exercise a habit. Moreover, we put emphasis on employee development and have garnered several Golden Awards of TTQS. We strengthen employees' identification with the company by shaping a culture around our core value of responsibility, execution, creativity, integrity and enthusiasm.

Corporate social responsibility is one of the building blocks for corporate sustainability. Taiflex has relentlessly conducted green research and development to protect the environment and sponsors the urban experience camps of Puren Youth Care Foundation as well as the scholarship programs of Kaohsiung United Charity Association. Starting from 2019, we will focus more on local schools by sponsoring Siao Gang Senior High School's karate team and the construction of its student activity center as a way of encouraging disadvantaged students' participation in sports. We take actions to protect the environment and contribute to the society with love and care.

With regard to corporate governance, Taiflex has formulated the "Code of Conduct" in line with the RBA Code of Conduct. There are also "Principles of Business Ethics" and "Procedures and Guidelines of Business Ethics" in place, as well as the Compensation Committee and auditing office, for the review and audit of management's policies and as guidance for management's ethical conducts.

We stay true to our mission of "dedication to quality and innovation that brings real changes" and believe that spot-on technical management generates cash inflows. Our goal is to sell our products and welcome more customers in order to maintain prosperity of Taiflex. I wish our employees all the best.

President

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Awards and Outstanding Achievements

While pursuing corporate growth, Taiflex remains committed to fulfill corporate social responsibilities and the role of a corporate citizen. We carry out measures concerning employee welfare, social care and environmental protection. Our continuous improvements receive external recognitions as evidenced in winning the iconic awards of the year. Awards garnered between 2016 and 2018 are as follows:

Year	Milestones
August, 2016	Ranked 37th in the CommonWealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises.
September, 2016	Received 2016 Work and Life Balance Award - Work Autonomy and Achievement, Ministry of Labor.
January, 2017	Received SGS ISO9001 18 Years Merit Award.
April, 2017	Received the Outstanding Member Award from the Kaohsiung Chamber of Industry.
May, 2017	Received the Enthusiastic Prize of Public Welfare from Export Processing Zone Administration, MOEA
July, 2017	Received the 2016 certification mark for Exporters/Importers with Excellent Trade Performance from the Bureau of Foreign Trade, MOEA.
December, 2017	Invited to be the deputy director of the Toxic Chemical Substance Joint Prevention Organization's southern branch.
January, 2018	Approved by the Ministry of Finance to be an AEO.
May, 2018	Received the Enthusiastic Prize of Public Welfare from Export Processing Zone Administration, MOEA
August, 2018	Ranked 31st in the CommonWealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises.
October, 2018	Received "Sports Corporation" certificate from Sports Administration, Ministry of Education.



About This Report

Taiflex has adopted the widely-used Global Reporting Initiative (GRI) Standards and taken the initiative to prepare CSR report annually since 2012. Also, a CSR section has been established at the corporate website to fully disclose Taiflex's commitments and results from the economic, environmental and social aspects. This Report covers sustainable development topics that are of the most relevance to all stakeholders, and the performance of Taiflex's major fabs in Taiwan between January 1 and December 31, 2018. Figures related to financial performance have been audited by the Ernst & Young and are expressed on a consolidated basis. All other figures are disclosed on the parent company only basis. Numbers are express in New Taiwan Dollars and the environment, safety and health performance is expressed by global indicators.

The reporting framework of this CSR Report is based on the GRI Standards and the core options are adopted for information disclosure on relevant indicators. A comparison table is provided in the appendix. This Report is issued and disclosed at the corporate website at www.taiflex.com.tw.

Report Verification

This Report was not verified by a third-party assurance agency. It was verified for issuance by the Group Security Director, Mr. Kuan-Hua Chen. We will evaluate the feasibility of third-party assurance by a qualified verification agency for future reports.

Reporting Period

Previous Report: June 2018

Current Report: June 2019

Next Report: Scheduled for June 2020

Contact

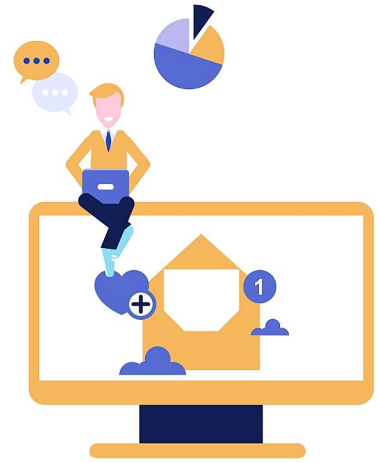
Please contact Tommy Yang at Tommyyang@taiflex.com.tw or 886-7-8139989 ext. 72323 for any questions on this Report.

- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI)
 - Standards Comparison Table

2

Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

CSR's Stakeholder Engagement and Management

To fulfill our commitments to stakeholders as well as respect and secure their rights and interests, Taiflex establishes the CSR Committee under the joint supervision of the Chairperson and the President. The Committee's operation ranges from environmental protection, occupational safety, corporate governance, employees' rights, to product quality and research and development. The CSR team involves all divisions and manages topics associated with their corresponding stakeholders including the government, society, shareholders, employees, customer, and suppliers in hope to fulfill our CSR mission and responsibilities.

Taiflex has clearly defined corresponding unit to properly respond and address economic, environmental and social issues arising from the operation. The roles and responsibilities of CSR Committee members are presented below:

Roles and Responsibilities of CSR Committee Members

Committee Member	Scope	Stakeholder
Legal	Code of ethics and business conduct, regulatory compliance, confidential information	Government, Employee Society
Customer service	Customer service and satisfaction	Customer
Procurement	Raw material and supply chain risk management, supplier management, conflict minerals, green supply chain	Supplier
Quality assurance	Product quality management	Customer
Research and development	Innovation management, green product	Employee, Customer
Risk management	Risk management, crisis management, emergency procedures and action plans	Customer, Employee, Society, Investor
Finance	Disclosure of financial information, dividend policy, tax strategies	Government, Investor
Investor relation	Properly address investors' concerns, build long-term mutual trust, manage effective two-way communication, compile annual reports	Investor
Environment, safety and health	Environmental policy and management system, pollution prevention, energy and resource utilization efficiency, carbon emission management, reporting mechanism of environmental issue, environmental expenditure; occupational safety and health policy and management mechanism; workplace safety, prevention of occupational disease and health promotion; communication on environment, safety and health regulations	Employee, Customer, Government, Society, Contractor, Investor
Human resources	Talent recruitment and retention, employees' mental and physical health and safety, employee training and development, compensation and benefits, freedom of association and collective bargaining, labor management relation and complaint mechanism, labor right complaint mechanism, working hour management, ban on child labor	Employee
Taiflex Youth Care Association Taiflex Volunteers	Corporate citizen, charity activities, community relation	Society
CSR team	Stakeholder engagement, compile CSR Report	Society

To facilitate an effective communication with different stakeholders, Taiflex identifies the scopes and boundaries of aspects following GRI 4.0. Steps taken are as follows:

Step 1: Identify stakeholders

We define stakeholders as internal/external groups or individuals who may affect or be affected by our operation. Based on this definition, our major stakeholder groups include government, society, investor, employee, customer, and supplier.

Step 2: Gather sustainability issues

Based on the aspects of GRI 4.0 indicators and take into account the sustainability reports of domestic and foreign benchmark corporations, we identify the scope of Taiflex's sustainability issues.

Step 3: Conduct materiality analysis and prioritize issues based on their level of importance

The CSR Committee members would hold meetings to discuss the scope of aforementioned issues with representatives from internal divisions. Concerns raised through communication channels are incorporated when determining the impact level on the Company's operation. Finally, material aspects are concluded based on issues of high concern and high impact and those material issues are to be communicated first.

Step 4: Identify the scopes and boundaries of aspects

Material aspects ranked by their level of importance are further defined by whether their impact on operations, procedures and services takes place internally or externally in order to present a complete picture of the value chain covered by the Company.

Step 5: Review and discuss

After receiving the results of materiality analysis, the CSR report team would hold discussions to identify sustainability issues of higher disclosure priority.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

- 3.1 Corporate Governance Structure
- 3.2 Code of Business Ethics
- 3.3 Regulatory Compliance
- 3.4 Confidential Information Protection
- 3.5 Risk Management

4 Economic Aspects

- 4.1 Corporate Overview
- 4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits

6 Social Aspects

- 6.1 Stable and Sound HR Structure
- 6.2 Talent Recruitment Focusing on Quality and Quantity
- 6.3 Employee Growth Engines
- 6.4 Outstanding Benefits and Safe Workplace
- 6.5 Employee Involvement
- 6.6 Build a Safe and Healthy Workplace
- 6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

The issues with their corresponding GRI material aspects and the boundaries of aspects are as follows:

Boundary identification of concerns to stakeholders

Concern to Stakeholder	Boundary of Aspect	Internal Boundary			External Boundary		
		Taiflex	Within the Organization		Customer	Supplier	Community
Governance aspect							
Regulatory compliance	Code of ethics and business conduct	●	●				
	Anti-competitive behavior	●	●				
	Anti-corruption	●	●				
	Environmental compliance	●	●				
	Compliance with labor laws	●	●				
Economic aspect							
Future growth potential	Economic performance	●	●	●			
Innovation management	Economic performance	●	●				
Customer service and satisfaction	Customer satisfaction	●	●				
Continuous improvement in profitability	Economic performance	●	●				
Supplier management	Procurement practice (local purchases and recruitment)	●				●	
Dividend policy	Economic performance	●					
Compliance with ERCC standards	Supplier labor practice assessment						
	Supplier human rights assessment						
	Conflict minerals						

Concern to Stakeholder	Boundary of Aspect	Internal Boundary		External Boundary			
		Taifex	Within the Organization	Customer	Supplier	Community	
Environmental aspect							
Water resource management	Water resource	●	●	●			
	Energy management	●	●	●			
Pollution prevention	Wastewater discharge and waste	●	●	●		●	
	Air pollutant emissions	●	●	●		●	
Green product	Products and services	●	●	●	●		
Global climate change	Greenhouse gas (GHG) emissions	●	●	●			
Chemical management	Compliance	●	●	●	●		
Social aspect							
Employees' physical and mental health	Occupational health and safety	●	●				
	Occupational safety and health management	●	●				
Promotion of employee work-life balance	Labor management relations	●	●				
	Freedom of association and collective bargaining	●	●				
Employee involvement	Labor practice complaint mechanism	●	●				
		●	●				

Concern to Stakeholder	Boundary of Aspect	Internal Boundary			External Boundary		
		Taiflex	Within the Organization		Customer	Supplier	Community
Social aspect							
Employee involvement	Human rights complaint mechanism	●	●				
	Non-discrimination	●	●				
	Education and training	●	●				
	Diversity and equal opportunity	●	●				
Like-minded colleagues	Child labor						
Right people in the right position	Forced or compulsory labor						
	Gender equality in wages	●	●				
	Non-discrimination	●	●				
Social participation	Others	●	●				
		●	●				

Chart of Materiality Analysis on Concerns to Stakeholders



Communication channels with stakeholders

Being a corporate citizen, Taiflex is devoted to interactions with stakeholders to achieve a balance of interests. The following table lists communication channels with stakeholders.

Stakeholder	Communication Frequency and Channel
Investor	1. Annual shareholders' meeting 2. Investor relation website 3. Investor email (corporate website)
Customer	Email (corporate website)
Supplier	Email (corporate website) Annual supplier audits
Employee	1. Ehr platform (Taiflex forum) 2. President Mailbox to convey messages, receive complaints or interact 3. Employee satisfaction survey
Non-profit organizations	Channels include email, hotline or spokesperson

- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI)
 - Standards Comparison Table

3

Corporate Governance

3.1 Corporate Governance Structure

3.2 Code of Business Ethics

3.3 Regulatory Compliance

3.4 Confidential Information Protection

3.5 Risk Management



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

3.1 Corporate Governance Structure



3.1.1 Board of Directors

Structure of the Board

The Company's highest governance body is the Board of Directors which is composed of nine Directors with extensive industry experience. Taiflex has elected the 8th-term Board of Directors in the annual general meeting on May 26, 2017.

Three of the nine Directors are Independent Directors. They are Mr. Chein-Ming Hsu, the former CEO of 3M Thailand Limited; Mr. Wen-I Lo, the former President of China Venture Management, Inc.; and Mr. Shi-Chern Yen, a professor of Chemical Engineering of National Taiwan University. The qualifications and elections of those three Independent Directors are in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Besides laws, regulations and the Articles of Incorporation, the Company's Director election shall comply with its "Director and Supervisor Election Procedures", which require Board members to possess the following abilities: operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership and decision-making. In addition, our Directors all take professional courses relevant to finance and operations. Details of their continual education can be found at the Market Observation Post System (http://mops.twse.com.tw/mops/web/t93sc03_1). Our Board members and managers all conduct themselves in compliance with the Code of Ethical Conduct. There is no gender discrimination and the Company did not receive any complaints on sexual harassment and gender inequality.

Note: Please refer to our 2018 Annual Report for details on Board members' education, work experience and concurrent positions at other companies.

Responsibilities of the Board

The Board shall supervise and ensure the Company's business directions are in line with the long and short-term market demand and appoint a compact management team to carry out the Board's business strategies in order to guarantee the Company's business performance. To fulfill its supervisory duties, the Board has established various organizations and communication channels, including the Compensation Committee and internal audit team. The Board is also responsible for guiding the management team to formulate long-term strategies favorable to the corporate development. The Board regularly receives reports from, as well as communicates and holds discussions with, the management team. The management team shall propose corporate strategies to the Board. The Board would then determine the feasibility of such proposals, review the execution outcome of strategies on a regular basis and demands management to make necessary adjustments. We believe that this approach builds a solid foundation for corporate sustainability.

Our steady and sound operation primarily stems from our firm business approaches plus system implementation and control. As for the formulation of forward-looking business directions, we rely on the Board's and the management team's market understanding and strategic planning concerning the future. In 2018, our business performance met the Board's expectation, resulting in no material disputes. In the case of major disputes or significant events, the Company would disclose relevant information at the Market Observation Post System and corporate website by means of material information announcement.

Remuneration to Directors and Managers

The Company's Articles of Incorporation stipulate that remuneration to Directors shall not exceed 4% of the annual profits and the remuneration to Directors and Managers shall be reviewed by the Compensation Committee and approved by the Board before it can be distributed. Please refer to our 2018 Annual Report for details on remuneration to Directors and managers.

Avoidance of Conflict of Interest

Directors and managers shall secure approvals from the shareholders' meeting or the Board in accordance with laws and regulations when they take actions that are within Taiflex's business scope for themselves or on behalf of others. Furthermore, the Company shall comply with the strict requirements imposed by securities laws of the Republic of China on reporting and fully disclose all transactions with related parties.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

3.1.2 Audit Committee

Taiflex held a re-election of Directors in the 2017 shareholders' meeting and appointed three Independent Directors, Mr. Wen-I Lo, Mr. Chin-Ming Hsu, and Mr. Shi-Chern Yen, to be the members of the first-term Audit Committee. Their term of office starts on May 26, 2017 and ends on May 25, 2020. Mr. Wen-I Lo was elected to be the convener and chairperson of the Audit Committee. With their professional competency, those three Independent Directors can supervise all aspects of the Company's operational governance and corporate development so as to fulfill corporate governance, strengthen supervisory function and improve management mechanism.

Taiflex's Audit Committee Charter is available at the corporate website at http://www.taiflex.com.tw/c/cor_policies.php and the Market Observation Post System at <http://mops.twse.com.tw>.

3.1.3 Compensation Committee

In 2011, the Board set up a Compensation Committee as its direct subordinate. The Committee's function is to evaluate the salary and compensation policies as well as systems of Directors and managers from a professional and objective point of view and make recommendations to the Board as reference information for the latter to make relevant decisions.

The laws of the Republic of China require the Board to appoint the Compensation Committee members. Based on the Company's Compensation Committee Charter, the Committee shall consist of three Independent Directors and they shall elect one member among themselves to be the convener and chairperson. At present, the Board has appointed all three Independent Directors to be the Compensation Committee members and they have elected Mr. Chin-Ming Hsu to be the convener. Taiflex Chairperson, Ta-Wen Sun, is invited to attend each Committee meeting; however, he shall recuse himself during the discussion on his compensation.

Pursuant to the Charter, the Compensation Committee is entitled to engage independent consultants to assist it with evaluating the salaries of CEO or managers.

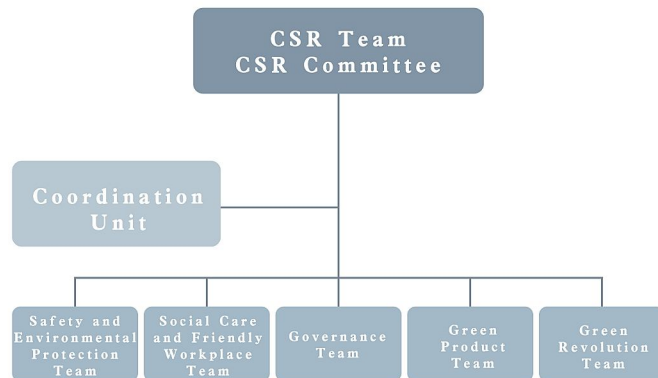
Taiflex's Compensation Committee Charter is available on the corporate website at http://www.taiflex.com.tw/c/cor_policies.php and the Market Observation Post System at <http://mops.twse.com.tw>.

3.1.4 CSR Committee

To carry out our corporate social responsibilities, Taiflex has established a CSR Committee with the Human Resources & Administrative Division being the dedicated unit and other divisions being the Committee members in promoting relevant activities. Each Committee team reports to the Committee chairperson at different intervals depending on its operation.

The Chairperson and the President jointly supervise the Committee's operation which covers environmental protection, occupational safety, corporate governance, employees' rights, and product quality and research and development. It also encompasses concerns of economic, environmental and social aspects. The aim is to fulfill our mission of taking on social responsibilities.

The organizational chart of the CSR Committee:



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

3.2 Code of Business Ethics

3.2.1 Core value and business ethics

Our code of conduct consists of enthusiasm, responsibility, integrity, creativity and execution, which are the most important core value of Taiflex's culture. The Company has also established the "Code of Ethical Conduct" for all personnel to comply with when performing their duties and uphold the corporate culture of being helpful and friendly to colleagues as well as respecting discipline, integrity and diligence. We are committed to the Code of Ethical Conduct, which contains the following eight principles:

(1) Avoid conflicts of interest:

Personnel of the Company shall perform their duties with objectivity and efficiency. They shall prevent themselves, their spouses, parents, children or relatives within second degree of kinship from obtaining improper benefits as a result of their positions in the Company. When the Company engages in transactions such as loans, guarantees, significant asset trading, sale or purchase with affiliated companies at which the said family members are employed, personnel of the Company shall take the initiative to clarify if there is any actual or potential conflict of interest.

(2) Avoid opportunities to pursue personal benefit:

Personnel of the Company owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. They shall remove themselves from the following situations:

- (i) Through the use of company property, information or position to discover opportunities of obtaining personal benefits;
- (ii) Through the use of company property, information or position to obtain personal benefits;
- (iii) To compete with the Company.

(3) Confidentiality:

Except when disclosure is authorized or required by laws or regulations, personnel of the Company shall maintain the confidentiality of information entrusted to them by the Company or our customers and suppliers. Confidential information includes all non-public information that might be of use to our competitors, or harmful to the Company or our customers if disclosed.

(4) Fair dealing:

Personnel of the Company shall deal fairly with all customers, suppliers, competitors and employees. They are prohibited from obtaining improper benefits through manipulation, concealment and abuse of information obtained due to their positions, misrepresentation of material facts, or any other unfair-dealing practice.

(5) Protection and proper use of company assets:

Personnel of the Company shall protect the Company's assets and ensure that those assets are efficiently used for legitimate business purposes. Theft, negligence, and waste would directly impact the Company's profitability.

(6) Compliance with laws and regulations:

Personnel of the Company shall observe all applicable corporate policies, the Securities and Exchange Act and other laws and regulations.

(7) Encourage the reporting of illegal or unethical behavior:

The Company shall raise awareness of ethical standards and encourage employees to report suspected or observed violation of laws and regulations or the Code to the Audit Committee, management team, head of internal audit department or any other appropriate personnel of the Company. There are relevant mechanisms in place to encourage the reporting of misconduct. The Company shall establish an explicit whistleblowing system and make the employees aware that the Company would make every effort to protect the whistleblowers against retaliation.

(8) Disciplinary measures:

Where Directors or managers violate the Code, the Company shall handle the matter in accordance with the disciplinary measures defined in the Code. Details of the violation shall promptly be released at the Market Observation Post System, including the date of violation, particulars of the violation, code violated and disciplinary measures taken. The Company shall also establish a complaint system for violators to file appeals.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI) Standards Comparison Table

Protection of Intellectual Property

To protect confidential (proprietary) information or other intellectual property of the Company and to avoid the abuse or infringement of those of the alliance companies in order to uphold absolute respect of customers' and relevant parties' intellectual property rights, confidential information and trade secrets, Taiflex has established the "Confidential Information Protection Policy". All employees are required to comply with the policy and put it into practice in order to protect the Company's confidential (proprietary) information or other intellectual property.

Information Disclosure

Under the Board's supervision, Taiflex's management team shall ensure that the financial and accounting information filed per requests of the competent authority or disclosed to external parties is complete, fair, accurate, timely and understandable. Taiflex has taken considerable measures to ensure our compliance with above requirements.

Amendments to the Code of Ethical Conduct take effect after being approved by the Board and shall be reported to the shareholders' meeting to ensure we maintain our high ethical standards.

3.2.2 Implementation of the Code of Business Ethics

A culture of high business ethics standard: The Code of Ethical Conduct shall be observed by the Company's Directors and management team (including the president, assistant president, director or personnel of equivalent ranks; heads of finance and accounting departments; and other personnel delegated with managerial responsibilities and signatory authority) and all other employees.

Self-examination of the organization and employees: Internal organizations' and employees' self-examination is also an important part of business ethics. Through self-assessment on internal control and orientation course on reward and discipline policy associated with corporate ethics, each unit can review whether its personnel have sufficient understanding on the code of business ethics so as to evaluate and strengthen the effectiveness of relevant internal control. The Company also has a dedicated unit responsible for the formulation, supervision and execution of ethics policy and preventive measures. The unit reports to the Board when the need arises.

Internal audits: The Company's internal audit unit also plays a key role in safeguarding ethical and regulatory compliance. To achieve the goals of

securing the accuracy, reliability and timeliness of financial, managerial and operational information as well as ensuring that employees' conducts are in compliance with relevant policies, standards, procedures and regulations, the internal auditing team performs various audits in accordance with the annual audit plan approved by the Board. The audit results and improvement measures are reported to the Board and management team in order to accomplish effective audits.

Training and promotion: To maintain employees' awareness on the Code of Business Ethics, relevant policies and documents are available on the intranet for employees to access. The Company also organizes corporate ethics trainings as well as promotes the concept through posters and internal newsletters. All employees are required to take online or classroom training which is linked to their performance assessment. Moreover, we conduct relevant audits on our suppliers and business partners, as well as provide them with training and regular seminar to promote our code of business ethics and monitor whether there have been any unethical behaviors. A serious violation of ethical standards committed by our major supplier will result in termination of contract.

3.2.3 Reporting Channels and Whistleblower Protection

To ascertain that the Company's conducts are in line with the highest regulatory and ethical standards, Taiflex has established the "Procedures and Guidelines of Business Ethics", encouraging internal employees and external parties to report any unethical or improper behaviors concerning finance, laws and ethics. The Auditing Office has also set up a whistleblower system.

The Company adopts the standard investigation procedures and confidentiality mechanism in handling incidents reported through the whistleblower system. It maintains confidentiality of the incidents and subsequent investigations and proceeds in a rigorous manner to protect whistleblowers from retaliation.

3.2.4 Disciplinary Measures for Violation of Business Ethics

Violators of business ethical codes are subject to severe disciplinary actions, including termination of employee or business relation or appropriate legal actions. Internal personnel making false accusation or malicious claims would also be disciplined. Serious offense can lead to termination of employment.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

3.3 Regulatory Compliance

Our vision is to be a world-class flexible materials supplier. Thus, our regulatory compliance measures include the tracking of updates in domestic and foreign laws and regulations, regulatory education and training, and internal reporting systems. Taiflex has established the Legal & Intellectual Property Division as the Company's professional legal team to implement legal compliance and protect intellectual property in order to realize our corporate vision and fulfill our social responsibilities.

3.3.1 Tracking and Evaluation of Laws and Regulations

Our business has spread across Asia and we aggressively extend our presence worldwide. Consequently, we place great importance on domestic and foreign laws and regulations. We have closely monitored changes in domestic and foreign policies and regulations that may have significant impact on our business and finance. The Legal & Intellectual Property Division also provides the latest updates to all relevant department and the management team in order to assist all internal units with regulatory compliance.

3.3.2 Formulation and Implementation of Policy and Regulatory Compliance Scheme

Policies and procedures established within Taiflex's business scope include, but are not limited to anti-corruption, anti-harassment/discrimination, environmental protection, financial disclosure/internal control, protection of intellectual property right, and protection of confidential information and privacy. To ensure the Company meets its regulatory requirements and fulfill its commitments to the protection of employees' rights, Taiflex encourages employees to file complaints via emails or the hotline in the face of unfair treatments (including, but not limited to, sexual harassment and workplace bullying) and thereby protect their personal rights and workplace safety.

3.3.3 Regulatory Compliance Education and Training

Education and training are essential in Taiflex's compliance scheme. Taiflex sets up projects targeting relevant laws and regulations and organizes courses promoting them to relevant units. Key actions and measures are as follows:

(1) For employees to understand the key aspects of regulatory compliance, relevant courses including the protection of environment, intellectual property right and confidential information are organized.

(2) Personnel of the Legal & Intellectual Property Division regularly attend external courses to stay current with the amendments and latest developments in laws and regulations.

(3) We hold seminars or lectures where legal professionals and experts are invited to share changes in regulations and the latest news of the industry with employees.

(4) Measures associated with compliance are regularly reviewed to ensure our regulatory compliance are in line with the industry or international requirements.

Besides training and courses, the Legal & Intellectual Property Division publishes e-newsletters and sends out emails on topics concerning compliance to promote the concept of regulatory compliance.

3.3.4 Open Reporting Systems

As mentioned above, the Company offers open reporting channels to employees and external parties (e.g. customer, suppliers or contractors). In 2018, there was no incident associated with ethics violation, finance and accounting.

3.3.5 Others

The Company complied fully with the Company Act, the Securities and Exchange Act, laws and regulations concerning environmental protection and labors, and other requirements set by the competent authorities in 2018. There was no incident requiring corrective or disciplinary actions. Moreover, the Company remained politically neutral and made no political contributions.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

3.4 Confidential Information Protection

Taiflex recognizes the value of confidential information and the absolute importance of its protection to safeguard the Company's competitive advantages. Thus, we specifically established the "Confidential Information Protection Policy" and the "Intangible Asset Committee" to regulate and govern the Company's protection of confidential information (including confidential (and proprietary) information or other intellectual property) and to ensure stakeholders' best interests. The Company adopts the following measures for proper and effective protection over confidential information:

- A. Use access control and surveillance system to monitor and manage personnel and vehicles entering/leaving the premises and prevent the use of prohibited items as instruments for stealing confidential information.
- B. Promote the concept of confidential information protection regularly, collect feedbacks, and provide internal education and trainings for employees to maintain proper actions with regard to confidential information protection.
- C. The most serious punishment for a violation of above rules is an immediate termination of employment and Taiflex reserves the right to take legal actions.

In addition, the Company stipulates that employees are prohibited to engage in the following actions without prior written consent from another company:

- A. To use, retain, copy, distribute or transmit another company's presentation materials, charts, tables, drawings, memorandums, format files, letters, agreements or contracts or any other information.
- B. To use or copy another company's trademark, name or labels.
- C. To use another company's patent-protected innovation or technology.
- D. To disclose or use another company's confidential information or trade secrets.
- E. To use confidential information, trade secrets or other intellectual property rights obtained from previous employment in any way, even if the employee had participated in the development work or the research project.

3.5 Risk Management

In addition to financial performance, the Company's risk management includes risk assessment and emergency plans from the environmental and information aspects. We instill the concept of prevention in our corporate culture and diminish identifiable and avoidable risks to minimize potential loss from operation interruption.

With regard to major risks of marketing, production and operation, human resources planning, progress of new product development and accounting controls faced by our operation, on top of the existing systems, standards and procedures, the Company proactively develops more advanced and highly sensitive risk-supervision, assessment, and control procedures and standards to encompass both safety and efficiency as well as build a business model that has more economic benefits. Examples include the strengthening of information system and the enhancement on prewarning and monitoring capabilities.

Moreover, to maintain our sustainability framework, protect key businesses' information operation procedures, effectively carry out our emergency measures and lower damage to a tolerable level when the Company's operation suffers from major disasters, sabotages or equipment failure, and ensure information operation procedures can be reconstructed and recovered within a certain period of time, the Company established the Information Security Management System based on ISO 27001 in May 2016 and obtained the ISO/IEC 27001:2013 certificate which was valid for three years in November 2016. The certification not only drives us forward in effectively safeguarding the internal intellectual property rights, but also enhances our customer's level of trust so as to ensure that our information safety control measures can secure stakeholders' interests.

As for the environmental aspect, we establish and maintain our emergency procedures as reference for response procedures and planning to cope with accidents or emergencies that may happen or have already occurred. The procedures include the scope of emergency plans; duties, responsibilities and framework of the organization; activation procedures; hazard identification and risk assessment; rescue plans; evaluation chart; Material Safety Data Sheet (MSDS); audit rules on emergency responses, etc. All units shall comply with the above procedures and rules to lower or diminish the impact and losses arising from personnel injuries, property losses and production interruption as a result of sabotages, natural disaster and other serious accidents and swiftly return to normal operation.

- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI)
 - Standards Comparison Table

4

Economic Aspects

4.1 Corporate Overview

4.2 Customer Service and Supply Chain Management



- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report

- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management

- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management

- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management

- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits

- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions

- 7 Appendix
 - Global Reporting Initiative (GRI) Standards Comparison Table

4.1 Corporate Overview

4.1.1 Company Profile

Taiflex focuses on the research and development of green products and stays committed to environmental protection. Our strength is founded on safety, quality, speed as well as service and we have obtained international certifications including ISO 9001, ISO 14001, ISO/TS16949, TOSHMS, OHSAS 18001, IECQ HSPM, UL, and TUV. Taiflex is listed on the Taiwan Stock Exchange under ticker number 8039.

Industry:	Electronic parts/ component industry	Main business:	Polymer film-based copper clad laminate, cover layer,
Name:	TAIFLEX Scientific Co., Ltd	Date of incorporation:	1997/08/16
Address:	No.1, Huanqu 3rd Rd., Kaohsiung Export Processing Zone, Kaohsiung City, Taiwan, R.O.C.	Paid-in capital:	NT\$2,091,196,920
Chairperson:	Ta-Wen Sun	TWSE-listed date:	2009/12/17
President:	Zhi-Ming Yen	OTC-listed date:	2003/12/19
Spokesperson:	Fang-I Hsieh	Emerging stock board-listed date:	2003/01/15
Contact number of Spokesperson:	+886-7-8139989 ext. 52818	International certification:	ISO9001, ISO14001, ISO/TS16949, TOSHMS, OHSAS 18001, IECQ HSPM, UL, TUV, etc.

4.1.2 Market Overview

Taiflex is a major supplier of flexible print circuits (FPC) supported by autonomous basic formula and advanced coating technology. The Company has a 20% market share in the global FPC market and is the number one supplier in the Greater China Region.

Taiflex has five production bases worldwide: Kaohsiung Fab 1 (first fab), Kaohsiung Fab 2 (Headquarter), Kaohsiung Fab 3 (RD center), Kaohsiung Fab 5 (logistic center) and Hsinchu Koatech Fab; plus subsidiaries or sales offices in USA, at Taipei and Linkou in Taiwan, and at Qinhuangdao, Beijing, Xiamen, Shenzhen, Zhuhai in China, offering timely business and technical services to global customers. Taiflex had approximately 1,000 employees worldwide by the end of 2018.

We apply our core value to our supplier management. Suppliers are viewed as business partners and we build long-term partnerships to steadily develop a sustainable supply chain with joint efforts. We assess potential long-term suppliers based on future product trends and demand, market forecasts, future directions and procurement strategies, as well as the suppliers' management systems and performance, including productivity, technology innovation capabilities, quality, price and services. We also seek opportunities to forge strategic alliances with suppliers concerning new materials and new businesses. In accordance with the procedures, an assessment team consist of personnel from procurement, quality assurance, R&D and technology units would be assembled to review suppliers' capabilities and verify the final outcomes. On the premise of mutual benefits, we work with suppliers to lower production cost, and prevent and diminish supply chain risk to improve our competitive advantages both at home and abroad while maintaining the quality of our customer service. We team up with suppliers to fulfill our corporate social responsibilities.

Innovation and research and development

Research and development unit is the core to sustainability. With our outstanding technical team specializing in product R&D, manufacturing techniques, and equipment development, and vast experience, we offer customers a complete range of FPC materials. We have numerous precision coating equipment and testing techniques, can mass produce ultra-thin products, and have developed advanced FPC materials featuring high-density routing, halogen free, high heat-dissipation, high frequency and high speed. Moreover, we build the best professional technical service team which has thorough understanding of downstream manufacturing processes and experience, and can thus provide timely and appropriate guidance as well as after-sale services to meet customers' demand.

We stay true to our mission of environmental protection and focus on the research and development of green and energy-saving products.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

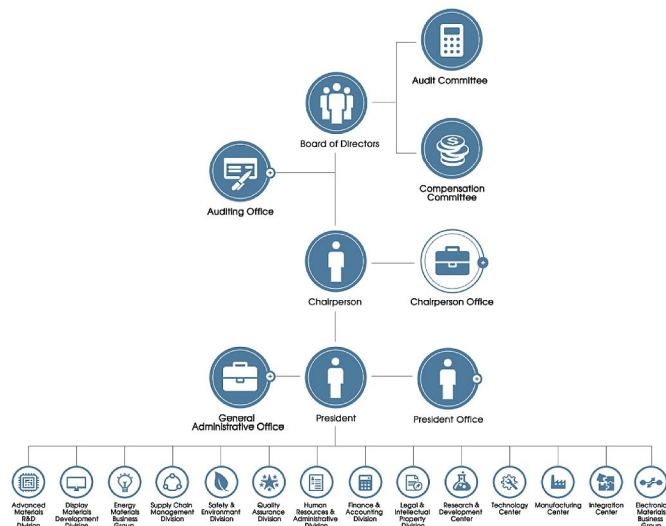
6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Company scale



Membership of associations

Taiflex proactively participates in activities organized by industrial associations and institutes and takes on the role of an industry leader. We facilitate the understanding on CSR operation's key information (e.g. systems and measures adopted by corporations with regard to CSR activities, including environmental protection, community participation, social contribution and services, charity activities, consumers' rights and interest, human rights, safety and health, and others as well as their implementation) at numerous associations and institutes. Furthermore, some of our employees are the conveners or vice conveners in professional committees within the associations and institutes. Through cross-industry cooperation, we hope to raise our visibility in the global market, make recommendations to the governments and share our experience in sustainability.

4.1.3 Financial Performance

Dividend policy

Taiflex's dividend policy takes into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash. When there are earnings remaining after paying for taxes and setting aside legal capital reserve as required by laws, the Board of Directors would draw up an earnings distribution proposal and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends, and the cash dividends shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

Dividend payments from 2014 to 2018 are as follows:

Year	Cash Dividend (NT\$/Share)	Stock Dividend	
		From Earnings (NT\$/Share)	From Capital Reserve (NT\$/Share)
2014	2.99985145	-	-
2015	2.00000000	-	0.20
2016	2.00000000	-	-
2017	2.50000000	-	-
2018	2.00000000	-	0.50

Operating results

Net revenue of the Company amounted to NT\$9.64 billion in 2018, a decrease of 13.85% from NT\$11.19 billion in 2017. Net income attributable to shareholders of the parent came to NT\$726 million, up 1.90% year-over-year. Earnings per share was NT\$3.22. The fire at Taiflex Scientific (Kunshan) on January 25, 2018, and the new energy policy announced by the Chinese government on May 31 to slash subsidies for solar energy drove the Company to make strategic adjustments on our energy business, which in turn led to the relatively significant decrease in revenue. As for our electronic materials business unit, even though the supply of international raw materials was tight in 2018, the unit managed to maintain double-digit growth rate during the year through successful supply chain integration and prompt adjustments in internal resources.

The one-off fire damage and adjustments in energy business resulted in a lower net income in 2018 comparing to 2017. Nevertheless, as we improve our overall operational structure and refocus our strategic directions, we are confident that we can continuously enhance our core competitiveness and regain our growth momentum.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Financial performance between 2016 to 2018 is as follows:

Taiflex's dividend policy takes into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash. When there are earnings remaining after paying for taxes and setting aside legal capital reserve as required by laws, the Board of Directors would draw up an earnings distribution proposal and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends, and the cash dividends shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

(1) Consolidated revenue and net income Thousands of New Taiwan Dollars

Item	2016	2017	2018
Net revenue	10,283,979	11,192,892	9,643,051
Gross profit	1,895,651	2,134,482	1,993,044
Net income	546,610	746,545	679,474

(2) Profitability analysis

Item	2016	2017	2018
Net profit margin	5.31 %	6.66 %	7.04 %
Return on assets	5.26 %	6.81 %	6.08 %
Return on equity	8.04 %	10.66 %	9.29 %

The macroeconomic environment in 2019 is unpredictable. Important economic events, such as China-US trade war, Brexit, and balance sheet reduction policy of Federal Reserve, all have profound impacts on the growth momentum of global economy. In addition, the global economic recovery has passed its peak and the growth in most regions starts to slow down, particularly in China due to the trade war. Consequently, we need to exercise extreme caution in 2019.

From the industry perspective, the smartphone market might experience zero growth as there is a lack of innovations and an increase in replacement cycle. When the total demand remains stagnant, upstream material suppliers can no longer expect to derive growth momentum from the sales growth of end user devices. Instead, they shall rely on opportunities stemming from new designs and applications as those are the sources of growth momentum. Only a deep understanding of the new design and application trends can drive continuous growth in operation.

At present, 5G applications, surface phones, and Internet of Things will all introduce new material demand to the market. Whether a material supplier

can benefit from demand driven by new designs is determined by its speed in development and capability in mass production. The Company has taken up a relatively leading position and continues to work closely with international companies in research and development of new materials in hope to enjoy business opportunities created by new designs and applications.

The Company received human capital enhancement and employment plan subsidies of approximately NT\$619 thousand from the government pursuant to relevant laws and regulations in 2018.

4.2 Customer Service and Supply Chain Management

4.2.1 Customer Service and Satisfaction

Product quality service

Customer satisfaction is at the heart of our management philosophy. We are committed to deliver innovative products and services to customers and uphold the core values of responsibility and enthusiasm. Taiflex has dedicated personnel providing product services to customers. They work closely with the quality assurance department to solve product issues ranging from appearance to functionality. To cope with globalization of downstream customers, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai and Xiamen besides Taiwan to enhance the accessibility and timeliness of our customer services.



※ Taiflex sets up service centers in China to provide timely services ※

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

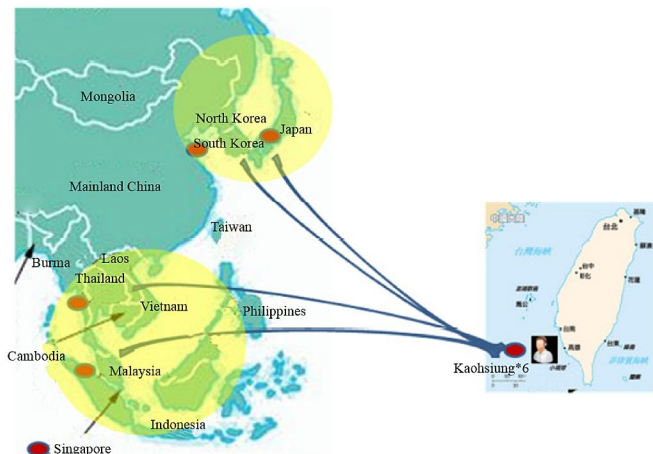
5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

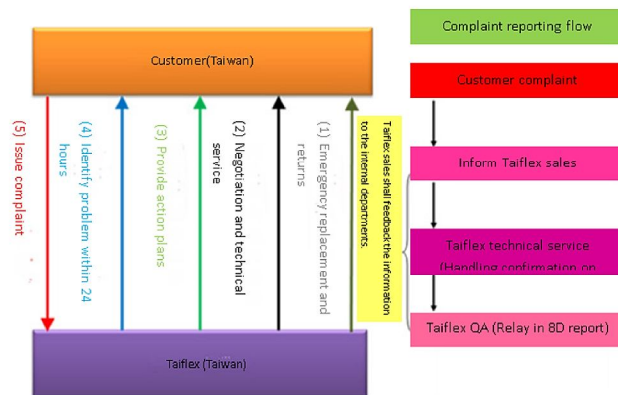


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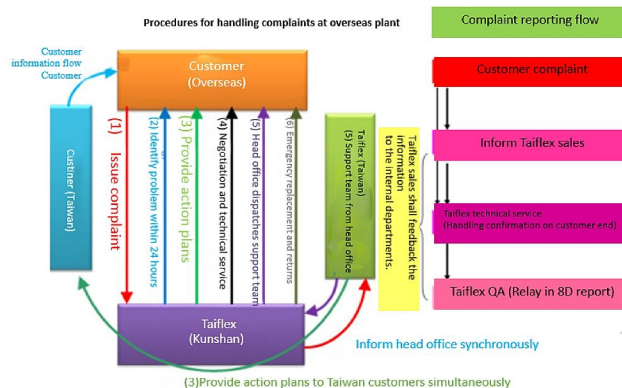
Management of customer complaint

In addition, if any one of the feedbacks, questions or complaints filed by our customers is identified as a major customer complaint, a cross-department task force will be assembled to handle the issue. Immediate action and timely improvement measures would be taken by production, technology, research and development, and quality assurance departments based on their functions and authority to assist customers with resolving the issue as well as minimize the loss in labor, materials or equipment. The aims are to enhance our product and service qualities, uphold our reputation, and secure customer satisfaction and confidence.

Procedures for handling complaints in Taiwan plant



Procedures for handling complaints at overseas plant



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

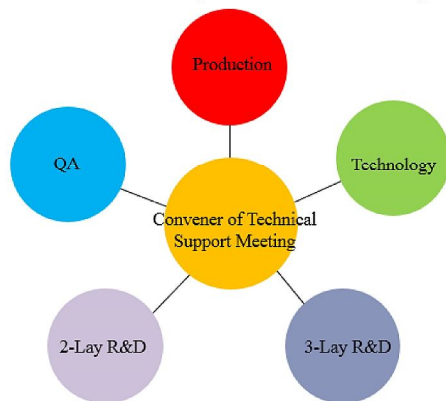
6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Task force for major customer complain



Testing requests from customers

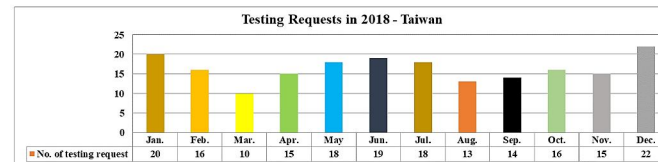
To satisfy customers' needs for material analysis and characteristic testing, Taiflex acquires a complete set of testing equipment including SEM/EDS, FTIR, metallurgical microscopes, TMA/DSC/DMA thermal analyzers and tension machines. In addition to being used by internal departments, the equipment can be utilized for testing requests from customers. On average, more than 10 requests are made by Taiwan customers every month.



SEM/EDS

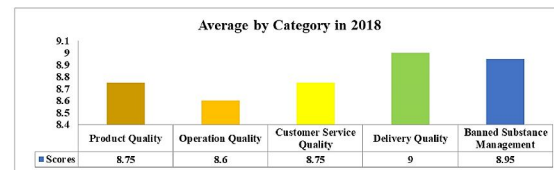


FTIR



Management of customer satisfaction

To have a true understanding of our customers, Taiflex conducts customer satisfaction surveys annually. The survey covers the overall performance on quality of product, operation, customer service and delivery and management of hazardous substance. Explicit unsatisfactory feedback or failed performance would be discussed in the management audit meetings for cross-department units to propose improvement schemes and suggestions. We hope to be a trustworthy long-term partner to our customers.



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

4.2.2 Supplier Management

4.2.2.1 Policy and Management

Taiflex is dedicated to maintain a long-term relation with suppliers both at home and abroad, and jointly build a steady, sustainable supply chain. On top of product quality, delivery schedule and prices, we also urge suppliers to carry out eco-measures, improve safety and health, protect human rights, fulfill corporate social responsibilities as well as keep sound risk management and continuity plans in place.

We demand all suppliers to comply with the quality management system, the environmental safety and health management system and Authorized Economic Operator assessment. We examine every supplier criterion, including basic information of the company, relevant certifications, quality assurance records, environment, safety and health management investigation, operating conditions, product information, manufacturing procedures, financial status of (raw) material suppliers and business continuity management, contract approval associated with procurement obligations, and green product management and social responsibilities of supplier. In 2017, Taiflex introduced the Electronic Industry Citizenship Coalition, which was renamed Responsible Business Alliance in 2018, as the standard for supplier management assessment. The standard serves as the social responsibility standard for the electronics industry at present and covers areas of labor, health and safety, environmental protection and business ethics. It aims to ensure that companies in the electronics industry have safe workplaces, employees are respected and companies are environmentally responsible during manufacturing processes.

To enhance the competitiveness of the supply chain as a whole, we conduct regular/unscheduled audits on suppliers and incorporate factors including suppliers' quality, prices and costs, service standard, environmental protection, work safety and technology into the assessment to ensure the quality level. We also assist suppliers with identifying the root cause for abnormal supply of goods and offer necessary counseling in order to sustain the competitive edge of our supply chain.

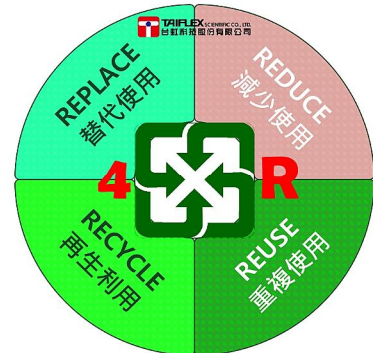
4.2.2.2 Procurement of Conflict-free Raw Materials

Taiflex conducts conflict minerals management in accordance with the "Conflict Minerals Disclosure Rules" under Rule 13p-1 of the U.S. Securities Exchange Act of 1934 promulgated by the US Securities and Exchange Commission (SEC) and launched an assessment system through new suppliers. Starting from the selection process, new suppliers have been requested not to source conflict minerals from conflict regions. As for existing suppliers, we would initiate investigations with due diligence and ensure that agreements

which ban the use of conflict minerals from conflict regions are signed or statements are provided. Moreover, we examine whether the upstream smelters of our suppliers use conflict minerals from conflict regions during the annual supplier audits. Traceability is also employed to reconfirm that conflict minerals from conflict regions are completely banned.

4.2.2.3 Green Procurement Management

In the spirit of corporate social responsibility and mission and in line with our eco-policy, we have delivered our green procurement requirements along with purchase orders to our suppliers via the e-procurement system since 2015 to facilitate the execution of green procurement management. At the same time, we promote the concept of green procurement to the supply chain, integrate the green supply chain to service customers and initiate measures to reduce and recycle packaging materials so as to mitigate their negative impact on the environment.



Green Scheme

4.2.2.4 Requirement and Assistance Concerning Supplier Risk Control Mechanism

Business continuity plan:

We ask suppliers to formulate contingency plans and procedures for potential natural or man-made threats that may lead to production or service losses to ensure their business continuity and mitigate the impact on Taiflex.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Earthquake risk:

We take the initiative to help suppliers that require assistance by teaching them how to improve earthquake resistance. We also establish the emergency notification system so that suppliers can report their status and update their recovery progress on a timely basis in order for us to obtain a clear picture on their progress.

Climate change risk:

We ask suppliers to prepare response plans, e.g. production backup plans or increased level of inventory, to lower the impact brought on by the incident.

Fire risk: We share our experience to help them with fire prevention.

4.2.2.5 Supplier Capability Enhancement

We strengthen suppliers' performance management as we place great importance on supply chain sustainability management. We set up goals and assessments on supplier indicators, including quality, cost, delivery, service and sustainability development, encourage suppliers to operate in coordination of our procurement strategies and conduct regular audits on suppliers in order to ensure all indicators meet our requirements. Besides continuous management, we encourage existing suppliers to diversify risk and jointly improve the supply chain flexibility. We hope that all qualified suppliers can work with us on strengthening the supply chain.

4.2.2.6 Recognition of Outstanding Suppliers

Taiflex convened the supplier conference on January 18, 2019. We expressed our gratitude towards suppliers' support and outstanding contributions to the Company in the past year, as well as recognized material suppliers with excellent performance. Mr. Zong-Han Jiang, the head of our Electronic Materials Business Group, shared our visions with our partners during the meeting and stressed yet again our goal of overcoming the current challenges to achieve better performance together.



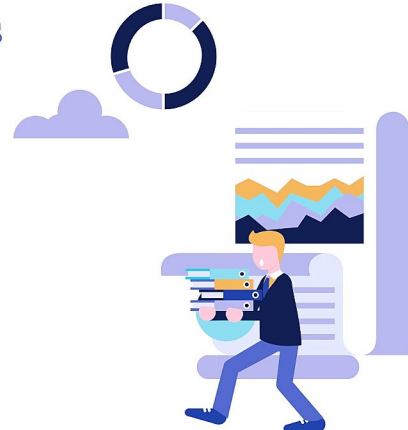
Recognition of Excellent Suppliers

- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI)
 - Standards Comparison Table

5

Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

5.1 Environmental Protection and Sustainability Policy

Taiflex follows the global eco trends closely and considers them as its own responsibilities. Thus, in addition to compliance with Taiwan's eco laws and regulations, we place more focus on the latest development in the global eco topics. We are committed to reducing energy consumption and carbon emissions to protect the eco-environment, and implementing the policy of "environmental sustainability development" to fulfill the mission of sustainability. We take the initiative to adopt various eco-friendly measures and spare no effort to cut down transportation, travelling and energy consumption in daily operations to mitigate the impacts on the environment.

Taiflex upholds the belief of proactive fulfillment of corporate social responsibilities. To effectively manage environmental issues and achieve the goal of environment sustainability, our Safety and Environment Division is responsible for making overall planning on external communication and managing internal integration. Furthermore, we specifically set up cross-departmental project, e.g. the waste management project, to effectively promote eco measures concerning energy conservation, carbon reduction, water-saving and waste reduction across departments.

Issues on energy crisis, global warming, climate change have deteriorated since the start of the century and relevant eco-friendly laws and regulations have imposed tighter controls. The number one mission in climate change management is the reduction of GHG. Besides complying with relevant laws and regulation and obtaining certifications associated with environmental management and system, Taiflex also, in coping with global climate changes and characteristics of the industry chain where we belong, conducts numerous sustainability assessment and improvement measures, e.g. GHG inventory and reduction, resource inventory management and waste reduction and recycling, through examining the complete operation flows so as to achieve the goal of sustainability.

Taiflex environment, safety and health policies:



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI) Standards Comparison Table

5.2 Climate Change and Opportunities

Taiflex is in the electronic part/component industry with Flexible Copper Clad Laminate (FCCL) being our main service resource and electric power, natural gas and kerosene being the major source of energy consumed. Facing the inevitable increase in energy and environmental protection costs, we are devoted to various energy-saving projects to diminish the impact on costs and at the same time, committed to the recycling and renewal of waste resources to improve competitiveness and work towards the management goals of minimum energy consumption as well as cost optimization.

5.2.1 Establish the Environmental Management System

In response to the topic of global climate change and the characteristics of our industry, we build integrated management system and examine the whole operating procedures to facilitate GHG emission inventory management from source reduction.

5.2.1.1 Environmental Management System

Taiflex promotes the concepts of energy saving, environmental protection and resource conservation and incorporates relevant measures into daily operation. We obtained the ISO14001 Certification in Environmental Management System in 2002 and the ISO14001:2015 in 2018.

5.2.1.2 Hazardous substance management

Taiflex has obtained the IECQ QC08000 Certification in Hazardous Substance Process Management System which ensures our services are in compliance with international laws including European Union's regulation concerning hazardous substance management such as REACH and RoHS, and customers' requirements.

Through the establishment of QC 080000 Hazardous Substance Process Management System and ISO14001 Environmental Management System, we continue to assure customers that all of our services are in compliance with international laws and customers' requirements concerning hazardous substance management. Also, we are committed to the implementation of energy conservation and environmental protection and adopt measures ranging from the promotion of valuing resources to actions one can take in everyday life.

In the future, we will continue to advance in all management aspects, focus on the management of contractors, supply chains and customers, and

research on the provision of services with lower energy consumption to allow for a diverse development in the environmental policy for sustainability.



5.2.2 GHG Management

The increasing global warming has directly and indirectly affected the ecosystem and Taiwan has responded by gradually tightening the GHG control. Thus, GHG reduction is a key strategy in mitigating the impact of climate change and global warming. If corporations can improve their energy efficiency and reduce their carbon footprint, they would not only diminish the negative impact on the environment and ecosystem, but also lower operating cost and forge a positive corporate image.

We obtained the ISO 14064-1 certification in 2009 and established the GHG Inventory and Voluntary Carbon Reduction Task Force to accurately control the Company's emissions of various GHG on August 17 of the same year. On September 1, 2017, we were recertified and obtained the 14064-1 certification. We hope to effectively carry out GHG reduction measures and fulfill our responsibilities as a global citizen in decelerating the global warming.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

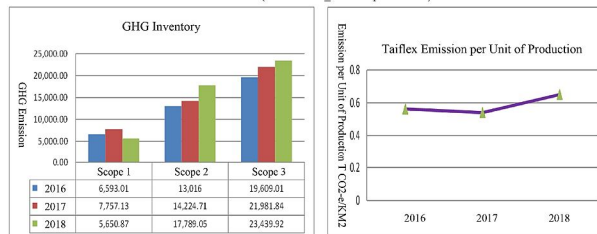
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The source of GHG emission can be categorized into three types. Scope 1 is direct GHG emission. Inventory items under assessment are emissions from production process plus emergency and mobile sources with gases including CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. Scope 2 is indirect GHG emission and the key inventory item is indirect GHG emission from purchased electricity with gases including CO₂, CH₄ and N₂O. Scope 3 is indirect GHG emission as a result of emission sources not owned or controlled by the company. It includes indirect emissions resulting from travelling or meals of external organizations, e.g. contractors, or employees. We mostly use electric power, natural gas and kerosene. Through annual GHG inventory, we can understand the environmental impact and the level of impact as a result of our operation.

Based on the GHG inventory results, CO₂, CH₄ and N₂O emission sources are the electricity purchased for non-stop machines, followed by natural gas used for the Regenerative Thermal Oxidizer and the kerosene used as fuel for product ovens. Taiflex's production volume was 34,846.351 Km² in 2016, 40,631.161 Km² in 2017 and 36,017.772 Km² in 2018.

Taiflex GHG Emissions			
	Scope 1	Scope 2	Total
2016	6,593.01	13,016	19,609.01
2017	7,757.13	14,224.71	21,981.84
2018	5,650.87	17,789.05	23,439.92

Unit: (Metric ton, CO₂ equivalents)



5.2.2.1 GHG Reduction Management

Key eco-measures adopted in 2018 and the results

- (1) The Company passed the ISO14064 Greenhouse Gas Accounting and Verification again in August 2017 and received the certification in September. Strategies to reduce greenhouse gas and carbon footprints were established based on the Company's emission level to diminish the negative impact on the environment.
- (2) In 2018, a total of 1,058 MWh of green solar power was produced, which reduced 559 metric tons of CO₂ emissions. Green power refers to electricity which has zero or close to zero CO₂ emission during the production process.
- (3) Rotors at Factory Two were installed in 2018. Condensing VOCs to be processed through RRTO reduces fuel consumption. The annual saving on natural gas is 42,224 m³ and the reduction in CO₂ emission is 122,450 Kg.

5.2.3 Eco Awards

Recycling Certificate issued by WRC Pacific, Ltd. in 2017.



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

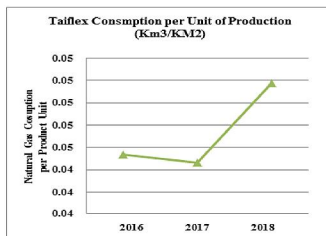
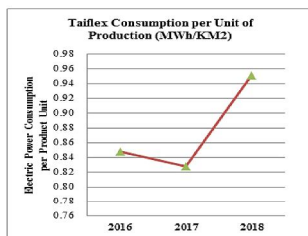
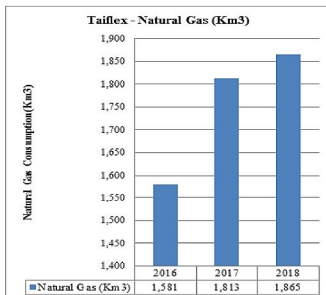
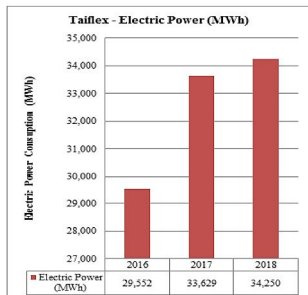
7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

5.3 Energy Management

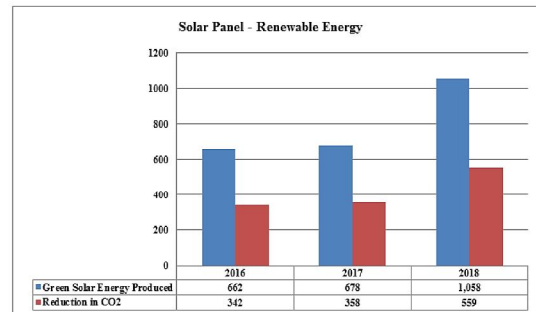
5.3.1 Energy Use

Taiwan is a small island with high population density, and the lack of natural resources restricts its renewable energy development. Consequently, thermal power station is still the mainstream in Taiwan. Even though the power company strives to improve the power conversion rate, carbon emission is inevitable during the power generation process. Taiflex mainly relies on electric power and natural gas. The total natural gas consumption was 1,581 Km³, 1,813 Km³ and 1,865 Km³ from 2016 to 2018, respectively. Our process equipment relies mostly on electric power. The electric power consumption was 29,552 MWh, 33,629 MWh and 34,250 MWh between 2016 to 2018, respectively. In terms of percentage, electric power accounted for 94.72%, 94.61% and 94.55% of natural gas accounted for 5.27%, 5.39% and 5.45% from 2016 to 2018, respectively.



5.3.2 Use of Renewable Energy

The government has promoted renewable energy policies in recent years and Taiflex has taken actions by installing solar panels on the roof of Fab 3 and drawing up plans to install solar panels on the roof of Fab 5 at the commencement of its construction, which was completed in 2017. From 2016 to 2018, the green solar power was 662 MWh, 678 MWh and 653 MWh, reducing 342 metric tons, 358 metric tons and 344 metric tons of carbon emissions, respectively. In 2018, a total of 1,058 MWh of green solar power was produced (635 MWh from Fab 3 and 405 MWh from Fab 5), which reduced 559 metric tons of carbon emissions (344 metric tons from Fab 3 and 215 metric tons of Fab 5). Green power refers to electricity which has zero or close to zero CO₂ emission during the production process. In comparison, the electricity generated in 2018 was 380 MWh more than that of the previous year. This is part of our efforts in environmental protection.



5.4 Raw Material Management

5.4.1 Source Reduction – Reduce the Use of Raw Materials

Taiflex has always insisted on directing the use of raw materials towards optimization and best feasible practice so as to achieve minimal waste volume and production cost and accomplish a win-win outcome where profitability and environmental protection are concerned.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

5.4.2 Recycled Raw Materials Management

Taiflex installed the NMP recycling equipment at Fab 3 in May 2017. The equipment turns waste gases into solvent through condensation and refines NMP chemicals into industrial grade raw materials to be used at the production line through distillation and purification. 325.64 metric tons of NMP chemicals were recycled in 2018. The recycling not only enhances the Company's competitiveness and cuts down waste gases generated from stationary pollution sources, but also conforms to the concept of raw material recycling, reuse and zero waste.

5.4.3 Green Products

Taiflex collaborates with upstream raw material suppliers and downstream FPC and solar energy industries to mitigate the impact on the environment as well as reduce the resources and energy consumed per production unit. For instance, flexible copper clad laminate (FCCL) and its technology development are driven by downstream demands. Following the trend for compact, reliable and multifunctional electronic products, the needs for high frequency, high speed and anti-electromagnetic interference products are increasing, which brought along development of related products in the FCCL industry. Moreover, the use of electronic materials stresses on reducing pollution given the rising awareness in maintaining a green environment. Thus, suppliers intensify their efforts in the research and development of eco-friendly materials and initiate a material revolution in the CCL industry. Nowadays, electronics manufacturers gradually shifted to eco-friendly substrates. Driven by increasing environmental awareness and regulations, eco-friendly materials will become the basic requirement of products.

FPCs and PV backsheets produced by Taiflex are widely used in various electronics, e.g. computer, mobile phone, camera, and consumer applications. Through our manufacturing techniques, customers' designs can be realized and applied to daily life. These products contribute significantly to the evolution of modern society. As the Company continuously strives for growth, it also spares no efforts on protecting the environment and enhancing social value. Our products are listed below:

Environmental impact of our professional manufacturing services

Continue to launch new process technology and satisfy end-product demand

- The design of FPC materials moves in two directions. One is the quest for thin, light, high frequency, high speed and high thermal conductivity products, namely mobile and wearable devices. With polarized demands, forefront material designs shall also meet the needs of end products. Taiflex's research and development also

shall also meet the needs of end products. Taiflex's research and development also aim to develop thin, light, high frequency, high speed, high thermal conductivity and high stability copper clad laminates which are more advanced, energy-saving and environmentally friendly to contribute to global sustainability.

- Due to the recent development in US shale oil extraction technology, the overall supply of crude oil has increased significantly. Moreover, to protect their market shares, middle-east countries maintain their production level. The global demand for crude oil continues to climb while global warming as a result of carbon dioxide emissions has yet to see any improvement. The issues of extreme weather and air pollution have worsened over time. All those factors have reinforced nations' resolve to control air pollution. The use of alternative energy to replace oil for power generation has gained its attractiveness. The Company has long been engaged in developing green energy products. We develop high-reflectivity and high heat-dissipation PV backsheets to enhance the efficiency of PV modules and further improve the cost effectiveness of solar power in hope to promote the development of green energy and contribute to global sustainability.

Social contribution of our professional manufacturing services

We assist customers with realizing the innovations and high growth in compact, portable devices, allowing for an efficient and convenient mobile communications life.

- The rapid growth in smartphones and tablets reflects a strong demand for mobile device components. Portable devices bring enormous convenience and our Company has made considerable contribution, which include
- (1)FCCL is categorized into two groups: the traditional 3L-FCCL and 2L-FCCL. The latter has gradually become the mainstream due to demands for thinner and lighter mobile devices as the 2L-FCCL is relatively thinner.
- (2)FPC is flexible, lightweight and thin. These characteristics satisfy the demand for compact data transmission and telecommunication products, allowing better convenience in using mobile devices. People can communicate and manage affairs without time constraint, driving the mobility in modern life to a whole new level.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Jointly create clean energy supported by end customers' requests

Although the installation volume growth in major PV nations in Europe, such as Germany and Italy, has remained stagnant due to a tightening of subsidy policies, there is high growth rate in China and Japan, thanks to the generous subsidy plans in those two nations. Furthermore, growth remains in US and emerging markets including India and southeast Asia. As a result, the overall PV market continues to grow. Looking into the future, increasing environmental awareness will keep on driving the alternative energy development as global warming and pollution from energy generation worsen. The solar power generation efficiency of our products is expected to rise gradually as the production of solar materials and modules expand and new technology emerges. Comparing to other means of power generation which raise pollution level or safety issues, solar power, with a significant cost reduction, would progressively achieve cost effectiveness. Representing as a source of clean energy, solar power is difficult to replace and thus the market continues to enjoy long-term growth momentum.

Cooperate with suppliers to lower products' carbon footprints

With regard to products, we insist on both quality and producing green products. The impact of each stage, from the production and transportation of raw material to the production, transportation, application and disposal of products, is incorporated into the assessment. Carbon, water and other environmental footprints are all key indexes of environmental performance. Therefore, we demand our fabs to duly conduct hazardous substance management, pollution prevention, energy and water conservation as well as waste reduction, and take one step further to ask or assist our suppliers to follow suit. We then instruct our major suppliers to set the same requirements where their suppliers are concerned. The green supply chain is gradually taking shape after several years of efforts.

Compliance with international regulations concerning hazardous substance management or set stricter control

Through the establishment of IECQ QC080000 Hazardous Substance Process Management, we can ascertain our FPCs and PV backsheets are in compliance with international regulations and customers' requirements associated with hazardous substance management, including:

- The maximum levels of restricted substances specified in the European Union's Restriction of Hazardous Substances Directive (RoHS) are as follows: Lead < 1,000 ppm, Cadmium < 100 ppm, Mercury < 1,000 ppm, Hexavalent Chromium < 1,000 ppm, Polybrominated Biphenyls < 1000 ppm, and Polybrominated Diphenyl Ethers < 1,000 ppm. The RoHS 2.0 adds four restricted substances: Bis(2-Ethylhexyl) phthalate (DEHP) < 1,000 ppm, Benzyl butyl phthalate (BBP) < 1,000 ppm, Dibutyl phthalate (DBP) < 1,000 ppm and Diisobutyl phthalate (DIBP) < 1,000 ppm. All our products meet the regulatory requirements.
- Halogen-free electronics: In general, Halogen-free requirement means the substance must consist of less than 900 ppm of bromine or chlorine and less than 1,500 ppm of halogen. All our products meet the aforementioned requirements.
- Restrictions on Perfluorooctane Sulfonate (PFOS), Perfluorooctanoic acid (PFOA) and relevant substance: Taiflex is aware of the restrictions imposed by international laws and regulations. Raw materials containing PFOS, PFOA and relevant substances are no longer used within our process and none of our product contains those substance.
- Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) of the European Union: With regard to hazardous substances announced and Substance of Very High Concern (SVHC) gradually released by REACH, all our products meet the regulatory requirements.
- Waste Electrical and Electronic Equipment Directive (WEEE): The directive is formulated to cope with the increasing waste electrical and electronic equipment, mitigate the burden on landfills and incinerators, and prevent hazardous substance within the waste electrical and electronic equipment from polluting the environment. Our products are not the end products; thus, we are not directly subjected to the WEEE. After the end products are used by the end users, FPC and PV components would turn into waste and the manufacturers of those end products are responsible for recycling the equipment.

Besides existing international laws and regulations and customers' requests, we also keep a close watch on possible regulatory requirements and formulate responsive actions.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Management and reduction of packaging materials

· Packaging materials used for our product shipments are all recyclable materials, including paper and plastics. The sum of lead, cadmium, mercury and hexavalent chromium in those packaging materials conforms to the European Union's standards. With regard to reduction in packaging materials, we have reused closed to 100% of the materials. We make every effort to recover the packaging materials used in shipments to customers, such as cartons and cushioning, for repetitive uses and to minimize waste generated from raw material packaging.

5.5 Compliance with Environmental Laws and Regulations

Taiwan is a small island with high population and factory density, and the regulatory body has tightened environmental laws and standards. Taiflex has established a comprehensive identification and registration mechanism. The Safety and Environment Division would identify and assess environmental laws and regulations promulgated each month. If regulatory risk is identified, immediate improvement or preventive measures would be taken to ensure our regulatory compliance. At the discharge valves of pollutant emissions facilities, we installed various monitoring systems in place. Abnormal data would be handled immediately in accordance with the emergency and notification procedures to prevent pollution and violation of laws and regulations.

In 2018, there was no significant chemical spills nor incidents involving a violation of environmental laws.

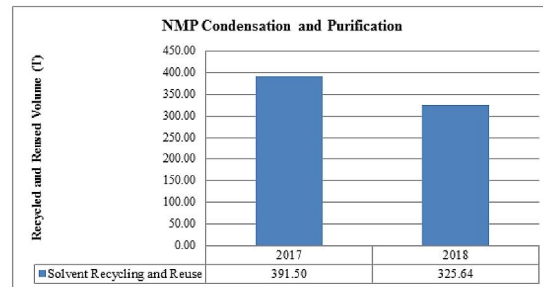
5.6 Air Pollution Control

Our environment, safety and health policies include waste reduction & recycling, energy conservation & carbon reduction and continuous improvement. We built the NMP condensation and purification column as the waste gas treatment and prevention facilities and switched from waste gas combustion to recycling NMP solvent from waste gases. The recycling method reduces fuel (natural gas) consumption as well as carbon emissions and the solvent recycled can be reused as raw materials during the manufacturing process. In short, the recycling lowers our purchases in raw materials, waste gas emissions and impact on the environment while conforming to the concept of recycling and reuse. The solvent recycled from waste gases amounted to 391.5 metric tons and 325.64 metric tons in 2017 and 2018, respectively.

The volatile organic waste gas systems in all fabs have treatment facilities installed with an average removal rate of 98%, which exceeds regulatory requirements.

5.6.1 Waste Gases Recovery Facilities

Our environment, safety and health policies include waste reduction & recycling, energy conservation & carbon reduction and continuous improvement. We built the NMP condensation and purification column as the waste gas treatment and prevention facilities and switched from waste gas combustion to recycling NMP solvent from waste gases. The recycling method reduces fuel (natural gas) consumption as well as carbon emissions and the solvent recycled can be reused as raw materials during the manufacturing process. In short, the recycling lowers our purchases in raw materials, waste gas emissions and impact on the environment while conforming to the concept of recycling and reuse. The solvent recycled from waste gases amounted to 391.5 metric tons and 325.64 metric tons in 2017 and 2018, respectively.



5.7 Water Resource Management

5.7.1 Water Consumption

Taiflex adopts the dry process. Water is mostly used as cooling water for air conditioners, followed by water consumed for domestic and firefighting purposes. We also adopt the concept of "Reduction, Recycling and Reuse" where water resource is concerned. Water used is all tap water. The overall water consumption was 78,404 metric tons, 89,729 metric tons and 88,977 metric tons from 2016 to 2018, respectively. The consumption dropped by 752 metric tons in 2018 comparing to the previous year.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

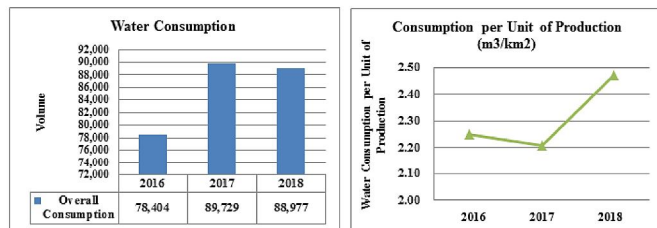
5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

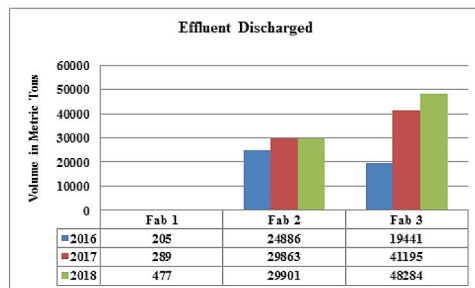
7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table



5.7.2 Effluent Discharged

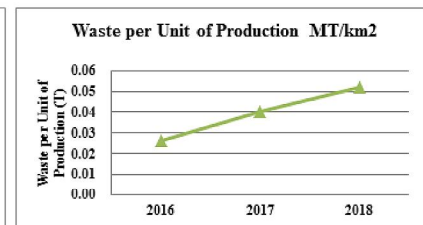
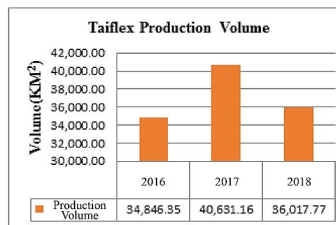
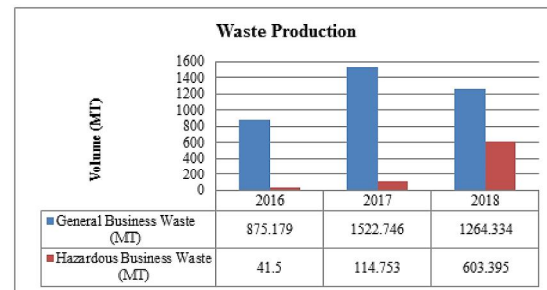
Effluents discharged from operating activities are mainly waste water discharged from the water-cooling tower for fabs and water consumed for domestic purposes, e.g. water consumed for wash up or kitchen waste cleaning. Our laboratory in Fab 1 would discharge etching wastewater; thus, a wastewater treatment system was installed. Before discharging, there are devices monitoring the quality (PH and COD) and quantity of the wastewater to ensure it meets the wastewater treatment standards of the processing zone. The wastewater is then processed by the Kaohsiung Central District Wastewater Treatment Plant before being discharged to the ocean. Consequently, our effluent discharge would not affect the biodiversity in the conservation area and the high degree of biodiversity outside the conservation area.



5.8 Waste Management

5.8.1 Principle

Waste generated from our production can be categorized into two types: general and hazardous business waste. Waste is treated by qualified companies in accordance with relevant laws and regulations while recyclable waste is recycled and reused. As for hazardous business waste, we have equipment in place to reduce the hazardous substance within without outsourcing in order to lower operating cost and mitigate the environmental impact. Through effective management, we continue to work towards waste reduction. Taiflex's waste production was 1,637.499 metric tons in 2017 and 1,867.729 metric tons in 2018, a year-over-year increase of 230.23 metric tons. As for the production volume, we had 34,846.351 Km², 40,631.161 Km², and 36,017.772 Km² from 2016 to 2018, respectively.



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

5.8.2 Waste Reduction Measures

5.8.2.1 Ban on Disposable Tableware

Most disposable tableware takes up a large amount of wood, paper pulp, detergents, bleach, and chemicals such as sulfur dioxide. It is energy consuming and has adverse impact on the environment and health. Taiflex took the lead in promoting "BYO Utensils" program where employees are given eco utensils and encouraged to bring their own set of tableware. There are also eco utensils for guests and suppliers. The restaurant no longer provides disposable tableware so as to put a stop on damaging the employees' health and the environment.

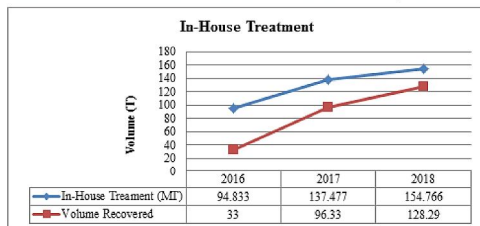
In 2018, there was an average of 880 diners per day using our cafeteria. Based on this figure, 233,200 disposable utensils could be saved if everyone brings his/her own tableware, which is equivalent to 3,498 KG of virgin paperboards when each disposable lunchbox weights about 15 grams. However, based on paper lunch box manufacturers' experience, about 15% to 23% of raw materials would be wasted during the production process. Thus, at least 4,302 KG of paperboards are needed to produce 233,200 lunch boxes.

If a tree which takes about 20 to 40 years to reach a height of 8 meters and a diameter of 16 cm can produce 50KG of paper, 4,302 KG of paperboards would require a total of 86 trees. We thoroughly implemented the BYO Utensil program to reduce waste and carbon emissions as well as the impact of waste on the environment; furthermore, it is hygienic and healthy for employees.

5.8.2.2 In-House Waste Management

We uphold the goal of waste reduction with regard to hazardous business waste generated from production to minimize energy consumption. We have 12 sets of 60-liter solvent recovery units and 2 sets of 200-liter ones to process our hazardous business waste (organic solvent) and the solvent recovered can be reused. The in-house facilities lower the environmental impact of outsourcing.

Our in-house recovery system processed 94.833 metric tons, 137.477 metric tons and 154.766 metric tons with a recovery volume of 33 metric tons, 96.33 metric tons and 128.29 metric tons from 2016 to 2018, respectively. The recovery rates were 70% in 2017 and 82% in 2018, a year-over-year increase of 12%.



5.9 Eco-Investing and Its Benefits

5.9.1 Management principle

The purpose of Taiflex's environmental accounting system is to identify and measure the Company's environmental costs, as well as conduct benefit analysis and compile statistics on costs reduced or revenue generated as a result of executing environmental projects so as to encourage and promote environmental projects with economic benefits. Economic benefit is calculated by estimating the potential cost savings resulting from reductions in energy, water consumption and waste for carrying out the environmental projects plus the revenue generated from waste recycling and reuse. The economic benefit amounted to NT\$65,592 thousand in 2018.

Environmental expenditure totaled NT\$16,957 thousand in 2018, mostly were costs for corporate operating and administrative activities, e.g. audits on environmental system standards, pollution prevention, environment monitoring, eco-education, sponsorship to eco-organizations, etc. We collaborate with impartial third-party assurance organizations, recycling organizations, professional waste management organizations and environmental monitoring organizations.

2018	Environmental Expenditure		Unit: In thousands
Expenditure	1	Direct cost of environmental burden reduction – pollution prevention costs	Air pollution fee
			2,337
			Soil and underground water
			4
			Other pollution control fees
			0
	2	Environmental burden reduction – industrial waste disposal fee	General industrial waste
			1,565
			Hazardous industrial waste
			7,866
	3	Indirect cost of environmental burden reduction	Maintenance fee for control equipment
			4,735
			Calibration of equipment
			116
			Environmental management system and certification expenses
			334
			Soil and environmental remediation expenses
			0
	4	Other eco-related costs	Pollution insurance and environmental tax and dues charged by the government
			0
			Settlement, compensation or fine and litigation expenses of environmental issues
			0
Benefits	1	Environmental benefits	1. Savings on pollution control and reduction measures
			27,888
			2. Savings on reduction, recycling and reuse of industrial waste
			37,110
			3. Savings on recycling
			594

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

6

Social Aspects

6.1 Stable and Sound HR Structure

6.2 Talent Recruitment Focusing on Quality and Quantity

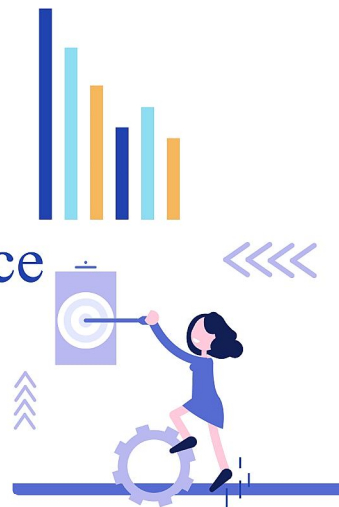
6.3 Employee Growth Engines

6.4 Outstanding Benefits and Safe Workplace

6.5 Employee Involvement

6.6 Build a Safe and Healthy Workplace

6.7 Taiflex's Social Contributions



1 Overview

- Message from the Chairperson
- Message from the President
- Awards and Outstanding Achievements
- About This Report

2 Stakeholder Engagement and Management

- CSR's Stakeholder Engagement and Management

3 Corporate Governance

- 3.1 Corporate Governance Structure
- 3.2 Code of Business Ethics
- 3.3 Regulatory Compliance
- 3.4 Confidential Information Protection
- 3.5 Risk Management

4 Economic Aspects

- 4.1 Corporate Overview
- 4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits

6 Social Aspects

- 6.1 Stable and Sound HR Structure
- 6.2 Talent Recruitment Focusing on Quality and Quantity
- 6.3 Employee Growth Engines
- 6.4 Outstanding Benefits and Safe Workplace
- 6.5 Employee Involvement
- 6.6 Build a Safe and Healthy Workplace
- 6.7 Taiflex's Social Contributions

7 Appendix

- Global Reporting Initiative (GRI) Standards Comparison Table

6.1 Stable and Sound HR Structure

As of the end of 2018, Taiflex has a total of 776 employees. Due to capacity expansion, there is greatest increase in the number of technicians with its weighting raised from 48% to 55%.

Female employees accounted for 23% while male employees accounted for 77%. The percentages reflect the socio-economic environment in Taiwan, our main operation base, where majority of students in science and engineering majors are male.

Item	2016	2017	2018
Number of employees	673	728	776
% of managerial personnel with section level and above	12.30%	11.00%	11.56%
R&D personnel	10.80%	9.10%	8.60%
% of female employees	23.00%	23.00%	23.00%
Average turnover rate of employees below 30 years old	0.38%	0.27%	0.30%
Average turnover rate of employees between 30 to 50 years old	1.17%	1.00%	0.70%
Average turnover rate of employees above 50 years old	0.03%	0.03%	0.00%
% of employees with Master's degree and above	21.00%	19.00%	17.30%

Our overseas subsidiaries are located in China, US, Japan, etc. Subsidiaries in China have production bases and provide sales and technical support, whereas the ones in US and Japan provide services including sales and technical support.

FPC is a knowledge and technology-intensive industry and our leading position within the industry rely on employees' innovations and contribution. In order to ensure corporate sustainability, preserve knowledge and revitalize the company as well as take into account external factors such as the economy, we try to cap our turnover rate at 3%. The average turnover rate of our headquarters was 1% in 2018, consisted of 0.8% for male employees and 0.2% for female employees. From age groups, the average turnover rate was 0.3%, 0.7% and 0% for employees under 30 years old, between 30 to 50 years old and above 50 years old, respectively. In line with market demand and product adjustments, we made some significant modifications and adjustments on our production bases in China. The new production base is expected to be completed in the second half of 2019. Once successful trial runs are completed, we will gradually recruit more people.

The Labor Standards Law of R.O.C. stipulates that “No employer shall, by force, coercion, detention, or other illegal means, compel a worker to perform work.”, and the International Labour Organization (ILO) also prohibits any kind of compulsory labor. Taiflex adheres firmly to local labor regulations and international standards, and would never force or coerce people to work against their will.

Both ILO and our government has set regulations against the recruitments of labor under the age of 15. Our Labor Standards Law take one step further and stipulates that children above 15 years old but under 16 years old shall not engage in strenuous or dangerous works. Taiflex adheres firmly to local labor regulations and international standards, and formulates the “Rules on Employee Recruitment”. We conduct job interviews only with applications aged 16 or above and require proof of identifications from recruits for verification purpose. Applicants shall pass those two checks before they could be formally employed. Those efforts ensure our record of never employing labors under the age of 16, which is also the principle we will continue to uphold in the future.

6.2 Talent Recruitment Focusing on Quality and Quantity

Our growth relies on employee's continuous contributions. To build growth momentum, we proactively recruit professional talents in various fields. Competency-based recruitment and putting the right people in the right job have always been our recruitment guidelines. We treat all candidates equally regardless of race, gender, age, religion, nationality and political preference and the recruitment process is open and fair. In practice, Taiflex strictly abides by the government regulations and the Electronic Industry Citizenship Coalition. To protect candidates' personal information and avoid employment discrimination, we have “Rules on Employee Recruitment” in place. Data gathered during the interview stage are mostly job-related.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

We value diversity at workplace. Besides organizing large recruitment activities Taiwan, we also aggressively recruit global talents, e.g. China, Japan and US where there are better recognized talents in FPC and solar industries. In addition to online channels (e.g. 104 and 1111 job banks), we held recruitment orientations at major universities overseas in 2018, where our middle and senior management would interview and identify local talents.



Taiflex continues to organize recruitment orientations to effectively recruit from our targeted groups and satisfy our human resource need for continuous growth. Our operation continues to expand in 2018, and we recruited a total of 28 professionals and administrative personnel plus over 91 production line technicians.

For a long-term supply of talents, we proactively raise our R&D intensity and the level of human resource investments to support our competitive advantages amid global challenges. Based on the said belief, we strive to achieve the following goals:

Exert our influence to attract talents at an early stage and encourage their participation

We recruit from schools. Besides campus job fairs, we organize various carefully-planned projects so that students can become acquainted with jobs and prospects of the industry. Key activities include the following:

Project	Outcome
Summer internship program	We provide internship opportunities to college and university students so that they can apply their knowledge, experience workplace culture early and have more interactions and learning opportunities with our teams.
Visits from professors and students of our targeted majors	This allows college and university students to know the working environment of the industry at an early stage and promotes industry-academia exchange and interaction.
School seminars	We arrange for our managers or industry professionals to share our corporate philosophy and career development opportunities associated with FPC and energy materials, encouraging students to study relevant fields.
Career coaching program	We have taken part in National Cheng Kung University's Career Coaching Program since 2015. Besides attracting outstanding talents to join the Company, we aim to fulfill our corporate social responsibility and for students to have an early exposure to work experience.



Youth Employment Project

Taiflex has participated in the government's "Youth Employment Project" since 2017. We recruit high school graduates and nurture technical talents through apprenticeship so as to lay a solid foundation for talent development.

Diverse job opportunities for disabled people

We encourage the recruitment of disabled people and take the initiative to integrate external resources. Besides current job positions, we continue to design jobs that are suitable for them, e.g. massage services.

As of the end of 2018, the number of disabled employees accounted for 1.04% of our total employees, which met the regulatory requirements.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

6.3 Employee Growth Engines

Corporate growth is inseparable from employees' learning and development, which adhere to our training philosophy of "learning diversification, competence advancement, promotion of internalization, growth for all, transfer of learning, performance enhancement, continuous improvement, and development coping". Taiflex strives to build a continuing learning environment rich in contents. We have formulated the "Educational Training Rules" and integrated external and internal resources to nurture and improve employees' competence and for employees to advance with the Company.

Comprehensive performance management and development

The purpose of our performance management and development system is to explore employees' potential, provide an environment which facilitates employees' continuous growth as well as promotes interactions and communication between management and employees. The system pursues simplicity and practicality while complies with the following four principles:

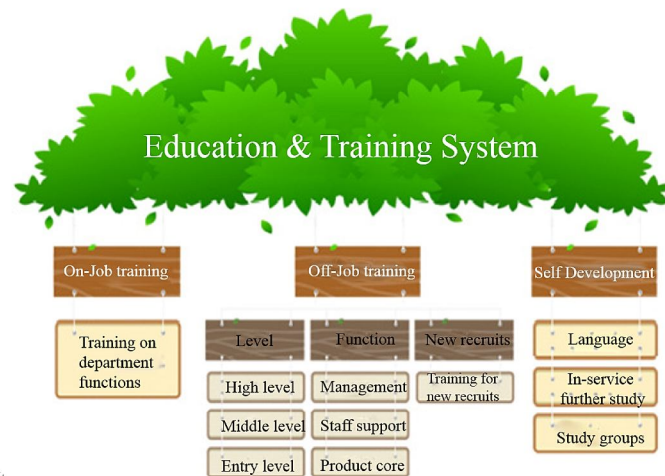
- Feedback and recognition – Feedback and recognition are given based on the accomplish level of performance targets
- Directions and improvement – Improvement directions and plans for the next period are formulated for aspects which fail to meet the target
- Continuous communication and encouragement
 - Mutual communication between management and employees to discuss specific events or records
 - Management applies reward and punishment mechanism or exerts authority to hand out adequate rewards or punishment
- Objective assessment – The assessment process shall be definite, fair and objective.

Taiflex measures the achievement level and formulate employees' development guidelines through the determination and execution of organizational and personal goals as well as performance assessment of each period.

Individual development plans and diverse learning resources

Taiflex maps out the "Individual Development Plan" (IDP) based on job requirements, performance assessment and career development of individuals and provides diverse learning channels and development resources via the comprehensive educational training system below. The system is divided into three major sections: On-Job Training, Off-Job Training and Self Development. The Off-Job Training is further divided into three categories: tier, function and

new hires. Each category has a specific training scheme which outlines the trainings essential to a specific position or department. The On-Job Training is the focal point, as this section has a direct and definite impact on whether the Company can function normally and effectively. The system is illustrated as follows:



In 2018, Taiflex invested NT\$3,041,777 in training and development. The total training hours was 19,863.5 hours with a total of 3,455 participants. The average training hours per employee exceeded 19.1 hours. Through these investments, employees can accomplish their tasks more effectively. Take the new management training course as an example. The course assists managers to build the right mindset and acquire key skills so that they can lead their teams to complete their assignments with better efficiency. In addition to trainings, we have also actively constructed the tutor system in recent years and enriched employees' learning experience via job rotation and guidance so that positive experience can be passed on effectively and employees' learning curves can be shortened.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

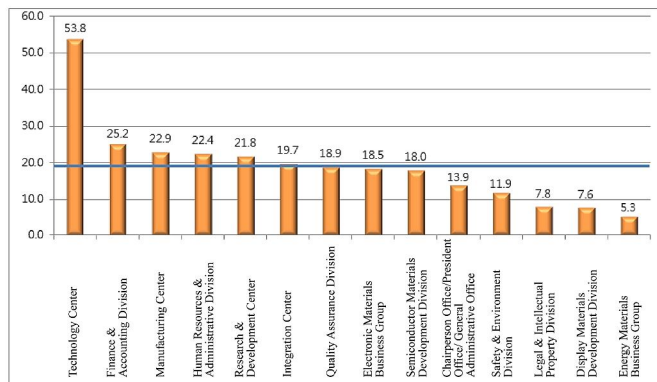
5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI) Standards Comparison Table



Taiflex systematically provides general, professional and management courses. We not only invite external experts to give lectures, but also train several hundreds of internal lecturers to achieve the goal of passing on our key knowledge and techniques.

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Taiflex's training courses are as follows:

Course Type	Details
Orientation	<ul style="list-style-type: none"> Including new hires' orientation, basic trainings and on-job guidance, helping new hires to quickly understand the Company's core value and work environment Supplemented by instructions from supervisors and the comprehensive "babysitter system, we actively assist new recruits to adapt to and blend in with the workplace
General Knowledge	<ul style="list-style-type: none"> Trainings activities concerning the Company as a whole and general knowledge of different levels pursuant to government laws and regulations and corporate policies Including courses of individual performance management, industrial safety, safety and health, quality assurance, and emergency response plus various language trainings
Professional/Functional training	<ul style="list-style-type: none"> Technical and professional trainings required by each functional unit Including courses of equipment engineering, process engineering, accounting and information technology
Management	<ul style="list-style-type: none"> Training and development activities customized by the competence and duties required by different levels of management in order to assist all managers in advancing their leadership Including fundamental and advance management skill trainings and other diverse electives
Direct personnel	<ul style="list-style-type: none"> To help production-line technicians to become multifunctional, acquire knowledge, skills and attitudes required in works and pass trainings where machinery operation permits is obtained through certification Including skill trainings for direct personnel, trainings for technicians and trainers and trainings for supervisors of the production division
Organization-specific training	<ul style="list-style-type: none"> Courses devised based on strict demand analysis and course design in response to the business and organizational needs for specific units

Internal lecturer program

To facilitate knowledge sharing and technique inheritance, Taiflex has built a comprehensive system to nurture internal lecturers. We are in the process of forming a Taiflex knowledge academy. By 2018, the Company had a total of 237 formally certified internal lecturers. Lecturers would be paid a fee on top of their salaries as an incentive for their devotion and contribution to experience inheritance. They would also be recognized publicly in seminars and morning meetings for their contribution and participation in shaping a learning culture.

Training effects from our pursuit of excellence

To ensure the course quality and make improvements accordingly, we evaluate course benefits through after-class questionnaires and pre and post-course assessment mechanisms. Each of our training programs has definite scoring standards. Improvement schemes would be formulated and followed-up for courses that fail to meet the standards.

So far, we have received positive feedbacks for our courses as a whole and the annual course quality targets have been met. Over 80% of employees are satisfied with the course quality and the percentage of courses failing to meet the standards has been kept under 2%, which is considered reasonable

To ensure the quality of our courses, Taiflex adopts TTQS to monitor the benefits from training. The results were outstanding in all aspects, including revenue, finance, employee and employee satisfaction. We received one silver and three golden TTQS awards between 2010 and 2017, and the National TrainQuali Prize of Ministry of Economic Affairs, R.O.C. in 2013..

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI) Standards Comparison Table

6.4 Outstanding Benefits and Safe Workplace

Taiflex's employee compensation and benefits include base pay, allowances, cash bonus and rewards, pensions and other benefits. In 2018, the employee expenses amounted to NT\$804,969 thousand.

Diverse and optimal types of leaves

The Company's leave policy is in compliance with the Labor Standards Act. Employees with more than six months of employment are entitled to annual leaves and at least 240 hours of half-paid sick leave each year. Employees with major injuries or illness, both non-hospitalized and hospitalized, are entitled to at least one year of half-paid sick leave within a two-year period. With regard to creating a work place which is friendly to female employees and employees' spouses, employees are entitled to menstrual leave, maternity leave, antenatal care leave and paternity leaves as stipulated in laws and regulations. For employees who need to attend to personal affairs, besides personal leave and family care leave stipulated in the Labor Standards Act, they may apply for unpaid leave if a longer period of time is required for parental care, military service, major injuries or illness, etc. and return to work after their leave in order to manage both personal and family needs.

Amendments to the Labor Standards Act cut down the maximum regular working time from 84 hours fortnightly to 40 hours per week in 2016. Taiflex has reduced the regular working time to 40 hours since 2001, and the regular leaves, rest days and holidays are all in compliance with the Labor Standards Act.

Take the unpaid parental leave as an example. There were six employees applied for the leave in 2018. 100% of the applicants return to work with a retention rate of 100%.

Stable pension system

Taiflex draws up employee pension policy in accordance with the Labor Standards Act and the Labor Pension Act, and provides steady pension contributions and payments. In 2016, the Labor Standards Act was amended so that each year, the employers shall estimate the amount of pension required to pay to employees who are eligible for retirement in the following year and supplement the pension fund in the case of a shortage to ensure employees' retirement rights. Besides making contributions to the pension funds for both the new and old pension systems, we have engaged professional accounting consultants to perform actuarial valuation to ensure that the contribution is sufficient in order to protect the employees' right to receive pensions in the future.

Pension fund under the Labor Standards Act

Taiflex calculates the pension payments based on the employees' years of service and the average salaries six months before retirement in accordance with the Labor Standards Act. We make a contribution equals to 6% of employee's salaries to the Labor Pension Fund Supervisory Committee which would deposit the money in the Committee's name at the Bank of Taiwan. At the end of 2018, the fair value of plan assets amounted to NT\$33,618 thousand. In accordance with the aforementioned rules, amount recognized as expenses amounted to NT\$12,591 thousand in 2018. Regulatory contributions for future period are accounted for as accrued pension liabilities, which equaled to NT\$138,423 thousand at the end of 2018.

Pension contributed under the Labor Pension Act

Taiflex makes a contribution equals to 6% of employees' salary to the employees' individual pension accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act and the expenses recognized amounted to NT\$23,076 thousand in 2018.

Comprehensive health care management and insurance programs for employees

All employees are covered by the labor and national health insurances as required by laws and regulations. They are also covered by the group comprehensive program since the date they commence work. The program covers life insurance, accident insurance, hospital insurance, cancer insurance, critical illness insurance, business travel insurance, etc. for employees to be fully covered. Employees can still participate in the insurance program during their unpaid parental leave. Moreover, employees' spouses can also join the program at a discounted rate, allowing the employees and their families to be covered. The comprehensive health care management mechanism includes:

- Safety & Environment Division monitors, performs risk assessment and improves the work environment
- Health examination with items and frequency superior to regulatory requirement – free annual health examination
- Medial staff at workplace: including health service personnel and on-site doctors
- Health management and disease prevention kits for employees on business trips
- Health seminars and sporting courses
- Subsidies for critical illness
- Health promotion projects: weight loss, blood pressure, blood sugar and cholesterol level controls, smoking cessation courses, etc.
- Health monitoring service and care visits

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

- Maternal health management
- Ergonomic hazard prevention management
- Overload hazard prevention management
- Weekly on-site insurance service provided by group insurance company
- Travel insurance with high limits and overseas emergency assistance
- Group insurance for employees and their spouses

Worry-free at work and life

For damages suffered by employees due to flood, fire, hail, hurricane, drought, earthquake and other force majeure natural disasters, Taiflex offers death, relocation, flood, or injury subsidies accordingly in hope to ease their sufferings so that they can return to the normal state of lives as soon as possible.

To save employees from commuting, Taiflex offers free employee dormitory (switched to dormitory subsidies from the second half of 2018), temporary resting rooms and shower facilities. Besides disabled parking spaces, we also have parking spaces reserved for employees who are pregnant or have children under the age of 6. Employees who have mobility issues or have been elected as outstanding employees also have their designated parking spaces. For employees' families visiting from out-of-town, they can stay with our contracted hotels or guesthouses for their family trips.

Promote health and work performance through sports and leisure

Company provides a leisure center for employees to enrich their work-life balance. The indoor space is equipped with sporting equipment including billiards, table tennis, table football, exercise bikes, etc. and there is an outdoor multi-functional facility, which can accommodate basketball, volleyball and badminton games. Night lighting is available and employees can rent equipment for the ball games at any time. We organize various employee activities each quarter as well as during holidays at this venue.

The Company has recruited a blind masseuse, helping employees to relax muscles and ease pressure during work while fulfilling our corporate social responsibility.

Delicious meals and abundant snacks

Taiflex has uniforms, lounge rooms and cafeteria to ensure employees are well-fed and clothed in order to focus their energy on their works. Meals provided are as follows:

- Lunch is provided by contracted restaurants and serviced in a buffet style. There are noodles, all-you-can-eat, vegetarian, and fruit and salad sections, providing Taiwanese, Japanese, and traditional cuisines, health meals or fruit platter to satisfy employees' appetite
- Dinner is a boxed meal serviced by quality restaurants and employees can have a number of free choices
- All employees can enjoy the offering from monthly or Ghost Festival worship ceremonies
- There are coffee machines available to employees 24 hours a day
- Free stress-relief tea bags at each lounge room for employees to enjoy
- Free cold/hot drinks at the lobby on the first floor depending on the seasons

Other benefits

- Cash gifts for marriages and childbirth, and subsidies for hospitalization and funerals
- Cash gifts for important festivals and birthdays
- Subsidies for company trips
- Subsidies for children education plus contracted kindergartens and child care centers
- Club subsidies – we currently have clubs for running, bicycle, hiking, shrimp fishing, softball, basketball, billiards, bowling, yoga, golf, etc.
- Discounts offered by contracted stores
- Payeasy Welfare Network
- Excellent nursery rooms and fridges dedicated for breast milk and general use
- Family library

6.5 Employee Involvement

6.5.1 Enhance employee loyalty

Our employees share the same visions and values, and work towards the same goals. To further increase employees' level of organizational commitment and reinforce team spirit, the Company organizes quarterly corporate activities and annual family day. Through competitions and games, employees can exchange ideas and communicate with each other and thus build team spirit. In August 2018, we held our family day at E-Da Theme Park where employees and their families were invited. Games and challenges were designed for participants to enjoy themselves and boost their commitment to the Company. In October of the same year, a BBQ event was organized at Jing-Yuan Leisure Farm. Through cooking together, friendships between employees of different departments and their families were forged. A total of several thousands of employees and their families took parts in the corporate activities and family day.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

6.5.2 Build Communication Channels, Encourage Employee Involvement and Create Harmonious Industrial Relations

Taiflex places great importance on two-way communication and is committed to provide open and transparent communication channels between management and employees and between employees themselves. To listen to employees' opinions and voices, labor-management meetings are convened quarterly; and through fair and effective communication mechanisms, such as suggestion boxes, we can learn of employees' ideas and take prompt actions to resolve issues. The aim is to create harmonious industrial relations and achieve a win-win situation for the Company and employees.

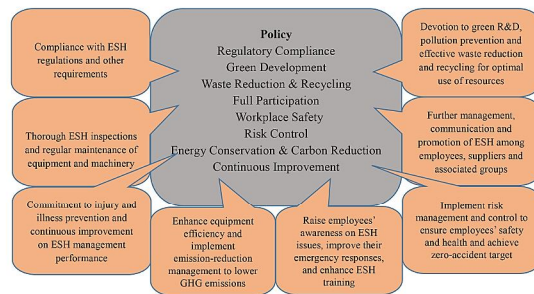
Details of our two-way communication channels which contribute to smooth communication between the management and the employees are as follows:

- Regular communication meetings for all levels of management and employees.
- Conduct regular employee satisfaction surveys and formulate improvement schemes in response to employees' opinions.
- Regular afternoon tea sessions for the President to interact directly with employees.
- Two confidential complaint channels for major management, financial and auditing issues:
 - An independent complaint mailbox; and
 - the "Employee Ombudsman System" handled by a dedicated employee.
- The 52885 and 50885 hotlines are set up at employee forum for employees to voice general comments and opinions concerning work and environment.
- The 52366 employee caring hotline is set up to assist employees with work-life balance.
- The 52323 workplace violence hotline, the 70995 sexual harassment hotline and the 52333 gender equality hotline are in place to help employees deal with unlawful incidents at workplace.

6.6 Build a Safe and Healthy Workplace

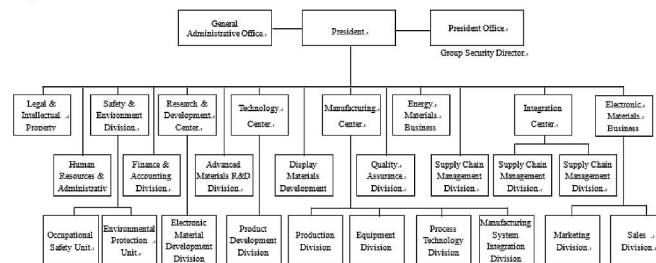
6.6.1 Safety and Health Policy

Since our establishment, we aim for optimal achievement in our FPC material expertise as well as fulfillment of corporate social responsibilities. We proactively build sound relations with stakeholders including employees, shareholders, customers, suppliers, communities, etc. and jointly pursue a sustainable future.



6.6.2 Health and Safety Organization

Safety & Environment Division is Taiflex's dedicated unit leading the promotion of our health and safety operation. It has adopted the occupational safety and health management system whose management performance has been approved by the central competence authority. Structure of the organization is as follows:



Establish Occupational Safety and Health Committee and implement communication mechanism

The Company has established the Occupational Safety and Health Committee which convenes meetings regularly to discuss safety and health related issues. It also elects labor representatives according to laws and regulations and provides a formal channel for management and employees to discuss safety and health issues face-to-face.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

The percentage of labor representative in the Occupational Safety and Health Committee in 2018 was as follows:

Region	Taiwan Fabs
No. of labor representatives	8
No. of Committee members	23
Percentage (Note)	35%

Note: No. of labor representatives / No. of Committee members *100%

6.6.3 Outcome and Targets

Major Issue	2018 Outcome	2019 Target
Provide employees with safe and healthy work environment	No major occupational injury	Zero-accident and prevent hazards or illness to employees
Lower Frequency Rate (FR) and Severity Rate (SR)	Average FR was 0.93 and SR was 17	Lower FR and SR and have a lower year-over-year FR/SI each quarter
Continuous improvement scheme to enhance safety and health management	There were four safety and health management schemes, where two have a time span over one year and two have been completed. The control rate was 100%	Continue to promote safety and health management schemes to enhance the safety of operation environment and prevent the possibility of injuries
Lower property damage resulting from accidents (including natural disasters)	Zero accidents from natural disasters	Lower the severity of accidents caused by natural disaster and prevent property damage resulting from typhoons

6.6.4 Major Safety and Health Issues

Taiflex has long been committed to the compliance and promotion of safety and health regulations. We keep a close watch on the views of the public, media, customers and employees concerning occupational safety and health in order to understand the issues of great concerns to various groups of stakeholders and have those served as reference and bases for management's decision-making. Also, employees' health management and promotion are quickly emerging as the new focuses and topics in the society. We will strive to develop more proactive methods and measures on this topic in the future.

6.6.4.1 Attend Meetings Promoting the Laws and Regulations

Associated with the Occupational Safety and Health Act and Put Them into Effect

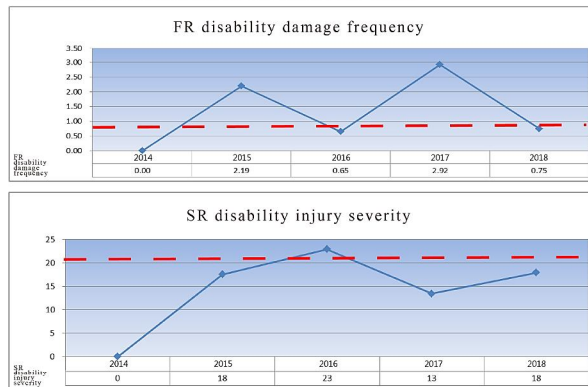
To prevent occupational injuries and protect workers' safety and health, the Ministry of Labor drawn up the "Occupational Safety and Health Act" on July 3, 2013 and made some amendments over time. Taiflex regularly appoints personnel to attend meetings concerning relevant laws and regulations in order to monitor updates and requirements as well as assesses whether our operation complies with the standards periodically.

6.6.4.2 Occupational Safety and Health Management Statistical analysis of disabling injuries

Taiflex's statistical analysis chooses FR and SR as the main indicators in accordance with the disabling injury indicators from the Ministry of Labor and GRI G4. (The statistical data exclude traffic accidents occurred outside the fabs.)

Most of the accidents are minor injuries such as cuts. FR and SR were 0.93 and 17, respectively, in 2018, far below the industry average. (The average SR and FR for other electronic components industry were 0.88 and 21, respectively from 2016 to 2018.) This demonstrated our determination in reducing the severity of accidents. Furthermore, Taiflex has no occupational disease nor fatality in 2018.

Statistics of FR and SR in the Past Five Years



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Taiflex would conduct a root cause analysis on each occupational accident, formulate improvement plans and perform statistical analysis on units and injury types with high FR. Units with relatively high severity and recurrence of injuries would be identified for training and supervision. Taiflex's safety culture is formed through persistent analysis and improvement.

Note: Formula for occupational injury statistics are as follows:

1. FR = Number of Lost-Time Injury * 1,000,000 / Total Hours Worked
2. SR = Number of Lost Work Days * 1,000,000 / Total Hours Worked

Safety and health control in the face of challenges from new process technology

In response to the introduction of new process technology and equipment, Taiflex manages change-related operating risk in accordance with the change management procedures so as to avoid unexpected risks deriving from changes in the original safety design or disruption in the integrity of former manufacturing process.

Implement safety and health management practice

Having a sound safety and health management is what a company needs in caring for its employees and their families and also as a direct contribution to its social commitment. Taiflex accomplishes the goals of accident prevention, promotion of employee safety and health as well as safeguard of corporate assets through continuous improvement in the safety and health management system. All our fabs in Taiwan have obtained the OHSAS 18001 : 2007 and TOSHMS certifications.

Safety enhancement on hardware facilities

During fab construction or maintenance, Taiflex would invite personnel from production, facilities service, information, safety and environment, administration and other relevant units to meet for recommendations and appropriate control measures and conduct safety and health risk assessment in accordance with internal rules. Planning, design and construction shall all be in compliance with domestic regulations and our standards. Finally, each unit shall monitor from the safety and health aspects in accordance with our standard operating procedures.

Change management system

Taiflex's change management system covers the replacement and change of "not-in-kind", including the manufacturing technology, equipment hazardous equipment, chemical substance and raw materials for manufacturing process plus fire safety equipment. Once the replacement results in a change of the original safety or protection level, relevant units (e.g. facilities service, technology and safety & environment) shall perform rigorous classification, assessment and review in accordance with the change management system. Replacement can only be carried out when safety is secured. Taiflex's change management is executed under the following three principles:

- Applied through formal procedures and underwent risk assessment and impact assessment to ensure new risks will not arise
- Before the formal change is initiated, relevant personnel are properly trained and informed to avoid misuse and maloperation which may endanger their safety and health
- Regular updates on relevant technology data and documents to maintain their consistency with the current status

Safety inspection system before the launch of new equipment

With regard to Taiflex's production and electrical equipment in the explosion proof zone, the unit-in-charge shall call relevant units, e.g. safety and environment, facilities service, automated equipment, etc. for discussion and confirmation at the design stage. The safety & environment unit shall be informed to participate in reviews at the installation stage following the acceptance and delivery of equipment. The aforementioned safety approval procedures shall be conducted before commencement of test runs for mass production.

Control over high risk operation

Accident-prone special operations, e.g. hot work, aloft work, roof, confined spaces, etc., shall have specific governing rules and be placed under special management. Also, it shall be stipulated that before the commencement of special operation, the Safety & Environment personnel shall recheck the operation environment, personnel, machinery and equipment at the operation site. Moreover, to reinforce guest and supplier management, fab control levels are defined as red zone > yellow zone > blue zone > white zone. Guests and suppliers shall obtain approvals from the authorized units before they can sign in at the reception in exchange for the access permits corresponding to areas they can access for meetings, visits, constructions, etc.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Safety and Health Training for Employees

Taiflex invests an enormous amount of resources on employees' safety and health trainings. On top of increasing individual's safety and health awareness, we lower the occurrence rate of occupational injuries to move toward the goal of zero-accident. Trainings and participants in Taiwan fabs are as follows:

Participants	Description	2016	2017	2018
Employees	Chemical management trainings	32	245	241
	General safety trainings	323	379	590
	Emergency, responses and health management seminars	85	50	407
	Other safety and health trainings	94	357	1,048
Number of participants		1,232	1,031	2,286

Disaster prevention:

Taiflex's disaster prevention target is to achieve zero-accident and be prepared for threats from extreme weathers. With help from all employees, there was no loss incurred as a result of fire or natural disasters in 2018. The key preventive activities during the year are listed below:

- Thorough inspection on pipelines
After the Kaohsiung gas explosions in 2014, we have fortified and inspected all pipelines and installed monitoring equipment to regularly review the use of pipeline and dangerous gases in fabs. Also, we acquire new fire safety equipment and revise the responsibilities of individuals and the organization within the procedures for the organization and the supervisory units to truly take on the disaster prevention responsibility.

- Establishment of joint prevention organization
Kaohsiung Export Processing Zone Administration has established a local joint prevention organization within the processing zone. Connected through information platforms, companies can share information on disaster prevention and action plans. As a member of the organization, we proactively participate in its activities. We not only enhance our competency in disaster prevention, but also integrate resources in the processing zone to significantly reduce expenses in connection to disaster prevention.

- Installation of detectors
Detectors with different attributes are installed depending on the operation locations. Places where chemicals are used, gas detectors and alarms are installed to guarantee early detection by on-site technicians. They are to carry out responsive actions, emergency rescues and evacuation to mitigate losses. Detectors and alarm devices are regularly inspected and calibrated by professional firms to maintain their functionality.

Cameras are installed at dangerous zones in the fabs and there are monitoring and patrols from the 24-hour security systems, which immediately alert relevant personnel to assist with emergency rescues when disaster strikes.

- Trainings and drills
Training: No matter how familiar we are with the environment or how simple the actions would be, conflicts and poor coordination arise at the time of disaster. Only repetitive trainings acquaint people with disastrous situations and allow them to make the correct judgement. Training courses and number of participants in the past three years are as follows:

Subject	Description	2016	2017	2018
Taiflex employees	Drills for fire and chemical disasters	104	301	414
	Drills for toxic chemical disasters	30	15	12
Number of participants		134	316	526

- Regular response drills
Taiflex draws up response drill courses pursuant to each department's operation characteristics and connects a series of small-scale drills into a major disaster prevention drill. The purpose is to eliminate the root cause of disaster, and identify any interruptions or impractical parts within the process. Our rescue principle of the drill is, first and foremost, to ensure the safety of our employees and neighboring factories and to contain the disaster. Next, we aim to reduce property losses. Therefore, we place great importance on emergency response. We have comprehensive planning, execution, assessment and improvement evaluation in place for installing equipment, formulating response procedures and strengthen personnel training and actual drills.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

We constantly review our incident reporting and emergency response procedures to minimize reporting time and improve response efficiency. Based on the characteristics of the operating environment, we design different emergency response scenarios for various disaster simulation drills, e.g. fire involving ordinary combustibles, electrical equipment or hazardous equipment, chemicals leak, toxic chemical disaster, chemical splash, etc.



Emergency and Toxic Chemical Disaster Drill in Taiflex's Taiwan Fabs in 2018

- Emergency response center
We have a 24-hour security system in place and dedicated personnel on duty where the latter would immediately activate the emergency response center in the event of abnormal occurrence or accidents. The center is equipped with the following facilities:
- Response data
Data needed to formulate responses, including deployment layouts, member lists and assignments of the emergency response team, colored layouts of fire alarm circuit, layouts of firefighting equipment and evacuation route, lists of personnel on site, and lists of external supporting units.
- Response and rescue equipment
Each fab is equipped with cabinets storing response and rescue equipment, e.g. various types of protective clothing, personal protective equipment, chemical sorbent pads, rinsing solutions, stretchers, first-aid kits, mounting frames, safety belts and ropes, explosion-proof flashlights, loudspeakers, etc. Those items are inspected monthly and replaced when necessary.
- Monitoring system
Including monitoring equipment such as addressable fire alarm systems, gas monitoring systems, emergency ventilation systems, video surveillance systems at hazardous zones, gas and chemical emergency shut-off systems, warning and broadcasting systems, e-equipment systems, etc. We can shorten the response time through integrating information of different systems.

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

6.6.4.3 Continuous Improvement on Safety and Health Management and Enhance Employees' Physical and Mental Health

In addition to hiring health care professionals and contracting physicians of general and occupational health to provide emergency care and promote diverse health services as required by laws and regulations, through collaboration between ESH units, Human Resources & Administrative Division and occupational health specialists, Taiflex is dedicated to carry out employee health management measures in the spirit of relevant laws to enhance employees' mental and physical health. Those measures include prevention of cerebrovascular and cardiovascular diseases triggered by long working hours, night shift or shift work, ergonomic hazard assessment and management, and maternal health protection and management. We also organized a number of health promotion activities. In addition to providing workplace safety, we also proactively promote the physical and mental health of our employees.

Preventive management of occupational cerebrovascular and cardiovascular diseases

We regularly conduct employee overloading risk assessments based on the analysis of data from annual health examinations and monthly working hours in order to identify subjects in Levels 1 to 4 (percentage of mid and high-risk subjects to total participants). We keep track of those employees and offer improvement plans or assistance when needed. With our administrative unit keeping a tight control over the working hours, there has never been any employee with risk level of 3 or above. This indicates the fact that prevention of unreasonable overtime facilitates the control over individual health risks.

2016						
Risk Level	Level 0	Level 1	Level 2	Level 3	Level 4	
Percentage	99.8%	0.2%	0%	0%	0%	
2017						
Risk Level	Level 0	Level 1	Level 2	Level 3	Level 4	
Percentage	99.8%	0.2%	0%	0%	0%	
2018						
Risk Level	Level 0	Level 1	Level 2	Level 3	Level 4	
Percentage	99.9%	0.1%	0%	0%	0%	

Ergonomic hazard assessment and management

We continue to shift towards automation where manufacturing units' equipment design and movement are concerned. The change not only helps to improve production efficiency, but also significantly reduces the risk of musculoskeletal disorders resulting from excessive moving and improper postures during operation. To avoid musculoskeletal disorders induced by repetition, high-risk operation units would have employees filling out questionnaires concerning impacts of muscle pains at work to identify high-risk groups. We would arrange doctor appointments as well as conduct ergonomics engineering hazard assessment using the relevant check lists to facilitate the execution of improvement measures in the future and take early precautions to mitigate risks.

Maternal health protection and management

To prevent female employees from exposing to work environment which may be hazardous to maternal and fetal health, we draw up the maternal health protection and management processes. Besides regular risk assessments on operations that may pose threats to maternal health, we take into account individual differences when adopting the risk level-based management system and on-site improvement to ensure the maternal health of female employees. 8 employees completed the health care assessment in 2018 and the environment was assessed to be Level 1. In other words, the work environment was not harmful to pregnant employees.

Strengthen employee health examination management

Taiflex organizes employee health examinations more frequently than what is required by laws and offers annual special health examinations for employees involved in tasks with special health hazards, which include noise and dimethylformamide. Safety and health management unit would provide a list of operations conforming to the category. The examination-completion rate is 100% every year. We also adopted the level-based management method for the special health examination where employees classified as Level 2 and above shall be assessed by occupational health specialists with reference to their past health examination outcome and working environment in order to provide appropriate health guidance and carry out health management measures such as whether to proceed with work adjustment. We also conduct a correlation analysis between employees and environment and the result shows that the abnormalities are not positively correlated to the work environment.

1 Overview

- Message from the Chairperson
- Message from the President
- Awards and Outstanding Achievements
- About This Report

2 Stakeholder Engagement and Management

- CSR's Stakeholder Engagement and Management

3 Corporate Governance

- 3.1 Corporate Governance Structure
- 3.2 Code of Business Ethics
- 3.3 Regulatory Compliance
- 3.4 Confidential Information Protection
- 3.5 Risk Management

4 Economic Aspects

- 4.1 Corporate Overview
- 4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

- 5.1 Environmental Protection and Sustainability Policy
- 5.2 Climate Change and Opportunities
- 5.3 Energy Management
- 5.4 Raw Material Management
- 5.5 Compliance with Environmental Laws and Regulations
- 5.6 Air Pollution Control
- 5.7 Water Resource Management
- 5.8 Waste Management
- 5.9 Eco-Investing and Its Benefits

6 Social Aspects

- 6.1 Stable and Sound HR Structure
- 6.2 Talent Recruitment Focusing on Quality and Quantity
- 6.3 Employee Growth Engines
- 6.4 Outstanding Benefits and Safe Workplace
- 6.5 Employee Involvement
- 6.6 Build a Safe and Healthy Workplace
- 6.7 Taiflex's Social Contributions

7 Appendix

- Global Reporting Initiative (GRI) Standards Comparison Table

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Our health examination items are also superior than ones required by laws. Moreover, to cover every aspect of employees' health, alpha-fetoprotein, low-density lipoprotein-cholesterol and uric acid are included to facilitate the assessment on cerebrovascular and cardiovascular diseases. The examination-completion rate exceeds 95% and the completion rate for regulatory requirements is 100% every year. Employees' health is also managed using level-based management method after the health examination. Based on the outcome of examination, we may arrange for individual case tracking or doctor consultation to assist employees with early detection of issues and early treatment or to take on a healthy life style in order to improve their health. There were 134 and 91 employees under monitoring in 2017 and 2018, respectively.

Year	2016 (Age 35 and above)	2017 (All Employees)	2018 (All Employees)
No. of Participants	376	510	634

Number of Participants in Health Examination

Place importance on employees' mental health and help to achieve body-mind balance

As technology evolves rapidly, the stress endured by individuals to overcome challenges at work increases daily and could cause health issues. To improve employee's mental health, we persistently collect employees' stress index data during the health examination via questionnaires every year. We offer care and referral assistance when needed to employees with

medium or high level of stress. The Company also provides stress relief courses and massage services in hope to enhance employees' stress-coping abilities.

Health promotion activities to increase employees' health awareness

We organize health promotion activities based on the abnormalities identified in a large number of annual health examinations and offer consistent help for improvement. Abnormalities identified in the past five years are BMI (>24) and cholesterol-related items. Therefore, we have held activities associated with weight management, offered more healthy meal options at our cafeteria and subsidized sporting clubs. We aim to lift employees' health awareness through diverse channels and better their health self-management.

Year	2016	2017	2018
Participants	71	73	83
KG	241.6	211.3	452.9

Weight-loss Achievement in the Past Three Years

There are other health promotion services, e.g. co-organize the four-cancers screening (pap smear test and screening for oral, breast and colorectal cancers) with local clinics, influenza vaccine injection, health seminars, etc. We are dedicated to offer assistance and promote employee health and our efforts are recognized by the Health Promotion Administration, Ministry of Health and Welfare and the Public Health Bureau, as evidenced by the Badge of Accredited Healthy Workplace garnered. We do our utmost to be a successful and happy corporation.

Build a control network for the new-type infectious diseases

Healthy employees are the key ingredient to a sound corporation. We believe that employee health is the foundation to corporate operation and caring for employee's physical and mental health is a major responsibility for the Company. In the face of serious threats posed by new types of infectious diseases, e.g. novel influenza and dengue, we specifically formulate the disease control management rules. When there is a noticeable spread of any novel infectious disease in the world, the safety and health management unit would assemble the heads of relevant departments and monitor the development of the disease. The President would initiate the epidemic prevention procedures and adopt the appropriate preventive measures depending on the stage of the spread, e.g. preparation and distribution of goods, hand-washing upon entering the fabs, temperature measurement, disinfection, preventive management at cafeteria, employees' leave and travelling management, supplier and visitor preventive management, work from home, visitor restriction, case reporting, medical treatment, etc. We also help our

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

6.7 Taiflex's Social Contributions

Dedicated to charity with voluntary work

In 2011, Taiflex employees took the initiative to set up a charity club, Youth Care Club. The club was renamed the Kaohsiung City Youth Care Association in 2012 and registered with the Social Affairs Bureau of Kaohsiung City Government. We also establish the Taiflex Volunteers and actively participate in charitable activities.

We have worked with the Kaohsiung United Charity Association for a long time and sponsored its scholarship programs, allowing students in need to attend school.

In 2015, we co-organized summer camps and study tours plus homestay programs with Puren Youth Care Foundation in Kaohsiung. Students from disadvantaged families had the chance to explore Kaohsiung during the 5-day-4-night and 2-day-1-night tours. They befriended people from the same tour group, built up their independence and left with unforgettable memories.

In 2017, we volunteered at the Kaohsiung food bank, helping with sorting the food and promoting the concept of zero food waste.

Donations

Organized blood donation activities with Kaohsiung Export Processing Zone in February 2018.

Invited students of Siao Gang Senior High School's charity foundation to watch movies at Cinemark in May 2018.

Sponsored Siao Gang Senior High School's karate team in July 2018.

Sponsored the copper letter casting and marble monument of Siao Gang Senior High School's student activity center in August 2018.

Sponsored Siao Gang Senior High School's dancing club in September 2018.

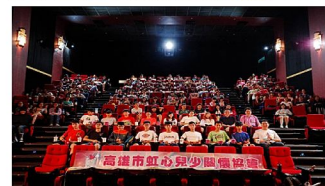
Sponsored Siao Gang Senior High School's orchestra in September 2018.

Sponsored the charity activity for elders organized by cnYes in October 2018.

Work together to care for the disadvantaged groups

Our employees have established a basketball club and regularly host charity basketball games with Siao Gang Senior High School. Besides learning basketballs skills from each other and promoting sports, we sponsor expenses of the school's basketball team to support its development.

We have charity boxes at the reception of each fab. Employees, guests and suppliers are more than welcome to donate invoices or cash to charitable organizations via those boxes.



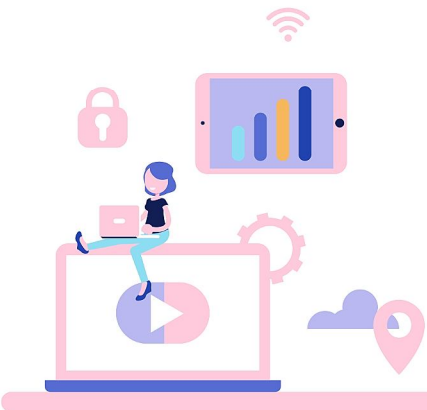
Index

- 1 Overview
 - Message from the Chairperson
 - Message from the President
 - Awards and Outstanding Achievements
 - About This Report
- 2 Stakeholder Engagement and Management
 - CSR's Stakeholder Engagement and Management
- 3 Corporate Governance
 - 3.1 Corporate Governance Structure
 - 3.2 Code of Business Ethics
 - 3.3 Regulatory Compliance
 - 3.4 Confidential Information Protection
 - 3.5 Risk Management
- 4 Economic Aspects
 - 4.1 Corporate Overview
 - 4.2 Customer Service and Supply Chain Management
- 5 Environmental Aspects
 - 5.1 Environmental Protection and Sustainability Policy
 - 5.2 Climate Change and Opportunities
 - 5.3 Energy Management
 - 5.4 Raw Material Management
 - 5.5 Compliance with Environmental Laws and Regulations
 - 5.6 Air Pollution Control
 - 5.7 Water Resource Management
 - 5.8 Waste Management
 - 5.9 Eco-Investing and Its Benefits
- 6 Social Aspects
 - 6.1 Stable and Sound HR Structure
 - 6.2 Talent Recruitment Focusing on Quality and Quantity
 - 6.3 Employee Growth Engines
 - 6.4 Outstanding Benefits and Safe Workplace
 - 6.5 Employee Involvement
 - 6.6 Build a Safe and Healthy Workplace
 - 6.7 Taiflex's Social Contributions
- 7 Appendix
 - Global Reporting Initiative (GRI) Standards Comparison Table

7

Appendix

Global Reporting Initiative (GRI) Standards Comparison Table



Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	1. Overview: Messages from the Chairperson/President	P4-P5
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	1. Overview: Messages from the Chairperson/President	P4-P5
GRI 102	General Disclosures	102-1	Name of the organization	4.1 Corporate Overview	P18
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	4.1 Corporate Overview	P18
GRI 102	General Disclosures	102-3	Location of headquarters	4.1 Corporate Overview	P18
GRI 102	General Disclosures	102-4	Location of operations	4.1 Corporate Overview	P18
GRI 102	General Disclosures	102-5	Ownership and legal form	4.1 Corporate Overview	P18
GRI 102	General Disclosures	102-6	Markets served	4.1.2 Market Overview: Please refer to the 2018 Annual Report.	P18
GRI 102	General Disclosures	102-7	Scale of the organization	4.1.2 Market Overview 4.1.3 Financial Performance 6.1 Stable and Sound HR Structure	P18 P19 P36
GRI 102	General Disclosures	102-8	Information on employees and other workers	6.1 Stable and Sound HR Structure	P36
GRI 102	General Disclosures	102-41	Collective bargaining agreements	N/A	
GRI 102	General Disclosures	102-9	Supply chain	4.2.2 Supplier Management	P23
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	Fire at Taiflex Scientific (Kunshan) Co., Ltd. and construction commenced at Rudong factory.	
GRI 102	General Disclosures	102-11	Precautionary principle or approach	3.5 Risk Management. Please refer to "Risk Analysis and Assessment" of the 2018 Annual Report.	P16
GRI 102	General Disclosures	102-12	External initiatives	N/A	
GRI 102	General Disclosures	102-13	Membership of associations	4.1.2 Market Overview: Membership of associations	P18
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9
GRI 102	General Disclosures	102-47	List of material topics	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9
GRI 102	General Disclosures	102-48	Restatements of information	Adopted the GRI Standards	P6
GRI 102	General Disclosures	102-49	Changes in reporting	Adopted the GRI Standards	P6
GRI 102	General Disclosures	102-40	List of stakeholder groups	2. Stakeholder Engagement and Management	P8
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	2. Stakeholder Engagement and Management	P8
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	2. Stakeholder Engagement and Management	P9
GRI 102	General Disclosures	102-44	Key topics and concerns raised	2. Stakeholder Engagement and Management	P9
GRI 102	General Disclosures	102-50	Reporting period	1. Overview	P6
GRI 102	General Disclosures	102-51	Date of most recent report	1. Overview	P6
GRI 102	General Disclosures	102-52	Reporting cycle	1. Overview	P6
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	1. Overview	P6
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	1. Overview	P6
GRI 102	General Disclosures	102-55	GRI content index		
GRI 102	General Disclosures	102-56	External assurance	1. Overview 7. Appendix	P6 P50
GRI 102	General Disclosures	102-18	Governance structure		
GRI 102	General Disclosures	102-19	Delegating authority	3.1 Corporate Governance Structure 3.1.4 CSR Committee	P11 P12

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	3.1 Corporate Governance Structure 3.1.1 Board of Directors 3.1.4 CRS Committee	P11 P12
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	2. Stakeholder Engagement and Management 3.1.4 CSR Committee	P9 P12
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	3.1. Corporate Governance Structure	P11
GRI 102	General Disclosures	102-23	Chair of the highest governance body	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-25	Conflicts of interest	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Please refer to "Corporate Governance Implementation" of the 2018 Annual Report.	
GRI 102	General Disclosures	102-28	Evaluating the highest governance body's performance	Please refer to "Corporate Governance Implementation" of the 2018 Annual Report.	
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	3.1.1 Board of Directors: Duties and Responsibilities of BOD	P11
GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	This Report was compiled by the CSR team, and reviewed and approved by the division heads of the Company and the security director of the Group.	P6
GRI 102	General Disclosures	102-33	Communicating critical concerns	3.1.4 CSR Committee	P12
GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	1. Overview 2. Stakeholder Engagement and Management	P6 P9

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 102	General Disclosures	102-35	Remuneration policies	3.1.1 Board of Directors: Remuneration to Directors and Managers Please refer to "Remuneration Paid to Directors (Including Independent Directors), Supervisors, President and Vice Presidents in 2018" of the 2018 Annual Report.	P11
GRI 102	General Disclosures	102-36	Process for determining remuneration	3.1.3 Compensation Committee	P12
GRI 102	General Disclosures	102-37	Stakeholders' involvement in remuneration	3.1.3 Compensation Committee	P12
GRI 102	General Disclosures	102-38	Annual total compensation ratio	This was confidential data and could not be disclosed.	
GRI 102	General Disclosures	102-39	Percentage increase in annual total compensation ratio	Please refer to the total personnel expenses listed in each annual report.	
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	3.2 Code of Business Ethics	P13
GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	3.2 Code of Business Ethics	P13
GRI 102	General Disclosures	102-43 102-44	Approach to stakeholder engagement Key topics and concerns raised	2. Stakeholder Engagement and Management	P9
GRI 102	General Disclosures	102-2	Activities, brands, products, and services		
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9
GRI 103	Management Approach	103-2	The management approach and its components	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9
GRI 103	Management Approach	103-3	Evaluation of the management approach	2. Stakeholder Engagement and Management: Boundary identification of concerns to stakeholders	P9
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	4.1.3 Financial Performance 6.4 Outstanding Benefits	P19 P40

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	5.2 Climate Change and Opportunities	P27
GRI 201	Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	6.4 Outstanding Benefits	P40
GRI 201	Economic Performance	201-4	Financial assistance received from government	4.1.3 Financial Performance	P19
GRI 202	Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	It was not a significant issue to be disclosed in this Report.	
GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	It was not a significant issue to be disclosed in this Report.	
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6.7 Taiflex's Social Contributions	P49
GRI 203	Indirect Economic Impacts	203-2	Significant indirect economic impacts	4.1.3 Financial Performance	P19
GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	The proportion of spending on local suppliers was low. Thus, it was not disclosed.	
GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	3.2 Code of Business Ethics	P13
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	3.3 Regulatory Compliance	P15
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	There was no confirmed incidents of corruption nor actions taken in 2018.	
GRI 206	Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2 Code of Business Ethics	P13
GRI 301	Materials	301-1	Materials used by weight or volume	5.4.2 Recycled Raw Materials Management	P30
GRI 301	Materials	301-2	Recycled input materials used	It was not a significant issue to be disclosed in this Report.	
GRI 301	Materials	301-3	Reclaimed products and their packaging materials	5.4.3 Green Products	P30

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 302	Energy	302-1	Energy consumption within the organization	5.3 Energy Management	P29
GRI 302	Energy	302-2	Energy consumption outside of the organization	5.4.3 Green Products	P30
GRI 302	Energy	302-3	Energy intensity	5.3 Energy Management	P29
GRI 302	Energy	302-4	Reduction of energy consumption	5.3 Energy Management	P29
GRI 302	Energy	302-5	Reductions in energy requirements of products and services	5.4.3 Green Products	P30
GRI 303	Water	303-1	Water withdrawal by source	5.7 Water Resource Management	P32
GRI 303	Water	303-2	Water sources significantly affected by withdrawal of water	It was not a significant issue to be disclosed in this Report.	
GRI 303	Water	303-3	Water recycled and reused	5.7 Water Resource Management	P32
GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	It was not a significant issue to be disclosed in this Report.	
GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	It was not a significant issue to be disclosed in this Report.	
GRI 304	Biodiversity	304-3	Habitats protected or restored	It was not a significant issue to be disclosed in this Report.	
GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	It was not a significant issue to be disclosed in this Report.	
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	5.2.2 GHG Management	P27
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	5.2.2 GHG Management	P27
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	5.4.3 Green Products	P30

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 305	Emissions	305-4	GHG emissions intensity	5.2.2 GHG Management	P27
GRI 305	Emissions	305-5	Reduction of GHG emissions	5.2.2 GHG Management	P27
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances	It was not a significant issue to be disclosed in this Report.	
GRI 305	Emissions	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	It was not a significant issue to be disclosed in this Report.	
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	5.7 Water Resource Management	P32
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	5.8 Waste Management	P33
GRI 306	Effluents and Waste	306-3	Significant spills	No significant spills.	
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	It was not a significant issue to be disclosed in this Report.	
GRI 306	Effluents and Waste	306-5	Water bodies affected by water discharges and/or runoff	It was not a significant issue to be disclosed in this Report.	
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	5.5 Compliance with Environmental Laws and Regulations	P32
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4.2.2 Supplier Management	P23
GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	It was not disclosed in this Report.	
GRI 401	Employment	401-1	New employee hires and employee turnover	6.1 Stable and Sound HR Structure 6.2 Talent Recruitment Focusing on Quality and Quantity	P36
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4 Outstanding Benefits and Safe Workplace	P40

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 401	Employment	401-3	Parental leave	6.4 Outstanding Benefits and Safe Workplace	P40
GRI 402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes		
GRI 403	Occupational Health and Safety	403-1	Workers representation in formal joint management worker health and safety committees	6.6.2 Health and Safety Organization	P42
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.6.4.2 Occupational Safety and Health Management	P43
GRI 403	Occupational Health and Safety	403-3	Workers with high incidence or high risk of diseases related to their occupation	6.6.4.3 Continuous Improvement on Safety and Health Management and Enhance Employees' Physical and Mental Health	P47
GRI 403	Occupational Health and Safety	403-4	Health and safety topics covered in formal agreements with trade unions		
GRI 404	Training and Education	404-1	Average hours of training per year per employee	6.3 Employee Growth Engines	P38
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	6.3 Employee Growth Engines	P38
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	6.3 Employee Growth Engines	P38
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.1 Stable and Sound HR Structure	P36
GRI 405	Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	This was confidential data and could not be disclosed.	
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	3.3.4 Open Reporting Systems	P15
GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.2.2 Supplier Management 6.1 Stable and Sound HR Structure	P23 P36

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.2.2 Supplier Management 6.1 Stable and Sound HR Structure	P23 P36
GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2.2 Supplier Management 6.1 Stable and Sound HR Structure	P23 P36
GRI 410	Security Practices	410-1	Security personnel trained in human rights policies or procedures	It was not disclosed in this Report.	
GRI 411	Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	It was not a significant issue to be disclosed in this Report.	
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	It was not a significant issue to be disclosed in this Report.	
GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	It was not a significant issue to be disclosed in this Report.	
GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	It was not a significant issue to be disclosed in this Report.	
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	No significant impacts.	
GRI 413	Local Communities	413-2	Operations with significant actual or potential negative impacts on local communities	No significant impacts.	
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	4.2.2 Supplier Management	P23
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	4.2.2 Supplier Management	P23
GRI 415	Public Policy	415-1	Political contributions	3.3.5 Others: Political contributions	P15
GRI 416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Taiflex is not an end product manufacturer. It was not a significant issue to be disclosed in this Report.	

Index

1 Overview

Message from the Chairperson
Message from the President
Awards and Outstanding Achievements
About This Report

2 Stakeholder Engagement and Management

CSR's Stakeholder Engagement and Management

3 Corporate Governance

3.1 Corporate Governance Structure
3.2 Code of Business Ethics
3.3 Regulatory Compliance
3.4 Confidential Information Protection
3.5 Risk Management

4 Economic Aspects

4.1 Corporate Overview
4.2 Customer Service and Supply Chain Management

5 Environmental Aspects

5.1 Environmental Protection and Sustainability Policy
5.2 Climate Change and Opportunities
5.3 Energy Management
5.4 Raw Material Management
5.5 Compliance with Environmental Laws and Regulations
5.6 Air Pollution Control
5.7 Water Resource Management
5.8 Waste Management
5.9 Eco-Investing and Its Benefits

6 Social Aspects

6.1 Stable and Sound HR Structure
6.2 Talent Recruitment Focusing on Quality and Quantity
6.3 Employee Growth Engines
6.4 Outstanding Benefits and Safe Workplace
6.5 Employee Involvement
6.6 Build a Safe and Healthy Workplace
6.7 Taiflex's Social Contributions

7 Appendix

Global Reporting Initiative (GRI)
Standards Comparison Table

Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standards Number	GRI Standards Title	Disclosure Number	Disclosure Title	Report Contents or Explanation	Page
GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Taiflex did not violate any laws nor voluntary codes concerning the health and safety impacts of products and services during their life cycles.	
GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	Taiflex provides product ingredient data per customers' requests.	
GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Taiflex had no incidents of non-compliance concerning product and service information and labeling in 2018.	
GRI 417	Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	Taiflex did not violate any laws nor voluntary codes concerning marketing, including advertising, promotion, and sponsorship, in 2018.	
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Taiflex did not receive any relevant complaints in 2018.	
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Taiflex did not violate any laws and regulations in the social and economic area in 2018.	