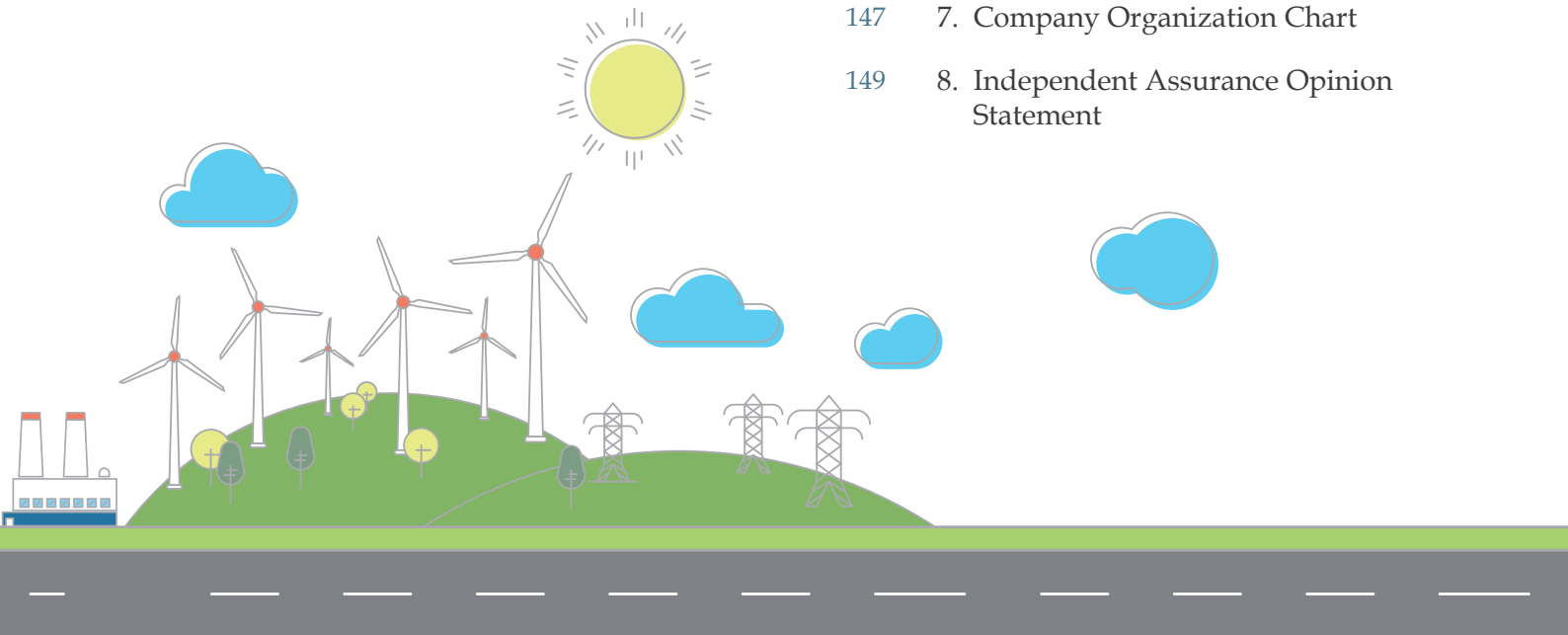
台塑關係企業
FORMOSA PLASTICS GROUP

2016

Formosa Plastics Corporation

Corporate Social Responsibility Report

Contents



A Message from the Management Team

Despite the weak global economic recovery, the Company still delivered excellent performance in 2016. Due to the sharp drop in the costs of ethylene and propylene that accompanied international crude oil prices and production capacity in mainland China, which led to reduced petrochemical product prices, the consolidated turnover showed a decline compared to 2015. However, due to the significant improvement in the business performance of the subsidiaries in Ningbo and the increase in sales proportions of high-priced differentiated niche products, which contributed 37% compared to 34% in 2015, as well as the expansion of export markets in Northeast Asia, New Zealand, Australia, the Middle East, and North America and the injection of stable profits from company reinvestments, the pre-tax profits in 2016 have shown significant growth compared to 2015 and hit a record high since 2011.

In August 2016, the entire student body of Qiaotou Elementary School's Hsutso Branch was relocated due to the suspicion that the higher thiodiglycolic acid (TdGA) levels in the urine samples of students of Hsutso Branch were related to their exposure to VCM. According to the test performed by experts employed by the Ministry of Health and Welfare and the Environmental Protection Administration, Executive Yuan, the VCM concentration in the air was 0, and the TdGA levels in the urine samples of students at Qiaotou Elementary School were higher than those at the Hsutso Branch at the beginning of school. The above test results were reviewed and discussed in the expert meeting held on February 7th , 2017 and proved that the TdGA levels in the urine samples of students did not correlate significantly with VCM concentration.

As a leader in Taiwan's petrochemical industry, the Company has strived to create a better living environment that reflects our high standards for environmental protection. As of 2016, the Company has invested NT$19.1 billion in pollution prevention, improvement in occupational safety and fire-fighting, energy conservation, carbon reduction, and GHG reduction. The Company's handling and discharge of pollutants are now superior to the national restriction standards and have earned commendation and recognition from government departments at various levels, thus fully demonstrating our respect for and commitment to environmental sustainability.

Based on the management philosophy of "Taking from Society, Giving Back to Society", the Company has cooperated with its affiliated companies to promote agricultural and fishery counseling and the release of fish fry, the afforestation program initiated by the Yunlin County Government, and the certification of an environmental education venue in Mailiao Complex, in addition to the health promotion and health education offered to local residents by Chang Gung Memorial Hospital. By making such efforts, the Company hopes to maintain the livelihood and health of local residents while bringing about the common prosperity and development of both the Company and the community.

As of 2016, the seven charitable trust funds and foundations established by the two founders of the Formosa Plastics Group have invested NT$53.2 billion in social welfare organizations to benefit education and medical services, elderly welfare, inmate support, women and children's welfare, sports and culture, and people with disabilities. We also encourage employees to organize community activities in the hope of promoting factory and community unity.

Looking back at the Company's over sixty years of development, our employees have consistently embodied the management philosophy of "Diligence & Frugality, Ultimate Excellence, Sustainable Operations, and Dedication to the Society" established by the Group's two founders. All employees have also been dedicated to elevating the Company's management performance in order to ensure good competitiveness in the rapidly changing international markets. The Company has simultaneously fulfilled its commitments in the various aspects of social responsibility, thus promoting the progress of society while advancing towards the Company's improvement and prosperity. As we look toward the future, faced with the uncertainties of the management environment, the Company will advance with its core values intact and fulfill its corporate social responsibility in the hopes of contributing to the sustainable development of Taiwan.

The Formosa Plastics Group was founded by brothers Wang Yung-Ching and Wang Yung-Tsai in 1954. In 2001, the Administration Center, which consisted of the top management and family members of the two founders, was established as a decision-making department for major company policies and investment projects. On June 5th 2006, brothers Wang Yung-Ching and Wang Yung-Tsai handed over the decision-making powers to the Administration Center.

To fulfill the division of ownership and management, the family members of the two founders withdrew from the Administration Center and separately formed the Management Center on June 1st , 2017 to discuss the strategies, directions, and mid-term and long-term goals of corporate sustainability, as well as to provide recommendations for business management in response to the global economy and industrial development in the hopes of upgrading the Company, fulfilling its corporate social responsibility, and achieving corporate sustainability.

Formosa Plastics Corporation

Chairman Jason Lin

2017

1 About the Report

1.1 Overview

This 2016 Corporate Social Responsibility Report was published pursuant to the G4 Sustainability Reporting Guidelines (GRI G4) provided in the 2013 Global Reporting Initiative. This report provides an accurate and detailed introduction to our sustainability actions within the corporate governance, environmental protection, community prosperity, and social welfare sectors.

Information Period: 2016 (January 1st, 2016 to December 31st, 2016)

Report Scope and Boundaries: The information recorded herein mainly focuses on Formosa Plastics Corporation and does not include its subsidiaries or investment companies in Taiwan, China, or the U.S. The social welfare section refers to Formosa Plastics Group as a whole. Any other information with a different disclosure scope will be otherwise specified. The source of the financial information is the public accountant-certified statement, while other statistics are generally quoted from information provided by government departments or relevant websites and will be presented normally. Any exceptions will be specified.

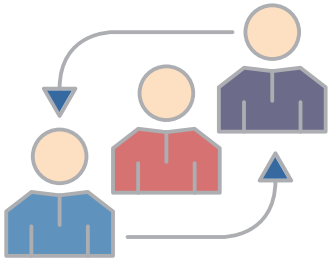
Release Frequency: Annually. The 2015 CSR Report was released on June 17th, 2016, and the 2016 CSR Report was released in June 2017.

1.2 Report Guidelines

The content structure of the report has been prepared pursuant to the G4 Sustainability Reporting Guidelines (GRI G4) of the Global Reporting Initiative and structure listed by the core items and discloses the main sustainability issues, strategies, targets, and measures of the Company. To strengthen performance comparison and report credibility, all information disclosed in this report has been certified by the reputable British Standards Institution (BSI), disclosed in accordance with AA 1000AS Type I and with the GRI G4 requirements. The BSI Independent Assurance Opinion Statement is included in the Appendix 8 and will be presented in the internationally accepted format. Any estimation will be specified in the relevant chapters.

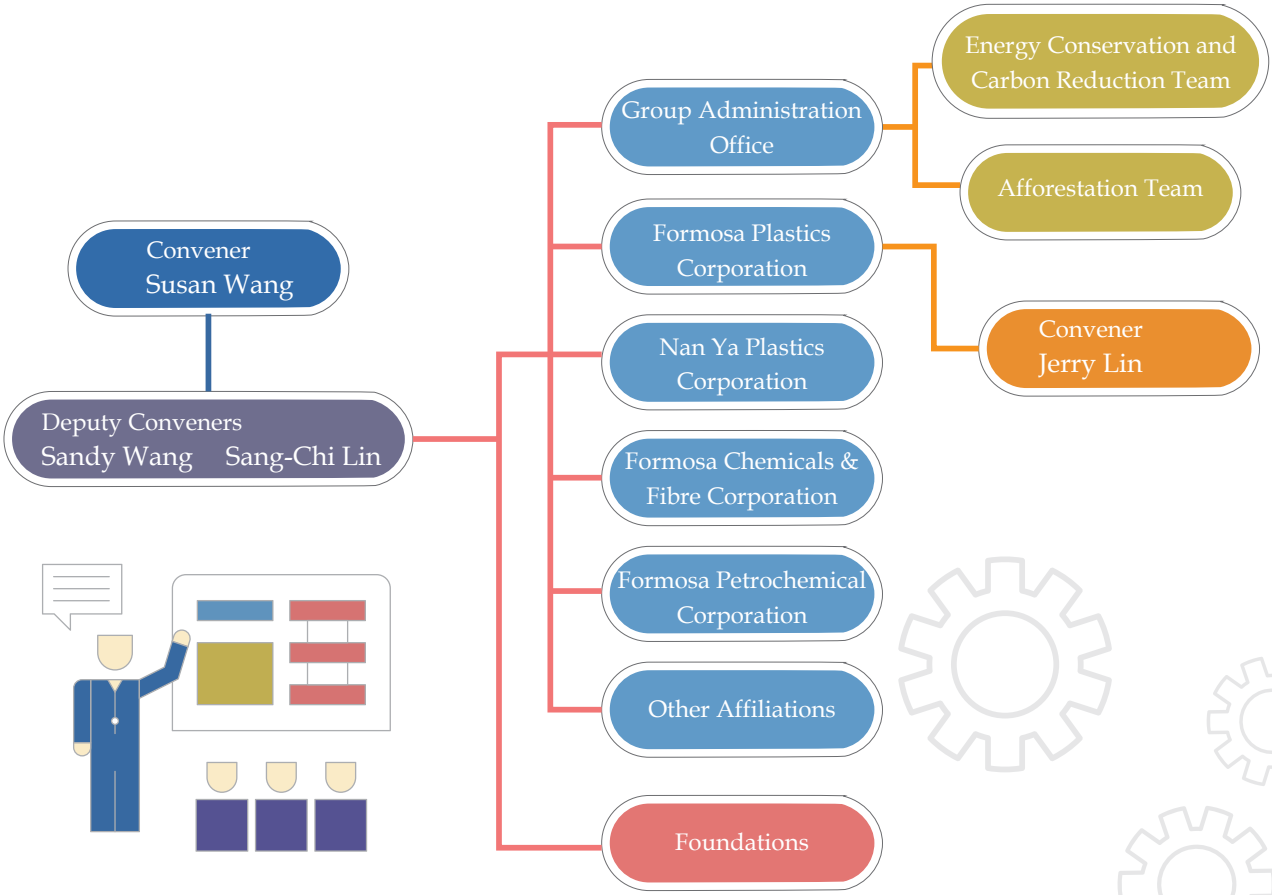
- Global Reporting Initiative (GRI) G4
- Materiality, Inclusivity, and Responsiveness of AA 1000 APS (Accountability Principle Standard) (2008)
- Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE-Listed Companies
- Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
- ISO 26000 Social Responsibility Guidelines
- United Nations Global Compact

1.3 Report Compilation Process



To ensure the effective integration and promotion of social responsibility, the Formosa Plastics Group established the "Social Responsibility Promotion Center" in 2008. With Vice Chairman of the FPG Executive Board Ms. Susan Wang as its convener and Group Administration Office President Ms. Sandy Wang and Executive Vice President Mr. Sang-Chi Lin as deputy conveners, the Social Responsibility Promotion Center manages the social responsibility strategies of the Group and supervises their performance. The "Energy Conservation and Carbon Reduction Team" and "Afforestation Team" were established to be responsible for environmental protection operations, while conveners and deputy conveners directly under the management of the different foundations have been designated to be responsible for social welfare operations.

As a member of the Formosa Plastics Group, Formosa Plastics Corporation has designated Senior Vice President Mr. Jerry Lin of the President Office as the convener for the promotion of social responsibility operations to conduct our social responsibility work in cooperation with the Social Responsibility Promotion Center.



The order of the themes and issues of this report were decided in a meeting at the beginning of 2017 by the Company's President Office, Environmental Health and Safety Department, Accounting Department, Factory Management Department, business divisions, and members of the Social Responsibility Promotion Center. The reports were summarized and presented to the convener, President, and Chairman and then reported to the Board of Directors to ensure that the report contents met stakeholders' requirements.

1.4 Stakeholder Identification and Communication

Considering the experiences of the various departments and consulting the five major principles of the AA1000 Stakeholder Engagement Standard (SES) (Dependence, Accountability, Influence, Multiple Perspectives, and Degree of Concern), the Company has identified the following seven main stakeholder groups: residents in the operation area; government agencies; experts, academics, and environmental protection organizations; shareholders and investors; clients; suppliers and contractors; and employees, to promote stakeholder communication and interaction to better understand issues of concern, which is an important part of the Company's operations.

The various departments within the Company have established a variety of smooth communication channels with the stakeholders. Through these efficient communication channels, the Company can fully understand the thoughts and needs of the stakeholders, learn more about their issues of concern, and obtain their feedback (as follows). In addition to providing the deciding basis presented in this report, the feedback will also serve as an important reference for the Company when determining strategies and objectives to promote social responsibilities in the future. For more details on specific practices and responses, please refer to the following chapters and paragraphs.

Stakeholders	Communication Channels/Methods	Frequency of Communication/Year	Focus of Communication	Issues of Concern
Residents in the Operation Area	1. Neighborhood relations team 2. Village meetings 3. E-mail/Telephone	Irregular, at least 3 times	1. Living environment 2. Air quality 3. Social contribution	• Community involvement and society feedback • Good neighborhood relations • Corporate volunteer services • Transportation and environmental impacts • Environmental grievance mechanisms
Government Agencies	1. Meetings 2. E-mail/Letters	Irregular	1. Addition and revision of regulations 2. Stipulation, adjustment, and implementation of policies 3. Clarification of discrepancies in 4.9 Environmental Impact Assessment of No. 6 Naphtha Cracking Project	• Greenhouse gas emissions • Air pollutant management • Use and management of water resources • Waste management • Energy consumption and management • Environmental regulatory compliance • Management of hazardous substances
Experts, Academics, and Environmental Protection Organizations	1. Meetings 2. E-mail/Letters	Irregular, at least 3 times	1. Environmental protection issues 2. Addition and revision of regulations 3. Clarification of discrepancies in 4.9 Environmental Impact Assessment of No. 6 Naphtha Cracking Project	• Environmental protection-related investments • Biodiversity and habitat preservation • Raw material usage • Carbon footprint of products and services

Stakeholders	Communication Channels/Methods	Frequency of Communication/Year	Focus of Communication	Issues of Concern
Shareholders and Investors	1. Shareholders' meeting 2. Performance review meetings 3. Investor conferences 4. E-mail/Telephone	1. Performance review meetings – 12 times 2. Shareholders' meeting – once 3. Investor conferences – irregular	1. Operation performance 2. Company outlook	• Financial performance of operations • Distribution of dividends • Corporate governance • Shareholder services • Risk management • Sustainable development strategies • Moral/Ethical code of conduct • Product development
Clients	1. Exhibition/Product exhibition 2. Satisfaction survey 3. Provide market information and technical services 4. Meetings 5. E-mail/Telephone	Irregular, at least once	Products and services	• Products, services and client relations • Product quality • Aftersales services • Green products • Client satisfaction survey • Confidentiality policy • Product safety and health responsibility
Suppliers and Contractors	1. Contractor conferences 2. Electronic Client Service Center 3. Meetings 4. E-mail/Telephone	Irregular, at least 3 times	1. Case contact in procurement/contracting 2. Occupational safety	• Contractor safety and health management • Local procurement • Supply chain management • Compliance with project specifications • Green supply chain management
Employees	1. Department meetings 2. Labor-Employer negotiations 3. Welfare Committee 4. Actual/Online suggestion boxes 5. "799" Staff Feedback Hotline 6. FPG bimonthly magazine 7. Employee satisfaction survey 8. Employee counselors 9. Face-to-face meetings between high-level executives and union representative and employees	1. Morning meetings – daily 2. Other channels – irregular, at least 4 times	1. Employment relations 2. Occupational health and safety 3. Industrial and public safety	• Harmonious labor relations • Occupational health and safety • Employees' rights and protection • Employee benefits and remuneration • Talent recruitment and retention • Gender equality • Labor relations • Labor practices • Career development and training

1.5 Identification of Material Issues

By analyzing material issues, the Company can understand the issues that concern stakeholders, and by integrating suggestions from both the Company itself and its stakeholders, the Company can evaluate the impact of these issues on the Company as a reference for report compilation. Hopefully, by openly disclosing information and communicating with stakeholders, the Company can convey its corporate management, environmental protection, and social charity efforts.

Analysis Process of Material Issues:

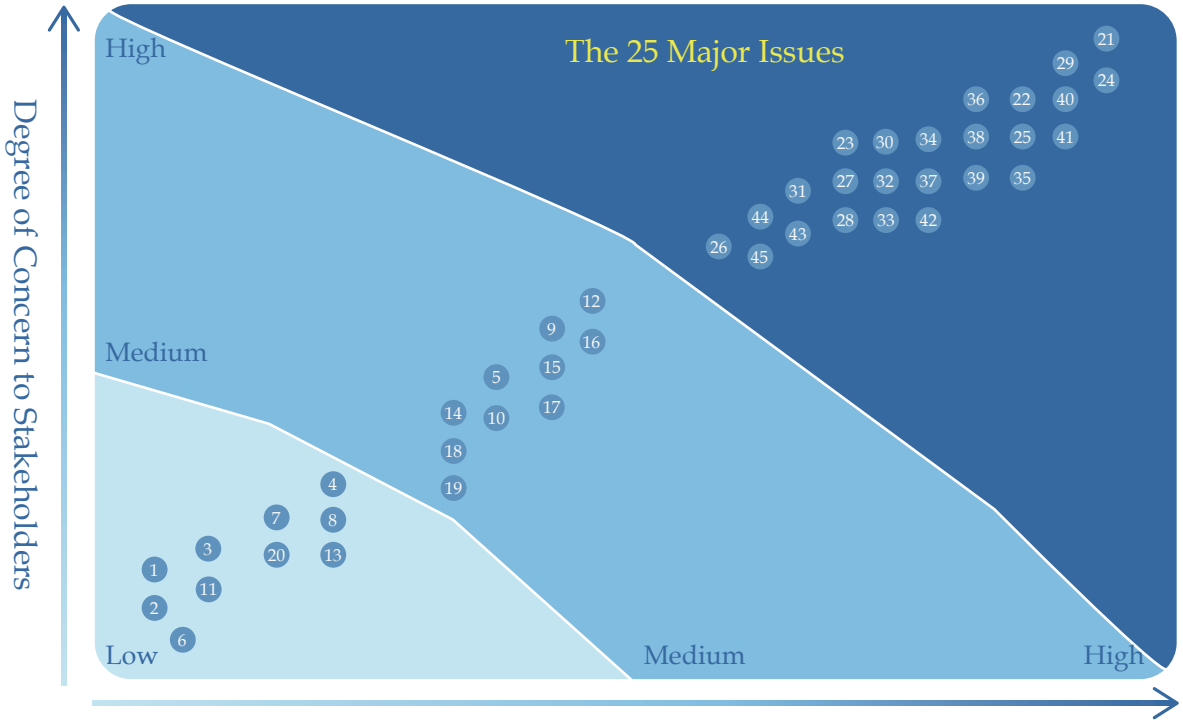
1 Through discussions between the editing team and the supervisors of the various departments, the report consults the five major principles of the AA1000 Stakeholder Engagement Standard (SES) to identify seven main groups of stakeholders.

2 After consulting the Global Sustainability Reporting Initiative (GRI G4), Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, ISO 26000 International Standards of Social Responsibility Guidelines, the ten principles of the United Nations Global Compact, and media reports, the editing team of this report convened a discussion to select 45 sustainability issues for identification.

3 Through internal distribution of questionnaires, surveys were conducted on 173 employees from the management levels of the HR Unit, Management Unit, Sales Management Unit, Management Analysis Unit, Specialized Project Unit, Accounting Department, and Environmental Safety and Health Department. The issues of concern of the stakeholders can be understood through their experiences of frequent interaction with stakeholders and internal records. Furthermore, 64 survey questionnaires targeting various levels of the Company were used to evaluate the degree of impact that these issues will have on the Company's operation.

4 According to the two aspects of "Degree of Concern of Stakeholders" and "Degree of Impact on Company Operations", the analysis of varying intensities (high, medium, and low) was carried out to identify issues' importance and list their priority in order. In total, 25 major issues were identified.

5 After analysis, the material issues are now disclosed in detail in this report as the basis for reviewing the Company's commitment to non-financial information disclosure to meet stakeholders' expectations. In the future, the Company will continue to review these material issues and consider stakeholders' feedback about the report to ensure the transparency, rationality, and balance of the report.



1 Corporate Volunteer Services
2 Compliance with Engineering Specifications
3 Shareholder Services
4 Good Neighborhood Relations
5 Product Development
6 Transportation and Environmental Impacts
7 Green Products
8 Green Supply Chain Management
9 Confidentiality Policy
10 Product Quality
11 Aftersales Services
12 Share Dividends
13 Supply Chain Management
14 Carbon Footprint of Products and Services
15 Management of Hazardous Substances
16 Labor Relations
17 Labor Practices
18 Employee Satisfaction Survey
19 Career Development and Training
20 Client Satisfaction Survey
21 Corporate Governance
22 Sustainable Development Strategies
23 Risk Management
24 Financial Performance of Operations
25 Moral / Ethical Code of Conduct
26 Local Procurement
27 Environmental Grievance Mechanisms
28 Greenhouse Gas Emissions
29 Air Pollutant Management
30 Use and Management of Water Resources
31 Waste Management
32 Energy Consumption and Management
33 Product Safety and Health Responsibility
34 Raw Material Usage
35 Environmental Protection-related Investments
36 Environmental Regulatory Compliance
37 Contractor Safety and Health Management
38 Occupational Health and Safety
39 Employees' Rights and Protection
40 Employee Benefits and Remuneration
41 Talent Recruitment and Retention
42 Community Involvement and Social Feedback
43 Gender Equality
44 Product Services and Client Relations
45 Biodiversity and Habitat Preservation

Identification of Major Considerations and Definition of Scopes

Type	Material Issue	G4 Major Consideration	GRI Index	Internal Scope	External Scope
Economy	Corporate Governance Sustainable Development Strategies Risk Management Financial Performance of Operations	Economic Performance	EC1~EC3	Formosa Plastics Corporation	Shareholders and Investors
	Community Involvement and Social Feedback	Indirect Economic Impacts	EC7	Formosa Plastics Corporation	Residents in the Operation Area
	Local Procurement	Procurement Practices	EC9	Formosa Plastics Corporation	Suppliers and Contractors
Environment	Raw Material Usage	Raw Materials	EN1~EN2	Formosa Plastics Corporation	Experts, Academics, and Environmental Protection Organizations
	Energy Consumption and Management	Energy	EN3, EN5~EN6	Formosa Plastics Corporation	Government Agencies
	Use and Management of Water Resources	Water Effluent and Solid Waste	EN8~EN10 EN22, EN26	Formosa Plastics Corporation	Government Agencies
	Biodiversity and Habitat Preservation	Biodiversity	EN11~EN14	Formosa Plastics Corporation (Mailiao Complex)	Experts, Academics, and Environmental Protection Organizations
	Greenhouse Gas Emissions	Emissions	EN15~EN16, EN19	Formosa Plastics Corporation	Government Agencies
	Air Pollutant Management		EN21		
	Waste Management	Effluent and Solid Waste	EN23~EN25		
	Environmental Grievance Mechanisms	Environmental Grievance Mechanisms	EN34	Formosa Plastics Corporation	Residents in the Operation Area
	Environmental Protection-related Investments	Overall Situation	EN31	Formosa Plastics Corporation	Experts, Academics, and Environmental Protection Organizations
	Supplier Safety and Health Management	Supplier Environmental Impact Assessment	EN33	Formosa Plastics Corporation	Suppliers and Contractors
	Environmental Regulatory Compliance	Regulatory Compliance	EN29	Formosa Plastics Corporation	Government Agencies

Type	Material Issue	G4 Major Consideration	GRI Index	Internal Scope	External Scope
Society	Employees' Rights and Protection	Labor Relations Labor Practice Grievance Mechanisms	LA4 LA16	Formosa Plastics Corporation	
	Talent Recruitment and Retention	Labor Relations	LA1~LA3	Formosa Plastics Corporation	
		Training and Education	LA9~LA10		
		Market Image	EC6		
	Employee Benefits and Remuneration	Employee Diversity and Equal Opportunities	LA12		
	Gender Equality	Equal Remuneration of Women and Men	LA13		
		Non-discrimination	HR3		
	Supplier Safety and Health Management	Occupational Health and Safety	LA5~LA8	Formosa Plastics Corporation	Suppliers and Contractors
	Occupational Health and Safety				
	Community Involvement and Social Feedback	Local Communities	SO1~SO2	Formosa Plastics Corporation	Residents in the Operation Area
		Social Impact Grievance Mechanisms	SO11		
	Moral/Ethical Code of Conduct	Anti-corruption	SO3~SO5	Formosa Plastics Corporation	Shareholders and Investors
	Product Services and Client Relations	Products and Services Labeling	PR3~PR5	Formosa Plastics Corporation	Clients
		Client Confidentiality	PR8		
		Regulatory Compliance (Products and Services)	PR9		
	Product Safety and Health Responsibility	Client Health and Safety	PR2	Formosa Plastics Corporation	Clients

1.6 Risk Management

With rapid changes in both the internal and external environment, the Company has to face increasing management risks. In order to minimize the impacts of these risks on company operations, the relevant Company departments have stipulated a series of appropriate response measures for potential risk items. The main risks and response measures are summarized below:

Risk Factor	Response Measure
Fluctuations in Interest Rates	Regarding the long-term liabilities of the floating interest rate, careful evaluation of the financial market must be conducted. When the interest rate is relatively low, the Company may enter interest rate swap agreements with banks to reduce the risks of fluctuating interest rates.
Fluctuations in Exchange Rates	For shortfalls in foreign exchange funds required for daily operations, the Company may spot buy or forward exchange during advantageous market rates. For long-term liabilities of foreign currencies, the Company may enter long-term forward exchange swap agreements with banks to reduce the risks of fluctuating exchange rates.
Loans to Others	The loans issued by the Company are primarily loans to affiliated enterprises for the purpose of coordinated fund allocation. In addition to being conducted in accordance with Article 15 of the Company Act, the amount of lendable funds must be approved by the Board of Directors before actual lending takes place.
Endorsements and Guarantees	The endorsements and guarantees of the Company are primarily made to parent/subsidiary companies or affiliated enterprises with business transactions. The items in the endorsements and guarantees are mostly for financing and import taxes.
Derivative Transactions	The derivative transactions of the Company are conducted with the aim of avoiding market risks caused by fluctuations in exchange rates and interest rates, not for speculative or arbitrary purposes.
Concentration of Goods	To distribute risks and avoid the excessive concentration of goods in specific areas (such as Mainland China), active efforts were made to expand new markets (such as the ASEAN region, the Middle East, Central & South America, and Africa).
Production and Marketing Imbalance	When production and product sales have yet to reach full capacity, appropriate adjustments to the production capacity must be made through the utilization of production capacity and annual maintenance. When sales agents visit clients, the marketing scheme should also be adjusted in a timely manner to reflect the needs of the clients and the market.
Shortage of Raw Materials	Actively develop new suppliers to increase the sources of supplies. Establish raw material storage and control mechanisms and set a safe inventory volume to propose timely procurement. Keep well-informed of the supplies and demands of market goods and make procurements in advance when necessary.
Supply of Water, Electricity, and Gas	Implement patrol inspections and pipeline replacement operations to maintain the stability of water, electricity, and gas supply.
Industrial Safety	Based on the management philosophy of "Safety First", all operations should promote safety as a prerequisite for achieving the objectives of "Zero industrial injuries, zero disasters, and zero pollution".
Environmental Protection	Due to climate change issues, energy conservation and carbon reduction have become pressing issues of environmental protection. In response, the Company has formed the Water Conservation and Energy Conservation Promotion Task Force. Through the stipulation of improvement projects and organizing seminars, the Task Force will promote various energy conservation and carbon reduction measures. Furthermore, pollution prevention and control is also classified as an integral part of energy conservation and carbon reduction. Waste reduction at the source and recycling projects at the end of production are conducted to reduce the discharge of wastewater, waste gases, and solid wastes.

1.7 Corporate Social Responsibility Objectives

Sustainable Development	Sustainability Commitment	Promoting Sustainability	
Economy	1. Improve business performance 2. Protect shareholders' rights 3. Strengthen Board of Directors' structure and operation 4. Increase information transparency	Short-term	1. Establish an Innovation Team that develops new things, products, technology, and methods. 2. Strengthen research and development and increase the proportion of differentiated products. 3. Reduce the percentage of export to China and expand the emerging markets.
		Mid-term and Long-term	1. Introduce Industry 4.0. 2. Promote the ethane cracking plant and HDPE plant expansion in the U.S. 3. Increase international exposure and disclose an English version of the Company's information. 4. Continue to improve internal control mechanisms in accordance with regulations and practical requirements.
Environment	1. Prioritize industrial safety and environmental protection 2. Pursue objectives of "Zero disasters, zero pollution, and zero industrial injuries" 3. Enhance environmentally friendly and energy-saving measures	Short-term	1. Promote a Circular Economy, reuse, and recycle. 2. Promote "Implementation SOP – For All Employees" and "Advance Simulation" operations. 3. Strengthen the control and improvement of component leakage.
		Mid-term and Long-term	1. Continue to promote water conservation, energy conservation, carbon reduction, and waste reduction and increase the use of stored rainwater. 2. Adopt higher standards in the supervision and management of plant environment. Install additional air pollution prevention equipment to reduce the discharge of pollutants and prevent the incidence of Safety, Environmental, and Health accidents.
Society	Strengthen neighborhood relations, develop local connections, and actively participate in the local community to promote harmonious relations	Short-term	1. Integrate the Company's resources and seek active cooperation between academic and industrial sectors to bolster employment opportunities. 2. Continue to promote various neighborhood and social charity events. 3. Continue to organize dialogue sessions and forums for new employees to actively care for employees and offer assistance in overcoming difficulties to ensure the retention of talents.
		Mid-term and Long-term	1. Establish Wang Yung-Ching and Wang Yung-Tsai Park in Kaohsiung City. 2. Continue to pay attention to the development issues of other industries and propose suggestions to the government in a timely manner to increase in the overall competitiveness of the country. 3. Expand the promotion of traditional arts.

Note: Short-term refers to 2017; mid-term and long-term refer to 2018~2020.

1.8 CSR Achievements at a Glance

Corporate Governance

Revenue: NT$180.2 billion.
Income before Tax:

NT$ 43.8 Billion

Director Shareholding at

24.36%

Pledged Shares at 0.49%

Average Client
Satisfaction Score:

4.2

(out of 5),
higher than "Satisfied" (4)

Percentage of
Formal Employees:

96.4%

Turnover of Employees
in the Past Five Years at

4.5% or below

Sustainable Environment

6 Complexes
have obtained

ISO 14001 Environmental Management System

OHSAS 18001 Occupational Safety Management

and CNS 15506 Taiwan Occupational Safety and Health Management System certifications

(out of the Company's six complexes)

Daily Water Conserved is

1,073 tons

Investments in industry safety, environmental protection, and firefighting have exceeded

NT$ **19.1 Billion**

GHG Reduction is

58,000
tons/year

Local Procurement Rate:

81%

In 2016, green procurement reached NT$13.928 million

Social Welfare and Local Prosperity (Formosa Plastics Group)

Social Welfare Donations: Accumulated Amount of NT$

53.26 Billion

Upgrading of Agricultural and Fishery Technology: Counseled over

130 Farmers

Released over

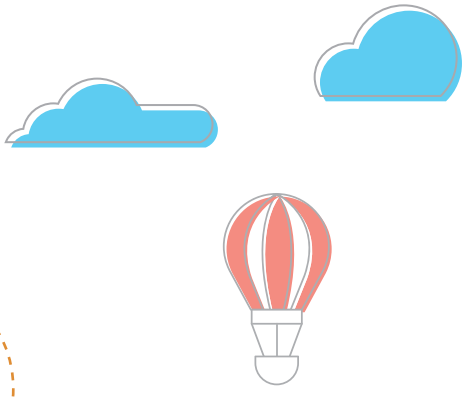
3.79 Million

Fish Fry (2008~2016).

Disability Benefits: Established over

20 Facilities

of early intervention. Pioneered the only early intervention exchange platform



Donation of

1.06 Million

Pneumococcal Vaccines during 2007~2016. Vaccination program helped the government save at least NT$12 billion in pneumonia treatment

Repaired houses for the elderly in 11 cities/counties in Taiwan and has already finished

609 Houses

Promotion of Sports and Culture: Donated NT$

245 Million

for the development of unique cultural and academic talents.

Reconstruction of Old & Dilapidated Schools and Schools Devastated by Disasters: Adopted

76 schools

for reconstruction, among which the reconstruction of 66 schools has been completed so far.

Women and Children Benefits: Invested NT$

1.7 Billion

to develop the employment capacity of almost 5,400 indigenous peoples in Taiwan.

Provided scholarships of NT$

75 Million

to 5,641 outstanding high school and college students from low-income families during 2011~2016.

2 Company Overview

2.1 Company Profile

Year Founded	1954
Industry	Plastics, Fiber, Chemical Products, Cogeneration
Affiliates	16 in Taiwan, 17 overseas
Global Presence	Taiwan, China, the U.S., Vietnam
Consolidated Revenue in 2016	NT$180.2 billion
Number of Employees in 2016	6,091
Management Philosophy	Diligence & Frugality, Ultimate Excellence, Sustainable Operations, Dedication to the Society

2.1.1 Company History

Aerial Photograph of Kaohsiung Plant

Originally founded in November 1954 as Fu Mao Plastics Industrial Corporation, our founders Wang Yung-Ching and Wang Yung-Tsai invested NT$5 million in capital to build a polyvinyl chloride (PVC) plant with a daily production of 4 metric tons in the city of Kaohsiung. Thanks to the concerted efforts of all of its colleagues, the plant was successfully completed and began production in April 1957. With the improvements in the production capacity of PVC, the production of such upstream material supplies as carbide and chlorine available in Taiwan eventually became insufficient to keep up with the demands of our company's development. In 1960, a carbide plant was built in Tungshan, Yilan, which was followed by the construction of an alkaline chlorine plant in Qianzhen, Kaohsiung in 1965. As our company began to expand our operations in different sectors, an acrylic fiber plant was also built in the Qianzhen Complex to further commercialize experimental plant technologies.

In 1966, Japan began to make use of the ethylene produced in the cracking of naphtha as a material for the production of vinyl chloride monomer (VCM), which has been used to replace the high-energy consuming carbide as the upstream material in the production of PVC. Since the construction of the PVC Plant in the Kaohsiung Renwu Complex in 1972, we have cooperated with Chinese Petroleum Corporation (CPC) No. 2 Naphtha Plant and introduced technologies from the U.S. Stafa Chemical Plant to build the first ethylene VCM plant. In 1981, we cooperated with CPC No. 4 Naphtha Plant to construct polyethylene (PE), acrylic ester (AE), VCM, and PVC plants in the Linyuan Complex in Kaohsiung. These plants became crucial foundations for the continuous development of our company.

Land Reclamation of No.6 Naphtha Cracking Project

Due to the rapid development of the petrochemical industry in Taiwan during the 1960s-1970s, related businesses began facing a shortage of upstream materials. To ensure a sufficient supply of petrochemical materials, our company proposed building a naphtha cracking plant to the government in 1973. In 1986, the government approved our project to build the No. 6 Naphtha Plant. After another eight years of overcoming difficulties and searching for an optimal location, a suitable spot was found at Mailiao, Yunlin, which used the land reclamation method, and construction finally began in 1994. Plant operations included oil refining and other derived petrochemical products. By 1998, we had invested in the construction of the PVC, VCM, PE, AA/AE, carbon fiber, butanol, superabsorbent polymers (SAP), acrylonitrile (AN), methyl methacrylate (MMA), epichlorohydrin (ECH), and methyl-tertiary-butyl-ether (MTBE) plants, which were all subsequently completed, and our products came to include midstream petrochemical products, polymers, chemical products, and fiber materials. Since then, together with our affiliated industries, we have offered a completely integrated petrochemical industry chain, allowing our company to achieve world class competitiveness. Furthermore, we offer materials to downstream industries at reasonable prices to ensure the stable development of Taiwan's petrochemical industry, thus enabling it to reach new milestones.

Aware of the low cost of labor and the wide market in mainland China that has gradually opened up since 1980, FPG has been investing in mainland China since 1994. Nan Ya Plastics Corporation took the initiative to establish secondary plastics processing plants in Guangzhou, Xiamen, and Nantong. In 2002, the Company established the petrochemical zone in Ningbo to produce intermediate materials, including PVC, PP, EVA, AA/AE, and SAP. To improve the business management and operating synergy, five subsidiaries in Ningbo were merged into Formosa Industries (Ningbo) Co., Ltd. on January 1st, 2017.

As of the end of 2016, our company had a capital of NT$63.6 billion, and our primary businesses were the production and sales of plastics, fibers, and chemical products, of which the current annual production of PVC, VCM, liquid caustic soda, carbon fibers, and AE would place us among the top five manufacturers in the world if we consider production under our foreign investment companies. The production of our other products is also ranked among the top in the world.

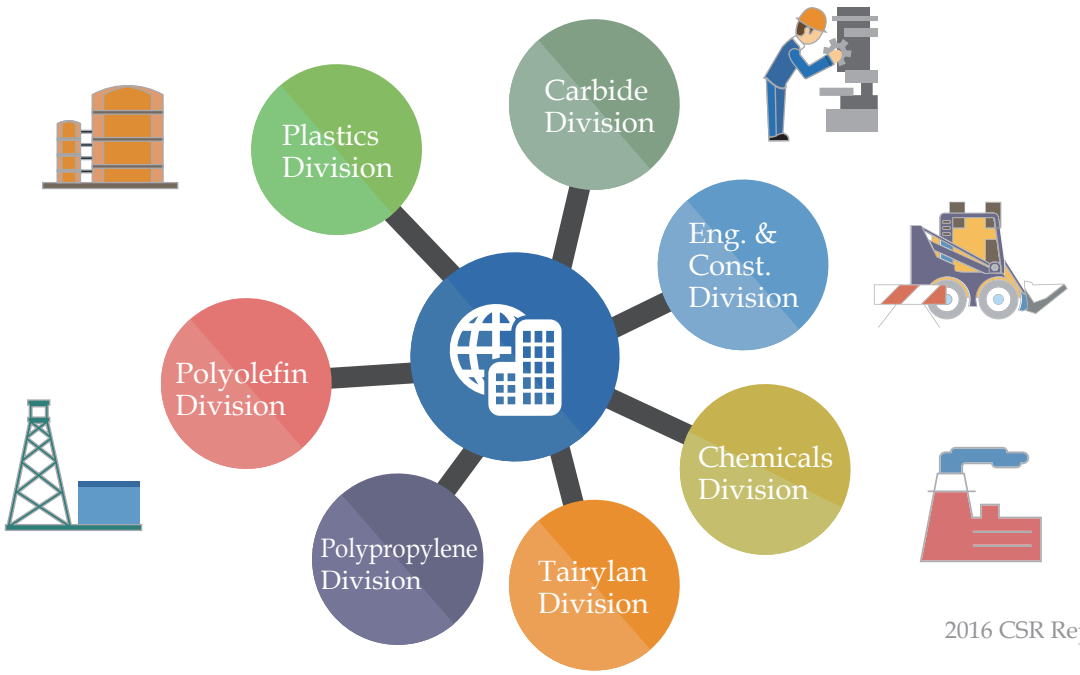
2.1.2 Corporate Identity System

The relationship among the companies of Formosa Plastics Group is shown in the Group's logo as a chain of different companies, illustrating the horizontal and vertical contacts, mutual assistance, cooperation, and ultimate harmony among the companies. The chain is a representation of the Group's consistency and never-ending development capacity. Each icon borrows from the meaning in Chinese characters, amongst which the symbol representing our company is a transformation of the word "台" to ensure it is kept relatively similar to our logo. The meaning of our symbol promotes the qualities of our Chinese culture and establishes our uniqueness in the world market. Using simple yet meaningful shapes, the symbols strengthen our public image and confidence in our company.

2.1.3 Scale of Organization

Our Company is currently divided into seven business units according to industry classification: plastics, polyethylene, polypropylene, Tairylan, chemicals, carbide, and engineering & construction. According to the requirements of each department, such as organization, production processes, and product structures, the business units organize the overall production and sales operations and plan comprehensive business targets in order to conform to the principles of integrated sales and production and responsible management. Furthermore, the President Office has been established for the Corporation, Management Offices have been established for business units, and the Director's Administration Offices have been established in factories to form complete and vertical staff organization. Depending on actual needs, accounting departments, management departments, warehousing and shipping departments, technical departments, and safety and health departments have also been established. (See Appendix VII for our organization system in 2016.)

In order to achieve rational business management, the Formosa Plastics Group has also established the Group Administration Office and other professional management departments to act as comprehensive staff and service departments, establish Group institutions, and plan and promote computerization, auditing, raw material procurement, fund allocation, project construction, legal affairs, creative design, safety, health, and environment (SHE) management, and public relations. The coordination of Group resources facilitates the complete utilization of our advantages and strengths.



2.2 Management Philosophy

Formosa Plastics Group's management philosophy is to apply an attitude of "Diligence & Frugality and Pragmatism" to pursue rationalization and adopt "Ultimate Excellence" as its goal. As the external environment is constantly improving, "Ultimate Excellence" is just an ideal state, and we will always continue to pursue further improvements. Through the never-ending pursuit of "better objectives", a driving force can be found to stimulate the business's nature and performance and attain the goals of "Sustainable Operations". Through the pursuit of "Sustainable Operations", we will also strive to achieve the aims of "Dedication to the Society" and make Formosa Plastics Group a quality corporate leader that brings happiness to its employees, assures its investors, and provides society with a sense of confidence.

As a member of the Formosa Plastics Group, Formosa Plastics Corporation has undergone more than 60 years of development and has continuously expanded to maintain a global presence in Taiwan, China, the U.S., Vietnam, and other countries. Our business involvement, including our re-investments, consists of such industries as petrochemical, plastics, fibers, energy, transportation, and steel. The driving force behind our constant expansion, growth, and development is our founders Wang Yung-Ching and Wang Yung-Tsai, who have always emphasized and demonstrated the spirit of "Diligence & Frugality, Ultimate Excellence, Sustainable Operations, and Dedication to the Society".

Regarding business management, our company feels that having a good foundation is necessary for a company to attain sound management and prevent impacts caused by objective factors. Therefore, regardless of our production and sales, human resources deployment, resource utilization, and other aspects, our company has long upheld the spirit of searching for root causes, developing pragmatic approaches, seeking rationalized management, and constantly striving to reduce our costs while increasing our productivity. In the sectors where we have maintained a business presence, we have become a world-class competitor and global leader. The spirit of strengthening competitiveness has long been integrated into the core of our company culture and is one of our driving forces for improvement and sustainability.

Furthermore, our company believes that only when a profit-making company can contribute positively to the society does such a company have real significance. Therefore, in addition to our business successes, we have also worked together with our affiliated industries to establish schools, hospitals, foundations, and other non-profit organizations to offer our support in medical, education, and other social welfare sectors. We will continue to expand the scope of our services to increase effectiveness and quality, as well as to fulfill our obligations as corporate citizens.

2.3 Main Products and Market Share

2.3.1 Introduction to Our Main Products

In addition to the horizontal development from the core business of the plastics industry, our company has also actively sought the vertical integration of upstream and downstream industries and has expanded our economic scale to reduce production costs, satisfy client demands, and increase market competitiveness. Currently, in such sectors as plastics, fibers, and chemical products, we have successfully integrated the vertical, upstream, midstream, and downstream industries. Our products are summarized below:

1. Plastics	
(1) Polyvinyl chloride (PVC)	Polyvinyl chloride (PVC) is synthesized from our self-produced Vinyl chloride monomer (VCM) and classified according to its production process into suspension, bulk, and dispersion (emulsion) PVC powders. Paste PVC resin is divided into micro-suspension and emulsion. FPC suspension and mass PVC resin have excellent initial coloring, plasticizers sorbent, and thermal stability. It can be applied to various processes, such as calendaring, profile extrusion, foam, and so on. The products are mainly used in window frames, synthetic leathers, sheets, shrink film, pipes, etc. Paste PVC resin can be applied to a variety of processing applications, such as dipping, coating, foam, rotary, molding, and other processing methods.
(2) Polyethylene (PE)	Our company uses the ethylene produced by Formosa Petrochemical Corporation to produce polyethylene, which is classified according to its production process into high-density polyethylene (HDPE), polyethylene vinyl acetate (EVA), and linear low density polyethylene (LLDPE), of which HDPE has high impact strength, high rigidity, good chemical resistance, high environmental resilience, cracking resistance, and good electrical resistance; therefore, it is widely used in films, blown film extrusion, and injection molding, as well as by our company to produce barrel and tube grade materials using our modified technology. EVA can be used to make a range of products with a VA content as high as 28%. Its applications include greenhouse films, laminated packaging films, agricultural films, general packaging films, extrusion and injection foams, and hot-melt adhesives, among others. LLDPE possesses outstanding film strength, excellent processing capabilities, and heat sealing and good optical characteristics; it is mainly used in relation to packaging purposes, such as agricultural films, heavy packaging films, general packaging films, laminating films, and stretch films.
(3) Polypropylene (PP)	Our company uses the propylene produced by Formosa Petrochemical Corporation to produce polypropylene, which is classified by its production process into slurry process or gas-phase process. The slurry process is mainly used to produce low MFI for thermoforming grade, high flow and low odor injection grade, medical application, high processing speed and thinner Biaxially Oriented Polypropylene (BOPP) film grade for food. The gas-phase process is for reactor grade Thermal-Plastic-Olefins (RTPO) with high flow and high impact, high transparency injection products, low temperature heat sealing film, and high processing speed transparent BOPP grade.

2. Fibers

(1) Carbon Fiber	"Tairyfil" is a special material that our company developed using self-produced acrylonitrile (AN) as a material. It is stronger than steel, lighter than aluminum, as stiff as titanium, corrosion-resistant, and will not rust. Our fibers have good compatibility with both thermoset and thermoplastic resins used in CFRP (carbon fiber-reinforced polymers) and features excellent compatibility and processing capabilities with epoxy resins. It is mainly used in sporting goods (bicycle frames and rackets), industrial applications (wind power turbine blades and construction reinforcement material), and aerospace (aircraft structure materials) industries.

3. Chemical Products

(1) Liquid Caustic Soda	Produced from industrial salt using the clean and environmentally friendly ion exchange membrane method, liquid caustic soda can be heated and concentrated into Flaked Caustic and Micropearls Caustic depending on the customer's requirements. The product has obtained local food additive certification and many other international and local certifications and is used in the chemical, food, environmental protection, and electronic industries.
(2) Acrylic Ester (AE)	Acrylic acid (AA) is first manufactured from propylene produced by Formosa Petrochemical Corporation and then undergoes an esterification reaction with alcohols, such as methanol, ethanol, butanol, and isopropanol, to produce methyl acrylate, ethyl acrylate, butyl acrylate, and 2-ethylhexyl-acrylate, respectively. Its main applications are in the production of synthetic fibers, synthetic resins, adhesives, and coatings.
(3) Acrylonitrile (AN)	Formed from the reaction between propylene produced by Formosa Petrochemical Corporation and imported ammonia, acrylonitrile is mainly used in the production of carbon fibers.
(4) Methyl Methacrylate (MMA)	Formed from the reaction between acetone produced by Formosa Chemicals & Fibre Corporation, Acrylonitrile Plant byproduct cyanate, and imported methanol, MMA is mainly used in the production of acrylic sheets/pipes/pellets, Methyl Methacrylate-Butadiene-Styrene (MBS), transparent grade Acrylonitrile Butadiene Styrene (ABS), and adhesives.
(5) Epichlorohydrin (ECH)	Formed from the reaction between propylene produced by Formosa Petrochemical Corporation and Caustic Soda Plant byproduct chlorine, ECH is mainly used in the production of epoxy resin, glycerol synthesis, synthetic resin, paint solvents, dyes, and fiber aids, as well as the synthesis of medicine and pesticides.
(6) Butanol	Formed from the reaction between propylene and naphtha produced by Formosa Petrochemical Corporation, butanol is mainly used in the production of butyl acrylate, butyl acetate, ethylene glycol butyl ether, and plasticizer materials.
(7) Super Absorbent Polymers (SAP)	Made from the polymerization of self-produced acrylic acid, SAP is a resin that does not dissolve in water and actually absorbs water up to several times its weight; in fact, it can absorb urine 40-80 times its weight. As a result, it is mainly used in the production of diapers, sanitary napkins, and nursing pads.

Upstream, Midstream, and Downstream Relation Chart of FPC's Main Products

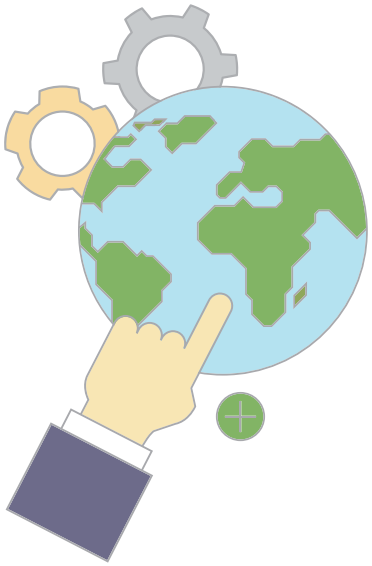
2.3.2 Main Product Productivity and Market Share

To strengthen our management system and improve our market competitiveness, our company has increased the production of our main products to meet the increased demands of our downstream clients. Currently, we are ranked near the top in the global plastics, chemical products, and fibers industries, and we are among the top ten manufacturers for PVC resins and 11 other products (see Appendix VI for more details).

Furthermore, our main products occupy a portion of the local market share. In 2016, the products that occupied more than 50% of the local markets included PVC resins, liquid caustic soda, acrylate, superabsorbent polymer, carbon fibers, butanol, high-density polyethylene, and epichlorohydrin. See the table below for further details.

Product	Domestic Market Share
PVC Resins	65%
Liquid Caustic Soda	74%
Acrylate	72%
Epichlorohydrin	61%
Super Absorbent Polymer	58%
Butanol	87%
High-density Polyethylene	61%
Carbon Fiber	51%

Our company's products are also exported to various areas throughout the world. In 2016, our export revenue in the major regions of the world was as follows:



Year / Region	2016 Revenue Percentage	2015 Revenue Percentage	2016 and 2015 Revenue Percentage Difference
Mainland China	45.8%	48.7%	-2.9%
Northeast Asia	2.2%	1.4%	0.8%
Southeast Asia	15.0%	14.4%	0.6%
South Asia	16.1%	16.6%	-0.5%
North America	3.6%	2.8%	0.8%
Central and South America	1.7%	3.3%	-1.6%
Europe	2.8%	2.9%	-0.1%
New Zealand and Australia	6.5%	3.8%	2.7%
Middle East	3.5%	3.2%	0.3%
Africa	2.6%	2.6%	0.0%
Other Regions	0.2%	0.3%	-0.1%
Total	100.0%	100.0%	

2.3.3 Main Brands

Our company initially started out in the bulk production of industrial materials. After years of efforts, we have established various product brands, such as the FORMOLON of the Plastics Division, TAISOX of the Polyolefin Division, YUNGSOX and FORMOCON of the Polypropylene Division, TAIRYFIL, TAISAP and TAIRYSORB of the Tairylan Division, and NANO CALMALON of the Carbide Division. We currently have a total of eight brands (as shown below) that are used in various aspects of our daily lives.

Main Brand	Product	Use	Main Raw Material Unit Consumption	Percentage of Renewable Raw Material
FORMOLON	Suspension PVC	Rubber, Construction materials, Water pipes	VCM 1 ton/ton	None
TAISOX	Polyethylene Ethylene Vinyl Acetate (EVA)	Shopping Bags, Packaging Bags, Agricultural Films, Shoe Materials	HDPE: Ethylene 1 ton / ton LDPE: Ethylene 1 ton/ton LLDPE: Ethylene 0.92 ton/ton Butene 0.08 ton/ton EVA: Ethylene 0.8 ton/ton VAM 0.2 ton/ton	None
YUNGSOX	Polypropylene	Toys, Food Containers, Medical Equipment, Household Products	Propylene 1 ton/ton	None
FORMOCON	Polyacetal Resin	Electronic, Electrical, Automotive, and Transportation Machinery, General Machinery.	Methanol 1.42 ton/ton	None
TAIRYFIL	Carbon Fiber	Aerospace Sector, Automotive Sector, Industrial Applications, Wind Turbine Blades, Sporting Goods	AN 2.4 ton/ton	None
TAISAP	Super Absorbent Polymer	Diapers, Changing Mats, Sanitary Napkins	P-AA 0.78 ton/ton NaOH 0.31 ton/ton	None
TAIRYSORB	Super Absorbent Polymer	Agricultural and Horticultural Water-retaining Agents, Soil Improvement Agents	P-AA 0.78 ton/ton NaOH 0.31 ton/ton	None
NANO CALMALON	Nano Calcium	Garbage Bags, Woven Bags, Injection Products, Extrusion Products, Shopping Bags	PP, PE 0.8 ton/ton Calcium carbonate 0.2 ton/ton	None

2.3.4 Raw Material Consumption

Our consumption of main raw materials for 2016 and our suppliers for such materials are summarized below:

Raw Material	Quantity (Metric Ton)	Amount (Thousand)	Major Supplier
Ethylene	1,680,193	48,756,892	Formosa Petrochemical Corp., CPC Corp., Taiwan, Marubeni Corp., Mitsubishi Corp.
VCM	1,914,472	35,044,342	Self-supplied
EDC	1,472,414	13,028,627	Self-supplied
Salt	2,048,502	2,323,274	Marubeni Corp., Mitsubishi Corp., MITSUI
AN	25,375	908,136	Self-supplied
Propylene	1,956,102	44,775,181	Formosa Petrochemical Corp., CPC Corp., Taiwan, JX NIPPON OIL
Coal Crumbs	1,350,219	3,100,113	YAXIYA, SUEK, PHOENIX, DRAGON SIMOSA, SAMSUNG, IDEMITSU
Alcohols	377,902	5,944,839	Self-supplied, Nan Ya, BP, SABIC, METHANEX, ITOCHU, MITSUI, Mitsubishi, Rui Zhi, Sencheng

2.3.5 Product Research & Development

Using the vertical integration model, our company has enabled our employees to accumulate R&D experiences and professional competency with regard to raw materials, product manufacturing, and processing. Through inter-department cooperation, R&D management, and quarterly conferences, we have been able to fully integrate and optimize our R&D resources and continuously invest in innovative ideas to develop products that meet market demands.

(1) Establish a R&D Culture of "Professional and Technical Services"

To both promote R&D culture and increase product value, we have aimed to establish a "Technical Services"-oriented R&D culture, in which every R&D technician can achieve the high performance and multi-function characteristics of products, and advanced production process control are a vital trend for scientific development. In addition to extending the life of end products, improving the performance of material processing, and ensuring the factory's industrial safety, consumer usage safety, and environmental safety, general purposes and inexpensive materials can be continuously modified to expand their functions. The most advanced and environmentally friendly production systems are used to create products that vary in appearance and function so that they can be used in different industries. Furthermore, to provide convenience to contractors and consumers with regard to verifying the quality of developed products, all R&D results are sent to third-party certification organizations for product certification, thus ensuring that our products conform to international specifications and quality standards.

(2) Implement "Vertical Integration" R&D Management

To actively develop high-quality, environmentally friendly, and diverse products for society, our company takes the initiative to invite research organizations such as government departments, foreign academic institutions, and industries to theme seminars and technical exchanges to enrich our professional competency. Furthermore, we conduct regular meetings to discuss product technology, industry analysis, and comparisons between industry competitors in order to enhance our vertical integration advantage and ensure the complete horizontal development of our products.

To better meet market demands, our company has gradually adjusted our R&D directions to eliminate the traditional concepts of mass production and product sales that were once perceived to be good. Starting from market surveys, the new R&D focuses on increasing consumer satisfaction and makes use of our strengths, such as integration of our own

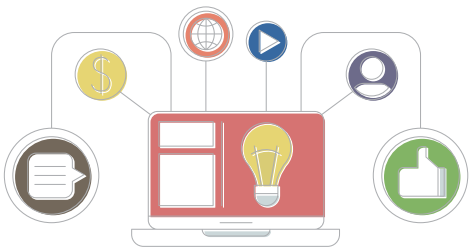
technology and production scales, to provide clients and society with the best solutions possible. In the future, we will continue to adjust our R&D plans towards the development of products that have better performance, higher processing ease, better durability, lower costs, and more compact sizes, as well as that are non-toxic and recyclable, and strengthen our overall R&D performance in order to promote the sustainable development of our business management.

(3) Encourage "Innovative R&D" and Praise Our Outstanding Team

To encourage R&D operations, the Group Administration Office and our company have stipulated incentive policies to reward patent proposals, R&D operations that have passed certifications, and key products and patents that have led to the generation of major profits. All companies are regularly invited to attend the annual "Formosa Plastics Group R&D Technology Conference" to publish R&D innovations, products, and results. Through this opportunity, the Group can praise departments with outstanding R&D performance and reward outstanding talents pursuant to its policies.

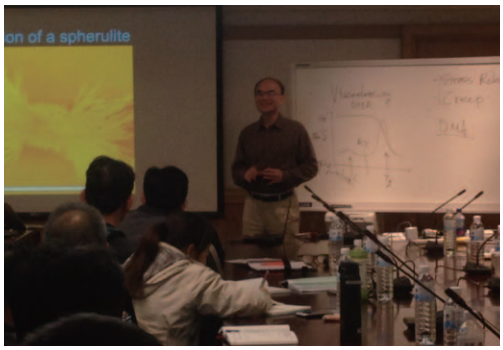
To strengthen the R&D capacity for material chemical and green products, the Company signed a Memorandum of Cooperation with the Industrial Technology Research Institute (ITRI) on June 30th, 2015 to form a strategic industry partnership that improves technology and applications of products and controls market needs. In July, the Company signed the Third Generation Dye-Sensitized Solar Cell Application Technology Contract with ITRI, which enabled the Institute to conduct industrialization research on relevant materials, production processes, and equipment in order to speed up the technological transition to mass production and create new business opportunities for the domestic solar cell industry.

In 2016, our R&D expenses totaled NT$ 1.51 billion, which accounted for 1% of our revenue. These expenses were mainly used in the research and development of formulas, improvements in production processes, quality upgrades, energy conservation, consumption reduction, and talent development aspects in order to increase production capacity and reduce costs. Furthermore, through industry exchanges, we have improved our technology levels and conducted research and development on the industrial production technology of the products listed in the table below. In 2016, the contribution of differentiated products increased from 34% in 2015 to 37%, demonstrating that the Company has achieved significant results in market expansion and increasing the added value of downstream products.



2016 Year-End R&D Conference in December

Chi Mei Corporation Visited Mailiao Inspection Department in July 2016



Academic Exchange with Texas A&M University in September 2016

Exchange with Taiwan Textile Research Institute in December 2016

The following table presents the products developed in 2016:

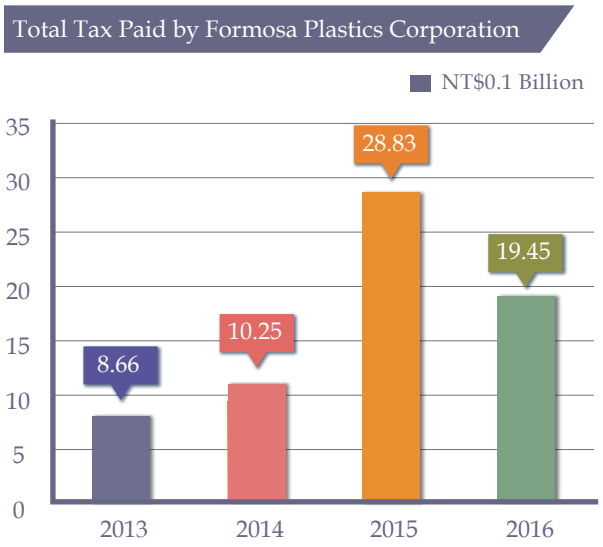
No.	Developed Product	Description
1	S-58 PVC Powder	Easy to process, S-58 is applicable to injection molding in a complex shape; its high gloss makes it suitable to hard tapes with large areas.
2	S-90 PVC Powder	With a high degree of polymerization and high resilience, S-90 is applicable to soft PVC medical products with high unit prices, such as puncture needles and highly elastic peristaltic PUMP tubes. The medical industry in mainland China is expected to grow by 20%~30% in the next five years, which indicates the potential for development of S-90 PVC Powder.
3	Vc/Vac Emulsification Powder	Containing 5% vinyl acetate copolymer, Vc/Vac Emulsification Powder can effectively reduce the gelation temperature of car primer and possesses good adhesive properties. As a high-value product, Vc/Vac Emulsification Powder is mostly applied to car primer coatings and adhesives.
4	C-15R Copolymer	The C-15R copolymer used specifically in hardening processes has been developed as a differentiated product that can be applied to high-value vinyl records. According to statistics, vinyl records sales in the U.S. have increased by over 45% a year since 2013, ensuring significant potential for market growth.
5	Wind Power Blades Carbon Fiber	Since the length of a blade ＞70 m, Wind Power Blades Carbon Fiber has been developed in response to the need of offshore wind power plants.
6	Thermoplastic Epoxy Carbon Fiber Sheet	Applied to the automotive market.
7	Cooling Water Tower Carbon Fiber Blade	Applied to the blades of cooling water towers.
8	Fast Absorption SAP	The demand for the absorption capacity of the SAP in composite baby diapers in mainland China is 120 times/minute. Therefore, Fast Absorption SAP has been developed to increase sales volume.
9	CMPC-customized SAP	CMPC-customized SAP is applied to baby diapers in South America.
10	Ontex-customized SAP	Ontex-customized SAP has been developed to increase the sales of SAP in Europe.
11	Anti-yellowing SAP	Anti-yellowing SAP has been developed to avoid diapers from yellowing in a short time.
12	HDPE Injection Blow Material	Applied to medicine/health supplement bottles.
13	HDPE Flame-resistant Blow Molding Material	Applied to flame-resistant toner cartridges.
14	EVA Low-smokeHalogen-free Composite Material	Applied to flame-resistant cable sheaths.
15	High MI Hot-melt Adhesive EVA	Applied to book-binding adhesive, automatic packaging glue, DIY glue, plywood glue, and hot-melt adhesive lining.
16	High Melting-degree Foam-form PP Material	Applied to lightweight functional products, such as automotive / motorcycle-related objects.
17	Low MI High-rigidity PP Sheet Material	Applied to disposable lunch boxes, frozen food packaging, and mushroom bottles.
18	Extrusion Grade Whitening-resistant Composite PP Material	Lightweight, Extrusion Grade Whitening-resistant Composite PP Material is applied to general luggage holds.
19	Scratch-resistant PP Material	Applied to high quality luggage cases and car interior materials.

2.4 Participation in External Associations

To help improve Taiwan's industries, our company has actively participated in various industry associations and served as the directors, supervisors, and representatives of such associations. (For example, our chairman, Jason Lin, is the director of the Petrochemical Industry Association of Taiwan, Taiwan Synthetic Resins Manufacturers Association, and Taiwan India Business Association). With regard to the petrochemical plastics industry, we have participated in the Taiwan Synthetic Resins Manufacturers Association, Petrochemical Industry Association of Taiwan, Taiwan Alkali Industries Association, Plastic and Petrochemical Industries Association, and Taiwan Institute of Chemical Engineers. With regard to the fiber industry, we have participated in the Taiwan Man-Made Fiber Industries Association. We have also participated in the Association of Atmosphere Protection in Taiwan, Taiwan Marble Association, and Chinese Institute of Engineers, among many others.

In addition to exchanging business experiences within the industry through such associations, our company has also organized various seminars and international meetings to share the latest market developments, changes in supply and demand, and technological information with the industry. Furthermore, we have participated in many international trade negotiations and consultations in the hope of making a contribution to the industry as a whole and regularly provide suggestions to the government regarding international production and business management issues.

2.5 Economic Performance



1. Tax Contributions:

Our Company strictly adheres to relevant tax regulations to pay a high amount of taxes annually to the central government and local counties/cities. As such taxes are the sources of budgets for government construction, we have made a great contribution to the economic development of Taiwan. In 2016, our company paid a total of NT$1.945 billion in taxes (excluding sales tax), and our Profit-seeking Enterprise Income Tax for 2016 was calculated as NT$1.591 billion.

2. Output Value Contribution:

To promote the development of the ecological chain of the plastics industry, our company has continued to improve our production capacity. As of 2016, our company worth was valued at NT$174.5 billion, accounting for 5.51% of the value of the entire petrochemical industry in Taiwan, which is estimated to be NT$3.17 trillion (4.95% in 2015).

3. Increase employment opportunities:

During the period of 2014~2016, our company recruited 214, 292, and 250 new employees, respectively, thus increasing employment opportunities in Taiwan and contributing to the development of petrochemical talents in Taiwan.

4. Improve Employee Benefits:

Based on the principle of offering reliable caring services for employees and enabling them to maintain a certain standard of living, the remuneration adjustments of our company over the past years have always been more competitive than the average standards in the manufacturing industries and the Consumer Price Index. During the period of 2014~2016, our company offered a raise in salary of 2.7%, 3.5%, and 3.5%, reaching a total of NT$8.16 billion, NT$8.63 billion, and NT$9.05 billion in total remunerations, respectively. The personnel expense percentage (total annual remuneration/annual revenue) for those three years was 4.42%, 5.38%, and 6.04%, respectively.

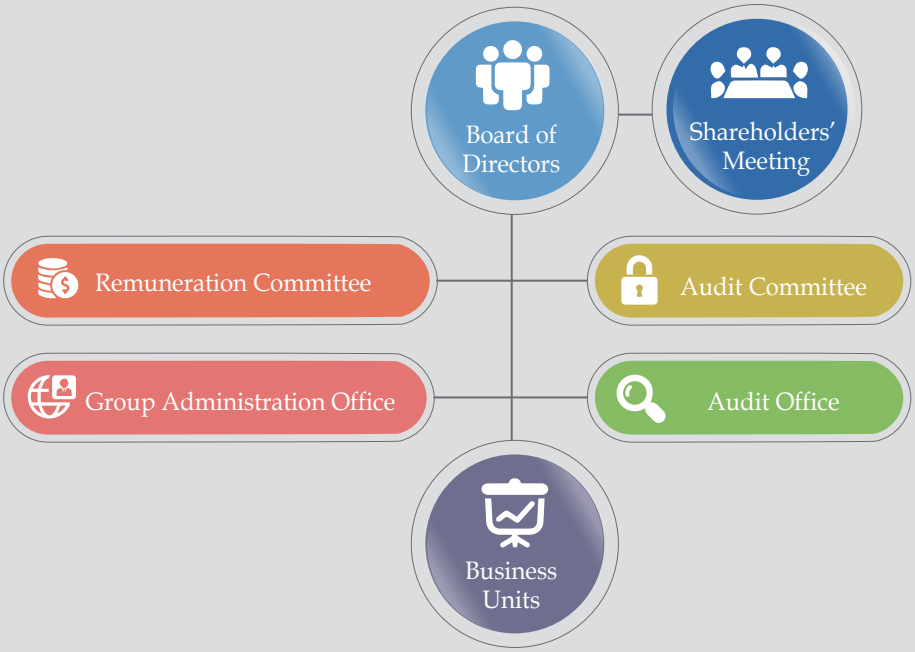
3 Transparent and Honest Corporate Governance

3.1 Shareholders : A Trustworthy Corporation for Investors

A basic principle of the Formosa Plastics Corporation is that shareholders should receive a reasonable return. Only as a profitable organization can we earn the trust of investors, ensure the welfare of employees, and increase tax revenue for the government. By doing so, we can fulfill our responsibility to all stakeholders, strive for the co-development of local society and the enterprise, and achieve our sustainable development goals.

3.1.1 Corporate Management Profile

(1) Corporate Governance Structure



(2) A Professional and Efficient Board of Directors

As the highest management level in our corporate structure, the Board of Directors is at the center for formulating business strategies. Assigned by shareholders, in addition to executing decisions made at the shareholders' meeting, the Board of Directors also adheres to The Company Act, the Securities and Exchange Act, the Company Articles of Incorporation, and the Board of Directors Regulations. The "Code of Ethical Conduct for Directors and Managers" has also been stipulated to ensure that all personnel adhere to the Code of Ethics in performing their duties, as well as to prevent damage to the Company's interests and its shareholders.

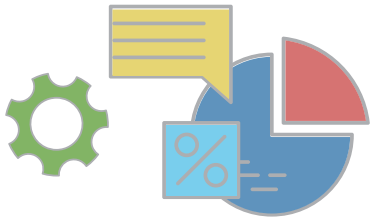
The main responsibilities of the Board of Directors are to ensure the transparency of corporate information and its compliance with regulations, appoint high-level managerial staff to oversee daily operations, draft earning distribution plans so that shareholders may receive dividends based on the Company's success, and supervise and offer guidance with regard to daily operations.

Since directors are elected via nomination, a list of nominees is first reviewed to ensure that the candidates are qualified, and then said list is transferred to the shareholders' meeting to elect optimal directors during the designated meeting. Each term of duty is three years, and the most recent appointment was in June 2015. On principle, the Board of Directors holds a Directors' Meeting at least once every quarter. The Board currently consists of 14 directors, aged 50 to 80 years old (the average age of appointment in the 2015 election was 67.5 years old). The directors are equipped with professional expertise and have rich industrial experience, as well as a long service record in the fields of petrochemicals and plastics in many cases. Based on their diversity in expertise and competency in business management, the directors can provide optimal strategic guidance to the future development of the Company. Furthermore, the Board also preserves the Company culture of finding the root causes of problems and leads the entire management team and employees in upholding a pragmatic work attitude. Through institutionalized management, the Board further ensures that the analysis data presented by the management team to the Board is timely and accurate in order to facilitate the Board's effective guidance and decision-making.

To preserve the diversity of the Board of Directors and strengthen its corporate governance, in addition to appointing female directors, we have also appointed independent directors in accordance with regulations. The directors are described in the following table:

Title	Name	Gender	Education	Experience	Current Position in Company or in Other Companies
Chairman	Jason Lin	Male	M.S., Environmental Engineering, Wageningen University	President of the Formosa Plastics Corporation (FPC)	President of the FPC and FPC-USA, Chairman of Formosa Sumco Technology
Executive Director	William Wong	Male	M.S., Industrial Engineering, University of Houston	President of the Formosa Chemicals & Fibre Corporation	Chairman of the Formosa Plastics Group; Chairman of the Formosa Chemicals & Fiber Corporation, Formosa Taffeta, Formosa Advanced Technologies, and the Mai-Liao Power Corporation
Executive Director	Susan Wang	Female	Economics, Barnard College (US)	Executive Vice President of FPC-USA	Vice Chairman of the Formosa Plastics Group; Executive Director of the Formosa Petrochemical Corporation
Executive Director	Wilfred Wang	Male	Mechanical Engineering, University of London (UK)	Chairman of the Formosa Petrochemical Corporation	Chairman of the Formosa Plastics Marine Corporation and Nan Ya Photonics Inc.

Title	Name	Gender	Education	Experience	Current Position in Company or in Other Companies
Executive Director (Independent Director)	C. L.Wei	Male	PhD, Economics, University of Paris (France)	Chairman of Land Bank	Chairman of Waterland Financial Holding
Independent Director	C. J. Wu	Male	PhD, Education, National Taiwan Normal University	Minister of Education	Principal of Taiwan University of Education
Independent Director	T. S. Wang	Male	M.S., Public Finance, National Chengchi University	Chairman of Taiwan Futures Exchange	Independent Director of the PhytoHealth Corporation
Director	C. T. Lee	Male	Engineering, National Cheng Kung University	Chairman of the FPC, Chairman of Formosa Sumco Technology	FPC Top Advisor, Chairman of FPC-USA
Director	Cher Wang	Female	M.S., Economics, University of California, Berkeley	Chairman of VIA Technologies	Chairman of the HTC Corporation
Director	Fu-Chan Wei	Male	Medicine, Kaohsiung Medical University	Dean of the College of Medicine, Chang Gung University	Professor of the College of Medicine, Chang Gung University
Director	Ralph Ho	Male	Industrial Management, University of San Francisco	Chairman of YF Bai Te Medical Equipment Ltd.	President of the YF Chemical Corp.
Director	K. H. Wu	Male	Mechanical Engineering, Chung Yuan Christian University	Vice President of the Formosa Heavy Industries Corp.	President of the Formosa Heavy Industries Corp.
Director	Cheng-Chung, Cheng	Male	Chemistry, National Chung Hsing University	Vice President of the FPC	Senior Vice President of the FPC
Director	Wen-Chin, Hsiao	Male	Chemistry, Chung Yuan Christian University	Vice President of the FPC	Senior Vice President of the FPC



(3) A Board of Directors That Shares the Interests of Shareholders

To prevent conflicts of interest between the directors and the Company, if directors wish to lift restrictions on competitive prohibition, they must inform shareholders and obtain their consent in advance in accordance with regulations. With regard to directors avoiding conflicts of self-interest, clauses have also been stipulated in the Board Regulations and corporate governance guidelines. During Board meetings, if the interests of directors or representatives conflict with the corporation, they may express their opinions and answer questions but may not participate in discussions or voting. Directors should also avoid discussions and the voting process and may not act on behalf of other directors during voting (For more information on proposals involving conflicts of interest, see the 2016 Yearbook). Furthermore, directors must each share two characteristics with shareholders to ensure that their interests are compatible.

A. Shareholding and Hypothecation Proportion

The shareholding proportion and hypothecation proportion are key to minimizing agency issues and ensuring that the interests of shareholders and those of the Board of Directors are aligned. In 2016, the shareholding proportion of directors was 24.36%, which was significantly higher than the 1.6% minimum required by the Financial Supervisory Commission. The hypothecation proportion of directors was 0.49%. This represents that the interests of our directors are very much aligned with shareholders, demonstrating that ours is a quality corporation worthy of shareholders' trust.

Shareholding and Hypothecation Proportion of FPC Board of Directors

Unit: %

Item/Year	End of 2011	End of 2012	End of 2013	End of 2014	End of 2015	End of 2016
Shareholding Proportion	23.14	24.01	24.36	24.36	24.36	24.36
Hypothecation Proportion	1.06	1.02	0.96	0.49	0.49	0.49

Note: The shareholding proportion is the ratio of shares held by directors compared to outstanding shares; the hypothecation proportion is the ratio of pledged shares held by directors.

B. Remuneration of the Highest Governance Department

Since the global economic crisis of 2008, many countries have established policies to prevent the management teams of companies from being overpaid. Such policies have ensured that shareholders' rights are protected and have prevented senior management teams from gaining a disproportionate share of companies' profits. Thanks to their insight on this situation, the founders of the Formosa Plastics Group have never received remuneration during their terms on the Board of Directors over the decades, and for this, they have been widely praised by the public. Their core belief lies in the fact that the directors will benefit from dividends as they are also shareholders. This philosophy reflects our attitudes on director and supervisor remuneration, as well as on the interests of our investors; this has been widely accepted and trusted by investors and the public.

To implement corporate governance and ensure a sound remuneration system for directors and the managerial staff, the Company established the Remuneration Committee in August 2011. Comprised of three independent directors, the Committee convenes a meeting at least twice a year. In 2016, two meetings were convened with 100% attendance. During said meetings, an evaluation is conducted on the remuneration policies and systems of the directors and managerial staff, and suggestions are proposed to the Board to help with the decision-making process and advise against unnecessary risky decisions for the Company.

The annual remuneration package of high-level management teams includes a base salary, annual bonus, executive incentives, and contributable pension funds and benefits. Performance evaluation is based on overall performance and individual "Annual Objectives", which are included in the overall management assessment conducted by the Chairman. The evaluation ensures that high-level executives understand and strive to meet the Company's strategic goals and also ensures that incentive mechanisms are integrated with personal and corporate performance.

The Proportion of Remuneration of the Board of Directors Compared to Post - Tax Profit

Unit: NT$ Million

Item	2011	2012	2013	2014	2015	2016
Salary	18	17	18	19	17	23
Proportion (%)	0.05	0.12	0.09	0.10	0.05	0.06

Note: The proportion is the ratio of the remuneration paid to the directors compared to the post-tax profit.

(4) Independent Audit Committee

In order to strengthen the supervisory functions of the Board of Directors, the Company established the Audit Committee in June 2015, which consists of three independent directors and holds at least two meetings every year. In 2016, six meetings were convened with 100% attendance. The reasons for establishing this committee include supervising the fair presentation of financial statements, appointing or dismissing certified accountants, ensuring appropriateness, independence, and performance, effectively implementing the Company's internal control mechanisms, ensuring compliance with regulations, and controlling existing and potential risks faced by the Company. Furthermore, the Company has a comprehensive auditing system to ensure the transparency of the Company's financial statements and compliance with laws. The audit report must also be presented at every Board of Directors' meeting.

(5) Seminar Courses for Directors

In order to improve the professional knowledge and legal literacy of the directors so that they can better provide effective supervision and guidance of company operations, six hours of director seminar courses are arranged every year. The seminar courses for 2016 are summarized below:

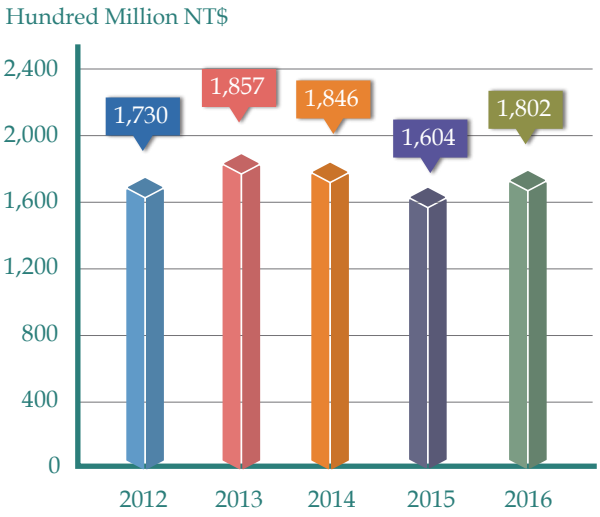
Title	Name	Training Date	Training Organization	Training Course
Chairman	Jason Lin	2016/11/25	Securities and Futures Institute	Strengthening Corporate Governance Blueprint and Best Practice & Analyzing Major Changes in the Tax System
			Taiwan Corporate Governance Association	Board of Directors' Role in Risk Management of Innovation and Technology Application
Executive Director	William Wong, Susan Wang	2016/11/25	Same as above	Same as above
Executive Director (Independent Director)	C. L. Wei	2016/11/25	Same as above	Same as above
Independent Director	C. J. Wu, T. S. Wang	2016/11/25	Same as above	Same as above
Director	C. T. Lee, Cher Wang, Fu-Chan Wei, K. H. Wu, Ralph Ho, Cheng-Chung Cheng, Wen-Chin Hsiao	2016/11/25	Same as above	Same as above

Source: FPC 2016 Annual Report.

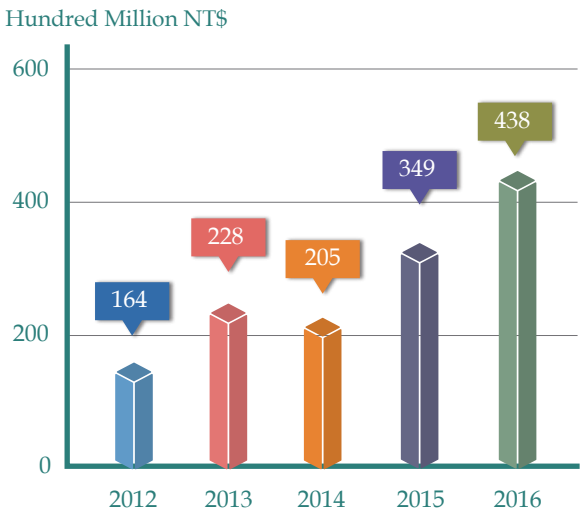
3.1.2 Financial Performance

Due to economic fluctuations, the only way to ensure global competitiveness and company survival is to continually strive for improvement. In 2016, our consolidated earnings report indicated a revenue of NT$ 180.2 billion, while pre-tax profits totaled NT$ 43.8 billion (For relevant organizations in the consolidated earnings report, see Appendix 5). We were ranked 861 in the World's Top 2000 Enterprises by Forbes in 2016, moving up 69 spots from 2015. This has demonstrated that our performance is on par with large international corporations. (Reference: Forbes Official Website: The World's Biggest Public Companies List) Operating revenue, pre-tax profits, earnings per share, and return on equity in the FPC Earnings Report are as follows:

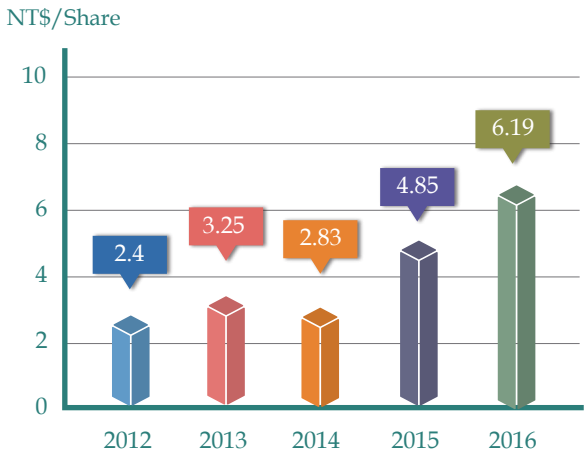
2012~2016 Operating Revenue



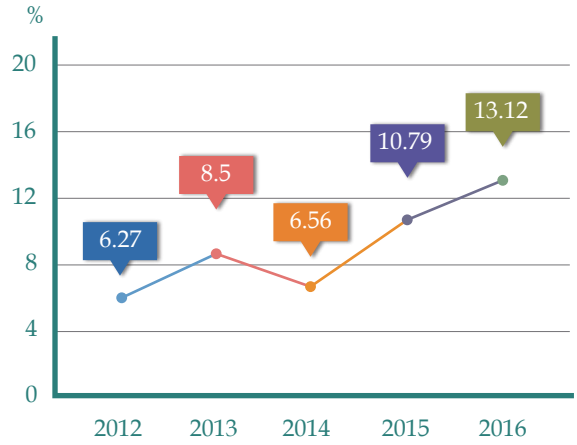
2012~2016 Pre-tax Profit



2012~2016 Earnings per Share



2012~2016 Return on Equity



Note: The Company has adopted the International Financial Reporting Standards since 2013.

3.1.3 Stable Dividend Policy

Long before the Securities and Future Institute established the "Stable Dividend Policy" in 2001, the Company realized the risk of inflation that accompanies large variations in stock profit distributions, which can lead to the dilution of earnings per share. Therefore, this is not compatible with sustainable development, so we have adopted the priority distribution of cash dividends as our dividend policy. Only through the allocation of cash dividends can we share with shareholders in the profits; this is an ideal approach for safeguarding the rights of shareholders. From 2014 to 2016, the Company issued 100% of the dividend per share at NT$ 1.7, NT$ 3.6, and NT$ 4.6, respectively, in cash.

3.1.4 Investor Relations

(1) Shareholder Services

To upgrade shareholder services, the Formosa Plastics Group has established a Shareholder Services Department in the Group Administration Office. By offering a communication channel between shareholders and the corporation, the Shareholder Services Department continues to strive to improve the standard of services provided, including developing a seal verification system and strengthening storage security. Furthermore, the Company's stocks are now fully computerized to ensure better services.

We also maintain an "IR section" on our website to answer enquiries from investors and shareholders, disclose sustainable development strategies, and provide timely disclosures of statistics and data, including information on corporate governance and risk control, on the Market Observation Post System (M.O.P.S.).

(2) Relationship with Institutional Investors

To maintain good relations with institutional investors, we have appointed a spokesperson to serve as a liaison with investing institutions. Starting from February 2011, we have conducted monthly performance report seminars to develop a direct communication channel with professional media institutions. Furthermore, we occasionally participate in investor forums organized by domestic or international organizations to provide the latest business information from the Company.

3.1.5 Internal Control Mechanisms

The internal control mechanisms of the Company feature an integrated system that covers the different levels of the Company. Through this comprehensive internal control system, we can boost operational efficiency and minimize risks. When complemented with our audit management, the system will be able to safeguard the rights of shareholders. Details of this system are provided below:

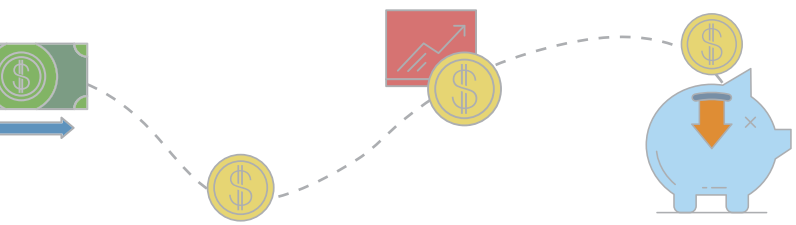
(1) Computerized Management Procedures

Since the establishment of the Group Administration Office in 1968, the Office has integrated the same functional management system of the Group and maximized the use of resources to strive for the computerization of management procedures, which it achieved in 1982. This system is divided into six areas: Human Resources, Finance, Sales, Production, Materials, and Engineering. The user can input basic information into the computer, which is then transferred for use at different levels so that different areas can extract and connect the data. Checkpoints are programmed into the data connections to utilize computer logic to automatically detect inaccurate information. When an error is detected, the system will prompt the operator to review the causes and take the necessary action. Finally, the data that is stored in the system may then be used for analysis and reports. Therefore, the greatest difference between our internal control mechanisms and those of other enterprises is that we have a fully computerized management system to reduce the impact of human error.

(2) One-day Analysis Demonstrates Efficient Management

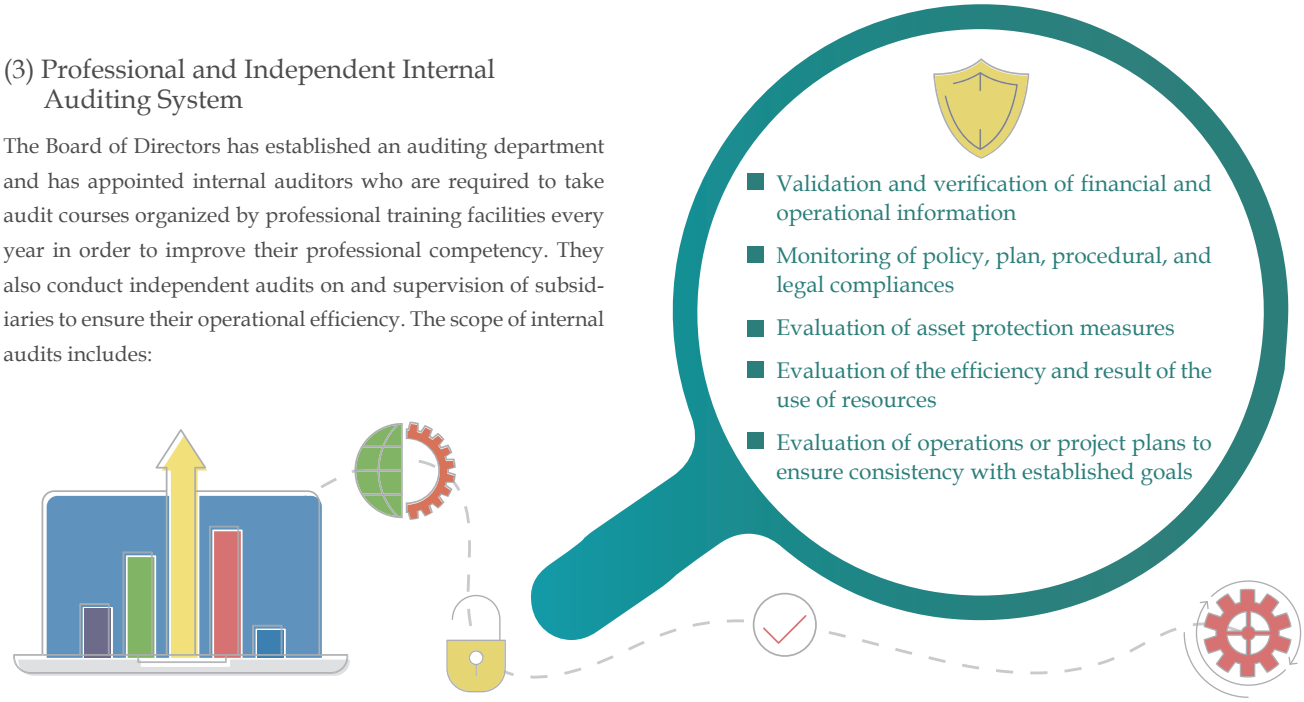
Another result of the computerized management system is that we achieved our "One-Day Analysis" objective in May 2001. Since then, on the 1st day of every month, the management team has been able to efficiently analyze management profits and losses in the morning and use this analysis in the decision-making process. The rapid obtaining of management information provides the best evidence of the success of our computerized management system.

The computerized management system is not only a management tool; it is also a reference for management improvements. As long as current procedures can be computerized, there is still room for improvement. The primary objective is to uphold the spirit of "Rationalization" proposed by our two founders and set perfection as our ultimate goal.



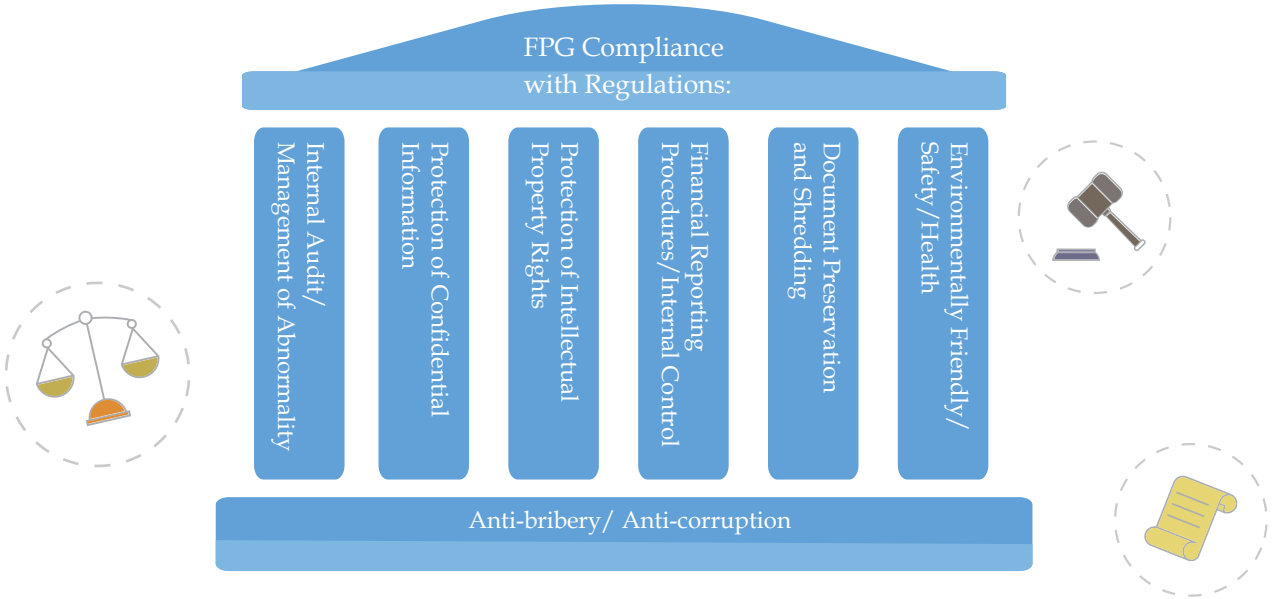
(3) Professional and Independent Internal Auditing System

The Board of Directors has established an auditing department and has appointed internal auditors who are required to take audit courses organized by professional training facilities every year in order to improve their professional competency. They also conduct independent audits on and supervision of subsidiaries to ensure their operational efficiency. The scope of internal audits includes:



Internal auditing of the Company is not just the responsibility of the independent audit departments. Every department should strive to achieve their specific audit requirements and conduct voluntary inspections within the regulated period. The independent audit departments shall conduct regular and occasional inspections based on the voluntary inspection results to ensure that every department is conducting their own inspections.

FPG Compliance with Regulations



(4) Anti-corruption

The Formosa Plastics Corporation has implemented a strict Code of Ethics and expects all employees to comply with the norms and ethical standards not only in their work but also in their daily lives. The regulations are meant to prevent the leak of classified data, false reports, misconduct, negligence, violence, embezzlement, misuse, instigation, rumors and scare-mongering, and sexual discrimination in order to develop a "Diligent & Frugal" corporate culture. The measures are as follows:

A. Establishment of Systems and Standards

Based on the structure of the Code of Ethics, the Company has established systems or standards that shall be complied with, including anti-corruption, compliance with labor regulations, environmental protection, insider trading, protection of intellectual property rights, gender equality, and protection of personal information and privacy. Through the aforesaid complete systems or standards, the Company can fulfill the Code of Ethics and legal compliance. Those found to violate the Code of Ethics will be punished strictly by the Company, such as termination of employment or business relationship, and a suit will be appropriately filed.

B. Signing of the Self-discipline Pledge

On the first day of service, each employee is required to sign a "Pledge" that he/she will abide by the Trade Secrets Act, will not infringe on the intellectual property rights of software owners, will not accept any bribes or other inappropriate interests, and will not act in violation of business opportunities, reputation, or business of the Company or clients or his/her duties. Furthermore, each employee will be given a Work Rules manual to refer to the Company's Principles of Ethical Corporate Management, Principles of Corporate Governance, and Rules of Personnel Management, which specify the policies of ethical corporate management, at any time.

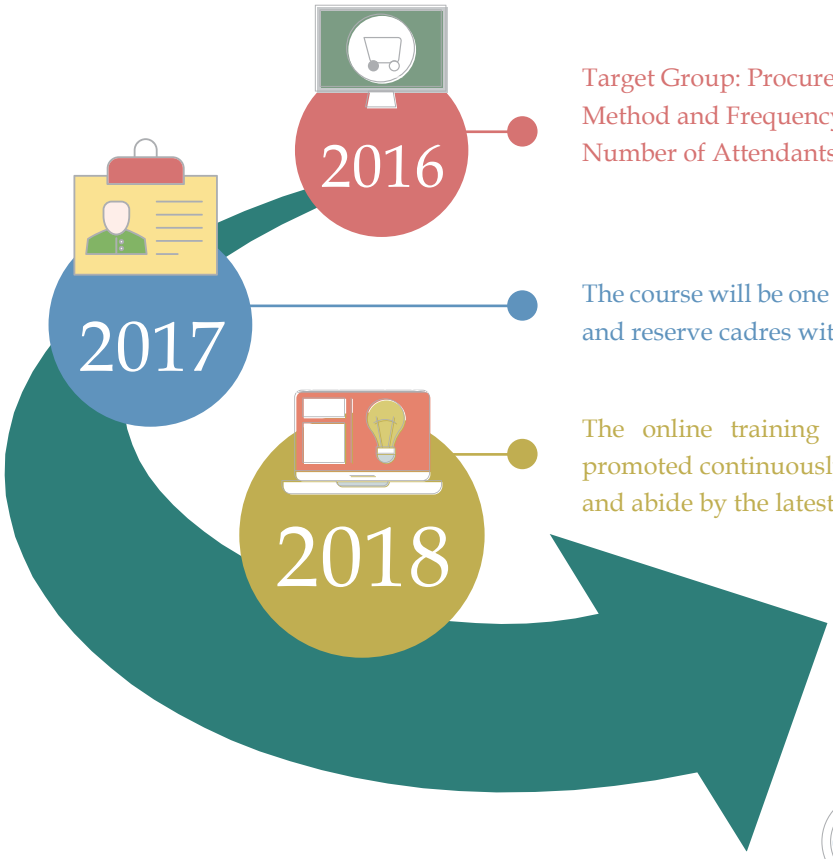
Personnel in the contracting and procurement departments should sign the "Self-discipline Pledge" and participate in regular rotation to prevent any collusion in bids (quotations), black box operations, or malpractice.

The Company has also established the Directors and Managers' Code of Conduct, which strictly prohibits any direct or indirect provision, promise, request, or acceptance of any improper benefits, or other behavior that violates integrity, laws, or their entrusted duties in order to prevent malpractice, embezzlement of public funds, acceptance of bribes, leaks, or fraud.

C. Training

Training is an important means for promoting the internal system and establishing the correct concepts of laws and regulations. Business-related regulations are incorporated into orientation, on-the-job training, and upper management training in order to strengthen employees' concept of laws and regulations required in the performance of their business tasks.

In 2016, the Company initiated anti-corruption training, during which employees learned the correct moral concepts by understanding the laws and regulations pertaining to anti-corruption and the protection of confidential information, as well as the case studies. Since contracting and procurement operations are performed by the Contracting Center and Procurement Department under the Group Administration Office, two training courses were organized by the Group Administration Office for the personnel in the aforementioned center and department in 2016. The two training courses took 4 hours (2 hours/each), with an attendance rate of 99.6% (273 out of 274 employees attended the training courses). Online courses will be set up in 2017 as one of the required courses for new employees and reserve cadres with a target attendance rate of 100% to ensure all employees abide by the laws and regulations.



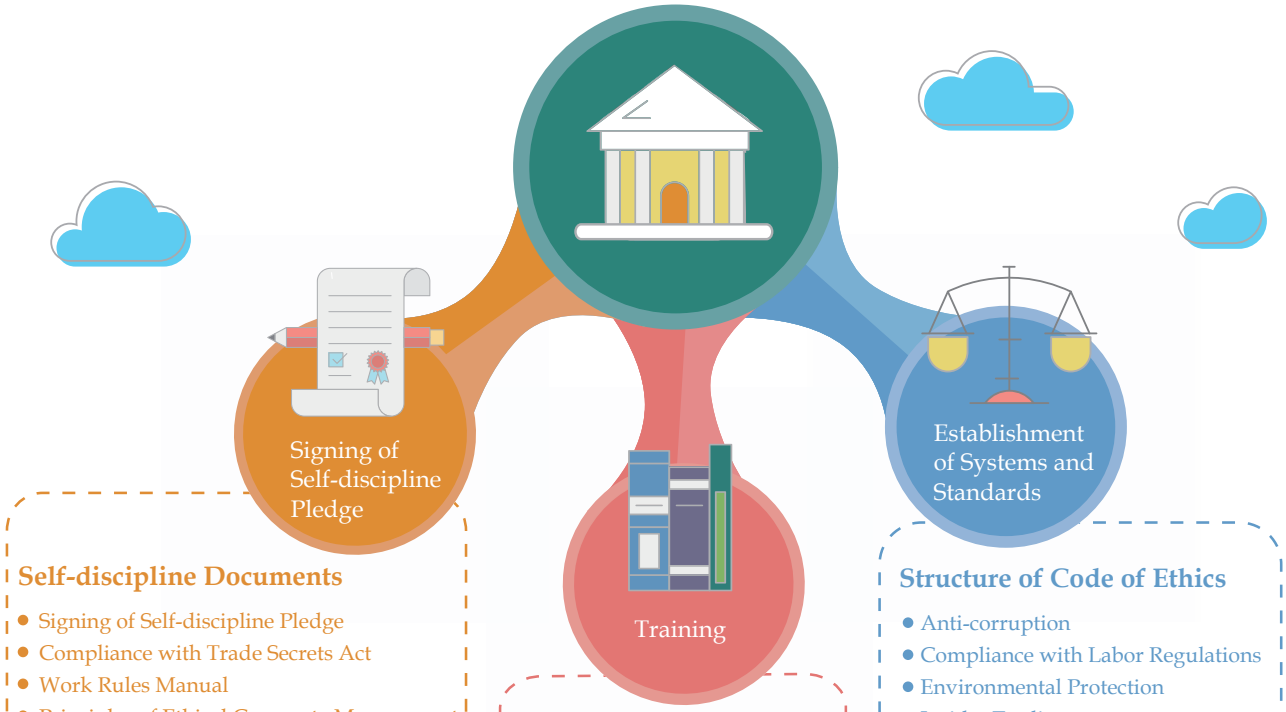
Target Group: Procurement Department and Contracting Center
Method and Frequency: Two training courses (2 hours/each)
Number of Attendants: 273 employees (proportion: 99.6%)

The course will be one of the required courses for new employees and reserve cadres with a target attendance rate of 100%.

The online training course and regular retraining will be promoted continuously to ensure that all employees understand and abide by the latest laws and regulations.

D. Complaint Channels

Through the institutionalized "Employee Complaint Guidelines", we offer employees a channel to make internal complaints about illegal activities. In the event an employee discovers illegal or inappropriate activities occurring within the Company that may infringe on an individual's or the Company's rights, or if an employee abuses his/her position to obtain inappropriate profits, an employee can fill out a "Complaint Form" and submit the form to the department supervisor of the suspected perpetrator's position. The Company and the responsible personnel shall investigate and report the complaints in a fair and just way and ensure that no retaliation for the complainants will happen. The entire investigation process shall be kept confidential.



Self-discipline Documents

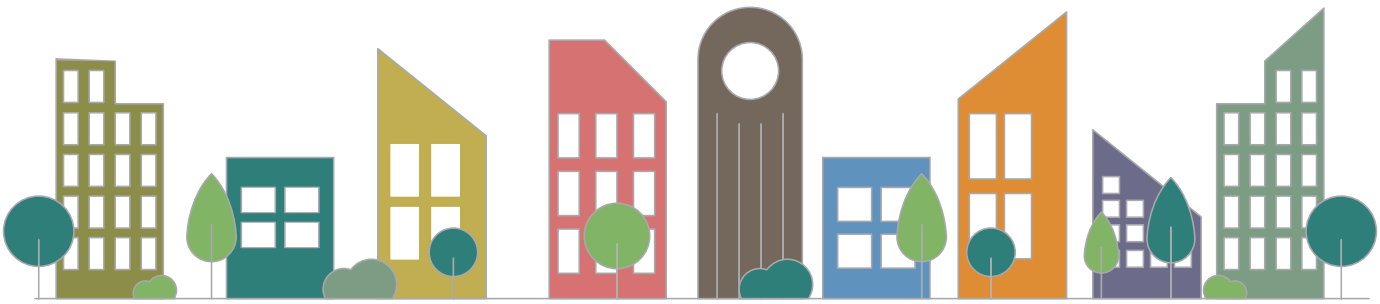
- Signing of Self-discipline Pledge
- Compliance with Trade Secrets Act
- Work Rules Manual
- Principles of Ethical Corporate Management
- Principles of Corporate Governance
- Rules of Personnel Management
- Self-discipline Convention
- Directors and Managers' Code of Conduct

Types of Training

- Orientation
- On-the-job Training
- Upper Management Training
- Face-to-Face Courses
- Online Courses

Structure of Code of Ethics

- Anti-corruption
- Compliance with Labor Regulations
- Environmental Protection
- Insider Trading
- Protection of Intellectual Property Rights
- Protection of Personal Information and Privacy
- Gender Equality



3.2 Customers: A Corporation that Grows with Its Customers

"Customers First" is our core value and the basis of our business operations. Building long-term customer relationships based on mutual respect and interests has always been an important objective of the Company. Good customer service and increasing customer satisfaction is not only the responsibility of the sales departments but also the aim of all the Company's employees. We aim to create a mutually beneficial business environment with our clients. We also value the feedback and rights of our clients. When industries further down the chain experience smooth business development, we consider that representative of the Company. We anticipate that our efforts will form a continuous circle and promote a mutually beneficial, co-development of the Company and our clients.

3.2.1 Customer Collaboration

- Model of Positive Interactions

To build a cooperative partnership of mutual benefit and trust, we regularly visit our customers to discuss the improvement of existing products, as well as the development of future products, and provide our clients with market information and technical support. In addition to an interactive communication channel, we have also taken the initiative to hold deal conventions or present exhibitions at major trade shows every year, such as CHINAPLAS, IRAN-PLAST, the Taipei Innovative Textile Application Show, the French JEC Composites Show & Conferences, the Chinese Composites Expo, and the China International Automotive Interiors and Exteriors Exhibition, so that we can keep up to date with the latest market trends and receive direct feedback from customers for future improvements.

We have also established an internal and external delivery status system, and through the integration of our ordering systems, factory gate control systems, delivery GPS positioning, and freight tracking information so that clients can track the real-time position of their goods and cargo as they arrive at ports or their destinations.

2016 CHINAPLAS, Shanghai

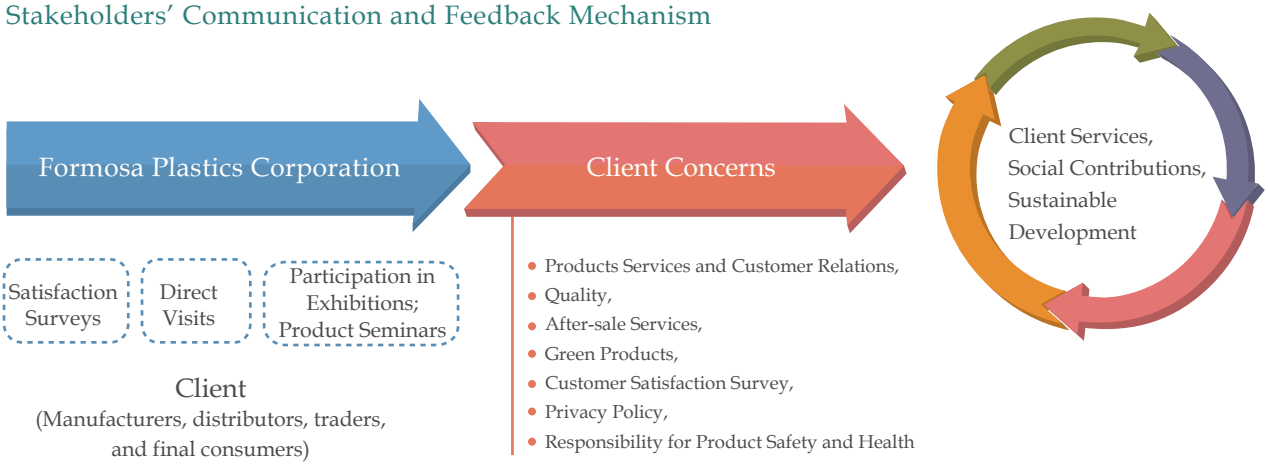
- Disclosure of Product Information

In the "Products" section of our website, classified under "Products Overview" and "Application Overview", clients can view the product catalogue and get information on the features and functions of the Company's products, while they can download the certification and test report information of the products in the "Download" section. Furthermore, as an introduction to the industrial chain, we have provided a "Product Relation Graph" so that clients may better understand product applications in the industry.

- Customer Feedback and Responses

We value and appreciate feedback from customers and have established official channels so that they can offer suggestions and ideas for improvements, as well as voice complaints. Customers can fill out the "Customer Comment Form" to do so. To exchange or return a product, customers can contact our sales representatives and request that they fill out the "Customer Complaint Form". The form is then processed into our computerized management system to keep track of its progress. Another method for customers to make enquiries or comments is to call the telephone number or write to the e-mail address listed on our official website. Comments and suggestions are prioritized according to the level of importance and then forwarded to the relevant departments to ensure that all customers' needs are addressed.

Stakeholders' Communication and Feedback Mechanism



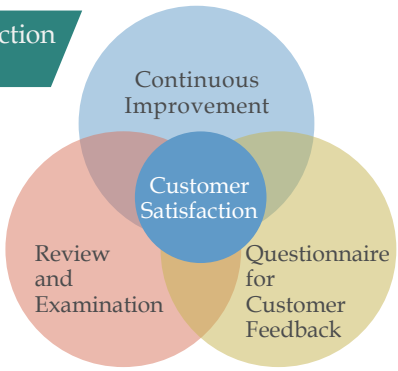
3.2.2 Customer Satisfaction Survey

To fulfill the requirements of ISO 9001 regarding quality commitment to customers and show our focus on customer satisfaction, we conduct a satisfaction survey of domestic and foreign clients at least once a year. Survey questions include eight areas: product features, product quality, product delivery, product price, service attitude, technical service, brand image, and overall satisfaction. The survey questions are further modified based on the issues or areas of concern that customers have previously expressed.

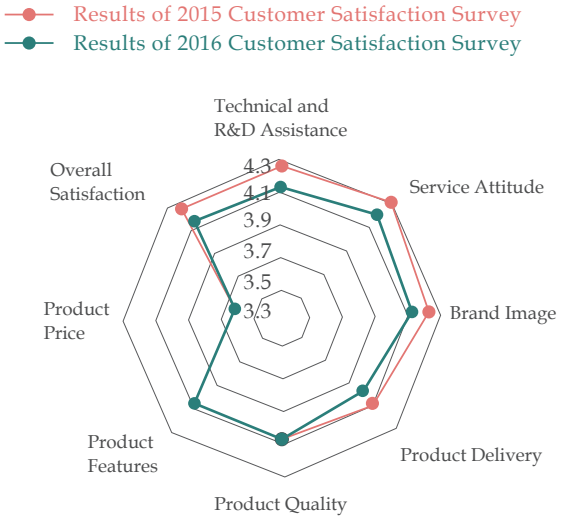
According to our customer satisfaction survey in 2016, our overall performance was 4.2, higher than the benchmark of "Satisfied", with only a few product prices falling short of customers' expectations. This was mainly due to the increase in costs of raw materials, which subsequently led to an increase in product prices.

The Company incorporates customer feedback and suggestions into our operation policies and strives to continually improve in the relevant areas so that the professional competency and service attitude of our sales representatives and technicians and their approach to service to better meet public expectations.

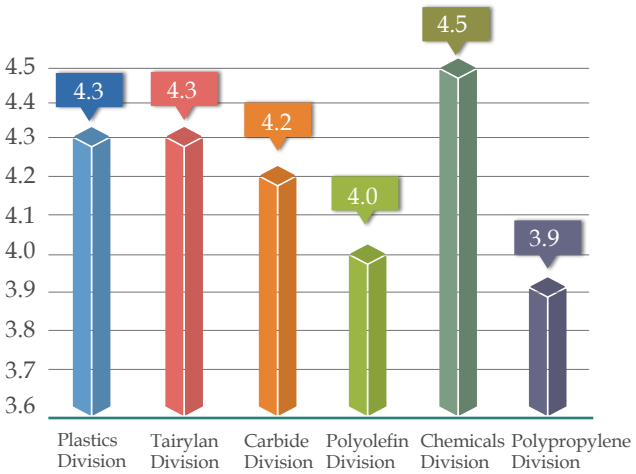
Customer Satisfaction Survey Model



2016 Customer Satisfaction Survey



Customer Satisfaction of Each Business Division



Note: Satisfaction Scale: 5 = Very Satisfied, 4 = Satisfied, 3 = Neutral, 2 = Dissatisfied, 1 = Very Dissatisfied.

3.2.3 Regulation Compliance

(1) Data Protection

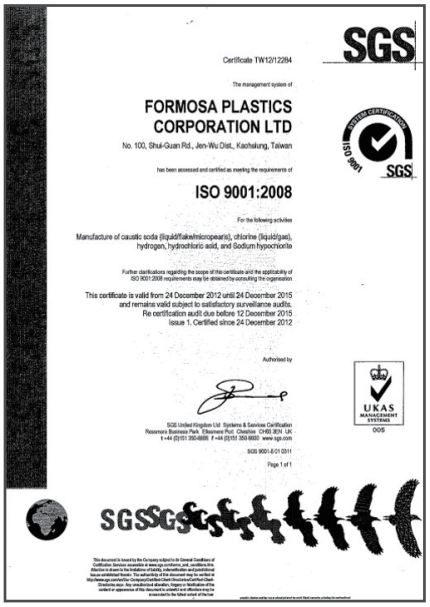
The Company has implemented the "Management of Personal Data", requesting that departments list this element alongside their voluntary inspection items. Employee and customer information is only shared with authorized personnel. If an employee requires the information to conduct his or her duties, said employee will be requested to sign a "Personal Information Collection, Treatment, and Use Application Form". Inspections are conducted to ensure regulation compliance before the information is provided, and its purposes will then be regulated. No violations related to information privacy were reported by clients in 2016.

(2) Food Safety

The Company has six food additives, which are produced in Renwu Plant (flake and micropearls caustic soda, hydrochloric acid, 32% liquid caustic soda, and 50% liquid caustic soda), Mailiao Plant (32% liquid caustic soda, 50% liquid caustic soda, and hydrochloric acid), and Tungshan Plant (calcium oxide). According to the Act Governing Food Safety and Sanitation promulgated on December 16th, 2015, each complex has completed the matters required by the Act, such as designating the production site of food additives, stacking them away from the ground, clearly labelling packages, submitting a food safety monitoring plan, and declaring the product flow on the webpages "Fadenbook" and "ftracebook" of the Food and Drug Administration, Ministry of Health and Welfare, in addition to being certified by the local health authority and NTU Food Safety Center.

In addition to ISO 9001 certification, food-grade sodium hydroxide (flake and micropearls caustic soda) produced by the Company has also been certified by the National Sanitation Foundation (NSF). This certification signifies the approval and certification of 13 national or industrial authoritative organizations, including the American National Standards Institute (ANSI), the Occupational Safety and Health Administration (OSHA), and the Canada Standards Association (CSA).

NSF certified



ISO 9001 certified

3.3 Suppliers and Contractors: Creating Business Relationships Based on Mutual Trust and Interests

The Company's business partners include raw material suppliers, equipment providers, and project contractors. We use electronic procurement models to ensure that we commission the contractors and suppliers with the lowest quotation, fastest delivery, and highest quality and establish a harmonious partnership to achieve our objectives of fair and just procurement. Furthermore, through comprehensive partnership management, we can eliminate substandard contractors and develop long-term, trustworthy contractors.

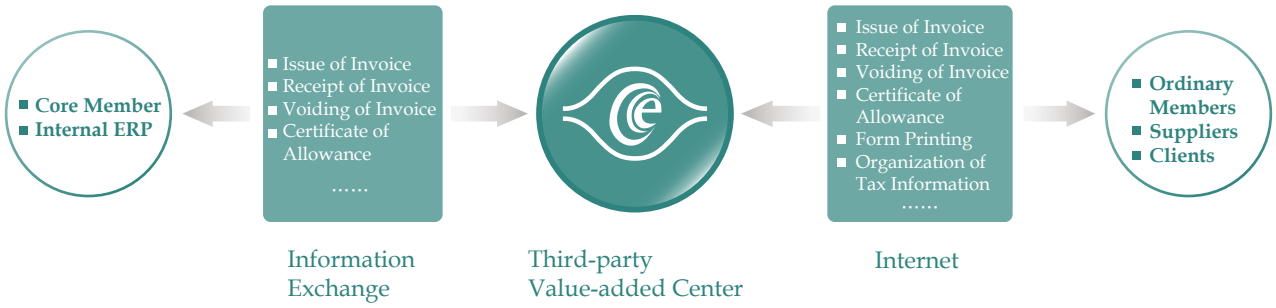
3.3.1 Supplier and Contractor Relations

Through the Formosa Plastics Group Online Transaction and Procurement System, the Company uses an open bidding model that allows our suppliers and contractors to conduct price inquiries, submit quotations, negotiate prices, place orders, and check the delivery of goods and the progress of payments online. We also organize regular meetings with contractors and suppliers to enhance and encourage strong lines of communication.

In order to reduce carbon emissions from delivery vehicles, we have complied with our Group policies since January 2009 to collaborate with "Kerry TJ Logistics" to promote the "Supplier Collaboration E-System". This system provides on-line shipment management to help suppliers improve the efficiency of their storage and delivery, thus enabling a centralized delivery system and reducing the quantity of delivery vehicles needed. According to statistics, as of 2016, supplier compliance with the system has reached 98.02%.

To further reduce the costs of invoicing and increase the efficiency of invoice management, the Company has replaced traditional invoices with electronic invoices. The use of electronic invoices amongst our contractors reached 84.51% in 2016.

FTC e-Invoice Model



Our procurement and outsourcing policies mainly focus on local procurement and outsourcing. The Company only sources from overseas and allows bidding from abroad when local suppliers are unable to meet our needs. The percentage rate of local procurement in 2016 was 81%.

Suppliers currently engaged in dealings with the Company must sign the Contractor Integrity Pledge to eliminate situations in which contractors offer inappropriate gifts to company employees. Furthermore, regarding price quotations and order notices, suppliers are requested to adhere to fair trading principles and ensure compliance with environmental protection, industrial safety, and human rights requirements.

3.3.2 Supplier Management

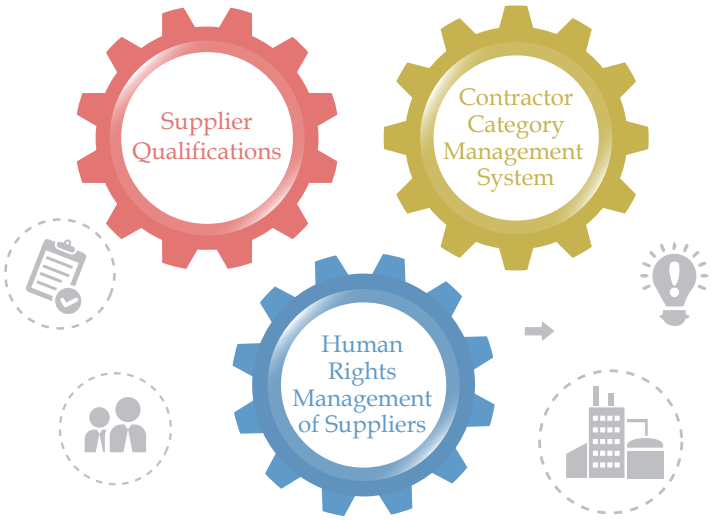
If any supplier engaged in dealings with the Company is involved in environmental impact incidents, the supplier should notify the Company and implement immediate improvement measures to do its part to fulfill its environmental protection responsibility. Our suppliers are also required to adopt a people-centric management approach, respect the human rights of the work force, and ensure workplace safety in order to create a high-quality working environment and fulfill its corporate social responsibility.

(1) Supplier Qualification

Suppliers that wish to work with us are required to pass a written or on-site evaluation. Suppliers that pass the evaluation will be recorded in our files and listed as cooperating contractors. To select the most suitable contractors for long-term partnership, the contractors must be reevaluated if any issues in delays of deliveries (projects) arise or if they have inferior quality or a violation of work safety regulations.

(2) Sustainability of Suppliers

During procurement, we have always required suppliers to meet RoHS, ISO, and national industrial safety standards, and all goods must be suitably labeled according to the nature of the product, i.e. warning labels, etc. Suppliers should also adopt appropriate recycling procedures for used containers or delivery equipment. Products manufactured by disadvantaged groups and products with non-radioactive labels are prioritized for procurement. Our "Price Inquiries" and "Orders" include requirements for suppliers so that they abide by the regulations. Non-compliance issues will be penalized with product rejection and supplier re-evaluation.



(3) Contractor Category Management System

To increase contractors' industrial safety standards and protect employees from occupational hazards, we have implemented a Category Management System to categorize our contractors into different classes. The contractors are classified into one of three categories (A, B, or C) based on their factory, construction machinery and equipment, industrial safety management, technical competency, and contract performance. Contractors found to have issues of inferior quality, delays in delivering projects, improper management, borrowing of licenses, or subcontracting will be placed under strict management from the Company or the partnership may even be terminated.

To abolish the use of child labor and compulsory labor, the cooperative contracts between the Company and contractors fully conform to the national laws and regulations pertaining to human rights, child labor, and compulsory labor and require the contractors to adhere to government labor and occupational safety regulations. The Company does not use human rights, child labor, or compulsory labor as a basis for screening or has added human rights, child labor, or compulsory labor provisions. Furthermore, the notes in project contracts should clearly state that contractors will only employ staff aged 16 years or older. In 2016, no incidents of child labor or compulsory labor were reported.

Health and safety management costs should be additionally included as necessary expenses in the annual budget, and the contract specifications should clearly state the implementation of health and safety items. To prevent negligence of health and safety management costs by the budget department, the computer system will automatically include this item during budget calculation. During contracting, health and safety management costs are further monitored to prevent contractors from neglecting health and safety management when offering low quotations.

3.3.3 Contractor Safety

When analyzing domestic and foreign (including internal) occupational accidents, most causes are identified to be unsafe behavior; as a result, we believe that most workplace injuries and occupational illnesses can be avoided. Contractors are our partners when it comes to safe operations, so our management team is also responsible for providing a safe workplace for our contractors.

In the safety management of the contractors, we adhere to the same standards we offer our own employees, and all operations are conducted in accordance with SOP (standard operating procedures) or JSA (job safety analysis) guidelines. Any abnormalties or accidents discovered must be reported, and improvements should be identifed and implemented through daily briefings and monthly coordination meetings to prevent similar occurences.

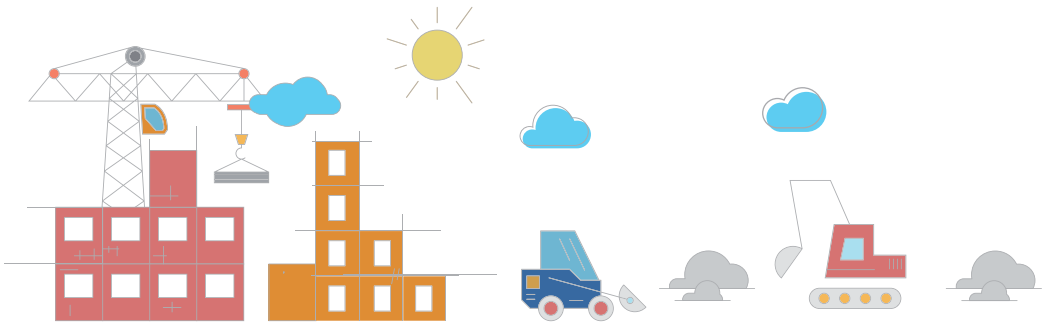
In recent years, the Company (including the technical training center) has continued to regularly organize safety education training for contractors, promoted safety management throughout projects, and organized seminars to ensure the safety of our partners in the workplace. Meanwhile, with regard to the potential impacts caused by the environmental hazards of the contractor, the Company has adopted several response measures. For example, if a contractor is conducting work on a hazardous fluid pipeline, the Company shall implement contractor industrial safety management in order to prevent the leakage of hazardous fluids (including false alarms) that may endanger the surrounding environment due to potential negligence of the contractor. Furthermore, in transporting hazardous materials, a tanker may be subject to an accident that may cause overturning, leading to the leakage of hazardous materials and thus hurting the environment. In order to effectively improve the safety of contractor transportation, the Company has promulgated and implemented a contractor transportation quality assessment system for additional management and control in order to reduce the environmental impacts that may be caused by its contractors, highlighting the Company's commitment to environmental protection.

(1) Contractor Safety Management

When signing contracts with contractors, we require them to comply with safety and hygiene regulations and adhere to our internal regulations. No contracted employees are permitted to enter our complexes until they pass safety tests and receive health education and hazard identification training. Furthermore, vehicles, electrical equipment, and mechanical equipment are only authorized to enter after being inspected. Flammable objects are prohibited and no smoking is allowed in non-smoking areas to prevent potential hazards.

Before operations every day, we conduct a briefing with contractors to notify them of the possible risks and hazards in the workplace. We also inspect their employees' mental conditions to further improve safety during construction. When a contractor is operating on site, we designate safety supervisors to inspect operations before, during, and after construction. We also designate safety and health management personnel and officers at all levels to perform critical audits on-site every two hours.

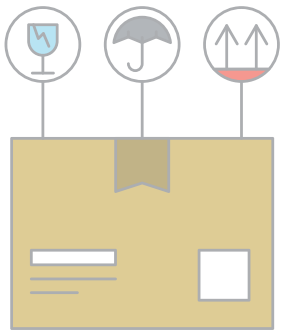
A monthly coordination meeting is organized with contractors to update laws, regulations, and corporate notices, discuss work-related issues, and provide necessary guidance and assistance in safety and health training.



Furthermore, inspections are tightened for high-probability occupational hazards, such as being near a flame or in tight spaces, falling objects, contact with hazardous materials or with objects exposed to high or low temperatures. We also conduct random inspections around project areas. When irregularities are found, penalties will be imposed, and review meetings will be convened with the relevant department to plan and implement improvements. The situation will continue to be monitored until the improvement is complete. Such abnormalities will be recorded as a reference for future education training to increase contractors' safety supervision and operational safety.

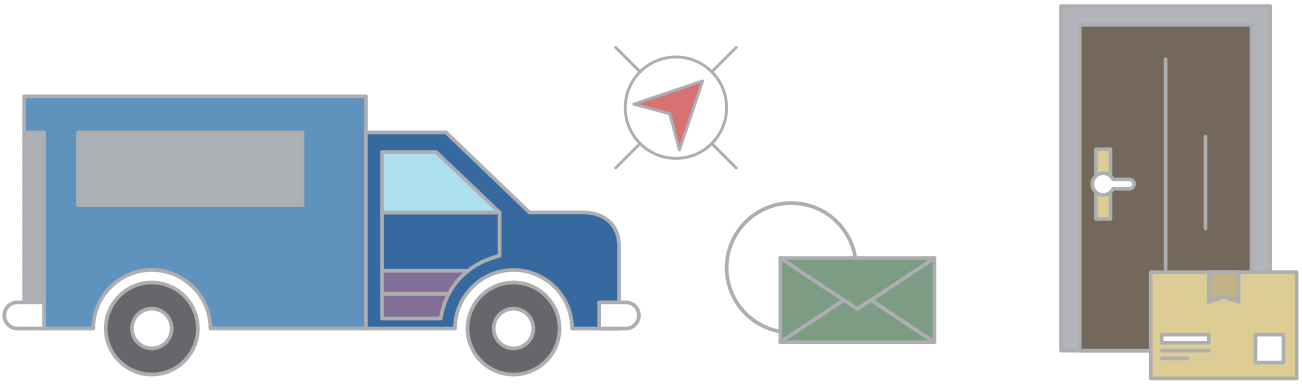
To enhance the on-site management efficiency of contractors' safety and health management personnel, we have provided professional knowledge and hazard identification training courses for them since 2012. Since February 2014, we have also scheduled certification and integrated it into the quotation system. Furthermore, to promote the voluntary management of contractors in ensuring that the health and safety personnel of the contractors take responsibility for supervision and management, we have also implemented control measures for project irregularities. If many anomalies are found, health and safety personnel will not be granted entry into the complexes. This measure will be implemented to ensure that the contractors strengthen their efforts in health and safety management. Furthermore, to ensure continuous improvements in industrial safety, we also provide demonstrations and training for high-risk operations, such as crane operation, scaffolding work, working in confined spaces, and electric safety.

(2) Safety and Quality Assessment System for Hazardous Goods from Contractors and Suppliers



To improve transportation safety, we have established the Safety & Quality Assessment System (SQAS) for contractors involved in transportation. Contractors that fail to pass our inspections will not be allowed to collect hazardous goods from the Company's premises.

For contractors that pass the SQAS inspections, their delivery vehicles must be equipped with event data recorders before commencing operations. The vechicles should also have an event data recorder and protective equipment that correspond to the characteristics of the hazardous materials. The vehicles must first pass inspection before being granted a Qualified Sticker and allowed entry onto the premises. Furthermore, we have established alcohol testing and blood pressure equipment to monitor the drivers' alcohol levels and blood pressure. Drivers with an alcohol level exceeding 0 mg/litre or a blood pressure higher than 180 mmHg will be prohibited from the delivery batch.



(3) Training and Certification of Safety Supervisors

To surpass domestic regulations, we have appointed dedicated safety supervisors at all sites to ensure operational safety. Said safety supervisors provide professional supervision on industrial safety and offer timely reminders to the contractors to ensure that they comply with standard operating procedures of health and safety management and to increase the contractors' safety concepts. These safety supervisors accompany contractors when carrying out their inspections prior to commencing operations and conduct inspections again during operations to protect the safety of the contractors working in the production process.

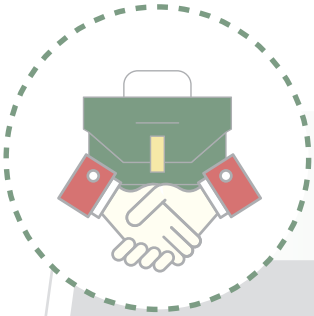
For the safety supervisors (including part-time production operators) to be effective, the Company has been arranging professional knowledge and hazard identification training courses since 2011. These courses cover national industrial safety regulations and industrial safety and occupational accident cases and are used in conjunction with practical training to strengthen the professional competency of the safety supervisors. Furthermore, we implemented a certification system in 2012, through which we conduct examinations on therories, experiments, and practical operations to ensure that we are developing competent personnel. In order to ensure adequate staff to supervise the safety of construction operations, in addition to the aforementioned personnel, the on-site production operator of each department must also undergo training and receive certification for the operation. The Company currently has 1,432 certified employees.

3.3.4 Green Procurement

In response to the green procurement policy and to implement the environmental concepts of "Recyclable, Low-Pollution, and Resource Saving" promoted by the Environmental Protection Administration (EPA), we have founded the Green Procurement Team. Currently, the green products we procure are mainly carbon cartridges and fluorescent lights. In 2016, the procurement of green products acknowledged by the government reached a total of NT$13,928 thousand.

4

A Happy and Healthy Work Environment



4.1 Protection of Human Rights and Recruitment

It has always been an important objective for the Company to ensure that every employee can focus on their work to fully realize their potential and productivity. To recruit the best workers, the Company offers stable and competitive salaries, complete training courses, and promotional programs that can help advance employees' capabilities and achievements. We also offer a wide range of benefits and a safe, hygienic workplace. These programs balance our employees' physical and mental health, thus fulfilling Human Resources' target efficiency. By establishing diverse communication channels, we can incorporate staff feedback into our operations and protect their rights. We include each and every employee in the foundation of the Company's sustainable development.

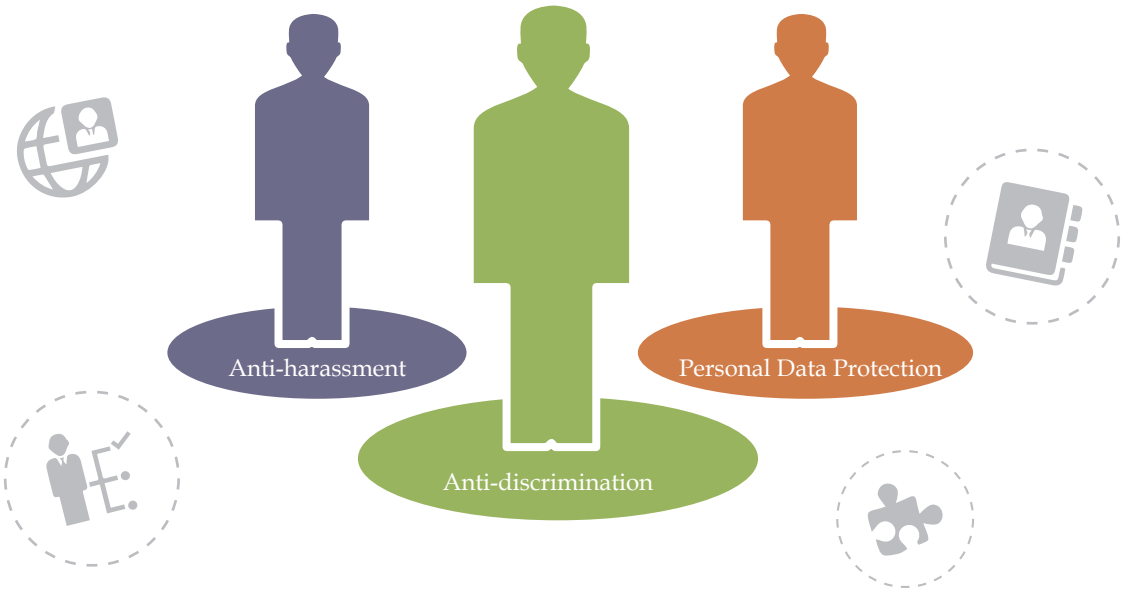
4.1.1 Protection of Human Rights

We strictly follow international and local regulations relevant to occupational and human rights so that every employee is treated fairly. These regulations include:

- 1. Developing working conditions in accordance with relevant government laws.
- 2. Complying with the "Employment Service Act" to provide public, fair, and impartial job opportunities to all candidates.
- 3. Establishing the "Guidelines for Employee Appeals", as well as multiple grievance channels, so that an employee can file a complaint whenever and wherever he or she believes an infringement of rights or improper treatment has occurred.
- 4. Holding "Management Coordination Meetings" where all management supervisors can discuss and determine rewards and punishments regarding certain cases.
- 5. Reinforcing zero-tolerance policies for sexual harassment and implement the "Regulation of Sexual Harassment Prevention" to ensure employees' rights.
- 6. Developing "Regulations of Personal Data Management" to effectively manage and store employees' personal data.

Our business operations and investment agreements fully comply with local regulations and do not include additional labor clauses regarding human rights, child labor, or compulsory labor. No incidents of grievances pertaining to human rights, child labor, or compulsory labor were reported in 2016.

Assurance of Human Rights in FPG



4.1.2 Recruitment

Our recruitment process has always been based on fair, impartial, and public principles so that recruiters treat each candidate fairly, and we fully comply with the Labor Standards Act. Moreover, based on the fundamental human right that everyone is considered equal for job opportunities, we consider each candidate based solely on his or her expertise and experience, regardless of their age, ethnicity, gender, sexual orientation, religion, political affiliation, birthplace, marital status, appearance, or disability. Clear regulations are stipulated for the promotion, evaluation, training, reward, and punishment of all employees to ensure that they receive fair treatment. In 2016, no incidents involving the violation of human rights or any discrimination during the recruitment process of employees were reported.

Age and Area Distribution of New Staff in 2016

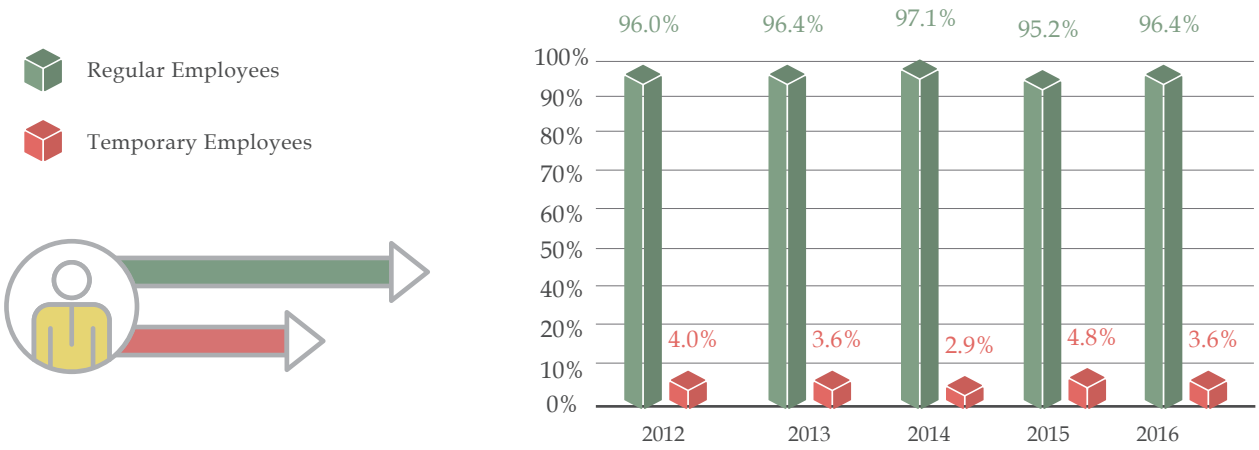
Unit: Number of People

Category	Group	Female	Male
Age	Under 29	12	189
	30~39	4	44
	40~49	0	1
	50~59	0	0
Area（Taiwan）	Northern	2	12
	Central	4	170
	Southern	10	44
	Eastern	0	8
Total		16	234
Percentage		6.4 %	93.6 %

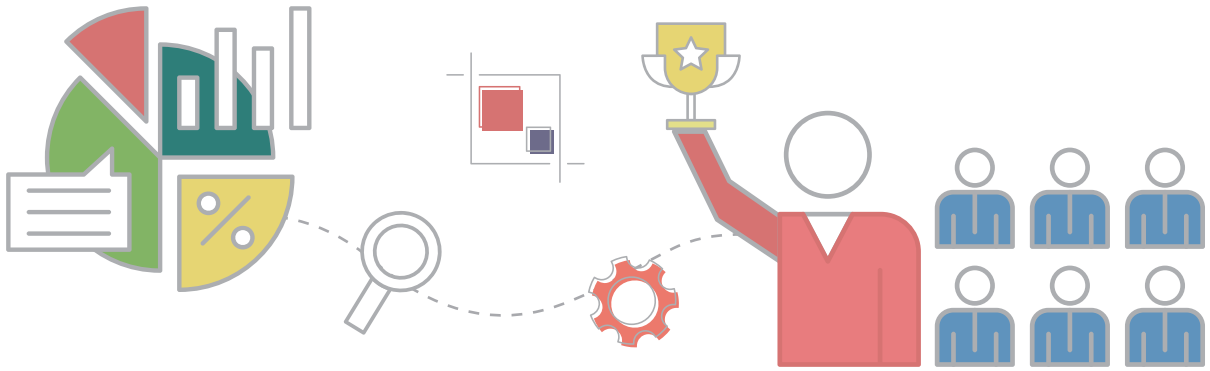
4.1.3 Human Capital Structure

In 2016, regular employees accounted for 96.4%, while temporary employees (such as consultants, contracted employees and interns) accounted for only 3.6%. The percentage of regular employment has been maintained at over 95% over the past five years, all of whom were employed locally. The ratio of men to women is 10:1. The average age is 42.1 years old, and the average service period is 16.4 years.

2012-2016 Ratio of Regular/Temporary Employees



Year	2012		2013		2014		2015		2016	
	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Regular Employees	6,041	96.0%	6,143	96.4%	6,151	97.1%	6,025	95.2%	6,091	96.4%
Temporary Employees	249	4.0%	231	3.6%	183	2.9%	302	4.8%	227	3.6%
Total	6,290	100%	6,374	100%	6,334	100%	6,327	100%	6,318	100%



2016 FPC Human Capital Structure

Unit: Person

Item	Group	Female		Male		Total
		Number of People	Ratio to the Group	Number of People	Ratio to the Group	
Position	Executive Level	3	0.6%	51	0.9%	54
	Management Level and Above	46	8.6%	1,218	21.9%	1,264
	Supervisor Level	102	18.9%	1,459	26.3%	1,561
	Assistant and Staff Level	386	71.9%	2,826	50.9%	3,212
	Total	537	100%	5,554	100%	6,091
Location	Northern Taiwan	191	35.6%	467	8.4%	658
	Central Taiwan	111	20.7%	2,166	39.0%	2,277
	Southern Taiwan	229	42.6%	2,785	50.1%	3,014
	Eastern Taiwan	6	1.1%	136	2.4%	142
	Total	537	100%	5,554	100%	6,091
Age	Under 29	62	11.5%	772	13.9%	834
	30~39	159	29.6%	1,503	27.1%	1,662
	40~49	181	33.7%	1,953	35.2%	2,134
	50~59	114	21.2%	1,036	18.7%	1,150
	Above 60	21	3.9%	290	5.2%	311
	Total	537	100%	5,554	100%	6,091
Years of Service	Less than 10	136	25.3%	1,934	34.8%	2,070
	11~20	149	27.7%	1,592	28.7%	1,741
	20~30	138	25.7%	1,405	25.3%	1,543
	More than 30	114	21.2%	623	11.2%	737
	Total	537	100%	5,554	100%	6,091
Education	PhD/Doctorate	3	0.6%	26	0.5%	29
	Master's Degree	79	14.7%	713	12.8%	792
	Bachelor's Degree	69	12.8%	989	17.8%	1,058
	Other	386	71.9%	3,826	68.9%	4,212
	Total	537	100%	5,554	100%	6,091

Position Description

Position	Title
Executives	President, executive vice president, senior vice president, vice president, Assistant Vice President, etc.
Management Level 1	Plant manager (department manager), vice plant manager (vice department manager), senior engineer (senior administrator), etc.
Management Level 2	Section manager, vice section manager, engineer (administrator), etc.
Supervisors	Junior Engineer (junior administrator), shift supervisor, foreman, etc.
Staff Level and Assistants	Staff and clerks

4.1.4 Percentage of Local Recruits at the Senior Management Level

As the Company continues to develop, we have also contributed to the local community by providing stable employment opportunities and ensured that local residents are prioritized for grassroots recruitment. Furthermore, we proactively help to develop the skills of locals so that they can enter into the senior management level. The percentage of employment of local residents at the senior management level has remained above 55% over the past five years.

Percentage of Local Recruits at the Management Level over the Past Five Years

Unit: Person

Year	2012	2013	2014	2015	2016
Number of People	295	271	294	286	293
Percentage of Local Recruits (%)	55.0%	55.3%	59.3%	58.5%	58.7%

Note: High-level executives refer to the percentage of personnel with positions above Management level 1 (inclusive) that had household registration in the same county/city in which the complex was located.

4.2 Rights and Welfare of Employees

4.2.1 Remuneration

To further attract talented individuals, the salaries offered in the Company are competitive when compared to local wage standards, and we offer salaries higher than the industry average. The salaries of new staff are based on the academic qualifications essential to the role. In the spirit of "Equal Salary for both Men and Women", the salary ratio of men and women in similar positions and ranks is 1:1. Following recruitment, employee salaries are adjusted annually and increase based on work performance. Employees' salary also reflects the nature of the position. The salaries of male and female employees are currently as follows:

Salary Ratio of Male and Female Employees in Similar Positions and Ranks

Category	Female	Male
Management Level and Above	100%	141%
Supervisor Level and Below	100%	126%

4.2.2 Employment Security

In the spirit of protecting employee rights, we stand by our employees during difficult times and have established a system of human resource integration. For example, due to the shutdown in November, 2016, 44 employees at Tairylan Complex were relocated to other departments without redundancy, while 20 employees applied for retirement.

The employment turnover rate of the Company has been maintained below 4.5% over the past 5 years, which is significantly lower than traditional manufacturing and petrochemical industries. This is a testament to our efforts to provide secure employment, as well as the trust and acknowledgement of our employees.

Comparison of Employee Turnover Rate in FPC and Peer Industries (2012-2016)

Unit : %

Year / Industry	2012	2013	2014	2015	2016
Manufacturing	23.8	24.1	24.6	22.9	22.01
Petroleum and Fuel Production	8.0	10.1	8.5	12.3	8.7
Chemical Material Production	11.6	16.4	12.1	12.3	13.0
Plastics Products	26.3	24.8	25.2	25.2	24.6
Formosa Plastics Corporation	1.6	3.1	3.7	4.5	3.6

1. Industry Information Source: Accounting and Statistics Department (time series data query-exit rate).
2. FPC: Turnover rate = (Retired + Deaths + Redundancies + Other)/total number of people at the end of the year.

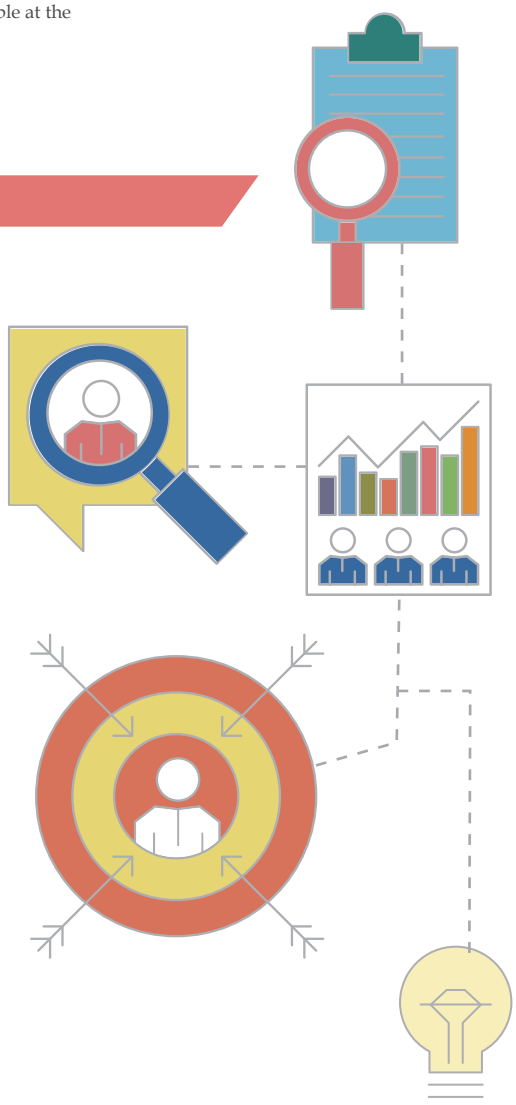
Less than 4.5% Turnover Rate

Our employee turnover rate has remained below 4.5% over the past five years, significantly lower than that of peer industries.

Age and Area Distribution of Resigned Colleagues in 2016

Unit: Number of People

Category	Group	Female	Male
Age	Under 29	3	38
	30~39	2	25
	40~49	3	9
	50~59	0	16
	Above 60	3	42
	Compulsory Retirement	2	75
Area	Northern Taiwan	5	15
	Central Taiwan	0	51
	Southern Taiwan	8	138
	Eastern Taiwan	0	1
Total		13	205
Percentage		6.0%	94.0%
Ratio to All Employees		0.21%	3.37%



4.2.3 Employee Welfare

The Company has always upheld its ideal of "viewing every employee as a family member". During the initial construction stages of every complex, we primarily focus on the basic needs of employees, such as food, accommodation, and recreational facilities, followed by their long-term welfare. The country's laws and regulations, social sentiment, international trends, and corporate culture are also considered in order to enable the active planning of comprehensive welfare systems to ensure that employees can live largely worry-free.

Furthermore, in addition to establishing administrative departments (divisions) in each complex to offer logistic support and welfare services, each complex has established an Employees' Benefits Committee to organize annual trips, presents for major festivals, birthday gifts, scholarships for employees' children, group insurance, recreational activities, and community subsidies to better serve our employees' needs. Furthermore, in order to understand the service results of each administrative department (division), performance assessments and service satisfaction investigations are conducted every year to ensure that service quality continuously improves.

Many of our welfare policies and benefits are superior to the standards stipulated by law, such as:

A. Leave Benefits

Employees may apply for special leave, marital leave, bereavement leave, official leave, occupational injury leave, paternity leave, maternity leave, sick leave, menstrual leave, personal leave, family care leave, relocation leave, quarantine leave, and family visit leave for expatriates returning to Taiwan. The salary standards offered for sick leave, bereavement leave for close relatives, and typhoon leave are better than those stipulated in the Labor Act.

B. Insurance Benefits

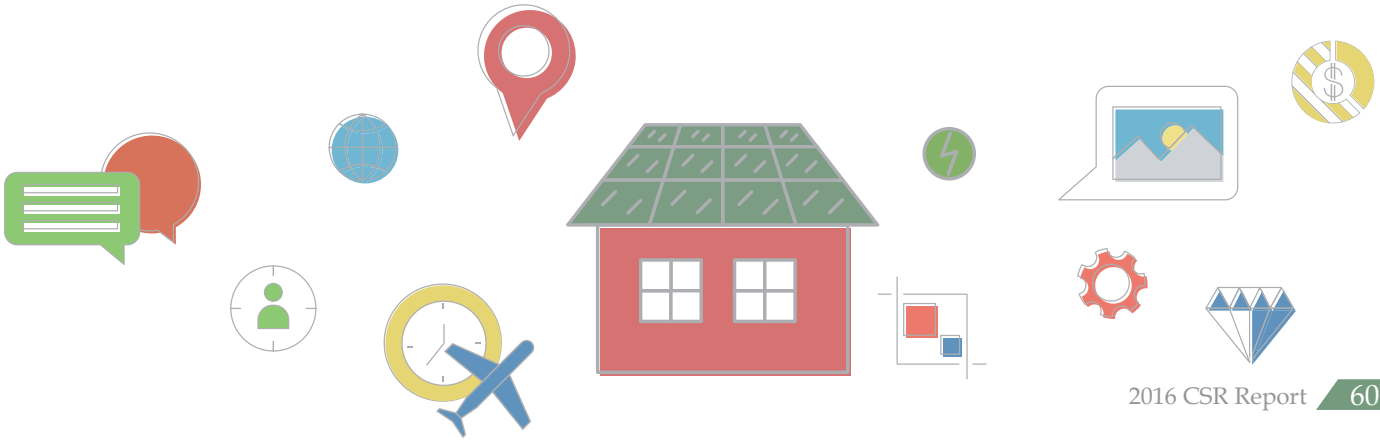
In addition to labor and national health insurance, the welfare committee of each complex provides injury and medical insurance. Employees are offered a variety of group insurance policies with discounted premiums, such as injury, medical, and cancer insurance so that they can freely choose a more comprehensive insurance plan.

C. Retirement Benefits

With monthly contributions to workers' pension funds and retirement reserves, we give pensions and memorial gifts to employees with retirement plans when they meet legal retirement age and conditions.

D. Marital and Parental Benefits

- Wedding or bereavement cash/gifts and subsidies are given when employees or their relatives get married or pass away.
- Some complexes provide breastfeeding rooms for when mothers need to feed their children during office hours.
- Parental leave is granted. Qualified employees can adjust their working hours based on their needs.
- An unpaid parental leave system is in place. In 2016, two employees submitted applications for such leave, with a 100% rate of reinstatement.



2014-2016 Unpaid Parental Leave and Reinstatement Rate

Unit: People

Item	2014			2015			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Actual Applications for Unpaid Parental Leave	5	2	7	3	2	5	2	0	2
Employee Reinstatement in Current Year (A)	1	0	1	3	1	4	5	0	5
Reinstatement Applications in Current Year (B)	1	0	1	2	1	3	5	0	5
Reinstatement Rate % (B/A)	100%	-	100%	66%	100%	75%	100%	-	100%
Retention Rate %	100%	-	100%	100%	100%	100%	100%	-	100%

Note: "Retention rate" indicates the rate of employees who take unpaid parental leave that are still working after over one year of retention.

E. Healthcare Benefits

- Provide routine checkups for employees with more favorable item requirements than that of relevant laws.
- Arrange specialized healthcare checkups for employees exposed to noise hazards and chemical substances and implement such health management programs as cancer screening and metabolic syndromes like High-density Lipoprotein Cholesterol, Alpha-Fetoprotein, Carcinoembryonic Antigen, and Oral Mucosa.
- Subsidies are provided for employees and their families receiving medical services at Chang Gung Memorial Hospital. Discounts are also given for items not covered by National Health Insurance.
- Fitness and entertainment facilities have been set up at some complexes, such as basketball, volleyball, and table tennis courts, as well as fitness suites.
- Healthcare information is disseminated and health lectures are conducted throughout the year at each complex.
- Physicians and medical staff are stationed at each complex to provide medical services and counseling. Activities for weight management, quitting smoking, and preventive health care are organized. We collaborate with the John Tung Foundation to host the "Stress Relief Day".

Weight Management


Stress Relief Day


Badminton Tournament


Volleyball Tournament

F. Employee Welfare

- Cash prizes for Chinese New Year, the Boat Festival, and the Mid-Autumn Festival are provided.
- Gifts for birthdays and the three aforementioned major holidays.
- Subsidies for employee annual trips and gatherings.
- Establish employee cafeterias, dormitories for single employees and dependents, welfare buildings, canteens, salons, libraries, guest houses, and recreational facilities at each complex.
- Cash prizes for buying stocks of FPG affiliated companies.
- Provide scholarships for employees' children.
- Resource sharing between subsidiaries and discounts from partnership stores.

G. Employee Cafeteria

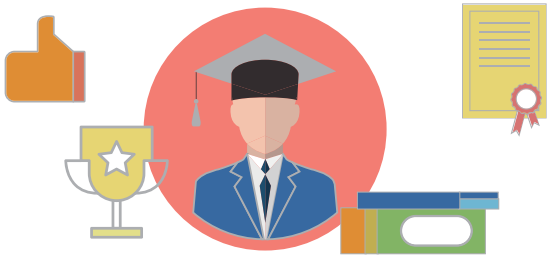
- Subsidies for daily meals.
- Regular pesticide residue inspection of cafeteria food.
- Adopt cooking methods advised by dieticians to improve menu design and food selection and offer food that is low in oil and sodium. For example, the cafeteria offers more than 4,000 dishes every month, but the percentage of deep fried food is maintained below 6%.
- Special meals are offered on holidays and Chinese New Year as a reward for the hardworking staff on duty.

H. Promotion of Employee Relations

- A spectacular end-of-year dinner and lottery draw is planned every year.
- Club activities are subsidized.
- Corporate Sports Day is organized among the subsidiaries to encourage people to participate in sports, and outstanding employees are awarded with prizes.
- Commemorative gold coins are awarded to employees for every five years of service to express our gratitude.
- Hiking trips, sports competitions, art exhibitions, and lifestyle seminars are organized as enrichment programs for employees.

I. Independent Learning Benefits

Comprehensive educational training and advancement opportunities are provided to encourage employees to obtain professional certificates. Rewards are offered to people who obtain certificates.



Water Chestnut Festival at Renwu Complex

2016 Family Day at Mailiao Complex

J. Personal Safety and Family Care

- Flame-retardant uniforms and steel-toed shoes are provided to ensure personnel safety.
- In the event of fatal incidents due to performing official business duties, we offer compensation higher than national standards and without withdrawing labor insurance benefits (despite the fact that offsetting is permitted by law). We also provide compensation for non-work related fatal incidents that are higher than the minimum six-month average salary compensation stipulated by regulations.
- Although not stipulated by regulations, we also issue a compensation benefit of NT$650 ~ 2,570 thousand depending on the cause of death (work-related or non-work related).

K. Expatriates' Welfare

- Injury insurance and travel insurance are provided for expatriates and business trips.
- Subsidies for family visits, healthcare, and trips home are provided for expatriates in China and Vietnam.
- Health examinations for expatriates are provided prior to relocation and once every two years thereafter.

L. Retirees' Association

In appreciation of the tremendous contributions made by our retired employees, we established a "Retirees' Association" in 2013 with six branches in Yilan, Taipei, Taoyuan, Changhua, Chiayi, and Kaohsiung. As of the end of 2016, the Association boasted 396 members (a total of 2,038 members in FPG). Every year, the company offers subsidies for every organization to maintain contact with retirees.

4.2.4 We Value Employees' Suggestions

We seek to build a harmonious relationship with our employees in which they can offer their suggestions and feedback. To do so, we offer various communication channels to encourage employees to provide feedback and ideas.

Employees are encouraged to join organizations such as labor unions and welfare committees (employee participation in labor unions in 2016 was 74%) to propose suggestions and conduct negotiations during regular meetings. Management and employee representatives communicate or negotiate to reach agreements. We prioritize their suggestions when formulating fundamental policies. Through a consensus reached by high-level executives and labor unions, we can guarantee the sustainability of labor relations and company development. Employees that have yet to join labor unions still enjoy similar protections under the agreement of both parties.

In addition to voicing feedback through the welfare committees, the Company has also installed suggestion boxes in various locations throughout its complexes, established an online suggestion e-mail, and a "799" hotline so that employees can seek assistance. Dedicated staff are assigned to manage the feedback systems and maintain a clear communication channel.

Furthermore, we have appointed counselors for newly recruited reserve supervisors to gain insight into the difficulties they face, provide them with advice, and help them overcome the potential discomfort of transitioning into a new work environment so that they may progress with stability and reduce the rate of staff turnover. In 2016, approximately 200 newly recruited reserve supervisors participated in the quarterly interview (forum), where our counselors provided guidance for work and life-related concerns.

FPC Internal Communication Channels

4.3 Human Capital Cultivation

Employees are the most valuable asset of a company and form the basis for sustainable development; therefore, the Company has implemented a set of comprehensive training programs. The training system is currently classified into induction training for new staff, basic training, professional training, and managerial training. The process of staff training and its completion are recorded through the computer system, which automatically reminds different departments to complete the required training within a certain timeframe. If training courses are not completed on schedule, the system will continue to track the staff-in-training until the course is completed to ensure that the training objectives are met for each employee.

Continuous Improvement of Human Resource Quality

FPC Employee Education System

Completion Rate of Training (2014-2016)

Training / Year	Basic Training	Professional Training	Annual Training Program
2014	99.1 %	95.4 %	99.5 %
2015	99.4 %	96.9 %	100 %
2016	100 %	99.7 %	99.9 %

Note: 1. Completion rate of basic on-the-job training (For positions below grassroots-level supervisors (inclusive), personnel should receive training within three months of a position transfer): Actual number of employees that completed the training course / Number of employees required to take the training course.
2. Completion rate of professional on-the-job training and annual training schedule: Actual number of training courses conducted / Number of training courses scheduled.

4.3.1 Employee Training

To meet the requirements and safety concerns of each department, the Company continuously arranges and encourage employees to obtain professional certificates and organize various seminars, which cover such topics as “Business English Class”, “Visual Inspection Training”, and “Management Training for Safety Supervisors” in order to improve the professional and management competency of employees. To increase the awareness of human rights and occupational health and safety, we also conduct courses on Occupational Health and Safety, the Labor Standards Act, the Sexual Harassment Prevention Act, and the Gender Equality in Employment Act.

For management teams above the position of first-level supervisors (inclusive), inter-disciplinary in-depth seminar courses are arranged. For second-level supervisors and grassroots-level supervisors, management courses like corporate management features, competitive advantages, pressure management, changes in world energy, communication techniques, and leadership courses are arranged in order to expand their management perspectives and increase their leadership skills so that they can better respond to the generational changes in the sustainable development leadership of the Company, as well as enhance its overall industrial competitiveness. The overview of employee training in the last three years is shown in the following table.

Employment Training Overview (2014-2016)

Unit: Hour/Person

Year \ Position		Senior Management Level	Management Level	Supervisor Level	Staff Level	Average Hours
2014	Total	35.2	32.8	52.7	62.8	55.2
	Female	17.5	16.4	29.1	31.5	29.9
	Male	35.4	33.5	53.6	65.9	56.9
2015	Total	25.9	31.4	51.7	55.0	48.3
	Female	22.4	21.8	34.5	27.4	28.3
	Male	26.0	31.9	52.7	58.9	50.3
2016	Total	32.2	35.1	53.2	56.6	51.0
	Female	13.0	22.5	32.9	29.3	29.3
	Male	32.4	35.8	54.6	60.5	53.1

Note: Since FPC is a petrochemical material manufacturing industry and due to the complicated nature of production equipment and considerations for industrial health and safety, the training hours of operation staff is higher. On-site operations are mainly conducted by male employees; therefore, male employees have clocked more training hours than female employees.

4.3.2 Security Personnel Training

The security of each complex and the FPG building is maintained by internal security personnel of the Formosa Plastics Group. They are the first line of protection regarding personnel, vehicles, and controlling the entry of goods. All security personnel are required by regulations to receive comprehensive professional training, including industrial health and safety training (firefighting, first aid, general health and safety), security procedures training, entrance control training and training based on other regulations, laws (criminal law and civil law), physical training and combat skills development such as Taekwondo, and fire engine and ambulance driving training. Furthermore, they are required to study potential case scenarios, such as emergency responses, telephone etiquette, and on-duty etiquette. Regulatory tests and physical fitness tests are conducted every month to ensure that security personnel maintain professional standards and fitness at all times to avoid violation of protocols or infringement of human rights.



FPC Security Personnel Training in 2016

No.	Item	Number of Training / year	Number of Trainees	Expense / year
1	Rules and Regulations Training	12	188 people/time	
2	Physical Training	12	184 people/time	
3	Fire Engine Driving Training	4	69 people/time	
4	Traffic Command Training	4	69 people/time	
5	Ambulance Driving Training	4	33 people/time	
6	Taekwondo Training (once every quarter)	4	115 people/time	NT$ 20,000
7	Primary Emergency Medical Technician Training (EMT1)	1	41 people/time	NT$ 63,112
8	Business Passenger Car Driving Training (whenever necessary)	1	6 people/time	NT$ 18,000

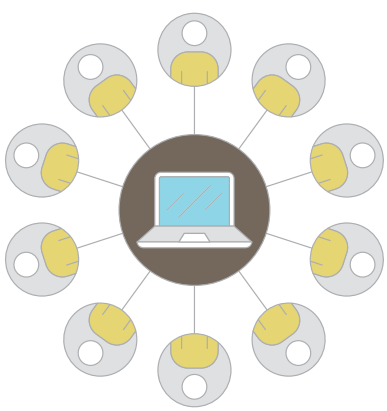
4.3.3 E-learning Platform for Digital Learning and the Knowledge Management System

To provide a comprehensive learning channel for our employees, the Company began developing an e-learning system with FPG in 2000. We also created an Employee Learning Website to provide employees with a wide range of education and training information through e-courses, articles, books, and lectures. In 2016, we developed 100 new programs, for a total of 1,002 programs, and achieved 5,028 online visits with 102,864 minutes of training. As of April 2005, we started distributing an “E-Learning Newsletter”, a monthly newsletter to update employees about new courses and information. By the end of 2016, we had published 137 issues of the newsletter.

The Knowledge Management System was further launched in 2000 to provide a platform for sharing important information, technical knowledge, and relevant experience in different departments. This tool provides easy accessibility for effectively sharing enterprise knowledge. Currently, 11 categories have been established according to function types. As of 2016, a total of 20,975 records had been accumulated, with 450 entries being added in 2016, and the number of visits reached 149,380.

Employee Learning Website

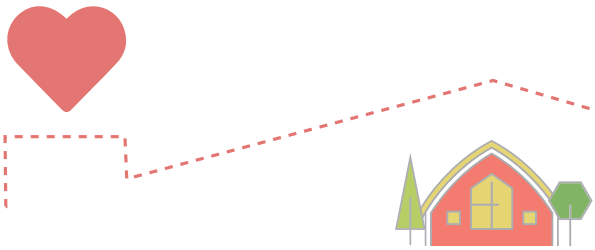
Knowledge Management System



4.4 Safe and Healthy Work Environment

To achieve the industrial safety objective of "Zero Injuries and Zero Accidents", the Company has established strict regulations to ensure that all employees comply with Standard Operating Procedures. Regarding the comprehensive safety of hardware equipment, we have stringent requirements in place to ensure health and safety management and risk evaluation are carried out. Application processes are also stipulated for high-risk operations to guarantee that operations are approved by high-level management. We have put such measures in place because we believe that providing a safe work environment is our responsibility.

Furthermore, we value the rights of employees and their suggestions. Adopting the management principles of "Safety and Concern", each complex has a Health and Safety Committee, comprised of executives, health and safety personnel, medical personnel, labor unions, and labor representatives, that convenes regular meetings. Labor representatives represent a third of the committee. Taking the Mailiao Complex as an example, the Mailiao Health and Safety Committee has 78 members, amongst which 37 are labor representatives, accounting for 47% of the committee. In addition to providing a channel for collecting employee feedback and suggestions pertaining to workplace safety and health and environmental protection issues, committee meetings may also award outstanding departments for their industrial safety and environmental protection or organize seminars that cover these areas. Committee members may also record reviews, coordination, or suggestions on the following issues and call for provisional meetings as necessary.



(1) Propose suggestions for the occupational health and safety policies stipulated by the employer.
(2) Coordinate or make suggestions regarding the occupational health and safety management plan.
(3) Review the health and safety educational training plan.
(4) Review the environment monitoring program, monitor results, and take necessary measures.
(5) Review health management, occupational disease prevention, and health promotion plans.
(6) Review health and safety proposals.
(7) Review the self-inspections and health and safety audit checks of business departments.
(8) Review preventive measures for mechanical, equipment, raw material, or other material.
(9) Review the occupational hazard investigation report.
(10) Assess on-site health and safety management performance.
(11) Review the health and safety management of contracted operations.
(12) Other issues related to health and safety management.

In recent years, the Company has actively collaborated with government agencies to organize high-risk operation safety campaigns and high-level executive forums in the Mailiao and Renwu Complexes. In these forums, improvements to various high-risk and hazardous operations, such as fire, explosion, and confined spaces, were discussed and reviewed in order to continuously improve the environmental safety of on-site operations. Local and foreign professional technicians have also been commissioned to conduct professional inspections on the complexes and seek feedback from various sources in order to elevate the professional knowledge of personnel and enhance the safety of equipment and facilities. Through effective management methods and seamless integration with international standards, a safe operating environment can be constructed. Furthermore, since 2011, the Company has collaborated with the Occupational Safety and Health Administration of the Ministry of Labor and the Kaohsiung City Government to establish a Safety and Health Group, which has allowed us to share industrial safety and environmental protection success stories with the industry.

In 2016, no major occupational hazards occurred in the Company. The statistics of employee injuries are as follows:

Item \ Year		2014	2015	2016
Disabling Frequency Rate, FR (%)		1.08	1.43	0.48
Disabling Severity Rate, SR (%)		72	740	21
Frequency-Severity Indicator (%)		0.28	1.03	0.1
Number of Disabling Injury Cases (excluding Major Occupational Hazards)	1. Accidents involving Death	0	1	0
	2. Accidents causing Injuries to Three or More People	0	0	0
	3. Leakage of Chemicals, such as Ammonia, Chlorine, Hydrogen Fluoride, Phosgene, Hydrogen Sulfide, or Sulfur Dioxide, causing Injuries to One or More People who Require Hospitalization	0	0	0
Number of Disabling Injury Cases (excluding Major Occupational Hazards)		9	11	4
Lost Work Time (Days)		600	6,216	173
Absenteeism (%)		0.64	0.31	0.13
Major Occupational Fatality per One Thousand (%)		0	0.18	0

Note: 1. Absenteeism is calculated as the total number of absent hours of employees (sick leave, menstrual leave, injury leave)/total number of work hours of employees x 100%.
2. Major Occupational Fatality per one thousand (%) = Number of fatality/Total Number of employees x 1000.

4.4.1 Workplace Safety Management

We organize regular discussion seminars with labor inspection organizations to discuss improvements for pipeline maintenance, construction and renovation of public pipelines, and fire disaster investigations to promote industrial health and safety and preventive measures for occupational hazards. Furthermore, we have commissioned a third-party organization (Pressure Vessel Association) to conduct inspections. Suggestions proposed by the domestic inspection organization will enable our company to identify areas for improvement in health, safety, and risk management, as well as meet international standards.

A. Process Safety Management (PSM)

In accordance with the regulations of the U.S. Occupational Safety and Health Administration (OSHA), we have integrated the PSM operations for 14 business operations and assigned 49 PSM-dedicated personnel to strive to develop this system. We have also established strict inspection standards for the comprehensive inspection of all 14 PSM operations in all production plants. The "PSM Operation and PSM Personnel Conference" is convened every three months to evaluate operations, make any necessary improvements, and organize safety management training courses for the factory managers and section managers of production plants.

Furthermore, in order to enhance the professional knowledge and personal qualities of the PSM-dedicated personnel and ensure the effective implementation of PSM operations, PSM-dedicated personnel training and 14 key item verification operations have been promoted since 2013. As of 2016, prioritized verification operations, such as Process Hazard Analysis (PHA), Management of Change (MOC), Machinery Integration (MI), employee participation, SOP, training, contractor management, Pre-start-up Safety Review (PSSR), and compliance audit, had been completed. To ensure the implementation of the 14 key

item verification operations in compliance with the Regulations Governing Management of Process Safety, each process unit of the Company is scheduled to participate in the compliance audit held once every three years. Afterward, each audited unit is required to investigate and improve the identified defects. Continuous supervision is required to meet the regulations.

B. Process Hazards Analysis (PHA)

Due to the challenging natural environment surrounding the Mailiao Industrial Complex, we have reevaluated the PHA processes in high-risk zones and high-risk production processes to identify the operational risks located in the Mailiao Industrial Complex. Following assessment, solutions for control measures and improvement projects were proposed.
To further improve the evaluation quality of PHA, we commissioned the IHS Company to assist in the training and certification of our PHA facilitators since 2011. Currently, we have 14 PHA facilitators that have qualified for IHS certification. These PHA facilitators are now responsible for guiding PHA operations in various complexes. Starting in 2014, our company has continued to strive to advance the training and certification of PHA team leaders.

Moreover, to enable the (semi-) quantitative analysis of high-risk hazardous incidents following PHA operations, our company promulgated the Administration on the Layer of Protection Analysis (LOPA) in January 2013 to ensure that Class 1 (very high-risk) and Class 2 (high-risk) operations are further assessed to guarantee overall equipment and production safety.
In 2016, PHA operation inspections were conducted at 33 plants, and the defects primarily identified involved incomplete descriptions of possible serious consequences, the failure to fully consider the severity of the four aspects (personnel, environment, production, and equipment), and the failure to correctly identify hazards due to incomplete descriptions. The complexes were guided by PHA facilitators to correct the approach to HazOp analysis and reduce production process risks.

C. Management of Change, MOC

To ensure that any change to design, equipment, raw materials, or operation conditions does not create new hazards, we have actively guided the practice of MOC at 33 plants in 2016. The practice of MOC mainly focuses on counseling and uses encouragement instead of punishment to inspire supervisors and employees to engage in discussion and identify problems so that systematic solutions can be established to improve overall operation standards.

In MOC quality improvement, PSM facilitators enable the execution of MOC and ensure the quality of MOC operations. Furthermore, licensed PHA facilitators provide guidance on MOC operations in each department, covering “MOC Implementation”, “Quality Assurance of MOC Evaluations”, and “Quality Assurance before MOC Completion” to ensure that each department correctly understands MOC operation procedures.

D. Pipeline Safety Management

To provide on-site personnel with a safe work environment, guarantee employee rights, and increase workplace awareness, we have achieved both national and international standards in chemical product management and provide on-site chemical product Material Safety Data Sheet for employees to read and understand. Furthermore, considering the many pipelines in production, to avoid confusion in identification, we adhere to international regulations and use GHS Hazardous Chemical labels on chemical storage tanks, containers, and pipelines so that employees can easily identify the chemicals flowing through each pipeline.


Flammable


Explosive


Toxic

To provide a clearer and easier identification method of hazardous materials in pipelines, we have adopted international industrial procedures. In 2014, labeling was improved for flammable, explosive, and toxic materials at the outlet flanges and valves, pipe racks, places of potential splash hazard, and other areas that require labeling of pipeline materials in order to enhance employees' ability to identify potential hazards.

4.4.2 Fire Control Management

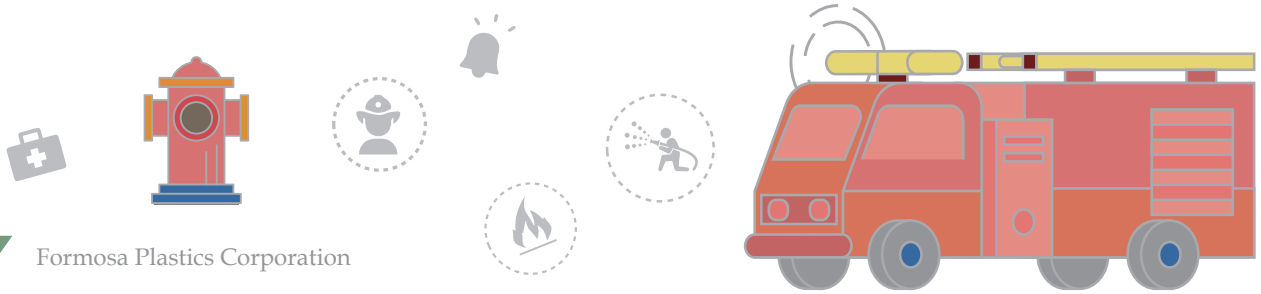
The firefighting department established by the Company boasts 94 firefighters within the Mailiao Complex and another 228 firefighting personnel in the Renwu, Linyuan, and Hsinkang Complexes. In the event of a major fire disaster, the commander of the emergency response unit can adopt regional defense through the Fire Alarm Report System for incident reports, can request assistance from neighboring complexes, and can deploy firefighting equipment. All firefighting personnel attend the professional training hosted by the lecturer appointed by the local firefighting authority on a regular basis and take turns participating in the firefighting training at the Zhushan training center to improve their emergency response competency.

4.4.3 Transportation Safety

To ensure transportation safety, FPG has developed a Safety & Quality Assessment System (SQAS) for transportation contractors. In 2016, 69 transportation contractors were qualified by this assessment system. The Company conducts the overall assessment of transportation contractors once every three years. In 2017, 79 transportation contractors plan to participate in the assessment. Transportation contractors that fail to pass the assessment will not be allowed to transport the Company's hazardous goods.

To protect the safety of road users and vehicles, we also invite the Formosa Plastics Transport Corporation to conduct monthly meetings for transportation contractors (including carriers) of hazardous materials to convey our ideology and management requirements. Case examples are also analyzed at these seminars so that everyone can learn from past experiences and thus reduce the risk and number of vehicle accidents.

Furthermore, to ensure overall transportation safety and the quality of product delivery to clients, we have taken into consideration the impact that traffic has on local residents when establishing our delivery routes for hazardous materials and have applied for temporary road passes in accordance with local regulations. Based on the current risk management system, the Formosa Plastics Transport Corporation has established a "Transportation Safety Management Module" to address the issues of risk assessment for hazardous product delivery, establish strict controls, and offer solutions for high-risk sections (such as the installation of DVR recordings in vehicles and high-risk section warnings) in order to reduce the negative impact on the surrounding environment and fellow road-users. Due to the significant success of these measures, we are now providing assistance to all transportation contractors establishing risk assessment operations in order to reduce potential risks in transportation.



4.4.4 Healthcare for Employees

In caring for employee health, the Company arranges for its employees to undergo annual general and special health inspections. In addition to offering the health inspection items required by law, the Company has also taken the initiative to include metabolic syndrome and cancer screening inspection items, such as alpha-fetoprotein, carcinoembryonic antigen, oral cancer screening, and high-density lipoprotein cholesterol, so that employees can better assess and prevent diseases. In the special health inspection, employees whose results are abnormal are then subject to classification management; special physicians will assess those classified as Level 3 or above based on the history of health inspection results and the work environment, and such individuals will be provided with appropriate guidance and assignments. In 2016, the special health inspection results showed no abnormal incidences of occupational diseases.

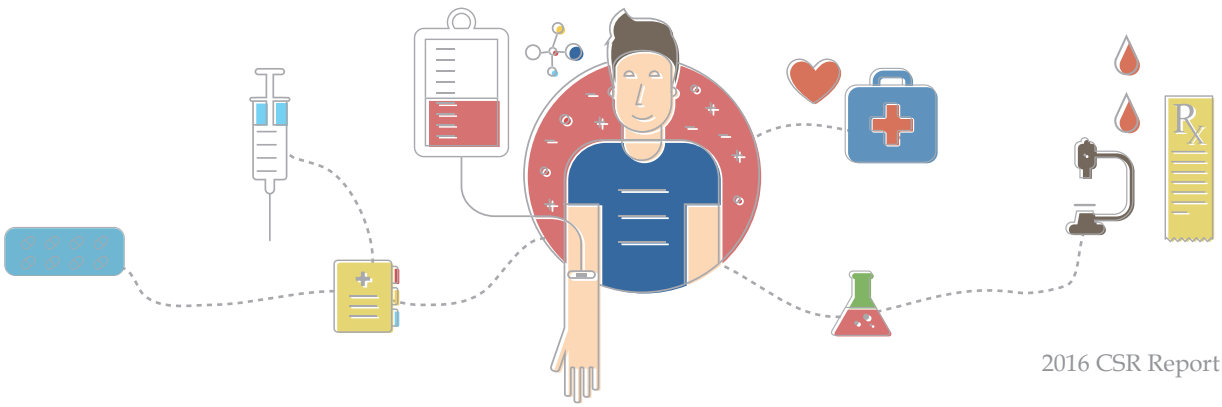
Furthermore, the complexes are equipped with medical personnel to engage in health promotion activities every year, such as weight management, smoking cessation, and health seminars, as well as basic medical services, such as preventive healthcare and mental health. Through these activities, we hope to improve employees' health and lifestyles. Various health promotion activities provide our employees with a full range of health care options and facilities, including the activity center, basketball court, and park, as well as health-oriented clubs, such as the yoga club, cycling club, and mountain-climbing club.

4.4.5 Active Involvement in Healthy Workplace Promotion Organized by the Government

Together with the national workplace safety and health week campaign promoted by the Executive Yuan, the Public Health Bureau of Yunlin County organized the "2016 Living a Happy and Long Life in Yunlin" campaign from May 30th to August 29th, 2016, during which time the Company also conducted a health and weight loss seminar on August 23rd to teach its employees how to eat without burden and correctly lose weight. After the session, stationed nurses and nutritionists from Chang Gung Memorial Hospital provided employees with body fat and blood sugar measurements so that they could better understand their health conditions and lifestyles. The Company has thus achieved considerable success in promoting healthy dieting, weight loss, and exercising concepts to its employees.

Tobacco Control Training

Furthermore, in conjunction with the "Workplace Health Certification" actively promoted by the Health Promotion Administration since 2007, which includes tobacco control, health initiation, and health promotion, Mailiao, Renwu, Linyuan, and Hsinkang Complexes have all obtained the "Health Promotion" mark, while Tungshan Complex has obtained the "Health Initiation" mark.



5 Environmental Sustainability

5.1 Commitment to Environmental Protection

5.1.1 Safety, Health, and Environment (SHE) Policy


台灣塑膠工業股份有限公司
安全/衛生/環境政策

Since its establishment in 1954, the Company has specialized in the manufacturing of petrochemical products. We have always upheld our management concept of "Balancing safety, health, the environment, and economy", as well as the spirit of continued improvement, to both ensure sustainable development and fulfill our social responsibility. To ensure compliance with safety, health, and environment management system requirements, we have stipulated the following health, safety, and environmental policies:

Comply with government regulations	Participate in carbon reduction
Emphasize hazard prevention	Implement industrial waste reduction
Promote risk management	Establish health management
Strengthen relationships with neighbors	Fulfill our social responsibility
Strive for continuous improvement	Ensure sustainable development

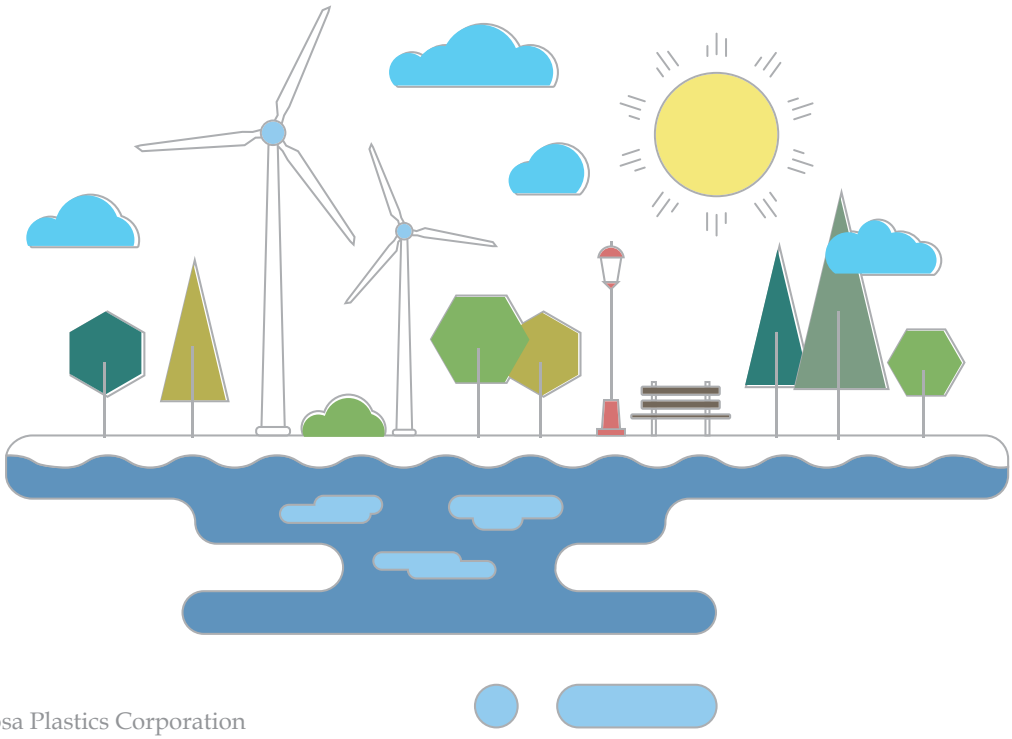
These ideas are explained as follows:

- All FPC operation management policies and their implementation shall abide by government safety, health, and environmental regulations.
- Pay close attention to global environmental issues and cooperate with government policies to ensure active participation in environmental control, energy saving, and carbon reduction initiatives.
- Emphasize hazard prevention, implement accident investigation and analysis, and provide case studies to avoid similar incidents from occurring again.
- Strengthen management of production pipelines and equipment integrity and reduce environmental impact through emission and waste reduction.
- Promote Production Safety Management (PSM), Production Safety Evaluation, Management of Change (MOC), and pre-implementation inspections. Ensure implementation of standard operating procedures and strengthen risk management to reduce hazard incidence rate.
- Implement management regarding the work environment and health of employees and reduce occupational risk with the aim of protecting the staff's health and safety.
- Strengthen communications with neighboring residents to demonstrate the efforts and determination of FPC in ensuring a safe and clean environment so as to win the public's understanding and recognition.
- Actively strengthen interaction with the government, academic institutions, and environmental protection organizations for holistic and mutually beneficial relationships.
- Uphold the beliefs of "Diligence & Frugality and Ultimate Excellence" and actively pursue innovation and improvement to ensure sustainable operations.

5.1.2 SHE Guidelines

Due to the lack of energy resources in Taiwan, based on the spirit of "Diligence, Frugality, and Persistence" proposed by our two founders, the Company has always strived to use minimal energy and save resources to produce affordable, quality products while contributing to the development of Taiwan's economic and social prosperity. Throughout years of economic development, we have constantly maintained our beliefs of "Balancing Environmental Protection and Economic Progress", as well as actively promoted pollution reduction and control and environmental protection. Our operation guidelines are provided below:

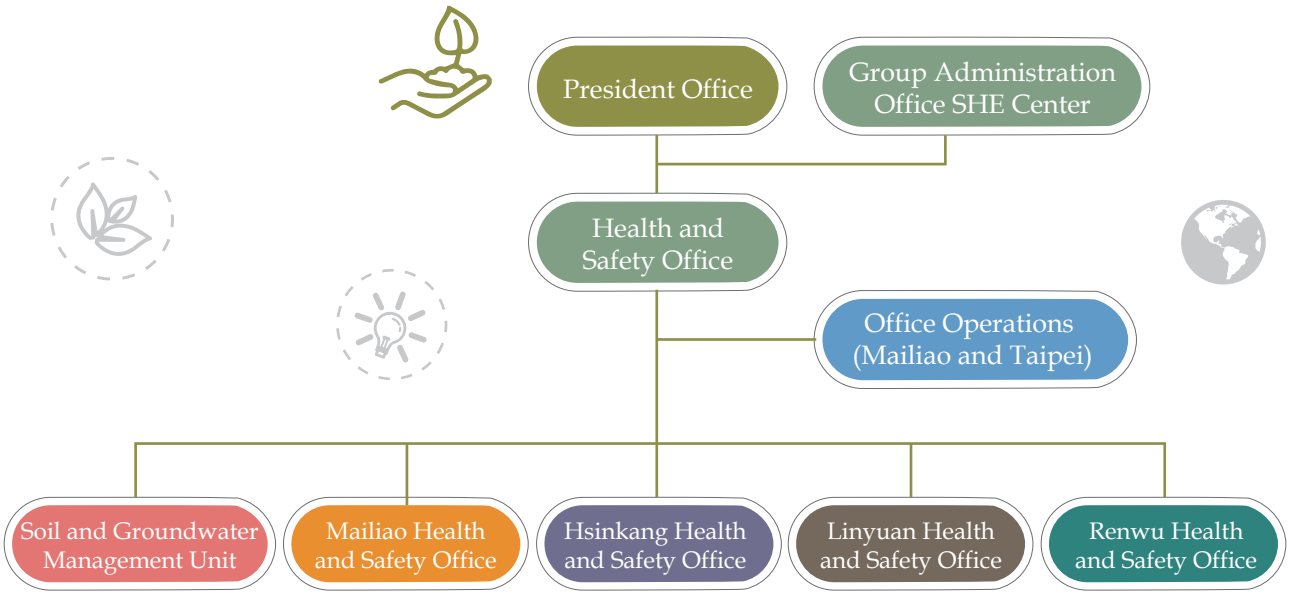
- We adopt the most advanced manufacturing processes and pollution control equipment via the concepts of "Best Available Technology (BAT)" and "Best Available Control Technology (BACT)", starting from the factory design stage. We strictly control the quality of water resources and consumption of energy and perform constant reviews of items that require improvement and development.
- We aim for absolute perfection in promoting environmental protection improvement and designing KPIs (key performance indices) and annual goals, which enable us to measure and review the implementation progress and quality of our operations. We reward factories that achieve excellence in their performance and also help factories to improve when they fall behind their performance targets. This approach strengthens the support we offer employees and their sense of participation and achievement.
- We care about the quality of the air, soil, underground water, ocean, and public health in the areas surrounding our premises and have set the ultimate goal of zero pollution.
- We share the belief of the Global Village and thus share our experiences with and impart our knowledge to the public via seminars and conferences to showcase our successful efforts in energy conservation, carbon reduction, and pollution control.
- Regarding public concerns about environmental protection, we will continue to entrust professional third-party organizations to conduct objective investigations and measure environmental conditions. Through sources such as the publication of this Corporate Social Responsibility Report, we will provide clarification and an explanation not only of our operations but also improvements.



5.1.3 Structure and Responsibilities of the SHE Organization

To reinforce our implementation of sustainable development and SHE management, we have established an internal Health and Safety Office, under the direct management of the President, to issue guidelines on overall safety, health, and environment policies for the Group and implement external operations. Meanwhile, the Safety, Health, and Environmental Center will supervise, assist, and assess safety, health, and environmental operations. Furthermore, health and safety departments have been established in every plant to promote safety, health, and environmentally friendly operations. As of the end of 2016, we had a total of 54 employees working in the Health and Safety Office.

In addition to these efforts, we convene monthly "Safety, Health, and Environment Meetings"; meanwhile, each plant area convenes quarterly meetings, such as the "Safety and Environment Performance Review Meeting" and the "Occupational Health and Safety Committee Meeting". Top-tier management, plant management, plant supervisors, Safety, Health, and Environment personnel, and other employees all participate in and conduct reviews so that Safety, Health, and Environment management can be expected to achieve the zero health hazard and zero pollution objectives.



5.1.4 SHE Management System

To ensure Safety, Health, and Environment (SHE) Management, the Company has institutionalized the SHE management regulations with which all employees must comply. Through the management systems and office automation systems, improved and reinforced SHE management may be used to achieve sustained improvement and development.

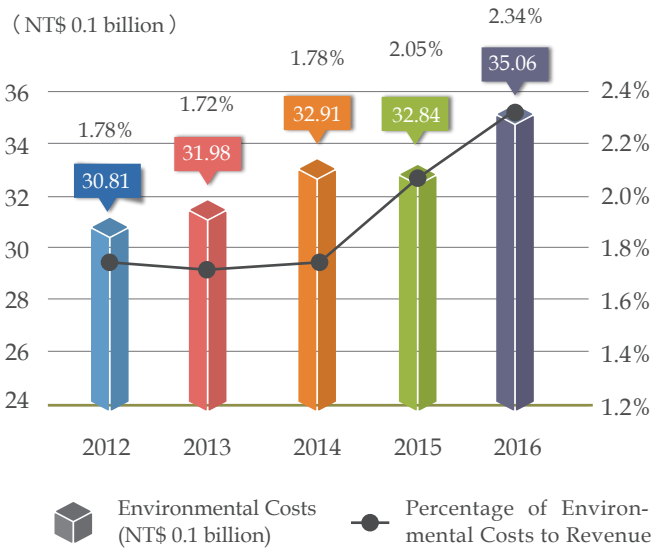
All six of our plant facilities, including Mailiao, Renwu, Linyuan, Hsinkang, Tungshan, and the 4th Plant, have successfully obtained ISO 14001 Environment Management System Certification, OHSAS 18001 Occupational Health and Safety Management System Certification, and CNS 15506 Taiwan Occupational Safety and Health Management System (TOSHMS) Certification.

5.2 Environmental Accounting

Since the environmental accounting system was introduced in 2009, the Company has also implemented the environmental benefit accounting system in 2010. FPG is the first one in Taiwan to directly include environmental benefits into the environmental accounting system.

According to the Environmental Protection Administration, the definition of environmental accounting can be classified into environmental costs and environmental benefits. Environmental costs refer to the company's investments into preventing or eliminating environmental impacts caused by company operations and improving resource maximization. Environmental benefits refer to the reduction in the environmental impact and pollution due to the company's environmental protection efforts.

Percentage Trend of Environmental Costs to Revenue



Formosa Plastics Corporation Environmental Costs in 2016

Unit: NT$ Million

Year	Category	Amount
Environmental Costs	Operating Costs	2,668
	Supplier and Customer Chain Costs	67
	Management Costs	472
	R&D Costs	58
	Social Event Costs	176
	Loss and Compensation	0.6
	Policy and Energy Tax	64
	Total	3,506
	Revenue in 2016	149,792

In 2016, our total environmental cost expenditure was NT$3,506 million, which accounts for 2.34% of our turnover of NT$149,792 million.

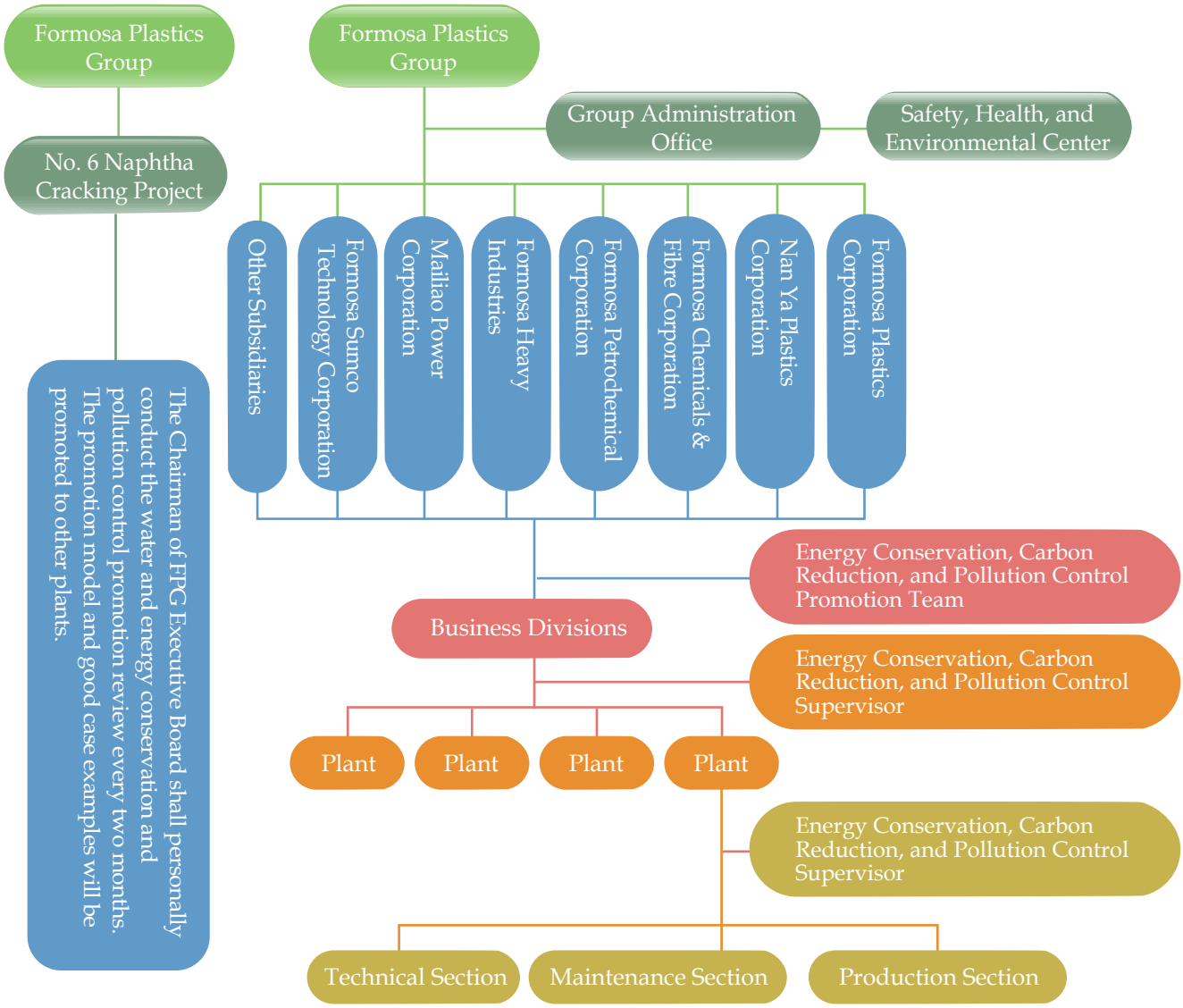
Note 1: "Operating Costs" in the above table include expenses derived from green procurement, expenses from recycled product manufacturing or sales, and product service expenses for promoting environmental protection.

Note 2: The revenue in 2016 is the amount presented in FPC's individual financial statements.

5.3 Water and Energy Conservation and Greenhouse Gas Reduction

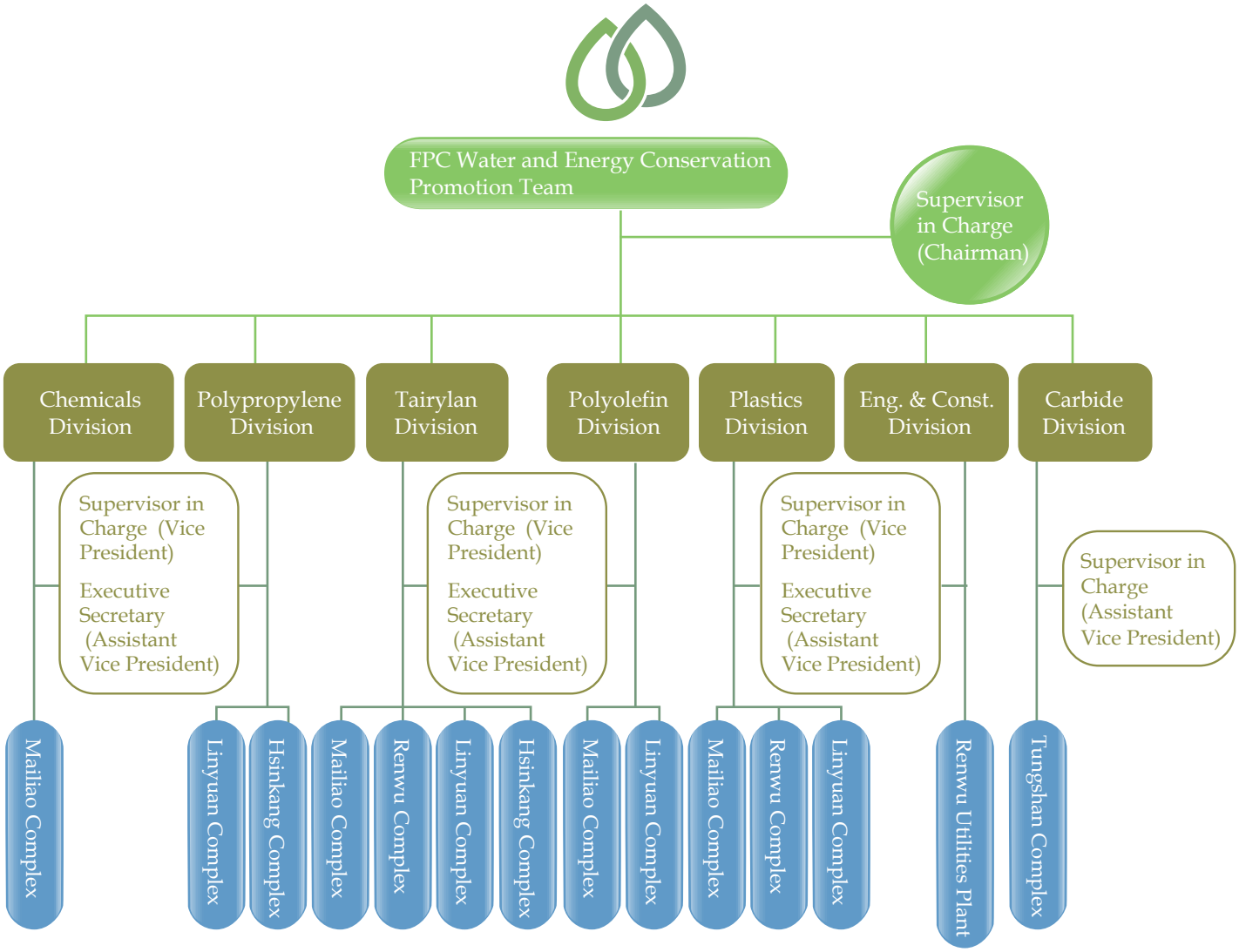
In response to the issues of water conservation, energy conservation, and carbon reduction, FPG established the "Energy Saving, Carbon Reduction, and Pollution Control Awareness Organization" in 2006 and assigned the President to be the Chairman responsible for integrating corporate resources and promoting water and energy conservation and pollution control improvements in the companies within the Group. In 2008, the Company included such campaigns as lighting conservation, environmental accounting, green products, green procurement, office environmental protection, resource recycling, and green construction.

Organizational Chart of Energy Conservation, Carbon Reduction, and Pollution Control Awareness Organization



To ensure that water and energy conservation operations are implemented, our Chairman will serve as the supervisor in charge and delegate responsibility to the Vice President for water and energy conservation promotion teams in each business department (the organizational structure is shown below). Every month, the "Water and Energy Conservation Performance Review" will be conducted. The Company will also discuss the various technologies that can be used for water and energy conservation through case studies and topics for improvement and development, as well as hold seminars to further reduce the consumption of water and energy resources.

FPC Water and Energy Conservation Promotion Team Organizational Chart



Furthermore, the Company understands that pollution control is one of the most important aspects of water and energy conservation. Therefore, waste reduction at the source, end-of-pipe technology recycling, and discharge reduction are all implemented to reduce waste water, exhaust emissions, and general waste. Doing so ensures that the process equipment will protect the environment during normal operations and minimize water and energy consumption, thus simultaneously reducing operating costs and greenhouse gas emissions.

5.3.1 Water Conservation Performance

The water sources used in our plants mainly include groundwater (surface water) and tap water. Whenever water use restrictions are enacted, the Company implements the following measures to optimize and reduce water consumption: (1) reduce water use in production processes; (2) implement water conservation measures; (3) reduce the loss of evaporation. During the period of 2011 to 2016, a total of 184 improvements were implemented, with an investment of NT$ 0.28 billion, daily water conservation of 9,173 tons and year-to-year benefits of NT$ 0.049 billion. Currently, 36 improvements are in progress, with investments totaling NT$ 0.1 billion, daily water conservation of 3,577 tons, and year-to-year benefits of NT$ 0.016 billion.

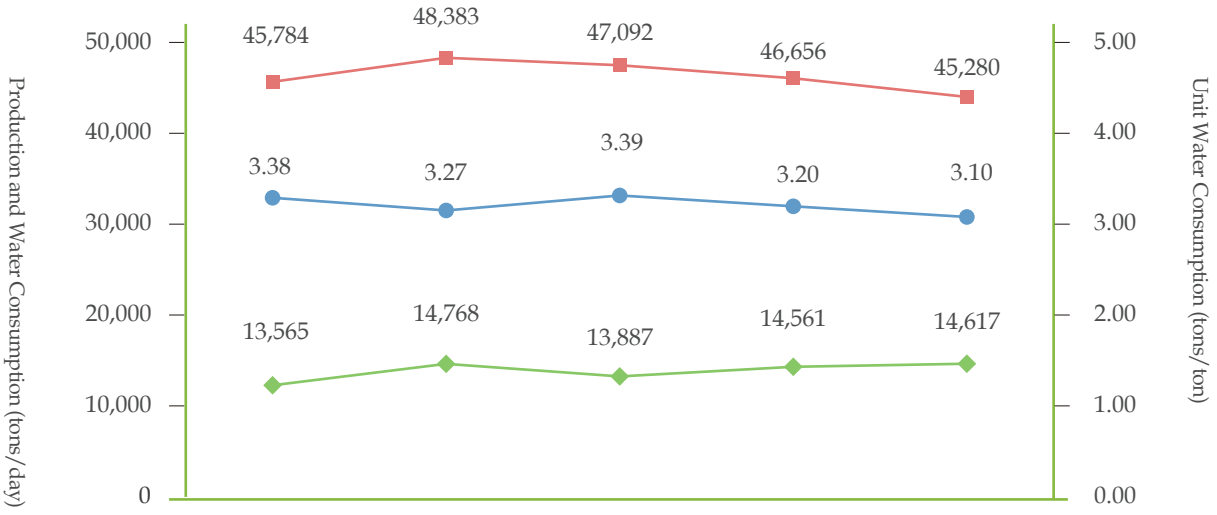
FPC (2011~2016) Water Conservation Performance

Item \ Year	2011~2015	2016	2011~2016 Accumulative	2017 Ongoing	Total
Improvement (number of cases)	125	59	184	36	220
Volume Saved (tons/day)	8,100	1,073	9,173	3,577	12,750
Investment (NT$0.1 billion)	2.31	0.49	2.80	1.00	3.80
Benefit (NT$ 0.1 billion/year)	0.44	0.05	0.49	0.16	0.65

As the water consumption of the Mailiao Complex is under the strict supervision and control of the Environmental Impact Assessment, all departments shall continue to implement water conservation measures to reduce water consumption. In 2016, the daily water consumption was 45,280 tons/day, and the unit water usage was 3.10 tons (Total Water Consumption/Total Production). The main reason for this is the slowing fluctuations in the crude oil market, which has caused overall productivity to increase, which subsequently led to a better water conservation performance.

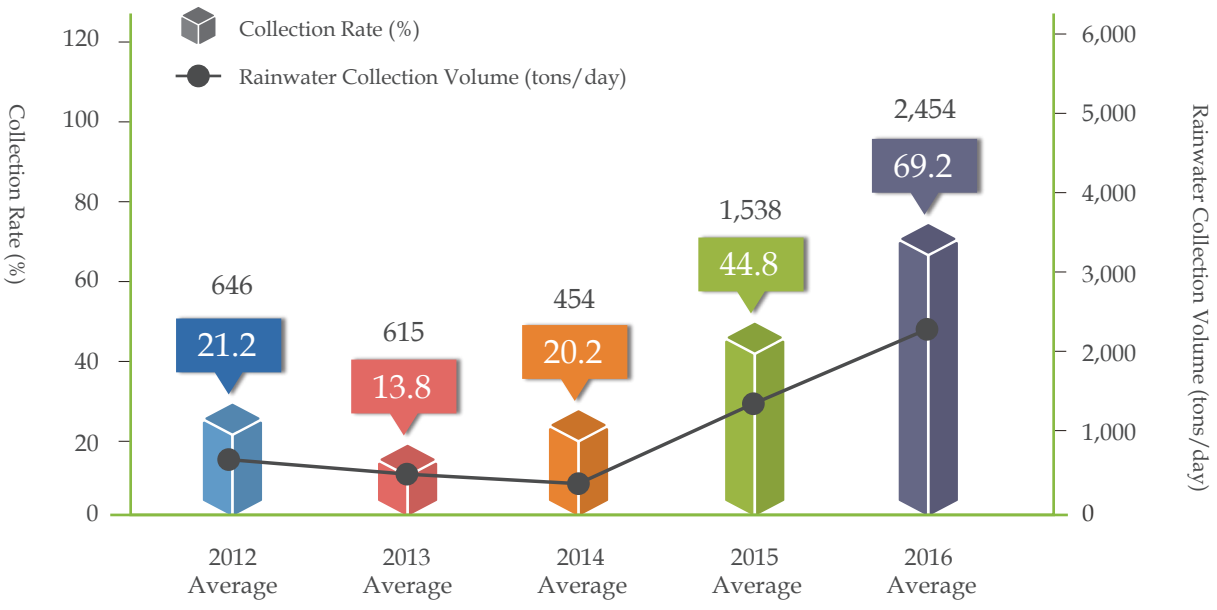
To improve its water efficiency, the Mailiao Complex shall strengthen rainwater collection operations in all factories by adopting such measures as increasing the rainwater collection surface area and amending rainwater storage tank pipelines. According to statistics, the rainwater collection rate of the Mailiao Complex is 23-25%, and the Mailiao Complex has achieved an average rainwater collection of 813 tons/day over the past few years. Rainwater collection in 2016 significantly increased, with a collection rate of 69.2% and an average rainwater collection of 2,454 tons/day.

Formosa Mailiao Complex (2012~2016) Annual Production, Water Consumption, and Unit Water Consumption Trend



	2012	2013	2014	2015	2016
Average Production (tons/day)	13,565	14,786	13,887	14,561	14,617
Average Water Consumption (tons/day)	45,784	48,383	47,092	46,656	45,280
Unit Water Consumption (tons/ton)	3.38	3.27	3.39	3.20	3.10

Formosa Mailiao Complex (2012~2016) Rainwater Collection Volume and Collection Rate Chart



5.3.2 Energy Conservation Performance

The initial energy conservation campaign was designed for individual plants and focused on the following measures: (1) reducing energy use in production; (2) reusing energy; (3) recycling waste heat; (4) increasing facility energy efficiency; and (5) optimizing energy management. The Company optimizes energy efficiency to integrate these campaigns between plants and reduce greenhouse gas emissions.

According to 2016 statistics, 210 improvement projects were implemented, which helped reduce steam consumption by 12.40 tons/hour, electricity consumption by 5,100 units/hour, fuel consumption by 0.01 tons/hour, and CO_2 consumption by 58 thousand tons (CO_2-e)/year. Investments totaled NT$ 0.736 billion and achieved an annual investment benefit of NT$ 0.152 billion.

FPC 2016 Energy Conservation Performance

Item / Category	Conserved Amount	Improvement (number of cases)	Investment (NT$ 0.1 billion)	Investment Benefit (NT$ 0.1 billion/year)	CO_2 Reduction (10 thousand tons (CO_2-e)/year)
Steam	12.40 (tons/hour)	37	0.20	0.65	2.54
Electricity	5.1 (1000 kWh/hour)	172	7.10	0.85	3.24
Fuel	0.01 (tons/hour)	1	0.06	0.02	0.02
Total	--	210	7.36	1.52	5.80

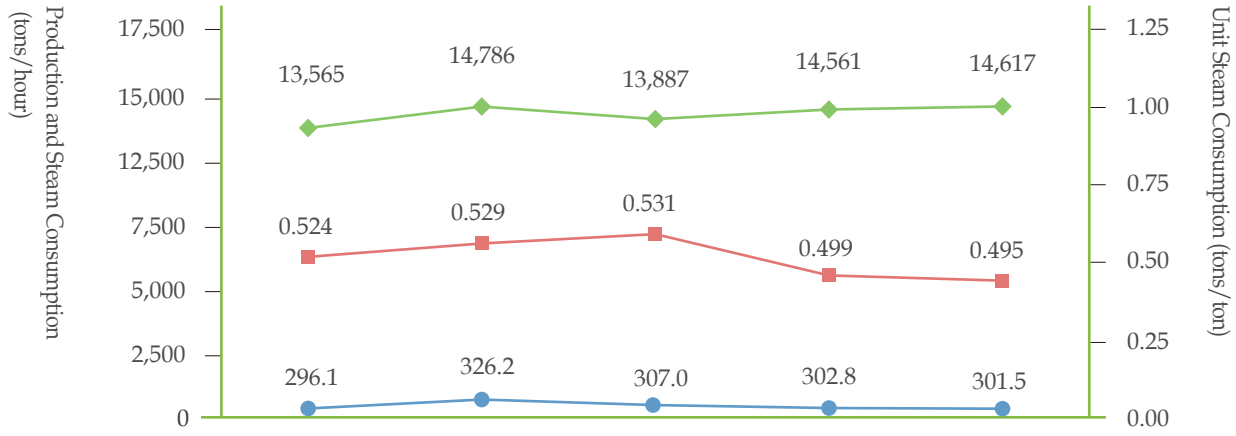
Source: FPG Environmental Protection Improvements Database

FPC 2011~2016 Energy Conservation Achievements

Year / Item	2011~2015	2016	2011~2016 Accumulative	2017 Ongoing	Total
Improvement (number of cases)	387	210	597	140	737
Steam Saved (tons/hour)	123.76	12.40	136.16	19.22	155.38
Electricity Saved (1000 kWh/hour)	31.1	5.1	36.2	4.5	40.7
Fuel Saved (tons/hour)	1.22	0.01	1.23	0.39	1.62
GHG Emission Reductions (ten thousand tons (CO_2-e)/year)	52.66	5.80	58.46	8.39	66.85
Investment (NT$ 0.1 billion)	17.55	7.36	24.91	12.69	37.60
Benefits (NT$ 0.1 billion/year)	14.18	1.52	15.70	2.14	17.84

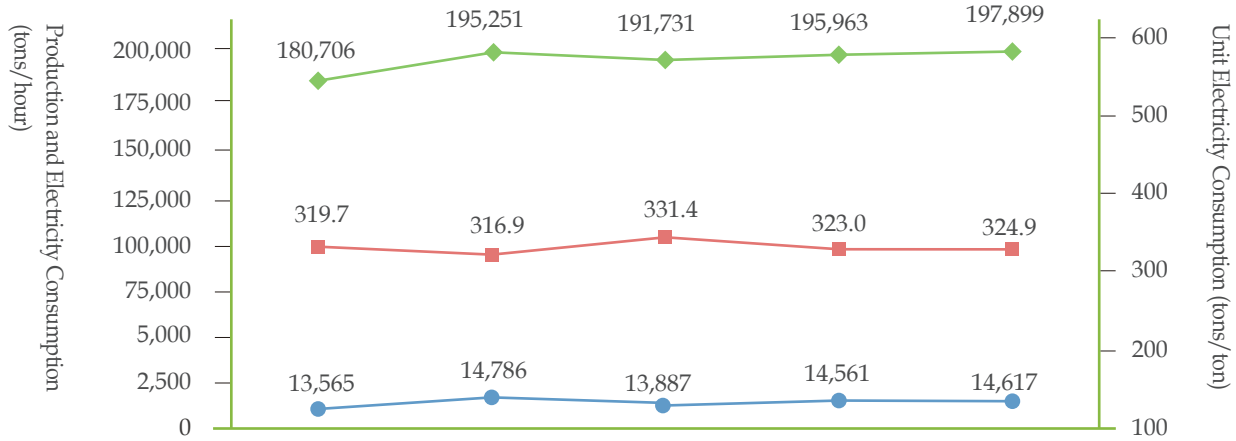
Taking the Mailiao Complex as an example, its unit steam consumption in 2016 was 0.495 tons/ton and unit electricity consumption was 324.9 kWh/ton, which were equivalent to the values of 2015. Please refer to the table below for energy conservation performance over the last five years.

Mailiao Complex (2012~2016) Annual Production, Steam Consumption, and Unit Steam Consumption Trend



	2012	2013	2014	2015	2016
Average Production (tons/hour)	13,565	14,786	13,887	14,561	14,617
Average Steam Consumption (tons/hour)	296.1	326.2	307.0	302.8	301.5
Unit Steam Consumption (tons/ton)	0.524	0.529	0.531	0.499	0.495

Mailiao Complex (2012~2016) Annual Production, Electricity Consumption, and Unit Electricity Consumption Trend



	2012	2013	2014	2015	2016
Average Production (tons/hour)	13,565	14,786	13,887	14,561	14,617
Average Electricity Consumption (kWh/hour)	180,706	195,251	191,731	195,963	197,899
Unit Electricity Consumption (kWh /tons)	319.7	316.9	331.4	323.0	324.9

5.3.3 Greenhouse Gas Emissions Inventory

Since the enactment of the Kyoto Protocol on February 14th, 2005, the Company has upheld its social responsibility by establishing the Greenhouse Gas Inventory Organization in accordance with ISO 14064-1 standards to promote greenhouse gas emission inventory and investigations. We have also commissioned the British Standards Institution (BSI) and System & Serviced Certification (SGS) to conduct inventory investigation for the period of 2006~2016 to ensure that our emissions comply with regulations.

In 2016, the direct greenhouse gas emissions (Scope 1) of the Company were approximately 4,213.4 thousand tons of CO_2-e (Carbon dioxide equivalent of greenhouse gas emissions), accounting for 47.1%, while the indirect greenhouse gas emissions (Scope 2) were approximately 4,726.4 thousand tons of CO_2-e, accounting for 52.9%. Of that, the Mailiao Complex was responsible for approximately 4,948.4 thousand tons of CO_2-e emissions, accounting for 55.4%, followed by Renwu Complex at approximately 2,649.6 thousand tons of CO_2-e emissions, accounting for 29.6% of the Company's emissions. Furthermore, CO_2 is used as a raw material in the Precipitated Calcium Carbonate production process in the Tungshan Complex, which accounted for approximately 5,320.8 tons of CO_2 usage.

FPC 2016 Greenhouse Gas Emissions

Unit: tons CO_2-e

Item / Complex	Renwu	Tungshan	Linyuan	Mailiao	Hsinkang	4th Plant	Total	Percentage (%)
Scope 1	2,638,478	141,132	680,499	650,570	102,718	11	4,213,408	47.1
Scope 2	11,088	17,260	113,022	4,297,843	284,738	2,416	4,726,367	52.9
Total	2,649,566	158,392	793,521	4,948,413	387,456	2,427	8,939,775	100
Percentage (%)	29.6	1.8	8.9	55.4	4.3	0.0	100	

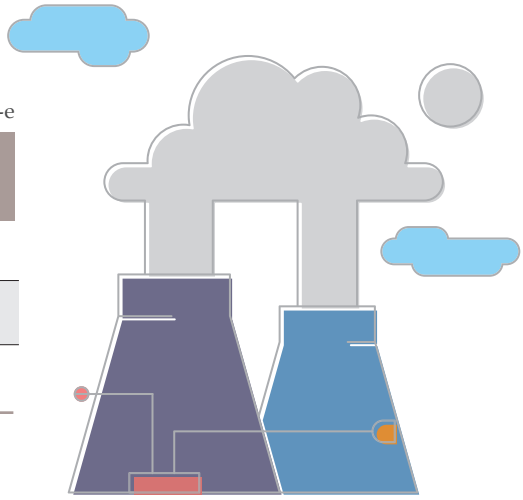
Source: FPG Greenhouse Gas Inventory Database, which should be confirmed by a third party.

FPC 2014~2016 Greenhouse Gas Emissions

Unit: tons CO_2-e

Year	Scope 1	Scope 2	Total
2014	4,367,465	4,638,585	9,006,050
2015	4,376,037	4,521,652	8,897,689
2016	4,213,408	4,726,367	8,939,775

Source: Greenhouse Gas Declaration and FPG Greenhouse Gas Inventory Database. The 2016 statistics should be confirmed by a third party.



5.4 Energy Conservation in the Office

FPG has put forth countless efforts to promote office recycling. One such effort involves using pen refills, which can reduce resource consumption and generated waste. Although seemingly insignificant, we have a large workforce and if every employee contributes to environmental protection and reduces their consumption of resources in their daily routines, the overall contribution will be significant. In 2016, the office environmental protection and resource recycling achieved a monthly volume of 1,243 tons in recycled paper products, exceeding the monthly target of 1,200 tons. The recycling rate of printer supplies was also 100%.

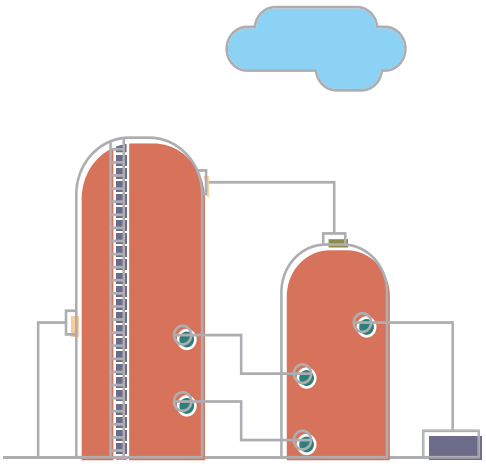
In promoting "Paperless Office Operations", FPG converted various paper-based applications into 680 electronic formats in 2016, which has significantly exceeded the original target of 34 forms and also made a huge leap forward toward digitalization. Furthermore, to achieve resource sustainability, FPG established the "Staff Second-Hand Exchange" internal website to enable staff to publish their unused items on the website and seek other employees that require such items. Through the exchange of goods, second-hand items do not simply become waste materials but can be used by people who need them.

5.5 Environmental Protection at the Plant

Over the years, the Company has completed 1,678 improvement projects in soil improvement, air pollution control, water pollution control, waste handling, and noise reduction, investing NT$16.26 billion. Currently, 64 improvement projects are in progress, and we plan to invest another NT$ 870 million into such improvement projects (Please refer to the table below for investment in environmental projects as of 2016).

FPC Environmental Improvement Project Investments (as of 2016)

Category		Number of Cases	Investment (NT$ Thousand)
Completed	Soil	116	1,019,770
	Exhaust Gas	870	9,135,347
	Wastewater	577	5,251,750
	Solid Waste/Noise	115	853,370
	Subtotal	1,678	16,260,237
Ongoing	Soil	8	204,395
	Exhaust Gas	36	546,493
	Wastewater	12	106,988
	Solid Waste/Noise	8	12,787
	Subtotal	64	870,663
	Total	1,742	17,130,900



5.5.1 Air Pollution Control

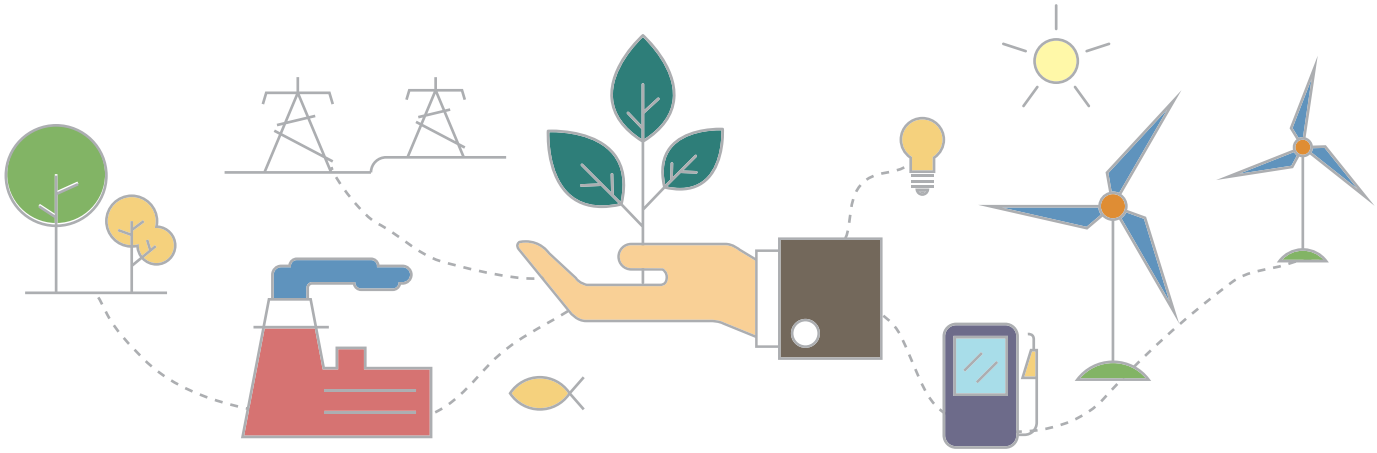
(1) Optimization of Air Pollution Control Facilities

Over the years of pollution control development and improvement, the Company has achieved significant success and accumulated years of pollution control experience. Therefore, to implement environmental protection, we regularly adopt optimal production technologies and other forms of pollution control systems, which has enabled us to achieve pollution control results that have surpassed national standards and are on par with the performance of global optimization standards. Our performance with regard to exhaust emissions is as follows:

1.Boiler Exhaust Quality: For fuel used in boilers, we use imported coke breeze with a Sulphur content of 0.4~2.0%. Furthermore, electrostatic precipitators have been installed to remove powder particles, while flue gas desulfurization facilities have been installed to use Sodium hydroxide to absorb Sulphur oxides in exhaust gases so that the Sulphur oxide content will be reduced to 30 PPM or less, which is much lower than the national standard of 250 PPM and on par with advanced Western countries. Furthermore, we have established indoor coal storage yards by building a dome-shaped coal yard at the Renwu Complex and the Linyuan Complex, which has greatly improved coal dust scattering problems. Regarding air pollution control, we have adopted the best handling equipment, such as Selective Catalytic Reduction (SCR), Flue gas desulfurization (FGD), a Low NOx Burner, a High temperature oxidizer, a reactive carbon absorption system, and a closed coal delivery system. By incorporating such preventive measures into maintenance, training, and operations, the facilities can perform at optimal capacity to control pollution.

Indoor Coal Yard with Closed Delivery System

Electrostatic Precipitators (EP)



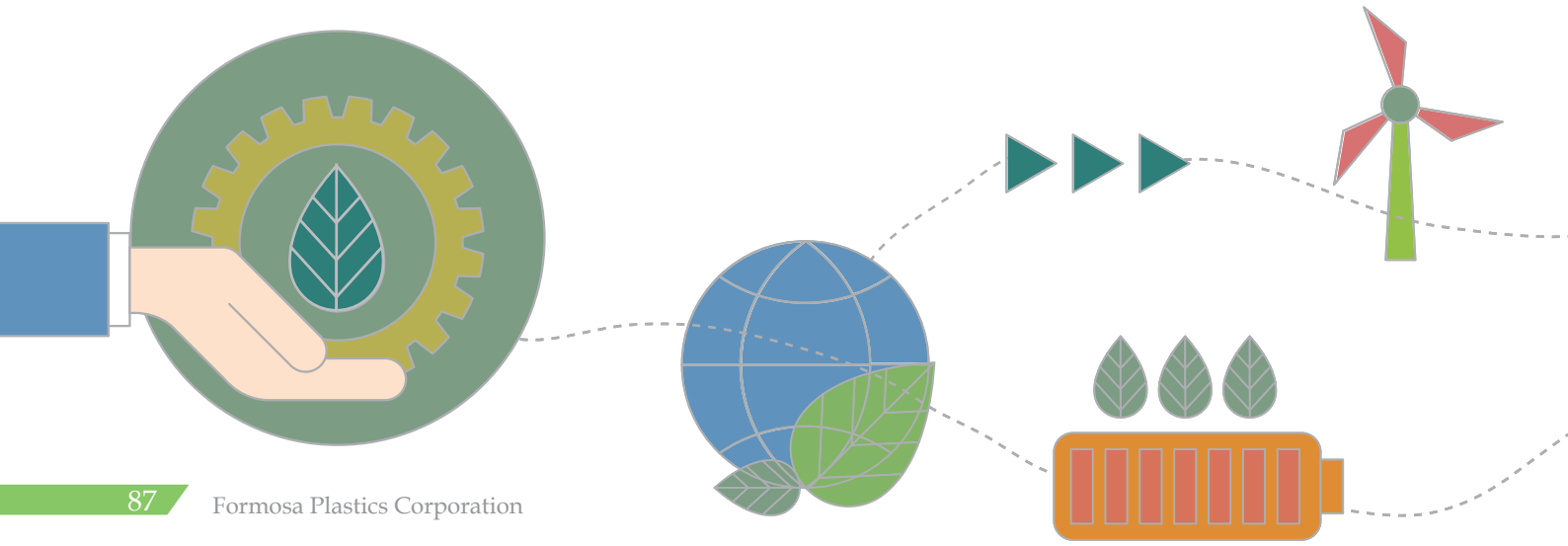
2.Promotion of Volatile Organic Compound (VOC) and Odor Control: To prevent the spread of VOCs and ensure reduction in raw material consumption, product leakage, and public complaints of odors, we will continue to promote VOC reduction improvements. Between the period of 2000~2016, 135 improvement projects were implemented, with a total investment of NT$ 405 million. We have also bought four sets of Fourier transform infrared spectroscopy (FTIR) and 11 sets of GasFind IR from the U.S. Military to control the leakage of odors and maintain air quality in the surrounding environment. Furthermore, for wastewater treatment plants that are susceptible to the spread of VOC and odors, covers have been installed on open storage containers, while pipelines were also installed to collect exhaust gases for treatment at air pollution control facilities, such as cleaning towers and waste exhaust incinerators in order to remove odors and control the spread of VOC.

3.To better meet international standards and conform to government policies implemented in line with the "Montreal Protocol", we have stopped the use of Halons, CFC-11, CFC-12, and other substances that cause destruction of the ozone layer. The cooling agents that are now used are primarily R-134A and R-140A.

4.In addition to ensuring that pollutants comply with environmental protection regulations, we have also continued to promote air pollution reduction projects. In 2016, the Company invested NT$ 546.493 million in new air pollution control projects. Please refer to Table 5.5.6 "Air, Water and Waste Discharge Information" for detailed information about the air pollutant emissions of our Complexes in 2016.

Selective Catalytic Reduction (SCR) System

Flue-Gas Desulfurization (FGD) System



5.5.2 Water Pollution Control

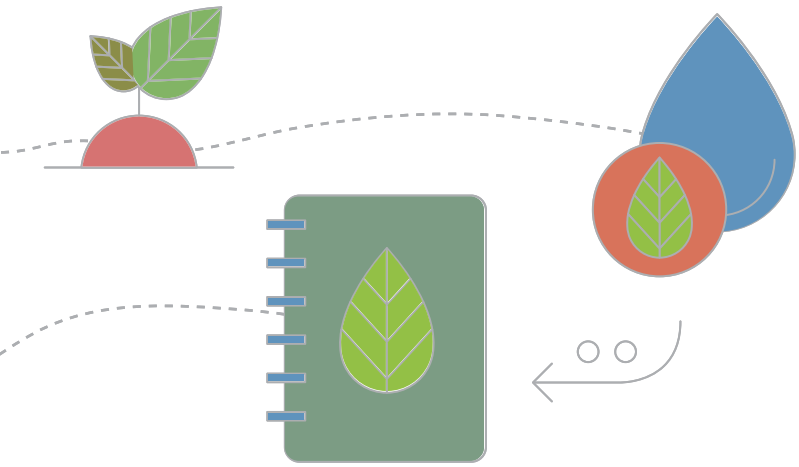
With regard to the discharge from plants, appropriate wastewater treatment facilities have been arranged to accommodate wastewater sources, including physical and chemical treatments like neutralization, sedimentation, flotation, gas stripping, washing, and absorption, as well as biological sewage treatment, membrane processing, and oil-water separation methods, in order to ensure that wastewater quality exceeds the national effluent standards. In accordance with wastewater pollution control regulations and the geographical location of the plants, the processed wastewater will then be discharged into the sea (for example, into the Taiwan Strait at the Mailiao Complex), through a river (for example, into the Kaohsiung Houjin River at the Renwu Complex, the Chiayi Puzi River at the Hsinkang Complex, and the Yilan Tungshan River at the Tungshan Complex), into nearby drainage systems, or into industrial sewage systems (for example, the Renwu Complex sea discharge pipe discharges into the Ren Da Industrial Park sewage system and discharge from the Linyuan Complex will be processed by the Kaohsiung Linhai Linyuan & Dafa Industrial Parks Combined Wastewater Treatment Plant.)

In 2016, the average discharge of our Mailiao Complex was 16.6 thousand tons. After processing by the FPCC utilities plant, the quality of the final discharge into sea was compliant with discharge standards, with the unit wastewater discharge production being 1.136 tons/ton, COD 0.0795 kg/ton, and SS 0.0170 kg/ton.

Furthermore, regarding the discharge related to water pollution prevention and control facilities, the Company has stipulated and enforced a complete set of standard operating and maintenance procedures so that the handling facilities can perform at maximum efficacy. Since January 2015, the Renwu Complex has completed five sets of automatic wastewater inspections (monitoring) and continuous transmission systems, allowing 24-hour surveillance of such properties as water volume, temperature, pH value, electrical conductivity, COD, and SS, as well as real-time connection to local competent authorities. The Renwu Complex also submitted the ammonia discharge reduction plan on March 27th, 2014, which enlisted improvements to install nitrogen recovery facilities and remove nitrogen from water discharge in order to reduce process contaminants in the wastewater. The plan was approved by the Kaohsiung Environmental Protection Bureau on September 22nd, 2014, and the improvement project is expected to be completed by the end of June 2017.

Waste Water Recycling Technology- RO Equipment

Waste Water Recycling Technology- MBR Equipment



5.5.3 Waste Management

Through operations such as source classification and waste reduction in production and recycling, FPC has managed to reduce the amount of incinerated and buried waste. We aim to achieve the ultimate goal of zero waste and zero burying. In the outsourcing of waste disposal contractors, recycling options are given preference over incineration and burying options. In 2016, 206,312 tons of waste was generated by the Company, amongst which 31,490 tons were general industrial waste that could be incinerated or buried and 955 tons were hazardous industrial waste. After waste classification, recycling and reuse, 173,867 tons were recovered as resources, accounting for 84.3% of the total waste generated.

Unit: Tons

Complex	Mailiao Complex				Other Complexes				Total
Item	Resource Recovery	General Industrial Waste (Incineration/ Burying)	Hazardous Industrial Waste	Subtotal	Resource Recovery	General Industrial Waste (Incineration/ Burying)	Hazardous Industrial Waste	Subtotal	
Production	6,079	9,179	207	15,465	167,788	22,311	748	190,847	206,312
Percentage	39.3%	59.4%	1.7%	100%	87.9%	11.7%	0.4%	100%	

Source: FPG Waste Management Database.

5.5.4 Toxic Chemical Management

The Company has obtained the necessary governmental licenses for the use and production of toxic chemicals. We conduct chemical emergency response drills on a regular basis to ensure the safe use and handling of these chemicals. We have also developed an autonomous toxic chemical management system to ensure the proper handling of toxic chemicals with the aim of reducing hazardous incidences.

In order to understand the environmental spread of toxic chemical operation issues in the Mailiao Complex, FPG has implemented a comprehensive plan to commission external professional organizations to conduct the "Consequence Analysis Plan for Mailiao Toxic Chemical Operations". As of 2016, Type 1 ~ Type 3 categories have been completed, including the consequence analysis plans for the 10 types of toxic chemicals in the five plants, in order to provide a reference for the plants and plant fire departments when making adjustments to their Emergency Response and Risk Management Plans.

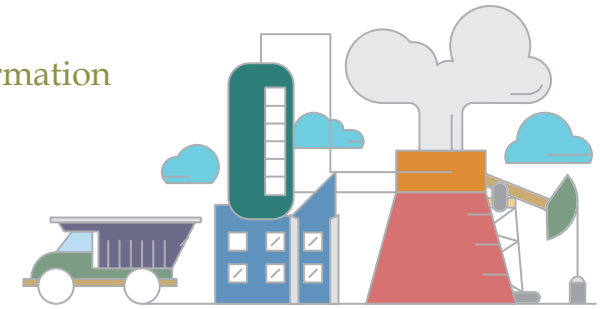
5.5.5 Soil and Groundwater Management

The Company has maintained 170 surveillance wells in the Renwu, Linyuan, and Hsinkang facilities. Furthermore, FPG has implemented an overall plan to establish 146 surveillance wells in the Mailiao facility (20 in the Company premises) as of 2002. Every year, samples are collected from the wells to analyze the quality of the groundwater to help with groundwater management.

FPG also consulted soil and groundwater prevention procedures established by the Industrial Development Bureau, the Ministry of Economic Affairs and U.S. experts to stipulate the "Soil and Groundwater Pollution Control and Inspection Management Plan" to handle current and potential pollution situations and to ensure the timely control of leakage incidences.

The Company has set up a water management system to improve the operators' prevention awareness and avoid soil or groundwater pollution in the production process due to negligence.

5.5.6 Air, Water, and Waste Discharge Information



FPC 2016 Environment Information Statistics

Category	Environment Information	Complex						Total
		Renwu	Linyuan	Mailiao	Hsinkang	Tungshan	4th Plant	
Air Pollution Emission Management	Sulfur Oxides (SOx) (tons/year)	538.7	153.2	346.0	0.4	3.1	—	1,041.4
	Nitrogen Oxides (NOx) (tons/year)	884.7	388.7	290.0	0.3	113.3	—	1,677.0
	Volatile Organic Compounds (VOC) (tons/year)	49.6	116.0	213.3	19.6	9.7	10.7	418.9
	Total Suspended Particles (TSP) (tons/year)	214.4	98.7	44.6	1.3	32.0	—	391.0
Water Resource Management	Total Water Consumption (tons/day)	21,315	11,948	43,338	1,771	1,358	81	79,811
	Wastewater Discharge in River (M^3/year)	2,088,350	-	-	656,407	488,726	-	3,233,483
	Wastewater Discharge in Sea (M^3/year)	1,882,243	2,623,146	6,043,623	-	-	9,105	10,558,117
Waste Management	Waste Disposal (tons/year)	16,150	6,013	9,386	776	83	37	32,445
	Waste Recycled Volume (tons/year)	136,078	31,277	6,079	271	154	8	173,867

Source: EPA Air Pollution, Wastewater, and Waste Declaration Website.

5.5.7 Safety and Environment Management Performance Awards and Environmental Violations

The achievements of the Company's Safety and Environmental Management in 2016 are summarized below:

Award Date	Awarding Organization	Award	Awarded Department
January 26th	Environmental Protection Administration, Executive Yuan	2015 Carbon Reduction Action (Outstanding Award)	Linyuan Plant
November 2nd	Energy Bureau, Ministry of Economic Affairs	2016 Outstanding Department for Energy Conservation	Mailiao Caustic Soda Plant
November 18th	Energy Bureau, Ministry of Economic Affairs	2016 Outstanding Department for Toxic Chemicals Operations	Linyuan VCM Plant
November 24th	Ministry of Labor	2015 Outstanding Department for the Promotion of Industrial Safety and Health	Mailiao HDPE Plant
November 24th	Yunlin County Government	2015 Outstanding Department for the Promotion of Industrial Safety and Health	Mailiao Caustic Soda Plant Mailiao PVC Plant
November 25th	Industrial Development Bureau, Ministry of Economic Affairs	2016 Outstanding Manufacturer for Self-Appointed Reduction in Industrial Greenhouse Gas Emissions	Renwu Public Utilities Plant

Mailiao HDPE Plant won the 2015 Outstanding Department for the Promotion of Industrial Safety and Health

As a major player in the petrochemical industry, the Company is one of the primary inspection targets of both central and local environmental protection agencies. In 2016, the Company had seven environmental violations, which amounted to a total of NT$651,500 in penalty fines (The Company's environmental violations and penalty fines over the past five years are listed in the following table). The amount of penalty fines in 2016 was lower than in 2015. In the future, the Company will continue to propose improvement measures in safety, health, and environmental management.

FPC 2012~2016 Environmental Violations

Unit: Case, NT$ Ten Thousand

Year / Environmental Violations	2012		2013		2014		2015		2016	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
Air Pollution	7	90	5	50	5	50	3	75	6	65
Water Pollution	3	30	1	10	1	8	1	14	0	0
Waste Pollution	0	0	0	0	0	0	0	0	1	0.15
Toxic Chemicals	0	0	0	0	0	0	1	10	0	0
Soil and Groundwater	1	5	1	100	2	30	2	30	0	0
Total	11	125	7	160	8	88	7	129	7	65.15

5.5.8 Disclosure of Significant Environmental Issues

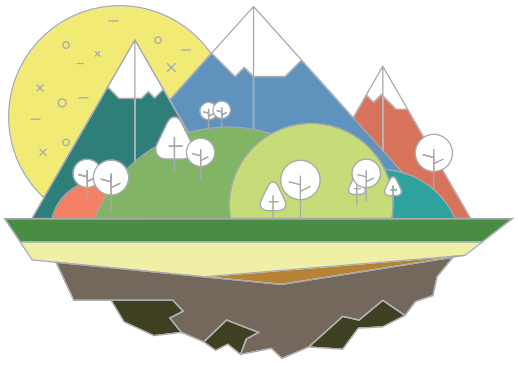
In August 2016, the entire student body of Qiaotou Elementary School's Hsutso Branch was relocated due to the study of the No. 6 Naphtha Cracking Petrochemical Industrial Park's Impact on Nearby Students' Health, which had been conducted by the National Health Research Institutes since 2013. The study found that thiodiglycolic acid (TdGA) levels in the urine samples of students of Hsutso Branch were higher than those of Fengan Elementary School, Qiaotou Elementary School, Mailiao Elementary School, and Lunfeng Elementary School and that exposure to VCM would cause damage to students' health. Therefore, the entire student body of the Hsutso Branch was relocated to Qiaotou Elementary School in August 2016.

According to the literature, TdGA is a normal metabolite after inhaling air or ingesting food and is not a carcinogen. Many sources can produce TdGA metabolites, including secondhand smoke, locomotive exhaust gas, hairdressing supplies, edible vitamin B, sesame oil chicken, protein food, and certain drugs. According to experts employed by the Ministry of Health and Welfare, TdGA cannot be used as an indicator of inhalation or consumption of food; no country in the world uses the detection value of TdGA as a concentration index of VCM.

The aforementioned study conducted by the National Health Research Institutes did not test the ambient VCM concentration at the same time. Upon the request of the students' parents, experts employed by the Ministry of Health and Welfare and the Environmental Protection Administration, Executive Yuan performed the test again on September 2nd 2016 and lasted for almost four months. The results of the test performed by the Health Promotion Administration, Ministry of Health and Welfare and the Environmental Protection Administration in the Hsutso Branch of Qiaotou Elementary School, Mailiao PVC Plant, Mailiao VCM Plant, and students' residences for almost four months are as follows:

1. According to the Environmental Protection Administration, the VCM concentration in the air is 0 at the Hsutso Branch of Qiaotou Elementary School, showing a one in one million chance of causing cancer, which is below the generally acceptable risk.
2. Environmental protection agencies also assigned 76 employees to perform the project inspection eight times, as well as the sampling test of 14,881 equipment components in Mailiao PVC Plant and Mailiao VCM Plant. All the tested values comply with regulatory standards.
3. According to the Health Promotion Administration, the TdGA levels in the urine samples of students of Qiaotou Elementary School were higher than those of the Hsutso Branch at the beginning of school.

The above test results were reviewed and discussed in the 2nd Meeting of the Epidemiological Study of Students near the Sixth Naphtha Cracking Petrochemical Industrial Park held by the Health Promotion Administration on February 7th, 2017. Experts indicated that the TdGA levels in the urine samples were affected by various factors. Furthermore, compared with the environmental monitoring values tested by the Environmental Protection Administration, the TdGA levels in the urine samples did not correlate significantly with the VCM concentration.



5.5.9 Factory Green Landscaping

The promotion of green landscaping of the factories is meant to provide a comfortable and clean work environment for employees. The Renwu, Linyuan, and Tungshan Complexes have 10.93 hectares of green landscaping, which occupies 7.59% of the total area of 143.93 hectares. Approximately 22,000 arbor trees, 371,000 bushes, and 10.9 hectares of lawn have been planted and grown. The Mailiao Complex also boasts a green landscape of 260 hectares with 1,450 thousand trees, but we are still working on ways to increase these numbers and make further improvements. This reflects the testament of our policies of balancing industrial development and environmental protection.

Linyuan Public Utilities Plant

Tungshan Carbide Plant

Renwu PVC Plant

Mailiao Caustic Soda Plant

5.6 Product Safety and Health Responsibility

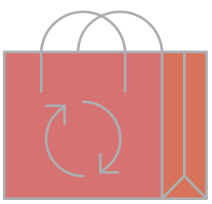
The Company has always emphasized the health and safety of clients and constantly works to improve production processes (such as reducing hazardous formulas, reducing waste in production, and developing green products) throughout the various stages, from raw material procurement to product sales. In response to the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) initiated by the European Chemical Agency (ECHA) in June 2008, the Company has registered 17 products. Furthermore, in conjunction with market trends and the demands of downstream clients, the Company has made progress towards non-toxic, environmentally friendly, and green energy product research and development trends.

A. Non-Toxic Products

In conjunction with the implementation of the Restriction of Hazardous Substances (RoHS) Directive by the European Commission, the Company has actively responded to the non-toxic product trend. For example, when faced with the issue of the dioxin byproduct in halogen combustion, the Company developed a low-smoke and halogen-free compound for the electric wires and cables so that the product could be used in the green product domain and contribute to reducing environmental impacts. Furthermore, HDPE pipe grade materials can be fully recycled and reused and will not produce substances that harm the human body or the environment even when burned. As for expandable polystyrene foam, more commonly known as Styrofoam, which is not easily recyclable, is often used in food applications, and releases toxic substances, the Company has replaced it with PP foam, which is non-toxic, environmentally friendly, and can be easily recycled.

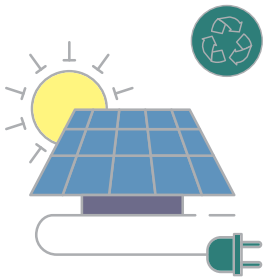
B. Environmentally Friendly Products

The Company has promoted the use of environmentally friendly plastic pallets to production departments and its downstream clients to replace traditional wooden pallets, which can prevent excessive logging. Furthermore, high-intensity SAP, rather than paper pulp, is used in ultra-thin diapers to reduce consumption of paper pulp. The agricultural-use SAP water retention agent can also be used to effectively promote the water retention rate of soil, thus increasing plant growth conditions and soil water retention functions. The SAP product can promote the retention of water and nutrients in the soil and is suitable for use in slope planting, prevention of coastal soil erosion, agricultural cultivation in dry areas, and afforestation efforts.



C. Green Energy

In recent years, the Company has actively invested in green energy application sectors, including wind power generation, solar power generation, and lithium batteries. Regarding wind power generation, the epoxy resin manufactured from carbon fibers and epichlorohydrin can be applied to the turbine blades of the wind turbine. In terms of solar power generation, HDPE black pipe materials can be applied to water-type solar cells. Furthermore, electrolyte products can be applied to lithium batteries so that the green energy generated can first be converted for storage in the batteries.



No.	Product	Contributions to the Society, the Environment, and Consumers
1	Electrolyte	Lithium battery product applications: 1. Improve air quality (electric bicycles, motorcycles, cars, and buses) The motors of pure electric cars are powered by these batteries, providing a great advantage of creating no air pollution at all. When using conventional combustion engines, the waste gases, such as hydrocarbons, carbon monoxide, carbon dioxide, nitrogen oxides, and sulphur oxides, which are emitted from the exhaust pipe, cause air pollution. Carbon dioxide also contributes to greenhouse effects and thus to global warming. 2. Uninterruptible power supply (UPS) and storage batteries (1) The uninterruptible power supply can protect such support systems as entire medical instrument systems and medical imaging equipment, thus preventing power issues from disrupting the provision of medical treatment. (2) The uninterruptible power supply can provide stable electricity supplies, which can prevent related equipment malfunctions. (3) Long product life: The lithium battery can retain 75% of its original capacity after 3,000 complete charge-discharge cycles, which is ten times that of lead-acid batteries. (4) Green energy generation (such as solar power, wind power, and hydro power) must first be converted for storage in the battery to prevent wasting the green energy obtained.
2	Charging Facility-Use Electric Wires C-1800	Charging facility product applications: 1. Improve air quality The motors of pure electric vehicles (EV) and electric buses are powered by these batteries, providing the great advantages of creating no air pollution at all and reducing the greenhouse effect and global warming. 2. China's new energy policy To improve air pollution, China has implemented a new energy policy with a focus on electric vehicles (EV). By 2020, charging facilities that satisfy more than 5 million electric vehicles will be necessary. 3. High physical properties and safety of C-1800 Electric wires of charging facilities require high mechanical strength and low temperature resistance. Currently, most electric wires are made of TPE materials, which lack strong weather resistance. After one year, the coating of electric wires become broken by currents, leading to a risk of fire. C-1800 developed by the Company features high mechanical strength, low temperature resistance, and strong weather resistance and can be fully applied to charging facilities.
3	Carbon Fiber	Carbon fiber is stronger than steel, lighter than aluminum, and harder than titanium alloy, is corrosion-resistant, and does not rust. Carbon fiber is compatible with resin and can be made into carbon fiber composite materials with thermosetting/ thermoplastic resin, especially epoxy resin. Carbon fiber is increasingly used for aerospace and the auto industry, including thermoplastic composite materials of automobiles, high-pressure gas tanks, and cable cores. The weight reduction of transportation tools can reduce energy consumption. In conjunction with the use of clean natural gas fuels in environmental protection trends, the applications of carbon fiber gas tanks have been on the rise every year. The product has also obtained international carbon fiber production plant certifications.
4	Agricultural-Use SAP Water Retention Agent	In addition to outstanding water conservation, the agricultural-use SAP water retention agent can absorb 1,000 times its weight and form a resistant film to prevent spills and evaporation. It can be used to effectively promote the water retention rate of soil, thus increasing plant growth conditions and soil water retention functions. After the SAP product is evenly mixed into the soil, it can promote water and nutrient retention. Through expansion and shrinkage, the agent can also increase soil porosity, which facilitates root respiration. It is also beneficial to sapling transplantation and soil stabilization.
5	High-Intensity SAP	This product is used in the production of ultra-thin diapers. Due to the increase in environmental awareness, diaper product trends are now shifting towards reducing the paper pulp used in environmentally friendly diapers, thus using SAP as a replacement. Having passed SGS inspections, this SAP product does not contain allergens or hazardous residues like oral toxicity and heavy metal substances.
6	Ground Calcium Carbonate	This product is used as a desulfurizing agent in cogeneration processes. Under high-temperature conditions, the ground calcium carbonate can form chemical reactions with sulfur dioxide, allowing for the adsorption of sulfur dioxide and thus preventing air pollution.
7	Precipitated Calcium Carbonate	Precipitated calcium carbonate is also known as synthetic calcium carbonate. Carbon dioxide is one of its raw materials. The production process makes use of the lime furnace to recover the carbon dioxide as a raw material to simultaneously achieve carbon reduction and reduce greenhouse gas emissions.

No.	Product	Contributions to the Society, the Environment, and Consumers
8	EVA Material for Low-smoke and Halogen-free Electric Wires and Cables	The amount of smoke generated during combustion is minimal with no dripping or toxic gases, and it has a high Limiting Oxygen Index (>35). In the event of fire, personnel will be protected from the hazards of inhaling toxic gases and choking injuries and will also have more time for evacuation, thus reducing the losses to both personnel and property.
9	PE Bottle Cap Grade Material	This material is low odor and resistant to acids and alkalis, contains no plasticizer, and allows bottled beverages to retain their flavor and consumption safety. It is an environmentally friendly product that can be completely recycled and reused.
10	HDPE Pipe Grade Material	The HDPE pipe grade material is lightweight and corrosion-resistant, has low water resistance and high resilience, does not contain plasticizers, and can be widely applied in water supply pipes, gas pipes, sewage pipes, etc. It can be completely recycled and reused. Even when burned, the product does not produce substances hazardous to humans or the environment. Due to the increase in environmental awareness in recent years, the HDPE pipe grade material has seen widespread applications.
11	PP Automobile Interior	PP is a green, environmentally friendly material that is lightweight and recyclable. It can be used in the production of automobile interior parts to reduce the weight of the automobile and allow for energy conservation, such as dashboards, car trim, interior light casings, and the bumper. The PP-based bumper can be used to replace steel bumpers, which not only reduces car weight and saves on steel consumption, but also increases safe cushioning during impact.
12	PP Pipe Material for Cold and Hot Water Pipes	(1) The PPB cold water pipe manufactured from non-toxic PP can be used to replace the less environmentally friendly PVC pipe, while PPR hot water pipes can be used to replace steel pipes, which can easily rust. (2) PP-based Cold and Hot Water Pipes can be used for up to 50 years without corrosion, which is more environmentally friendly and energy conserving than PVC pipes or steel pipes.
13	PP Plastic Pallets	The use of recyclable PP Plastic Pallets has been promoted to internal company departments and clients to replace wooden pallets and reduce environmental burdens.
14	PP Foam Cushioning Material, Thermal Insulation Material	Expandable polystyrene foam, commonly known as Styrofoam, is not easily recyclable, is often used in food applications, and easily releases toxic substances; therefore, it should be and is often replaced by the non-toxic, environmentally friendly, and easily recycled PP Foam.
15	PP Non-Woven Products	PP can be used in non-toxic non-woven products, such as disposable masks and surgical coats, which can be used for dust and disease prevention to protect human health.
16	Agricultural-Use PP Materials	PE transparent film can be applied to protect crops from cold damage and maintain adequate light for growth, thus improving both the quality and the quantity of the harvest.
17	Medical-Use PP Materials	This PP material, which is lightweight, can be easily destroyed, occupies minimal space, and produces no pollution when burned, can be used to replace disposable glass medical supplies, thus preventing contamination and the difficulties associated with disposing such medical refuse as syringes, IV bottles, and IV bags.
18	PP Household Products	This environmentally friendly PP material, which is recyclable, can be used to replace wooden, glass, and steel household products, such as disposable paper lunch bags, cups, corrugated paper boards, wooden cupboards, boxes, steel containers, and glass containers, thus creating a variety of lightweight household products, while reducing the more consuming production of the aforementioned products and the waste of green resources.
19	Household Electrical Appliances	This green, environmentally friendly PP material, which is recyclable, can be used to replace steel household electrical appliances. In addition to reducing energy consumption in production, the lightweight properties also provide advantages in saved transportation costs.
20	PP Water Sanitation Materials	(1) This green, environmentally friendly PP material, which is recyclable, can be used to replace steel reverse osmosis (RO) storage tanks and filter casing. In addition to reducing energy consumption in production, the lightweight properties also provide advantages in saved transportation costs. (2) This non-toxic PP material is used to manufacture the core of the water filter to replace original wooden pulp-based filter cores to enhance the cleanliness of the consumed water and reduce the waste of green resources.
21	Remote Monitoring of Energy-Saving Platform	Using the low data transmission rate of wireless technology (ZigBee system), the monitoring of environmental changes, object positioning, or collection and transmitting of information by the sensor can be applied to environmental monitoring, energy management, healthcare, automated processes in buildings, industrial automation, asset inspection, and disaster prevention sectors in order to assist corporations with saving expenses on wiring materials and human resources, thus achieving both low-cost and low-energy consumption objectives.

6 Prosperous Outlook with Local Communities

6.1 Eco-Friendliness

Located in an industrial park on an outlying island of Yunlin, the Mailiao Complex is at the head of strong sea winds and the end of water supplies. While we hope that construction of the Complex will help promote local development and prosperity, both local residents and the Company are concerned about the impact to the local environment. To thank the locals for their support and meet the government's expectations, Formosa Plastics Group will continue to implement various environmental protection measures and include environmental quality among the most important objectives of its social responsibility. Therefore, we utilized the Best Available Technology (BAT) and Best Available Control Technology (BACT) in the Mailiao Complex design stages to incorporate optimal production processes and equipment and have also worked on reducing our use of resources. After starting operations, all production plants will continue to conduct reviews so that they can make environmental protection and management improvements.

In conjunction with the "People and Environmentally Friendly Project" concept proposed by the Yunlin County Government, FPG has offered its support to the county government's plans for the environment, health, and industry to stimulate local development and achieve common sustained prosperity in the Sixth Naphtha Cracking Project.

6.1.1 Dedicated Research Unit

(1) Evaluation and Counseling Committee for Air Quality Impact

In light of public concerns about air quality due to air pollution from the Mailiao Complex, FPG has established the "Evaluation and Counseling Committee for Air Quality Impact." Research has indicated that the air quality in neighboring towns is better than other counties and cities in the west of Taiwan, which means that the Mailiao Complex has had a limited impact on local air quality. Furthermore, inland areas like Douliu, Puli, and Chiayi have suffered from poor air quality on a long-term basis. According to the committee's analysis methods, results have indicated that the Mailiao Complex, located along the west coast, has had a minimal impact on air quality. A government study also showed that industrial load shredding has a minimal impact on PM2.5 concentration. This study has also allowed the government to identify the impacts on the PM2.5 standards caused by open burning, vehicle emissions, and exhaust gases from catering industries, which have all been contributing factors to the deteriorating air quality in Taiwan over recent years. In order to improve Taiwan's air quality, restrictions should not only be placed on industrial activities. Instead, comprehensive plans should be laid out to ensure the simultaneous reduction of air pollution emissions from all of the various polluting sources in order to achieve significant effects and allow Taiwan to stipulate reasonable air quality standards and reduction responsibilities.

(2) Evaluation and Counseling Committee of Wastewater Disposal's Influence on Marine Ecosystems

To evaluate the impact of wastewater disposal on the marine ecosystem and provide feasible advice for advanced improvements, FPG has established the "Evaluation and Counseling Committee of Wastewater Disposal's Influence on Marine Ecosystems." As of 2016, the investigation results showed that the Mailiao Complex had no perceptible impacts on the local water quality, ecology, fishery farming, fishery resources, or beach adoption and nurturing. The investigations will continue, and if any impacts are identified, experts in the field and the Committee will develop response measures to reduce the impact on the marine ecology and maintain the sustainability of the living environment and marine ecology of the local residents.

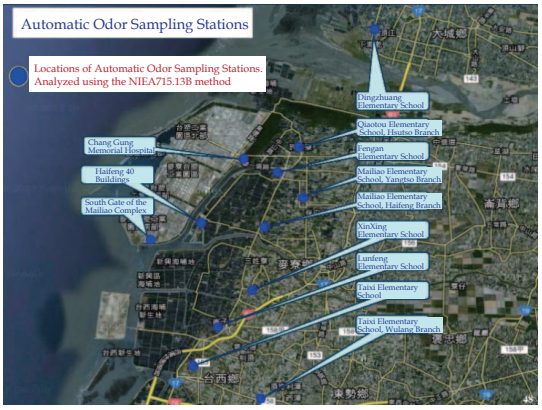
6.1.2 Environmental Impact Evaluation

(1) Air Quality

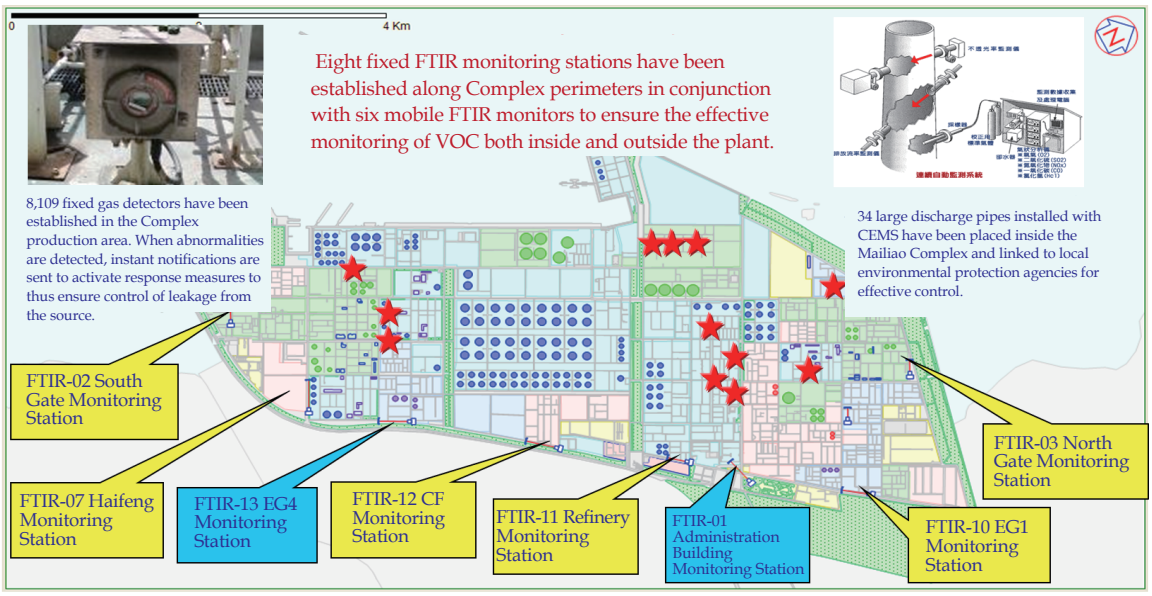
To ensure the real-time monitoring of environmental indicators, we have established a comprehensive environmental monitoring network. By taking local prevailing wind directions into consideration, we have incorporated eight layers of intensive monitoring control, including 8,109 fixed gas detectors, 39 GasFindIR thermal imaging cameras, which are the same as the ones used by the U.S. military, 34 CEMS fixed pollutant sequential monitoring systems, 39 FLARE fixed pollutant sequential monitoring systems, 6 mobile FTIR monitors, and 8 fixed FTIR monitors in the Mailiao Complex, as well as 1 VOC monitoring station, 10 photochemical assessment monitoring stations, 12 automatic odor sampling stations, 10 fixed air quality monitoring stations, and 1 air quality monitoring vehicle in a nearby town to facilitate the rapid tracking of emission sources and thus ensure local air quality.

8 Layers of the Environment Monitoring Network in Mailiao Complex

Automatic Odor Sampling Stations



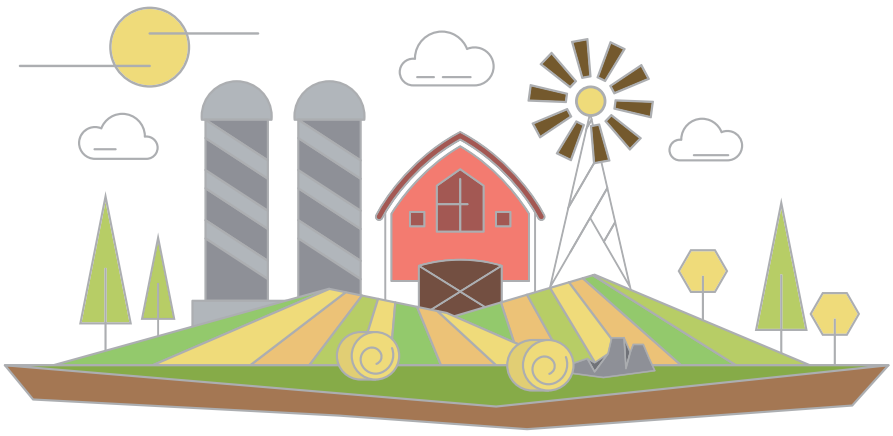
Location of Monitoring Devices in Mailiao Complex



(2) Air Quality Influence Analysis

According to more than 3 million sets of statistical data provided by the Environmental Protection Administration collected from air quality monitoring stations in the Tucheng Dist. (New Taipei City), Xianxi Township (Changhua County), Taixi Township (Yunlin County), Xiaogang Dist. (Kaohsiung City), the changes in the air quality of western regions are rather uniform. Therefore, Yunlin, Chiayi, and Tainan have no significant abnormalities in their air quality.

Furthermore, the Mailiao Complex has continued to promote improvement projects on odor source detection and tracking and conduct daily odor inspections and patrols in production areas and Complex perimeters. For areas with an incidence of odor, senior managers are required to submit proposals for improvement and supervise the rapid elimination of the odor. Since its implementation, odor incidences in the Complex have gradually declined. In 2016, only five cases were reported, all of which were verified to be not attributed to the Company. The Company has replied to the people notifying it of the odor and received their understanding, showing that our odor control efforts have achieved significant results.



Comparison of Air Quality detected by the Environmental Protection Administration and Statistics of the No. 6 Naphtha Cracking Project

Item	Monitoring Station	Background Value Before Construction 1993/7~1994/5	During Construction 1994/6~1998/12	Phase I 1999/1~ 2001/3	Phase II 2001/4~ 2002/3	Phase III 2002/4~ 2004/6	Phase IV 2004/7~ 2010/3	Phase IV 2010/4~ 2016/12	Control Standard
SO_2 (ppb)	No. 6 Naphtha	4	6.8	6.1	3.9	5.2	4.2	4.0	250
	Tucheng (Northern Taiwan)	7.9	6.3	4.1	3.8	3.6	4.4	3.3	
	Xianxi (Central Taiwan)	6.4	5.7	4.5	3.6	3.4	4.5	4.1	
	Taixi (Yunlin, Chiayi, Tainan)	3.7	3.3	2.5	3.0	3.2	4.6	3.4	
	Hsiaokang (Kaohsiung-Pintung)	19.4	18.9	16.2	13.3	11.1	12.7	8.0	
NO_2 (ppb)	No. 6 Naphtha	7	8.2	17.8	17.2	14.3	9.8	9.1	250
	Tucheng (Northern Taiwan)	27.0	25.2	26.1	24.3	23.5	22.6	18.4	
	Xianxi (Central Taiwan)	18.0	18.3	18.7	18.2	16.5	14.8	12.5	
	Taixi (Yunlin, Chiayi, Tainan)	12.0	9.9	11.3	11.5	10.7	10.1	8.3	
	Hsiaokang (Kaohsiung-Pintung)	34.2	34.0	35.3	32.8	29.3	27.8	23.5	
O_3 (ppb)	No. 6 Naphtha	30	24	31.3	35.5	35.0	32.9	30.2	120
	Tucheng (Northern Taiwan)	19.1	19.6	22.0	25.6	24.3	26.9	27.8	
	Xianxi (Central Taiwan)	-	-	-	-	30.9	29.9	31.1	
	Taixi (Yunlin, Chiayi, Tainan)	28.5	30.9	32.4	30.2	33.9	36.5	36.5	
	Hsiaokang (Kaohsiung-Pintung)	16.0	21.0	22.9	26.3	24.9	26.0	25.7	
CO (ppm)	No. 6 Naphtha	0.6	0.5	0.4	0.4	0.4	0.4	0.42	35
	Tucheng (Northern Taiwan)	1.0	0.9	0.8	0.8	0.7	0.6	0.52	
	Xianxi (Central Taiwan)	-	-	-	-	0.3	0.4	0.34	
	Taixi (Yunlin, Chiayi, Tainan)	0.5	0.4	0.4	0.4	0.4	0.3	0.26	
	Hsiaokang (Kaohsiung-Pintung)	1.1	1.0	0.9	0.8	0.7	0.6	0.5	
PM 10 ($\mu g/m^3$)	No. 6 Naphtha	69	106	63	71	69	63	55	125
	Tucheng (Northern Taiwan)	73	53	46	45	43	50	42	
	Xianxi (Central Taiwan)	57	53	52	56	60	61	51	
	Taixi (Yunlin, Chiayi, Tainan)	67	70	62	64	61	56	49	
	Hsiaokang (Kaohsiung-Pintung)	103	89	93	72	73	81	67	
PM 2.5 ($\mu g/m^3$)	No. 6 Naphtha	-	-	-	-	-	30	33	35
	Tucheng (Northern Taiwan)	-	-	-	-	-	29	24	
	Xianxi (Central Taiwan)	-	-	-	-	-	34	27	
	Taixi (Yunlin, Chiayi, Tainan)	-	-	-	-	-	31	27	
	Hsiaokang (Kaohsiung-Pintung)	-	-	-	-	-	52	33	
NMHC (ppm)	No. 6 Naphtha	0.28	0.4	0.46	0.45	0.3	0.3	0.3	--
	Tucheng (Northern Taiwan)	-	-	-	-	0.3	0.3	0.2	
	Xianxi (Central Taiwan)	0.2	0.1	0.1	0.1	0.3	0.2	0.1	
	Taixi (Yunlin, Chiayi, Tainan)	-	-	-	-	-	0.1	0.1	
	Hsiaokang (Kaohsiung-Pintung)	0.5	0.4	0.5	0.4	0.5	0.3	0.2	

Notes

- Particulate matters (PM2.5) detected by the Mailiao monitoring station were acquired by an automated system before 2010 Q2; afterwards, all records were acquired manually in order to analyze the components of particulate matters. Records provided by the monitoring stations of the Environmental Protection Administration (EPA) were all acquired through an automated system.
- The EPA sets the standard as an average amount per hour.
- The value of particle matter 2.5 (PM 2.5) in the Mailiao monitoring station is lower than the Hsiaokang monitoring station and similar to monitoring stations in other monitored air quality or industrial zones.

Resource: Air Quality Monitoring stations of the Environmental Protection Administration and No. 6 Naphtha Cracking Project.

(3) Water Consumption Issues

Based on the "Monthly Report of Industrial and Public Water Consumption from Agricultural Water in the Jiji Weir" provided by the Industrial Development Bureau, Ministry of Economic Affairs, the Jiji Weir has provided 2.48 to 6.97 billion tons of water annually over the past five years (2012-2016), of which 2.5% was used for industrial purposes. This shows that industrial purposes account for only 1.8% of agricultural water being used annually, indicating that water consumption in the Mailiao Complex excludes neither other industries nor farmers (as shown below).

2012-2016 Statistics of Water Supplied by the Jiji Weir

Unit: 10,000 tons

Year	Inflow (A)	Agricultural Irrigation Average Consumption (B)	Industrial Consumption			
			Average Consumption (C)	Percentage of Inflow (C)/(A)	Water from Agricultural Purposes (D)	Percentage of Water from Agricultural Purposes (D)/(B)
2012	696,942	205,742	10,215	1.5%	3,527	1.7%
2013	622,348	218,289	10,075	1.6%	3,294	1.5%
2014	315,258	182,795	10,462	3.3%	3,646	2.0%
2015	247,589	144,380	9,999	4.0%	3,632	2.5%
2016	510,257	227,234	9,976	1.9%	3,317	1.5%
Average	478,479	195,688	10,145	2.5%	3,483	1.8%

Source: Annual Report of Jiji Weir Operations, Central Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs.

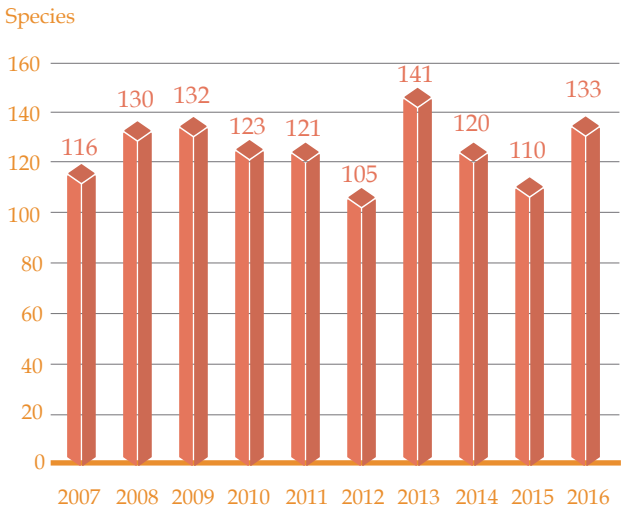
Nevertheless, to take advantage of precious water resources, we will continue to improve processes, enhance facility performance, optimize operations, and recycle wastewater to increase the efficiency of water consumption.

(4) Ecology

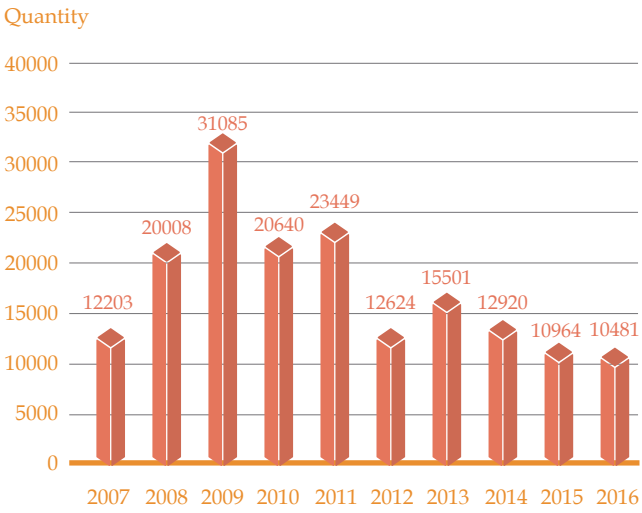
A. Terrestrial Ecology Survey

To understand the impact of the Mailiao Complex on the surrounding ecology and environment, we have commissioned professional agencies to investigate the habitats of birds, mammals, amphibians, reptiles, butterflies, and botany. According to the investigation results, as of 2016, the diversity of the flora has maintained a stable trend, while the fauna has been primarily affected by seasonal changes. No perceptible changes can be attributed to the construction of the Mailiao Complex.

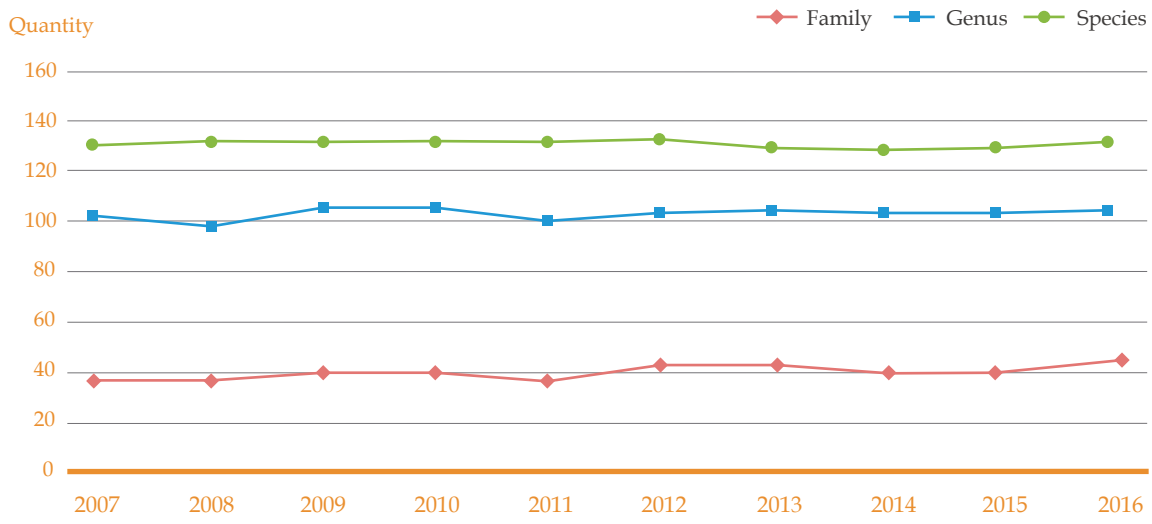
2007~2016 Fauna Species Statistics in Mailiao and Taixi Townships



2007~2016 Fauna Population Statistics in Mailiao and Taixi Townships



2007~2016 Flora Ecology Genera and Species Statistical Trends



B. Marine Ecology

Our Group has established stringent management policies for its wastewater treatment facilities. In 2016, the average daily wastewater discharged by the Mailiao Complex each month was 83,231 tons, which is much lower than the 187,638 tons stipulated by the Environmental Impact Assessment (EIA). In 2016, the inspection results complied with the relevant wastewater discharge standards.

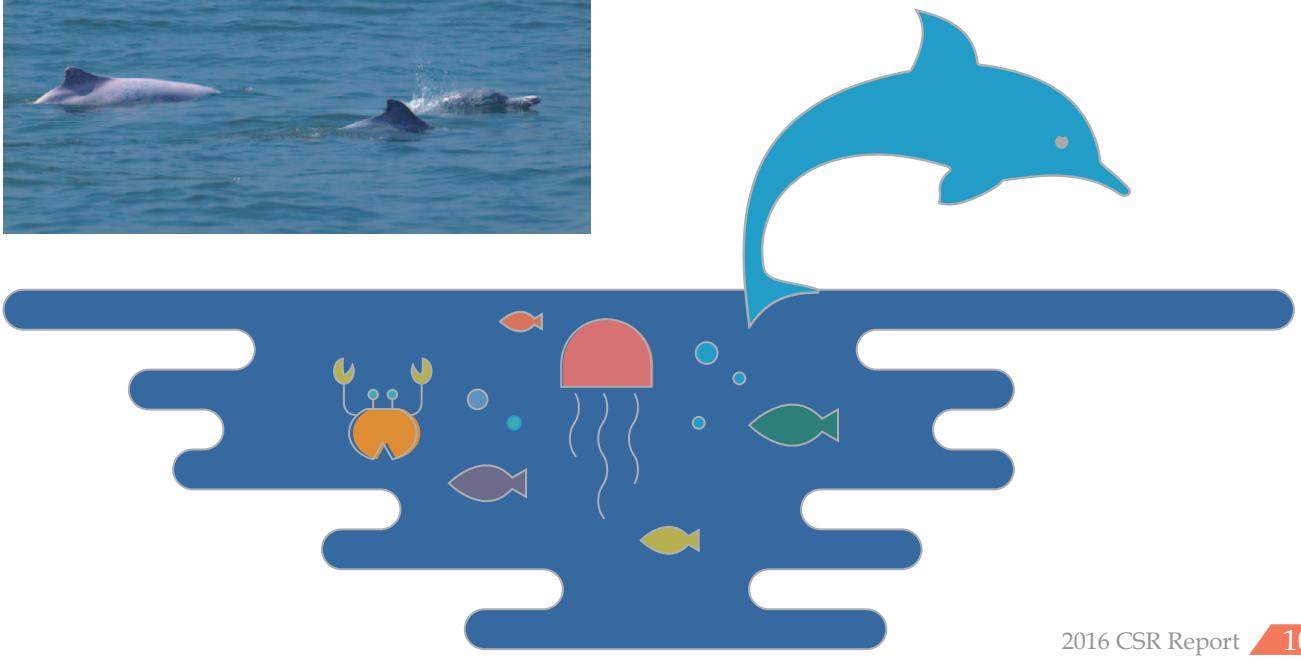
After organizing the ecology monitoring data of the marine environment near Mailiao, the investigation discovered that the number of planktonic animals and plants in the marine environment of Mailiao is often higher during summer and autumn, while spring and winter see a lower abundance. The changes in types and abundance are similar to those of the other regions along Taiwan's west coast and demonstrate a significant seasonal pattern. We use the shrimp trawler method to investigate benthos and fish resources, and the quantities of both these resources also experience seasonal change.

C. Research on the Habitat of Chinese White Dolphins

The Chinese White Dolphin was declared a critically endangered species by the International Union for the Conservation of Nature in August 2008. According to research, the dolphins' habitat is in a 3-km ocean region that spans from Miaoli to the Tainan coastal area.

To understand the habitat of the Chinese White Dolphin, the FPG commissioned professional institutes to conduct a project that included 193 excursions and sighted 202 groups and 1,021 dolphins. From photo image identification, 58 adults were identified. The main scope of these activities was the long and narrow range along the Yunlin coast (offshore <3 km and depth <15 m). Mother and child dolphins make up 50%~70% of the group with about 54% individuals, so the coastal region of Yunlin has been noted as an important breeding habitat.

In 2016, two groups of White Dolphins were observed near the Complex's discharge spot, more specifically, only 250 meters and 130 meters from the point of discharge, respectively. One group headed south, while the other group headed north. It is evident that the discharge water has not been affecting the activities of the White Dolphin, and the operations of the Mailiao Complex have had no negative effect on the habitat of these dolphins.

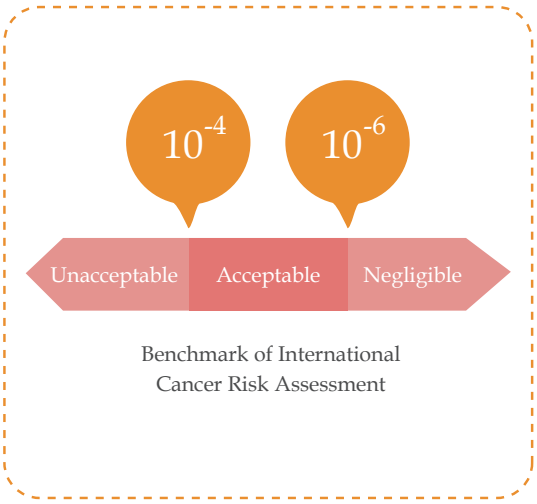


6.2 Healthcare

6.2.1 Risk Assessment

(1) Health Risk Assessment

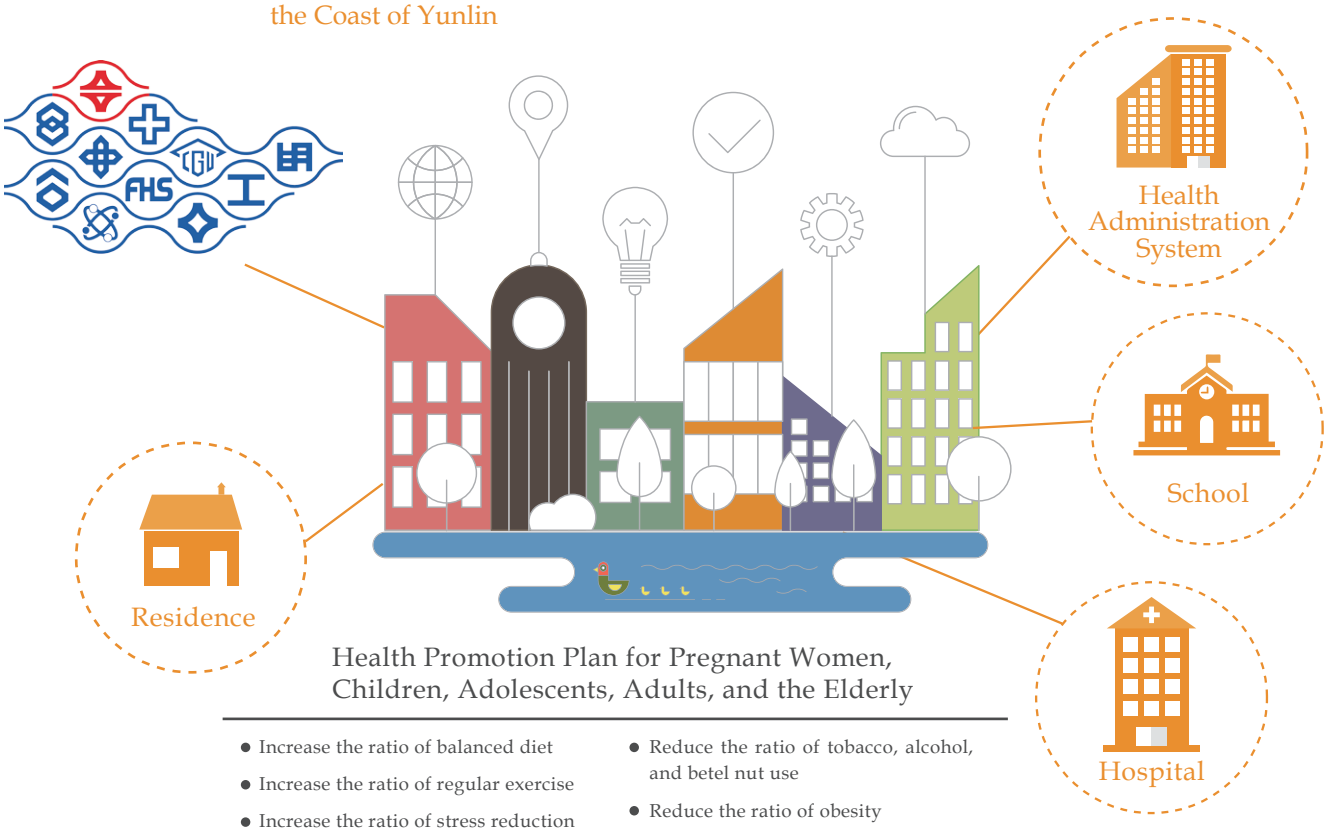
We have entrusted National Cheng Kung University to conduct a health risk evaluation program for specific hazardous air pollutants. As of 2016, 64 specific hazardous air pollutants were assessed for health risks. The area evaluated encompassed an area of 20 km x 20 km around the No. 6 Naphtha Cracking Industrial Park, including Mailiao, Taixi, Dongshi, Lunbei, and Baozhong townships. To review the health risk in more towns, the assessment will be conducted in a larger area encompassing an area of 30 km x 30 km around the No. 6 Naphtha Cracking Industrial Zone. The average cancer risk was 5.07×10^{-7} with the largest risk at 6.38×10^{-6}, both of which are between 10^{-6} and 10^{-4}. As the maximum cancer risk is lower than 1, the impact on human health is considered within an acceptable range.



Benchmark of International Cancer Risk Assessment

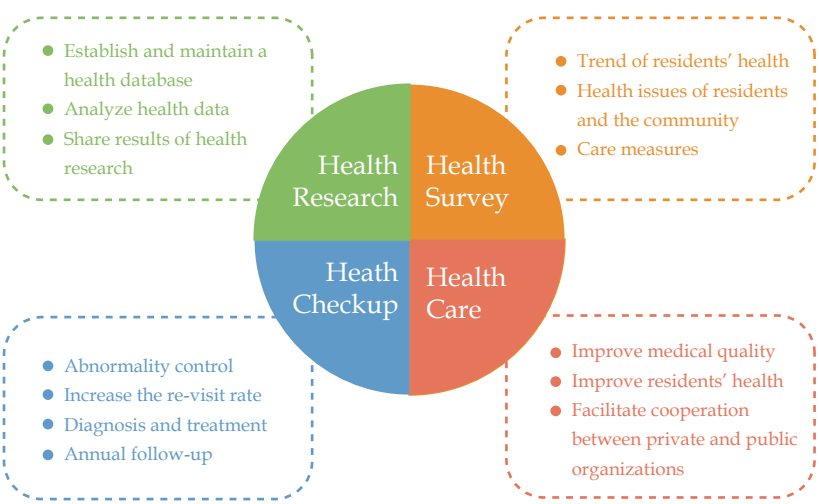
Community Health Promotion Structure in Mailiao Township

Beautiful New World: Promoting Community Health along the Coast of Yunlin



Health Promotion Plan for Pregnant Women, Children, Adolescents, Adults, and the Elderly

- Increase the ratio of balanced diet
- Increase the ratio of regular exercise
- Increase the ratio of stress reduction
- Reduce the ratio of tobacco, alcohol, and betel nut use
- Reduce the ratio of obesity
- Improve the quality of life



Hospital

Community

School

(2) Health Promotion

FPG established the Yunlin branch of Chang Gung Memorial Hospital in December 2009 to offer local residents comprehensive medical services. In 2010, Chang Gung medical and educational resources were integrated to strengthen community relations and promote health education to local residents in order to build Mailiao into a model community of advanced health standards.

A. Improving the Quality of Medical Services in Mailiao

As of 2016, Yunlin Chang Gung Memorial Hospital had a medical team of 260 personnel and 522 hospital beds and offered 24 specialist fields of Western medicine and Chinese medicine outpatient services, allowing it to provide medical services to 115,220 outpatients, 15,369 emergency patients, with a total of 19,944 hospitalization days. The scope and scale of its services shall continue to expand in order to improve the quality of medical services of Yunlin County coastal regions.


醫院評鑑合格證明書

Yunlin Chang Gung Memorial Hospital has assumed the responsibilities of providing 24-hour emergency services and improving the quality of medical services in Yunlin County coastal regions.

The DXA bone density scanner was installed to improve osteoporosis prevention and treatment for local residents

Digital Mammography X-Ray for detection of breast cancer for local residents

B. Free Health Checkups for Mailiao and Taixi Residents

To express our concern and provide medical assistance, we offer free health checkups to the residents of Mailiao and Taixi. In 2016, 11,029 residents from the two townships participated in the health checkups so that they could understand more about their health, discover potential disease threats, and receive early treatment; 784 residents exhibited abnormal health examination results.

These health checkups have won the respect and acknowledgement of local residents.

Poster of the health checkup offered to the residents of Mailiao and Taixi

C. Health Promotion for Mailiao Residents

FPG integrated the medical and educational resources of Chang Gung Memorial Hospital to promote health education and disease prevention in Mailiao. In 2016, 3,633 residents participated in the community health education, and the results of the health checkup showed consistent improvement in their health; 219 residents received the hepatitis B vaccine, and 78 of the tracked residents have developed antibodies. Furthermore, weight loss classes were organized in six elementary schools, attracting a total participation of 130 students to lose a total of 182 cm from their waistlines.

As of 2016, 22,578 residents have participated in Community Health Education, and the activity will continue to be held in order to promote healthy behaviors.

As of 2016, 2,044 residents have received the hepatitis B vaccine in Yunlin Chang Gung Memorial Hospital, and 383 of the tracked residents have developed antibodies.

As of 2016, weight loss classes organized in elementary schools have attracted a total participation of 1,002 students to lose a total of 1,360 cm from their waistlines and help them develop a correct understanding of healthy body weight.

6.2.2 Improving Quality of Life

(1) Improvement in Traffic

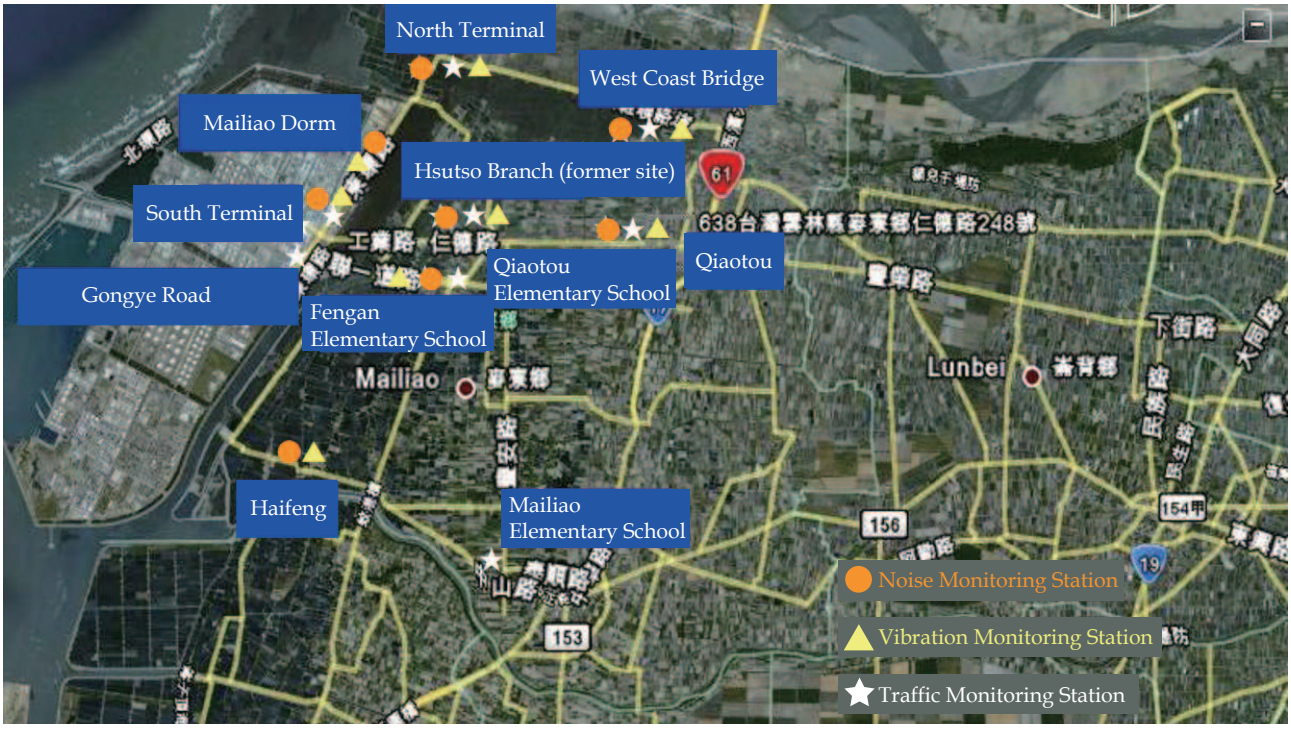
To reduce the traffic flow around the Mailiao Complex during peak hours, we have established various work schedules for employees and contractors, provide public transportation for our employees, and encourage employees and contractors to take the lane for dump trucks and Gongye Rd. We have also hired traffic police for traffic control. Furthermore, to ensure the safety of school children, we employ parents as crossing guards to provide assistance at the intersections near Qiaotou Elementary School before school to safely guide the schoolchildren across the roads.

To maintain the air quality of Yunlin County, when diesel powered vehicles apply for an entrance pass into the Mailiao Complex, an emission qualification certificate is required to be submitted. Furthermore, when a competent authority files a complaint regarding diesel vehicle emissions, contractors must submit a new qualification certificate; otherwise, entry onto the premises will not be permitted. In 2016, 17 roadside inspections were conducted in the surrounding roads of the Mailiao Complex and among the 375 diesel vehicles inspected, only two vehicles failed the inspection (Disqualification rate: 0.5%) and have already made improvements.

(2) Improvement of Noise Pollution

To understand the changes in noise around the Mailiao Complex, we routinely commission certified contractors to establish noise-monitoring stations at the North Terminal, South Terminal, Mailiao Dorm, West Coast Bridge, Qiaotou Elementary School, Hsutso Branch (old site), Fengan Elementary School, Qiaotou, and Haifeng neighborhood. The monitoring results have shown that, in addition to human activities, such as night markets, temple festivities, and school bells, as well as such animal sounds as cicadas and frogs, which result in a high value in certain monitored areas, the remaining monitored values comply with the restriction standards, indicating that the management of the Mailiao Complex has not had a significant impact on local noise levels.

Locations of Noise Monitoring Stations around the Mailiao Complex



(3) Road Maintenance

To ensure the quality of the surrounding roads, FPG has cooperated with the Yunlin County Government and established the "Road Maintenance Fund". Over the period of 2015~2018, we will be donating NT$60 million annually as government funds specifically for road maintenance. Meanwhile, every month, we will provide assistance in cleaning up the three roads from the Complex to the surrounding roads to maintain the area's cleanliness.

Road Name	Start/End Point	Distance (km)	Number of Cleaning Trips (trips/month)	Distance Cleaned (km/month)
Gongye Road	Mailiao Complex to Taiwan Highway 61	6.0	16	96
154 Road	Mailiao Complex to SanSheng Forestry Office	0.7	16	11.2
	Hsutso Bridge to Sansheng Town 16th Neighborhood	1.8	16	28.8
North Terminal Gravel Truck Road	Mailiao Industrial Complex to Taiwan Highway 17	6.4	16	102.4
Total	--	--	--	238.4

(4) Underground Pipeline Maintenance

The Company has a total of nine underground pipelines in Kaohsiung City. Due to the major gas explosion that occurred in the Qianzhen and Lingya Districts of Kaohsiung City in the early morning on August 1st, 2014, two underground pipelines, totaling 21.6 km in length, were sealed with nitrogen and deactivated.

We have dedicated personnel patrolling the pipelines every week to check for leaks using gas detectors and for other unidentified construction projects to prevent accidental digging near the pipes. Manufacturers are required to conduct advance investigation into the excavation of pipes, and the entire excavation process will be monitored by the dedicated personnel. Furthermore, we conduct inspections every three months to ensure the cathode anti-rust protection of the underground pipes and the insulation flanges remains intact.

In 2015, the Renwu Plant, Linyuan Plant, and 4th Plant were included in the Kaohsiung Industrial Zone Regional Pipeline Joint Defense Committee established by the Industrial Development Bureau and the Kaohsiung City Government. The Linyuan Plant and 4th Plant have been included in the organization of Cluster 3, while the Renwu Plant is under the organization of Cluster 8. Furthermore, close electric potential measurements and certification have been conducted to ensure that we conform to international standards and reinforces the inspections of external corrosion. A two-way information sharing platform has also been established to allow information to be sent and received for the early detection of abnormal conditions, monitoring by supervisory departments, and strengthened management of underground pipeline safety. Last but not least, the Intelligent PIG (IP) is used in the interior inspection of pipelines to obtain inspection data to establish a corrosion database with the aim that such a database will be used as a reference point for future maintenance and equipment integrity.

Kaohsiung City Government announced the "Kaohsiung City Existing Industrial Pipelines Management and Maintenance" on July 16th, 2015. The Company submit its Maintenance Program Book every October 31st ever since in accordance with the provisions. In the future, the Company shall commission third-party agencies to conduct verification inspection on the integrity of the pipeline equipment in order to strengthen the pipeline safety management of the Company, as well as actively participate in joint defense operations of pipe clusters and planning for contingency response drills of the joint defense team. Joint defense exercises will be conducted annually.

6.2.3 Education Promotion

To promote a circular economy and water and electricity conservation in the No. 6 Naphtha Cracking Project and disclose FPG's environmental protection efforts, FPG aims to make the Mailiao Complex a certified venue for environmental education. According to government policy, every senior high school student or below is required to participate in environmental education and a field trip of at least 4 hours every year. To balance environmental protection and industrial development, we invite students to visit the Mailiao Complex and witness its water, electricity, and ecological conservation in the hope of teaching them the importance of environmental protection at an early age.

After leading the team to investigate the Mailiao Complex, Professor Lin, Ming-Jui from National Taichung University of Education expressed that the environmental monitoring center and the ecological laboratory of Grandmother Memorial Park and the Administration Building had been equipped with an outstanding infrastructure for environmental education. With the establishment of certified trainers, training materials, and additional facilities, these places can be used as venues for environmental education.

The environmental education plan in the Mailiao Complex is divided into four subjects:

(1) Humanities: This subject explains Taiwan's industrial development and the construction process of the No. 6 Naphtha Cracking Project. The statue of Grandmother has been erected to demonstrate the industrious and simple spirit of the two founders.

(2) Ecology: This subject explains the wind and cold-resistant trees, ponds, and unique geography in Grandmother Memorial Park, which is also the best habitat for wildlife.

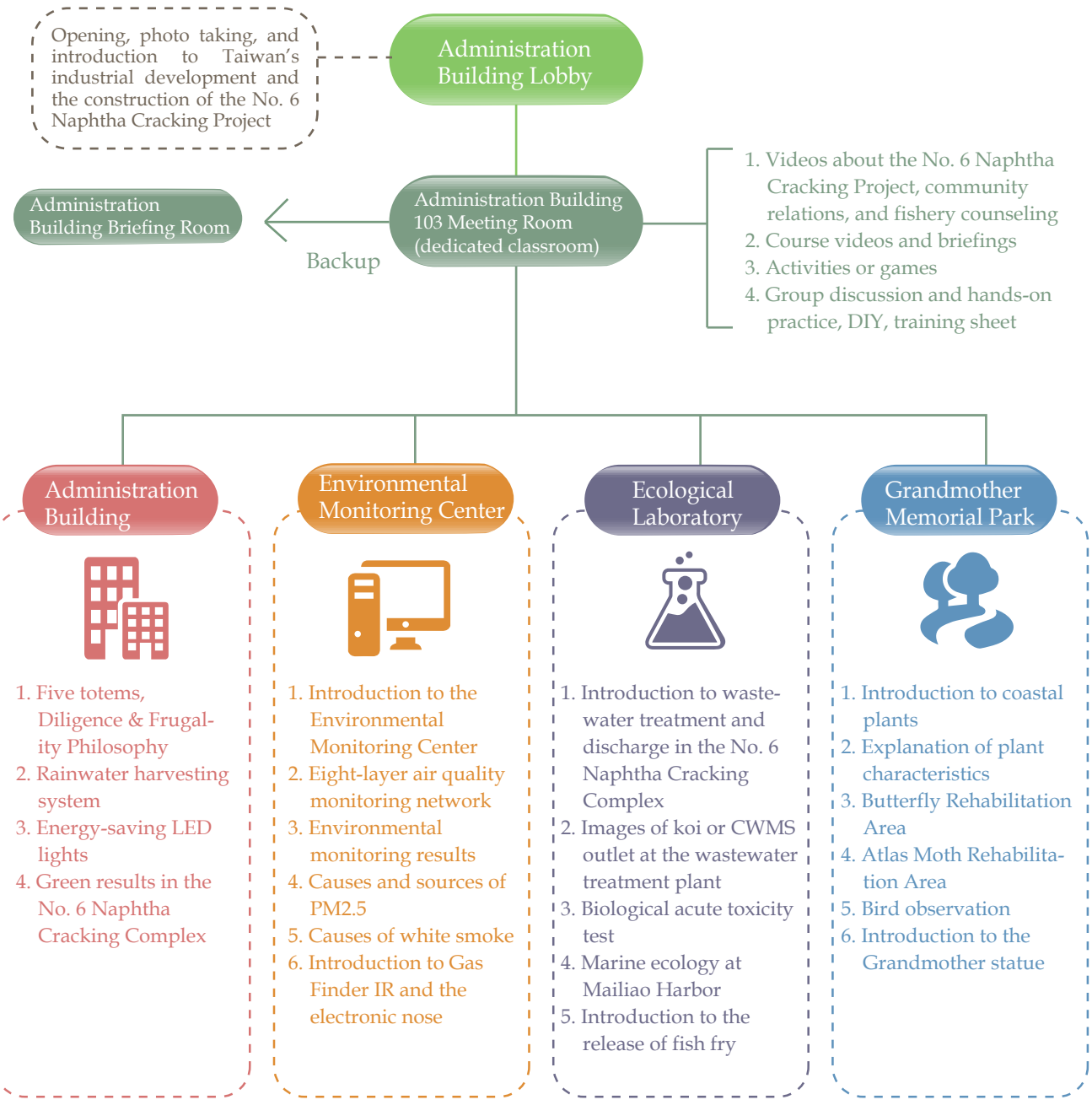
(3) Environmental Protection: The environmental monitoring center can instantly monitor environmental quality and then take measures to prevent abnormalities. Living aquatic creatures bred and tested by the ecological laboratory prove the good management of effluent quality in the Mailiao Complex. Furthermore, the No. 6 Naphtha Cracking Project has actively promoted the rehabilitation of marine resources by releasing fish fry in cooperation with Yunlin County Fishermen's Association to increase the income of nearby fishermen.

(4) Water and Electricity Conservation and Circular Economy: A circular economy between factories and water and electricity conservation actions teaches students to fulfill energy conservation and carbon reduction, develop a correct concept of waste recycling, and promote these ideas among families.

Environmental education facilities in the Mailiao Complex:

Combining the environmental monitoring center, the ecological laboratory of Grandmother Memorial Park and Administration Building, and dedicated trainers and volunteers, the environmental education plan in the Mailiao Complex is summarized as follows:

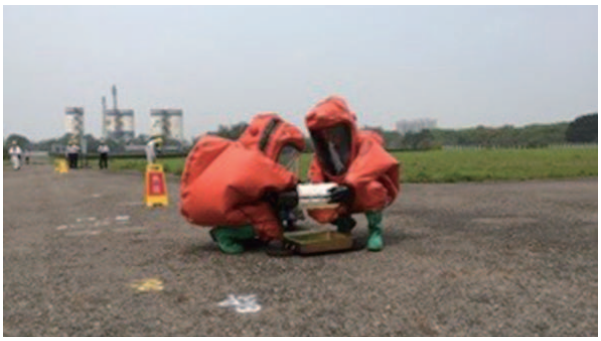
Environmental Education Venue in the Mailiao Complex



6.2.4 Promoting the Disaster Prevention Plan

In 2016, in addition to 46 internal training programs, the Company cooperated with relevant disaster relief departments from various county/city governments to co-organize eight joint exercise drills, including the emergency response exercises for the transportation of toxic chemical substances, fire drills, and the emergency response drill for underground pipeline accidents, in order to strengthen disaster response capabilities. In addition to improving the emergency response competency of the Company, the drill also extended to cooperating contractors and strengthened the transportation safety of our products. The competent authorities can make use of these opportunities to understand the various disaster relief modes of the new disaster types.

Drill Date	Complex	Plant	Drill Subject
2016.04.01	Renwu	VCM Plant	Underground Pipeline Cluster Eight Joint Exercise Drills
2016.07.22	Mailiao	ECH Plant	ECH Joint Test in Cooperation with the Environmental Protection Administration
2016.10.26	Renwu 4th Plant	HCFC Plant Warehousing & Shipping Department	Emergency Response Exercises for Chloroform in Cooperation with the Environmental Accident Technical Team
2016.11.02	Renwu	Tairylan Plant	Emergency Response Exercises for Dimethylformamide in Cooperation with the Environmental Accident Technical Team
2016.11.03	Renwu Linyuan	Caustic Soda Plant VCM Plant	Emergency Response Exercises for Chlorine Gas in Cooperation with the Environmental Accident Technical Team
2016.11.04	Renwu Linyuan 4th Plant	VCM Plant Warehousing & Shipping Department	Emergency Response Exercises for Vinyl Chloride in Cooperation with the Environmental Accident Technical Team
2016.11.09	Hsinkang	POM Plant	Emergency Response Exercises for Flange Leakage of Formaldehyde Storage Tank in Cooperation with Hsinkang Fire Squad
2016.12.19	Tungshan	Carbide Plant	Fire Drill for Diesel Storage Tanks in Cooperation with Tungshan Fire Squad



Underground Pipeline Joint Exercise Drill

ECH Drill in Cooperation with the Environmental Protection Administration

Emergency Response Exercises for Chloroform in Cooperation with the Technical Team

Emergency Response Exercises for Dimethylformamide (DMF) in Cooperation with the Technical Team

Emergency Response Exercises for Chlorine Gas in Cooperation with the Technical Team

Emergency Response Exercises for Vinyl Chloride in Cooperation with the Technical Team

Fire Drill in Cooperation with Hsinkang Fire Squad

Fire Drill in Cooperation with Tungshan Fire Squad

6.3 Local Industry Development

To protect the livelihood of local residents and demonstrate our determination to encourage co-development with other local industries, FPG has commissioned professional teams to conduct specialized counselling for the agriculture and fishery industries in the Mailiao, Taixi, and other regions to improve the economic value of agricultural and aquacultural products.

6.3.1 Agricultural Counseling

(1) Quality Improvement of Agricultural Products and Agricultural Strategy Counseling

As of 2016, FPG has offered scientific cultivation guidance to 130 farming households in Mailiao, Taixi, Sihu, Dongshi, Dacheng, and Baozhong townships. After the guidance, the production capacity and quality showed improvement when compared to previous productions. The cultivation concepts of health integration were introduced to produce "quality and safe" agricultural products and promote development towards the objective of "brand establishment." Currently, 14 farmers have obtained organic certification and one agricultural production & sales class has obtained the agricultural product traceability certification. Next, FPG will plan and establish contact with these certified organic farmers to become organic vegetable suppliers for Formosa Vegetable. Through chain convenience stores under the President Chain Store Corporation, the goals of improving farmers' income and living standards and creating common prosperity for the Company and local development can be achieved.

Training of Agricultural Product Quality Improvement

Achievement Presentation of Agricultural Product Quality Improvement

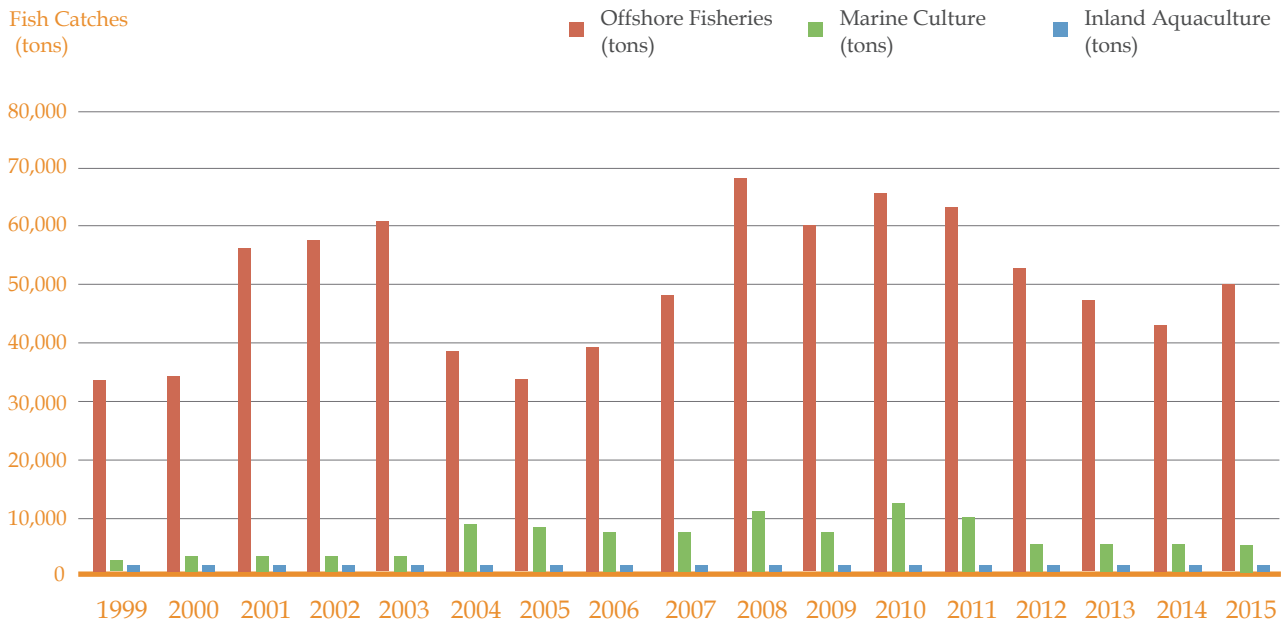
(2) Subsidies for Reforestation

FPG began participating in the Environmental Friendliness Project with Yunlin County Government in August 2010 to provide subsidies in line with the regulations of the Forest Bureau, Council of Agriculture. Since 2011, we have been offering subsidies for a 10-year reforestation project for up to 2,600 hectares. As of 2016, we have participated in an afforestation area of 1,099 hectares in Yunlin County and has offered NT$866 million in subsidies. In line with county government policies, the subsidy scope was expanded to afforestation projects in areas with tillage difficulty and the transformation of waste betel nut farms. In 2016, FPG subsidized an area of 6 hectares at the amount of NT$1.08 million.

6.3.2 Fishery Counseling

(1) Survey of Fish Catches

According to the annual fishery report provided by the Fisheries Agency, since the development of the Mailiao Complex in 1993 to 2015, the average weight of fish caught annually is approximately 58,535 tons, amongst which offshore fisheries account for 0.51% (296 tons), marine culture accounts for 11.46% (6,706 tons), and inland aquaculture accounts for 88% (51,532 tons), which shows that the fishery industry in Yunlin County is primarily based on inland aquaculture. In recent years, the fishery production yield has increased annually; therefore, the impact of Mailiao Complex operations on fishery activities has not been significant.



Source: Fisheries Agency Annual Fishery Report in 2015.

(2) Fishery Counseling

Upholding the spirit of local operations and prosperity, we have commissioned domestic professional organizations to implement the "Yunlin County Aquaculture Fisheries Technology and Value-Added Fishery Product Improvement Project". In 2016, 110 fishermen were guided to stimulate the growth of clams with fermented feed, which increased the survival rate by 20%~30% and reduced the breeding period by 2~3 months; the health risk management model was introduced to culture ponds to increase the survival rate of fish. Furthermore, a total of 36 fishermen obtained national product traceability certification and were qualified in the test of drug residues in 2016, showing outstanding aquaculture safety results.

Achievement Presentation of Agricultural and Fishery Products in Yunlin

News Report of Fishery Counseling Program

(3) Release of Fish Fry

Since FPG built the No. 6 Naphtha Cracking Industrial Zone through reclamation along the coast of Mailiao Township in Yunlin County, we are responsible for ensuring the quality of the neighboring seas and fishery resources during construction and operations, in addition to continuously monitoring the marine environment and ecology. Upholding the spirit of eco-friendliness, we have released fish fry in the seas near the Mailiao Complex to enrich local fishery resources and increase the yield of fishery catches. As of 2016, the total number of fish fry released has reached 3.79 million. Furthermore, to actively promote and teach the others about the preservation of fishery resources, we have specifically invited marine professors to conduct annual seminars in elementary schools. Through both the preservation of marine ecology and the introduction to fish fry releasing, teachers and students can understand the characteristics of marine ecology, the overall plan and progress of the release of fish fry, and the efforts made by the Group towards ensuring a friendly environment and hopefully promoting the preservation of fishery resources.

2008~2016 Fish Fry Releases Near the Mailiao Complex

Year / Species	Quantity Released (10 Thousand Fish Fry)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Asian Pompano	5.5	16.3	0	1.8	0	0	0	0	0	23.6
Silver Grunt	3	0	0	0	0	0	0	0	0	3
Goldlined Seabream	2	0	4.56	0	0	0	0	0	0	6.56
East Asian Fourfinger Threadfin	15	0	0	0.2	19.37	10	38.84	37.89	31.79	153.09
Silver Perch	0	2	3.1	2.2	0	3.55	4	0	0	14.85
Pink Snapper	0	0	2.6	0	0	0	0	0	0	2.6
Mud Bream	0	0	2.67	0	0	0	0	0	0	2.67
Red Striped Snapper Fly	0	0	0	16.3	7.06	0	0	0	0	23.36
Snub-nose Dart	0	0	0	0	7.79	13.2	30.98	28.17	25.69	105.83
Silver Striped Snapper Fly	0	0	0	0	0	10	0	0	0	10
Cobia	0	0	0	0	0	0	1.28	0	1.23	2.51
Black Seabream	0	0	0	0	0	0	0	31.36	0	31.36
Total	25.5	18.3	12.93	12.93	34.22	36.75	75.1	97.42	58.71	379.43

Source: FPG Database.

Release of Fish Fry

6.4 Community Relations

Caring for Other Underprivileged Groups

Visiting with Gifts on Festival Days

Employees will visit low-income families and solitary seniors on the festive holidays or other special occasions and present them with gifts.

Second-Hand Market

Employees and neighboring residents are invited to donate second-hand products for charity sales, and charity organizations are invited to set up booths. Proceeds from the sales are donated to charity organizations.

Environmental Volunteers

Environmental maintenance in the community and mountain/ beach clean-up activities.

Visits and Communication Channels

Send representatives to visit government departments, environmental protection departments, local organizations, village offices, and neighboring residents to promote company policies and answer questions.

Caring Services for the Elderly and the Young

Labor intensive services, such as environmental maintenance or school work guidance (student companion), are offered at registered welfare organizations, and we assist the departments in organizing activities.

6.4.1 Visiting and Establishing Channels of Communication

To better improve our community relations, the Company has established Good Neighbor Teams and volunteer groups to promote the implementation of our neighborhood relation measures. Every month, representatives are sent to visit government departments, environmental protection and local organizations, township and community offices, nearby residents, and other local groups to listen to their opinions and promote our implementation policies to the community, enabling community residents to understand our intentions and allowing us to establish friendly relationships of mutual trust and support.

Environmental Group's Visit to the Environmental Monitoring Center

6.4.2 "Factory and Community as One" - Promoting Factory and Community Unity

Under the guidance and supervision of the Company, Renwu and Mailiao Plants have organized the annual "Factory and Community as One" campaign. With the voluntary participation of labor unions, employees, volunteers, and invited community residents, activities include volunteer medical services, blood donations, and charity fairs. The profits generated by such activities are donated to local groups in need. By organizing these charity and traditional arts events, we hope to promote closer ties with community residents and achieve Factory and Community Unity.

The Renwu Plant organizes the "Factory and Community, United as One" activity

Long-term Blood Donation Campaign at the Plant

6.4.3 Promotion of Environmental Volunteerism and Keep the Environment Clean

To promote closer ties with local communities, the Company will continue to promote "Environmental Volunteer Day". An environmental volunteer team consisting of management supervisors and employees uses one hour before work or their free time on weekends to participate in environmental maintenance activities in the community, such as sweeping the streets near the factories and mountain or beach clean-up projects, in order to improve the cleanliness of the neighborhood. Our company has also adopted local open spaces for beautification to provide recreational areas for leisure activities for the community.

Environmental Volunteer Sweeping Activity

6.4.4 Local Community Involvement and Giving Back to the Community

The management approach of the Company is based on the idea of "taking from the society, giving back to the society". We continuously invest in local charity events and engage in community involvement. For large events or charity events organized by nearby organizations and schools, such as county/city sports competitions, competitions and events for the disabled, temple activities, school anniversaries and sporting events, community activities and celebrations, weddings and funerals, our company is always willing to provide assistance to maintain its friendly relationship with the community.

"Meal Load" Festival in Maming Mountain, Baozhong Township

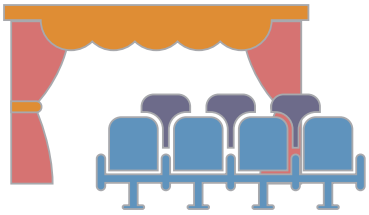
Temple Celebrations in Anxi Temple, Taixi Township

6.4.5 Treasuring Traditional Culture and Folk Arts

To promote the features of traditional arts and local culture, Yilan, Taipei, Changhua, Yunlin, Chiayi, and Kaohsiung Plants were selected for a six-year cooperative partnership with the "Yiwanran Puppet Theater Troupe", "Paper Windmill Theater", and "Ming Hwa Yuan Arts & Cultural Group" to offer public performances to the community while promoting their enjoyment of aesthetics education with the sponsorship of Wang Jhan-Yang Charitable Trust Fund. Our new partners in 2016 were Ifkids Theatre and TLT Lion Troupe. As of 2016, more than 260,000 people have enjoyed these performances, which were always met with great enthusiasm and applause.

Ifkids Theatre Community Performance

Ming Hwa Yuan Arts & Cultural Group Performance



6.4.6 Caring for Vulnerable Groups and Spreading Love to Every Corner

To further show our concern for the community, give back to local residents, and care for vulnerable groups and poor families (students), all of the Company's complexes organize regular charity events and fairs for children in need. The proceeds generated are donated to local charitable organizations to assist poor students and subsidize their scholarships.

Furthermore, our employees, partnership suppliers, and contractors have all established charitable organizations to offer volunteer caring services for seniors, children, and other groups in need, as well as provide emergency assistance to local residents. In 2016, the emergency relief funds received from the Ching Pao Charitable Trust Fund reached NT$ 3.543 million. Hopefully, through the long-term caring actions of both enterprises and employees, care and concern for humanity will be spread to every corner of society, thus creating better and more caring communities.

Presents on Festive Holidays for Low-income Households

Scholarships for Students in Mailiao and Taixi Township

6.4.7 Promoting Employee Volunteers to Convey Social Warmth

To further promote volunteer services and culture and increase employee participation in volunteer services, we have continued to promote a variety of volunteer events and encouraged employees to use their weekends and off-duty hours to engage in environmental maintenance and school work guidance (student companion) at public registered social welfare organizations, as well as assist relevant departments in activities like donating supplies needed by charitable organizations, tidying homes for solitary seniors, charitable donations, volunteer services, and participating in family events for year-end festivities and holidays.

Since we began recording volunteer service participation in 2011, we have also introduced rewards for every 15 hours that employees contribute in volunteer services. Furthermore, to promote the concept of "Charity Starts with Youth", employees may apply for certificates of service hours to show encouragement and recognition of not only their participation but also their children's with regard to volunteer events organized by the Company, thus hopefully spreading their warmth to society as well.

2016 Results of FPC Volunteer Event Participation

Type of Event	Collaborating Organizations	Number of Times Organized	Volunteer Participation
Volunteer Day	Local community and charitable organizations	5	277
Blood Donation	Local communities and government departments	8	193
Factory and Community as One	Local charitable organizations and non-profit organizations	14	348
Elementary School Civic Education Advocate Arts Promotion	Non-profit organizations	6	35

7 Social Welfare

7.1 Charitable Donations

In order to realize the philosophy of our two founders, we actively collaborate with the government and private organizations to comprehensively understand society's needs and provide assistance to vulnerable groups. Over the years, we have invested approximately NT$ 53.26 billion in educational, medical, and social welfare charities to continuously provide assistance for those in need.

Summary of Charitable Donations by Formosa Plastics Group

Unit: NT$0.1 Billion

Year	Category	Charitable Activity	Donated Amount
1960 | 1980	Education	● Founding of Ming Chi University of Technology and subsequent donations ● Founding of Chang Gung University and subsequent donations ● Founding of Chang Gung University of Science and Technology and subsequent donations	278.6
	Medical	● Founding of Chang Gung Memorial Hospital * Assisting the poor with access to medical services	28.4
1990	Care for Vulnerable Groups	● Assisting indigenous students with receiving education, employment, and other subsidies * Donation of cochlear implants ● Improving the service quality of physically and mentally disabled welfare groups ● Children's and women's welfare ● Donations to Taipei, Kaohsiung, and Yunlin Second Prisons for the Rainbow Project and drug withdrawal program for prisoners with AIDS	31.9
2000 | Present	Environmental Care	● Recycling of kitchen waste ● Planting of organic crops ● Afforestation	12.4
	Care for the Elderly	* Establishment of Chang Gung Health and Culture Village ● Donation of pneumococcal vaccines to the elderly	5.4
	Disaster Zone Reconstruction	** Donations for the reconstruction of 76 old and dangerous schools in areas damaged by the 921 Earthquake and Typhoon Morakot, as well as other counties/cities.	47.9
	Cultural Promotion	● Donations to local culture and performance groups	0.7
	Sports Promotion	● Promotion of sports and training of athletic talents	1.8
	Health Promotion	● Health promotion and related academic research	2.0
	Community Investment	● A variety of partnerships with neighboring communities around FPG factories to address social issues	115.6
	Other	● Chang Gung Social Welfare Fund and other donations	7.9
Total			532.6

Notes: 1. * Donations made from the profits of Chang Gung Memorial Hospital are not included in the total donation amount.
2. ** Denotes reconstruction of old and dangerous schools, including those currently under construction.
3. This chart only reflects donations made in Taiwan.

7.1.1 Reconstruction of Old & Dilapidated Schools and Schools Devastated by Disasters

As of 2016, Formosa Plastics Group had adopted a total of 76 reconstruction projects of schools damaged by the 921 earthquake, Typhoon Morakot, or the Jiasian earthquake. So far, 66 reconstruction projects have been completed and transferred to school authorities for use, while 10 projects are still under construction.

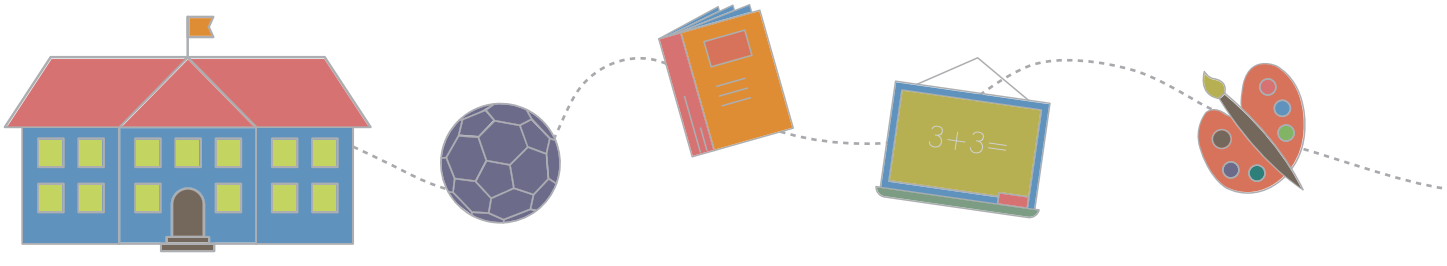
High School and Elementary School Reconstruction Projects Adopted by Formosa Plastics Group

Type	Year of (Estimated) Completion	Number of Schools	Amount Donated (NT$1,000)
Reconstruction Projects after 921 Earthquake	2000	5	550,015
	2001	11	
	Subtotal	16	
Reconstruction of Old and Dilapidated Schools After Typhoon Morakot and the Jiasian earthquake	Before 2016	50	3,506,782
	After 2017[Note]	10	92,720
	Subtotal	60	3,599,502
		Total 76 schools	4,149,517

Note: Statistics after 2017 are that of projects that have not yet been completed.

Completion of the Adopted Outdoor Court Reconstruction Project at Zhuhou Elementary School in Kaohsiung City

Adopted PU Track Reconstruction Project at Dashu Elementary School in Kaohsiung City



7.2 Promotion of Medical Services and Education

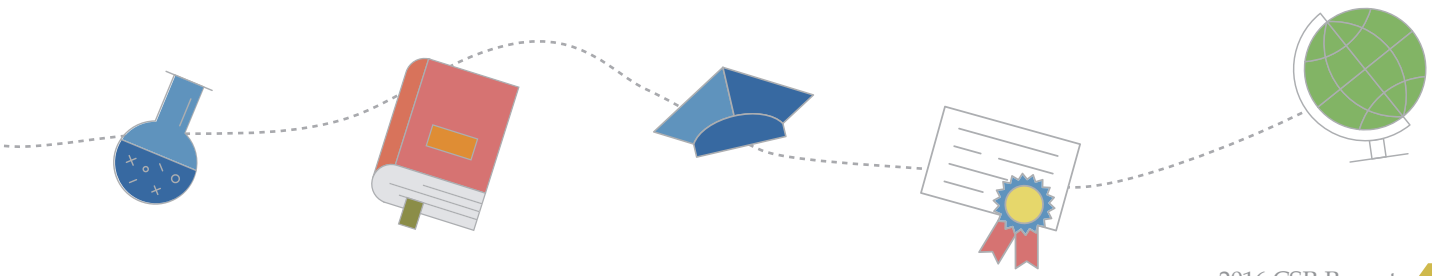
7.2.1 Chang Gung Medical System

Concerned about the lack of medical resources in Taiwan in the 1970s, the two founders of Formosa Plastics Group felt the need to give back to the society and decided to establish a non-profit medical center and teaching hospital. The Taipei Chang Gung Memorial Hospital began to offer medical services in December 1976. During the past 40 years of hard work, branches have also been established in Taipei, Linkou, Keelung, Kaohsiung, Chiayi, Taoyuan, and Yunlin to offer preventive medical services, acute medical treatment, chronic medical treatment, Chinese medicine, long-term healthcare, and community health promotion. Led by the advancements of Chang Gung Memorial Hospital, the average number of hospital beds per ten thousand people in Taiwan has increased from 19 in 1976 to 69 now, (Source: Ministry of Health and Welfare statistics), allowing Taiwan to surpass even such advanced countries as the UK and the U.S.

In addition to serving citizens in the cities/counties where they are located, Chang Gung Memorial Hospital also provides medical services and care for groups in need in remote areas of Taiwan. In case of medical disasters overseas, Chang Gung Memorial Hospital immediately provides emergency rescue and engages in medical outreach and health education, in addition to helping build medical institutions in countries that lack medical resources, such as Burkina Faso, Cambodia, Indonesia, and Myanmar. Chang Gung Memorial Hospital also trains medical personnel worldwide to fully demonstrate the spirit of love without borders.

7.2.2 Establishment and Current Profile of the Three Universities

In 1963, Formosa Plastics Group founded the Ming Chi Institute of Technology (now known as Ming Chi University of Technology) in order to develop industrial professionals. With the establishment of Chang Gung Memorial Hospital in 1976, Chang Gung Medical College (now known as Chang Gung University) was subsequently founded in 1987, and Chang Gung Institute of Nursing (now known as Chang Gung University of Science and Technology) was established shortly thereafter in 1988 to train outstanding medical professionals. These three universities share the same core values of "Diligence & Frugality". Furthermore, cooperation between industry and academia and the development of the internship system are implemented to develop students that are independent and diligent and that can integrate theory and practice in order to cultivate outstanding professionals with knowledge and ability.



7.2.3 Education and Employment Assistance for Indigenous Youths

Since 1995, the Group has spared no efforts to provide educational assistance so that indigenous youths can learn technical skills. Female students are recruited from the aboriginal population to receive an education in Chang Gung University of Science and Technology in medical healthcare to become healthcare professionals, while Ming Chi University of Technology offers Technical Training Courses for the Aboriginal Population to help youths who have discontinued their studies to develop skills for employment. All studies and living expenses are paid for through donations from our two founders. Internship programs are also offered to help the students reduce their financial burdens at home. So far, more than 5,400 students have benefitted from the programs, and the scholarship amount has surpassed NT$ 1.7 billion.

School	Courses Offered	Number of Beneficiaries	Amount of Subsidies
Chang Gung University of Science and Technology	Nursing Courses for the Aboriginal Population	3,596	Approx. NT$1.27 billion
Ming Chi University of Technology	Technical Training Courses for the Aboriginal Population	1,783	Approx. NT$0.43 billion
	Diploma Courses for the Aboriginal Population		
	Advanced Industrial Diploma Courses for the Aboriginal Population		
	Technical Diploma Courses for the Aboriginal Population		

7.3 Social Assistance

The two founders of the Formosa Plastics Group established seven charitable trust funds and foundations, which operate in concert with private groups and specialists to promote social welfare in a comprehensive, integrated, and systematic manner. The aim of these foundations is to ensure that social welfare groups and those in need are given appropriate care. Each charity project represents a unique initiative in our country.

Seven Foundations, Trust Funds, and Projects

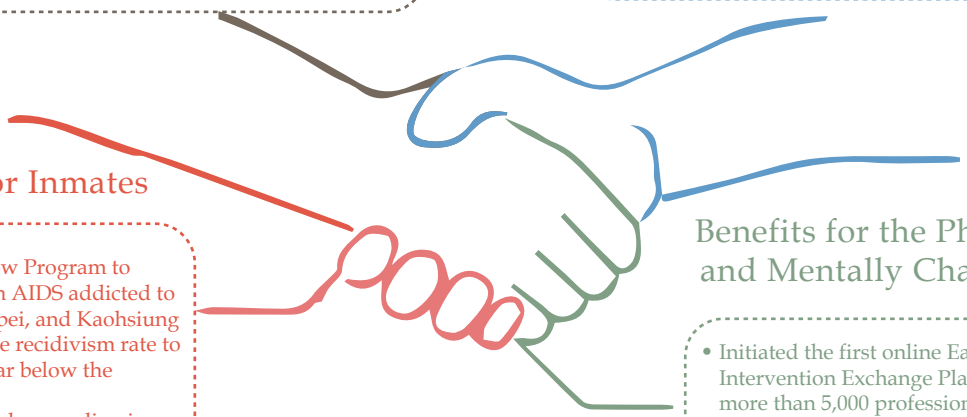
- ☑ Elite Athletic Talents Training Program
- ☑ Medical and Economic Assistance Program for Rare Diseases
- ☑ Ecological Farm Subsidy Program for the Disabled
- ☑ Economic Assistance Program for Families Affected by Domestic Violence
- ☑ Economic Assistance Program for Unmarried Teenage Mothers
- ☑ Assistance Program for Aboriginal Youth Education and Employment
- ☑ Scholarships for Underprivileged Students
- ☑ Senior Housing Improvement Program
- ☑ Senior Health and Vitality Center Plan
- ☑ Sunny Program
- ☑ Rainbow Program
- ☑ Pneumococcal Conjugate Vaccine Program for Seniors
- ☑ Early Intervention Plan for Patients with Mental and/or Physical Impairments
- ☑ Development of Taiwan's Unique Culture
- ☑ Athletic Talent Foreign Training Programs
- ☑ Other Donations

Benefits for Seniors

- Donated a total of 1,060,000 doses to the Pneumococcal Conjugate Vaccine Program for seniors over 75 years old from 2007 to 2016. The vaccine program saved at least NT$12 billion in medical expenses for the government
- Promoted the Senior Housing Improvement Program for Solitary Seniors in eleven cities/counties in Taiwan, with 609 houses repaired so far

Fostering Athletic and Cultural Talents

- Donated NT$ 70 million to local cultural troupes
- Donated more than NT$ 175 million for the cultivation of outstanding talents in tennis, table tennis, billiards, badminton, and golf; Chang Gung Memorial Hospital also provided health examinations and clinics for sports injuries



Assistance for Inmates

- Provided the Rainbow Program to counsel inmates with AIDS addicted to drugs in Yunlin, Taipei, and Kaohsiung in order to reduce the recidivism rate to 1 out of 4, which is far below the average of 70%-80%
- Provided professional counseling in the Sunny Program for inmates to reduce the recidivism rate to only 15.5%, which is far below the average rate of 60%-70%

Benefits for the Physically and Mentally Challenged

- Initiated the first online Early Intervention Exchange Platform with more than 5,000 professional members; independently developed professional teaching materials were downloaded over 95,000 times
- Initiated the Subsidy Program for the Early Intervention Community with 20 sites in Taiwan in order to balance resources for vulnerable social groups

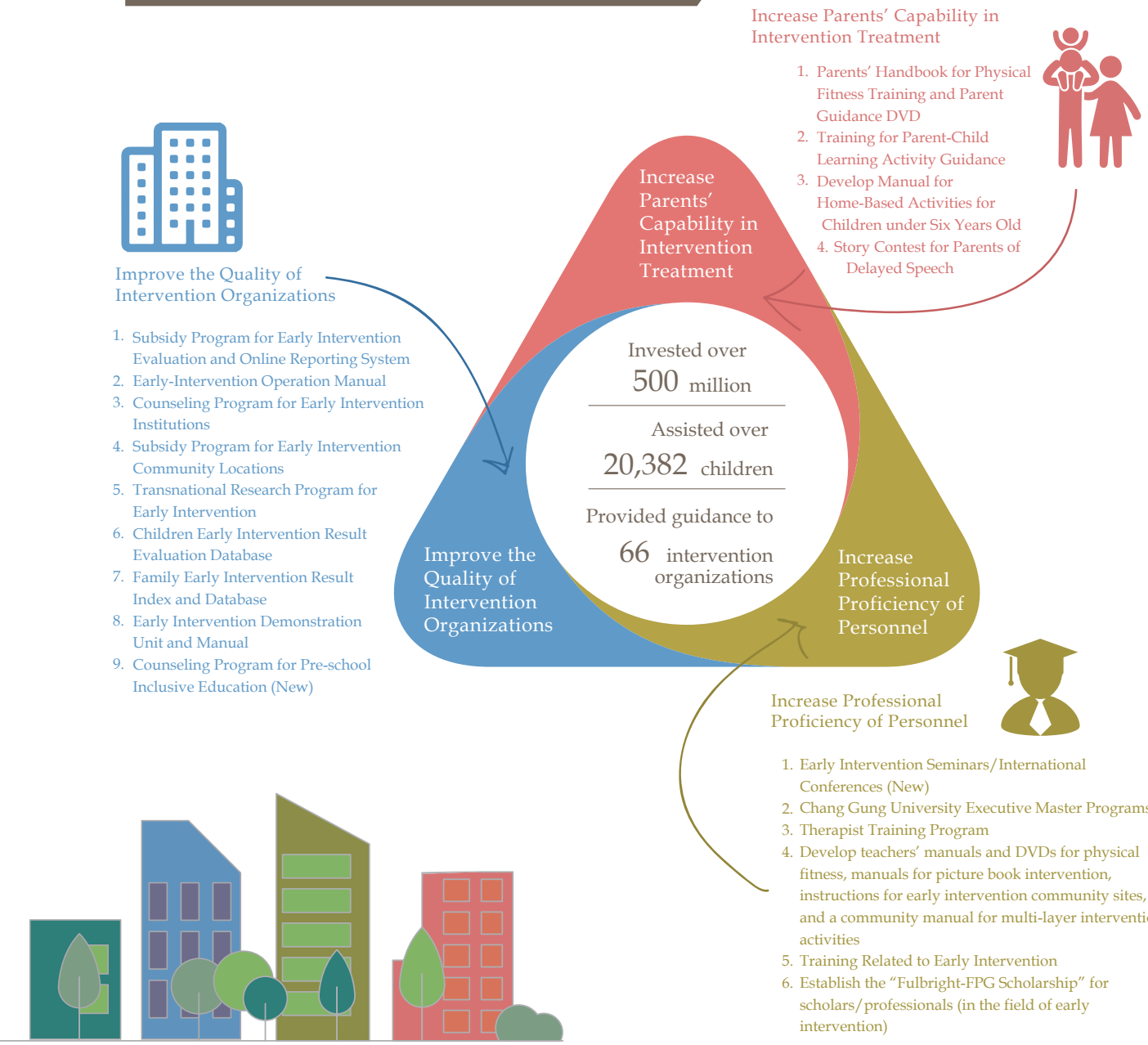
Benefits for Women and Children

- Cumulative donations of scholarships for poor students have reached more than NT$ 75.01 million and provided assistance to a total of 5,641 students.
- Investments of nearly NT$ 1.27 billion for the opening of Nursing Courses for Aboriginals to develop female aboriginal students into nursing professionals
- Investments of over NT$ 0.43 billion to offer Technical Training Courses for Aboriginals to help aboriginal students develop employment skills

7.3.1 Early Intervention Plan for Patients with Mental and/or Physical Impairments

Research has found that treatment before the age of six is the golden period for congenital defects and that treatment before the age of three has shown a ten-fold improvement compared to treatment after the age of three. Therefore, receiving early intervention treatment is the key to returning to normal education and fitting into society, thus reducing the burdens on both family and the community. Through the intervention and investment of various projects, we expect to see an increase in organization quality, personnel's professional proficiency, and parents' awareness within a short period of time in order to help more children receive quality intervention treatment services. As of 2016, we have invested more than NT$ 0.5 billion, helped 20,382 children, and provided guidance and subsidies to 66 organizations.

Three Approaches of FPG's Early Intervention Services



(1) Quality Improvement of Organizations

A. Applications for grant funding：In 2016, 37 organizations applied for grants, and approximately NT$ 21.47 million was provided to the 35 organizations that passed the evaluation.

B.The Subsidy Program for Early Intervention Community Sites continued to be promoted, during which 20 treatment sites were set up by commissioned outstanding agencies in areas with poor early intervention resources, thus providing diverse services for developmentally delayed children.

C.Empirical, family-based, and inclusive Early Intervention Programs were promoted in cooperation with domestic universities from 2015 to 2017. The early intervention result evaluation system and the demonstration manual were also established.

(2) Improvement of Professional Proficiency and Early Intervention Training for Parents

A. Seminars and Presentations

We have been organizing annual seminars and presentations on early intervention since 2009. We also offer courses to organizations that have been previously evaluated as requiring improvements. In 2016, the seminars were attended by 226 participants, representing 107 organizations. The purpose of these seminars and presentations is to improve the quality of the respective organizations' early intervention practices.

B. Establishment of an Early Intervention Exchange Platform

To promote exchange among the early intervention institutions in Taiwan, the Early Intervention Forum was established on the Wang Jhan-Yang Social Welfare Foundation website to encourage organizations to share their information, new knowledge and files, and early intervention manuals and films developed by foundations and universities in order to make such information available for free download. From its implementation in May 2010 through the end of 2016, the website has been visited 1,610,000 times, with more than 5,000 visits coming from experts and family members. So far, the forum has accumulated approximately 4,700 early intervention activities information, articles, tutorial videos, and teaching materials, with the download count of early intervention manuals currently near 95,000.

C. Development of Early Intervention Books and Regional Seminars

a. Eight early intervention books (e-books) and two educational films were developed and are available for download on the Early Intervention Exchange Platform.

b. In 2016, regional seminars on the Children's Picture Book - Early Intervention Manual were organized in Northern, Central, and Southern Taiwan. A total of 192 participants attended the regional seminars, with an average satisfaction rate of 94.6%.

D. International Conference on Early Intervention

In 2016, two international conferences on Inclusive Early Intervention were organized. A total of 526 participants from 258 organizations attended the international conferences, including 162 medical personnel (30%). Of the participants, 98.2% of them agreed that the international conference should continue to be held in the future.

International Conference on Early Intervention

International Conference on Early Intervention

7.3.2 Donation of Pneumococcal Vaccines for the Elderly

FPG has been donating pneumococcal vaccines to the Center for Disease Control, Ministry of Health and Welfare since 2007, and we have been engaging in collaborations to promote the pneumococcal vaccination program for the elderly over the age of 75 since then. As of the end of 2016, a total of 1,060,000 vaccinations have been donated, which is expected to help the government save NT$12 billion in the medical expenses of treating pneumonia.

Donation of Pneumococcal Vaccines for the Elderly

The 10th Anniversary of Donation of Pneumococcal Vaccines for the Elderly in 2016 (President of FPG Sandy Wang representing Wang Jhan-Yang Social Welfare Foundation receives the medal of appreciation from Deputy Minister of Health and Welfare Ho, Chi-Kung)

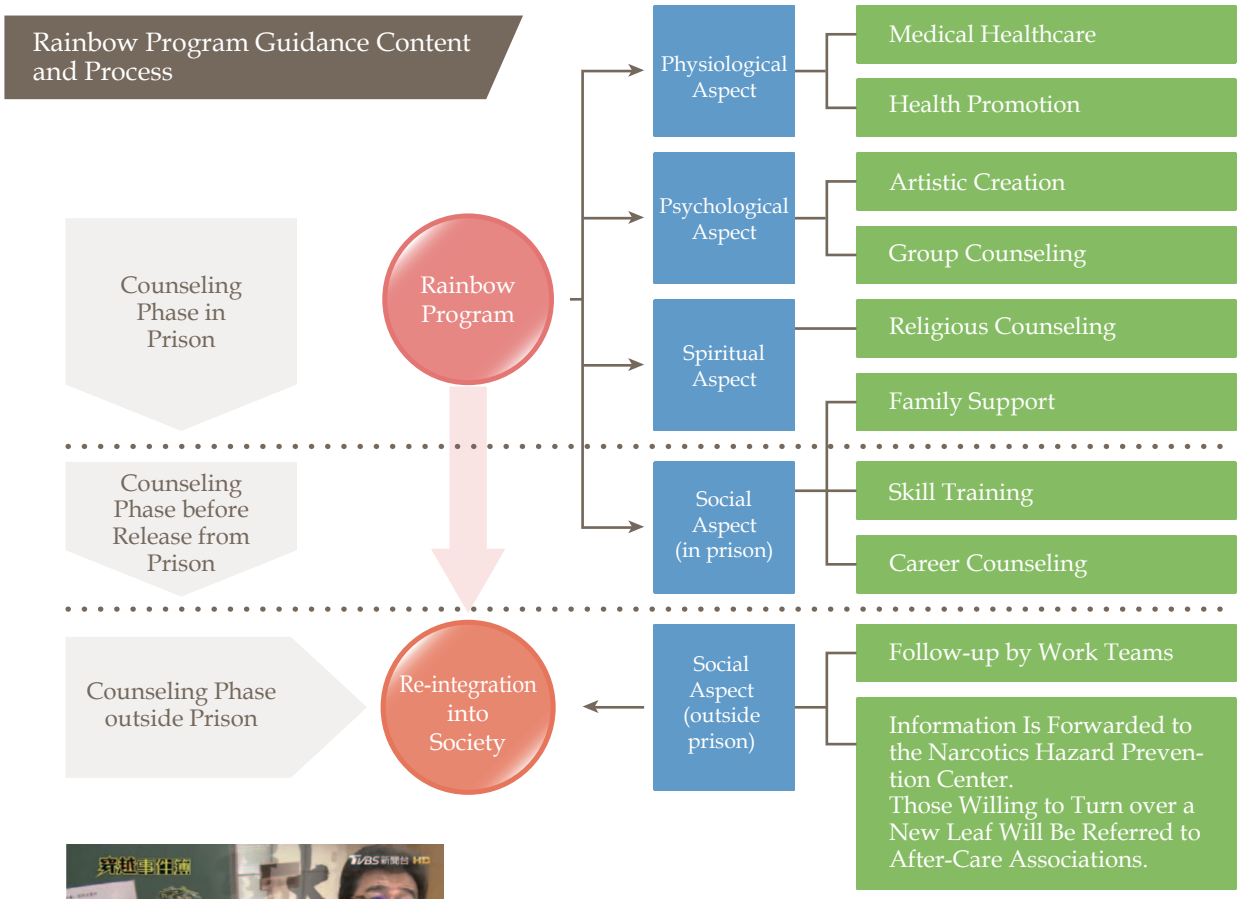
7.3.3 Rainbow Program and Sunny Program

The Rainbow Program, which is subsidized by the Wang Jhan-Yang Social Welfare Foundation has offered its full support to Yunlin Second Prison, Taipei Prison, and Kaohsiung Prison to assist drug-addicted inmates with AIDS. In this program, inmates are taught a skill that will help them return to normal social and family life. Furthermore, the Wang Jhan-Yang Charitable Trust Fund provides subsidies to Yunlin Second Prison and Kaohsiung Prison for the Sunny Program to help general inmates addicted to drugs regain their normal lives.

Rainbow Program and Sunny Program Participants and Follow-up after Release

Program	Item	Yunlin Second Prison	Kaohsiung Prison	Taipei Prison	Total
Rainbow Program	Number of Inmates Counseled as of 2016 (person)	419	372	176	967
	In Counseling or Awaiting Counseling (person)	50	100	100	250
	Recidivism/Released (person)	56 /179	15 /184	14 /91	85 /454
	Re-imprisonment Rate (%)	31.3%	8.2%	15.4%	18.7%
	Certificates Obtained (person)	189	36	--	225
Sunny Program	Number of Inmates Counseled as of 2016 (person)	438	320		758
	In Counseling or Awaiting Counseling (person)	55	75		130
	Recidivism/Released (person)	51 /227	3 /121		54/348
	Re-imprisonment Rate (%)	22.5%	2.5%		15.5%
	Certificates Obtained (person)	107	94		201

◎ The recidivism rate of general drug-addicted inmates with AIDS is 70%-80%.
◎ The recidivism rate of general inmates addicted to drugs is 60%-70%.



Executive Vice President Sang-Chi Lin explains the origin and goal of the Rainbow Program on TVBS News (which was broadcasted on January 21st, 2017).

7.3.4 Senior Health and Wellness Center

As Taiwan progresses into a society with an aging population, FPG has actively strived to extend our services to help the elderly population improve their health and reduce the burden on their children through healthcare and medical services, which will also ultimately help reduce overall social burdens.

Through partnership with the Pro-Diligence Charitable Foundation and Federation for the Welfare of Seniors, we have promoted the "Elderly Health and Vitality Center", which provides the five services of "health, strength, vitality, mental ability, and social involvement". The goal is to create a location for daily activities and offer a safe, comfortable, and appropriate environment for seniors so that they can maintain both physical and mental fitness and slow down aging, while continuing to contribute to society.

Senior Health and Wellness Center – Farming Class

Student Feedback: Growing nontoxic and healthy vegetables can promote not only their health but also that of family members.

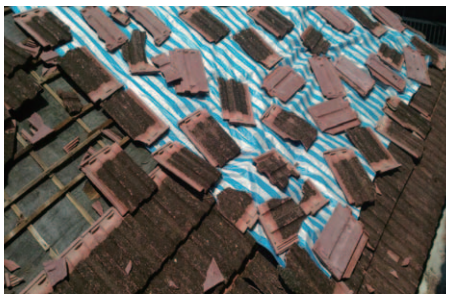
The Group has established a team of experts invited from such sectors as public health, social work, nursing, occupational therapy, and sports and geriatric medicine to implement pilot projects in Taichung, Tainan, Pingtung, Taitung, Hsinchu, Taoyuan, Yunlin, Chiayi, and New Taipei City. As of 2016, services have been provided to 3,828 people since the program was first organized in July 2013, and a satisfaction level of 91% has been achieved with the participating members. The team also showed improvements in various evaluation indicators, thus demonstrating good performance. The program will be subsequently promoted throughout other areas of Taiwan.

7.3.5 Senior Housing Improvement Program

Falling is one of the main causes of accidental deaths and injuries for seniors in Taiwan, so providing them with a safe and hazard-free living environment is exceptionally important. However, many middle to low-income families or families living in borderline poverty cannot bear the costs of house improvements and continue to live in danger.

Therefore, the Pro-Diligence Charitable Foundation and Ching Pao Charitable Trust Fund developed the Senior Housing Improvement Program. Since the partnership of the Pro-Diligence Charitable Foundation, Ching Pao Charitable Trust Fund, Elderly Welfare Promotion Union, and Yunlin Elderly Welfare Protection Association in 2011, the Senior Housing Improvement Program has been implemented in Pingtung, Taitung, Taoyuan, Chiayi, Hualien, Yunlin, Yilan, Hsinchu, Changhua, Miaoli, and Nantou. As of the end of 2016, the partnership had provided assistance that consists of 609 house repairs, with 61 households still under construction and assessment. We expect to provide this service to other cities/counties in the future in order to serve more senior citizens in need.

House Improvement for Seniors



Before Renovation – Dilapidated Roof

After Renovation – New Roof

7.3.6 Scholarships for Underprivileged Students

Since 2011, the Pro-Diligence Charitable Foundation has financially supported outstanding high school and college students from low-income families through scholarships. To ensure that such students can focus on their studies without financial burdens, the scholarships provide them with continued support and allow them to complete their studies. The scholarship students are in turn encouraged to provide assistance to other people when they have the ability to do so in the future. As of 2016, a total of 5,641 students have received scholarships of NT$ 75.01 million.

Gratitude Letters from Scholarship Students

Press Conference on the Result of
the Senior Housing Improvement Program

Gratitude Letter from a beneficiary, Mr. Yu

Appendix

1. Global Reporting Initiative

As shown in the BSI Independent Assurance Opinion Statement, the following core indices disclosed in the report have been certified to comply with the GRI G4 requirements for external inspection of the list. The corresponding report contents are listed below:

Aspect		Description	Reference Chapter	Comments
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization about the sustainability of the organization and the organization's strategy	A Message from the Management Team	
	G4-2	Brief description of key impacts, risks, and opportunities	1.6 Risk Management 1.7 Corporate Social Responsibility Objectives 3.1.5 Internal Control Mechanisms 6. Prosperous Outlook with Local Communities	
Organization Overview	G4-3	Name of organization	2.1 Company Profile	
	G4-4	Primary brands, products, and services	2.3 Main Products and Market Share	
	G4-5	Location of organization's headquarters	2.1 Company Profile	
	G4-6	Number of countries where the organization operates and the names of those countries	2.1 Company Profile	
	G4-7	Nature of ownership and legal form	2.1 Company Profile	
	G4-8	Markets that are served by the organization	2.1 Company Profile	
	G4-9	Scale of the organization	2.1 Company Profile 2.3.2 Main Product Productivity and Market Share 3.1.1 Corporate Management Profile 3.1.2 Financial Performance	
	G4-10	Total number of employees, permanent employees, and any significant variations in employment numbers	4.1 Protection of Human Rights and Recruitment	
	G4-11	Proportion of total employees protected by labor union agreements	4.2 Rights and Welfare of Employees	
	G4-12	Supply chain of the organization	2.3.1 Introduction to Our Main Products 3.3 Suppliers and Contractors	
	G4-13	Significant changes in organization scale, structure, ownership, or supply chain during the reporting period	-	The Company had no major changes in 2016.
	G4-14	Is the organization equipped with precautionary measures or policies?	3.1.1 Corporate Management Profile	
	G4-15	Externally developed economic, environmental, and social charters, principles, or initiatives endorsed by the organization	2.3.5 Product Research & Development 4.4.4 Healthcare for Employees 4.4.5 Active Involvement in Healthy Workplace Promotion Organized by the Government	
	G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations and the method of membership	2.4 Participation in External Associations	

Aspect		Description	Reference Chapter	Comments
Identification of Major Consideration Aspects and Boundaries	G4-17	Affiliated organizations in the consolidated annual report	Appendix 5: Affiliated Organizations in the Consolidated Annual Report	
	G4-18	Process for defining report contents and consideration aspects and how the organization adheres to the "Principles of Defining Report Contents"	1.4 Stakeholder Identification and Communication	
	G4-19	A list of all major considerations identified in the process of defining report contents	1.5 Identification of Critical Issues	
	G4-20	For each major consideration aspect, describe the boundary of each consideration aspect within the organization.	1.5 Identification of Critical Issues	
	G4-21	For each major consideration aspect, describe the boundary of each consideration aspect outside the organization.	1.5 Identification of Critical Issues	
	G4-22	Effect of any restatements of information provided in previous reports and the reasons for such restatements	1.1 Report Overview	No restatements
	G4-23	Significant changes from previous reporting periods in the Scope and Boundaries of Consideration Aspects	1.1 Report Overview	No significant changes
Stakeholder Engagement	G4-24	List of stakeholder groups	1.4 Stakeholder Identification and Communication	
	G4-25	Identification of stakeholders	1.4 Stakeholder Identification and Communication	
	G4-26	Stakeholder engagement	1.4 Stakeholder Identification and Communication 3.1.4 Investor Relations 3.2 A Corporation that Grows with Its Customers 3.3.1 Supplier and Contractor Relations 4.2.4 We Value Employees' Suggestions	
	G4-27	Key topics and concerns that have been raised by stakeholders and how the organization has responded to those key topics and concerns; report the stakeholder groups that have raised each of the key topics and concerns	1.4 Stakeholder Identification and Communication 6. Prosperous Outlook with Local Communities	
Report Profile	G4-28	Reporting period	1.1 Report Overview	
	G4-29	Date of most recent previous report	1.1 Report Overview	
	G4-30	Reporting cycle	1.1 Report Overview	
	G4-31	Contact information	Back Cover	
	G4-32	GRI disclosure indicators, basis for compliance, and external declaration statement	Appendix 1: Global Reporting Initiative	
	G4-33	Policy and practice of organization with regard to seeking external assurance for the report	Appendix 8: Independent Assurance Opinion Statement	

Aspect		Description	Reference Chapter	Comments
Governance	G4-34	Governance structure of the organization, including committees under the highest governance department responsible for economic, environmental, and social issues	1.3 Report Compilation Process 3.1.1 Corporate Management Profile	
Ethics and Integrity	G4-56	Moral values, principles, standards, norms, and behavior guidelines of the organization	2.2 Management Philosophy 3.1.5 Internal Control Mechanisms	
Economic Performance	G4-DMA	Management policies	2. Company Overview	
	G4-EC1	Generation and distribution of direct economic value, including business revenue, business costs, employee benefits, donations, community investments, surplus profit retention, and return of loans	2.1 Company Profile 2.5 Economic Performance 3.1.3 Stable Dividend Policy 4.2 Rights and Welfare of Employees 6.2.1 Risk Assessment 7.1 Charitable Donations 7.3 Social Assistance	
	G4-EC2	Financial burdens, risks, and opportunities caused by climate change	5.2 Environmental Accounting 5.3 Water and Energy Conservation and Greenhouse Gas Reduction 5.6 Product Safety and Health Responsibility	
	G4-EC3	Scope of commitment of welfare plans developed by the organization	4.2 Rights and Welfare of Employees	
Market Image	G4-DMA	Management policies	4.1 Protection of Human Rights and Recruitment	
	G4-EC6	Local employment procedures and the proportion of local employees hired as high-level management at major operational sites	4.1 Protection of Human Rights and Recruitment	
Indirect Economic Impact	G4-DMA	Management policies	2. Company Overview 5. Environmental Sustainability 6. Prosperous Outlook with Local Communities 7. Social Welfare	
	G4-EC7	Investment of infrastructure and development and impact of support services	6.2.2 Improvement of the Quality of Life 6.3 Local Industry Development 7.1.1 Reconstruction of Old & Dilapidated Schools and Schools Devastated by Disasters 7.2 Promotion of Medical Services and Education	
Procurement	G4-DMA	Management policies	3.3 Suppliers and Contractors	
	G4-EC9	Proportion of expenditure spent on local procurement from local suppliers at major operational sites	3.3.1 Supplier and Contractor Relations	
Raw Materials	G4-DMA	Management policies	5 Environmental Sustainability	
	G4-EN1	Weight or volume of raw materials used	2.3.4 Raw Material Consumption	
	G4-EN2	Proportion of recycled materials used	2.3.4 Raw Material Consumption	

Aspect		Description	Reference Chapter	Comments
Energy	G4-DMA	Management policies	5 Environmental Sustainability	
	G4-EN3	Energy consumption within the organization	5.3.1 Water Conservation Performance 5.3.2 Energy Conservation Performance	
	G4-EN5	Energy intensity within the organization	5.3.1 Water Conservation Performance 5.3.2 Energy Conservation Performance	
	G4-EN6	Energy reduction results, practices, reference year, and calculation methods	5.3.1 Water Conservation Performance 5.3.2 Energy Conservation Performance	
Water	G4-DMA	Management policies	5.3.1 Water Conservation Performance	
	G4-EN8	Total water withdrawal by source	5.3.1 Water Conservation Performance 5.5.6 Air, Water, and Waste Discharge Information	
	G4-EN9	Water sources significantly affected by water withdrawal	5.3.1 Water Conservation Performance 6.1.2 Environmental Impact Evaluation	
	G4-EN10	Percentage and total volume of water recycled and reused	5.3.1 Water Conservation Performance	
Biodiversity	G4-DMA	Management policies	6.1.2 Environmental Impact Evaluation 6.3.2 Fishery Counseling	
	G4-EN11	Operational sites owned, leased, or managed in or adjacent to protected areas and areas with high biodiversity value outside of protected areas	6.1.2 Environmental Impact Evaluation 6.3.2 Fishery Counseling	We are not located in an ecological preservation zone, but marine habitats with endangered species are nearby.
	G4-EN12	Description of significant impacts of organization activities, products, and services on biodiversity in protected areas and areas with high biodiversity value outside of protected areas	6.1.2 Environmental Impact Evaluation 6.3.2 Fishery Counseling	We are not located in an ecological preservation zone, but marine habitats with endangered species are nearby.
	G4-EN13	Protected or restored habitats	6.1.2 Environmental Impact Evaluation	We are not located in an ecological preservation zone, but marine habitats with endangered species are nearby.
	G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by the organization's operations, by level of extinction risk	6.1.2 Environmental Impact Evaluation	We are not located in an ecological preservation zone, but marine habitats with endangered species are nearby.

Aspect		Description	Reference Chapter	Comments
Emissions	G4-DMA	Management policies	5.3 Water and Energy Conservation and Greenhouse Gas Reduction	
	G4-EN15	Direct greenhouse gas emissions (Category 1)	5.3.3 Greenhouse Gas Emissions Inventory	
	G4-EN16	Indirect greenhouse gas emissions (Category 2)	5.3.3 Greenhouse Gas Emissions Inventory	
	G4-EN19	Greenhouse gas reduction	5.3.2 Energy Conservation Performance 5.5.1 Air Pollution Control	
Effluents and Waste Products	G4-DMA	Management policies	5.5 Environmental Protection at the Plant	
	G4-EN22	Total water discharge by quality and destination	5.5.2 Water Pollution Control	
	G4-EN23	Total weight of waste by type and disposal method	5.5.3 Waste Management	
	G4-EN24	Total number and volume of significant spills	5.5.7 Environmental Violations	
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention		No toxic waste or scraps were exported in 2016.
	G4-EN26	Identity, size, protected status, and biodiversity value of bodies of water and related habitats significantly affected by the organization's water discharge and runoff	6.1 Eco-Friendliness	
Regulation Compliance	G4-DMA	Management policies	5.5 Environmental Protection at the Plant	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	5.5.7 Environmental Violations	
Overall Situation	G4-DMA	Management policies	5.2 Environmental Accounting 5.5 Environmental Protection at the Plant 6.3.1 Agricultural Counseling	
	G4-EN31	Total environmental protection expenditures and investments by type	5.2 Environmental Accounting 5.5 Environmental Protection at the Plant 6.3.1 Agricultural Counseling	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	3.3.3 Contractor/Agency Safety	

Aspect		Description	Reference Chapter	Comments
Environmental Issue Grievance Mechanism	G4-DMA	Management policies	6.1.2 Environmental Impact Evaluation (2) – Air Quality Influence Analysis	
	G4-EN34	Number of environmental impact grievances filed, addressed, and resolved through formal grievance mechanisms	5.5.8 Disclosure of Significant Environmental Issues 6.1.2 Environmental Impact Evaluation (2) – Air Quality Influence Analysis	
Employment	G4-DMA	Management policies	4.2 Rights and Welfare of Employees	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	4.1 Protection of Human Rights and Recruitment	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4.2 Rights and Welfare of Employees	
	G4-LA3	Reinstatement and retention rates after parental leave by gender	4.2 Rights and Welfare of Employees	
Labor/ Management Relations	G4-DMA	Management policies	4.2.2 Employment Security	
Occupational Health and Safety	G4-DMA	Management policies	4.4 A Safe and Healthy Work Environment	
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	4.4 A Safe and Healthy Work Environment	
	G4-LA6	Types and rates of injuries, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	4.4 A Safe and Healthy Work Environment	
Training and Education	G4-DMA	Management policies	4.3 Human Capital Cultivation	
	G4-LA9	Average hours of training per year per employee, by gender and by employee category	4.3 Human Capital Cultivation	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employ-ability of employees and assist them in managing career goals	4.3 Human Capital Cultivation	
	G4-LA12	Percentage of composition of management employees and other employee types, by gender, age, ethnic group, and other diverse indicators	3.1.1 Corporate Management Profile 4.1 Protection of Human Rights and Recruitment	
Equal Remuneration for Men and Women	G4-DMA	Management policies	4.2 Rights and Welfare of Employees	
	G4-LA13	Ratio of basic salary and remuneration of women to men, by employee category and significant locations of operation	4.2 Rights and Welfare of Employees	

Aspect		Description	Reference Chapter	Comments
Labor Practice Grievance Mechanisms	G4-DMA	Management policies	4.1 Protection of Human Rights and Recruitment	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-	No report of labor grievances was received among the grievance reports received in 2016.
Non-discrimination	G4-DMA	Management policies	4. A Happy and Healthy Work Environment	
	G4-HR3	Total number of incidents of discrimination and the corrective actions taken	-	No discrimination incident was reported in 2016.
Local Communities	G4-DMA	Management policies	6. Prosperous Outlook with Local Communities	
	G4-SO1	Percentage of operations implemented with local community engagement, impact assessments, and development programs	6. Prosperous Outlook with Local Communities 6.4.1 Visits and Establishing Channels of Communication	
	G4-SO2	Operational sites with significant actual and potential negative impacts on local communities	6. Prosperous Outlook with Local Communities 6.1 Eco-Friendliness	
Anti-corruption	G4-DMA	Management policies	3.1.5 Internal Control Mechanisms	
	G4-SO3	Number and percentage of business units that comply with anti-corruption audit checks and the significant risks identified	3.1.5 Internal Control Mechanisms	Internal regulations have been stipulated to ensure regular personnel transfers for departments at a high risk for corruption.
	G4-SO4	Communication and training on anti-corruption policies and procedures	3.1.5 Internal Control Mechanisms	
	G4-SO5	Number of confirmed incidents of corruption and actions taken	3.1.5 Internal Control Mechanisms	
Social Impact Grievance Mechanism	G4-DMA	Management policies	1.4 Stakeholder Identification and Communication	
	G4-SO11	Number of community impact grievances filed, addressed, and resolved through formal grievance mechanisms	5.5.8 Disclosure of Significant Environmental Issues	
Customer Health and Safety	G4-DMA	Management policies	5.6 Product Safety and Health Responsibility	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by outcome type	-	No incident of non-compliance with regulations concerning the health and safety impacts of products and services was reported in 2016.

Aspect		Description	Reference Chapter	Comments
Product and Service Labeling	G4-DMA	Management policies	5.6 Product Safety and Health Responsibility	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, classified by outcome type	-	No incident of non-compliance with regulations concerning product and service information and labeling was reported in 2016.
	G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	3.2.2 Customer Satisfaction Survey	
Customer Confidentiality	G4-DMA	Management policies	3.2.3 Regulation Compliance	
	G4-PR8	Number of actual confirmed complaints regarding the leakage of customer confidentiality and information	3.2.3 Regulation Compliance	
Regulation Compliance	G4-DMA	Management policies	3.2.3 Regulation Compliance	
	G4-PR8	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	No incident of non-compliance with product and service-related regulations was reported in 2016.

2. CSR Best Practice Principles for TWSE/ GTSM-Listed Companies

Subject	Content	Reference Chapter
Chapter 1 General Principles	List development objectives, applicable targets, and principles of practice	1. About the Report
Chapter 2 Exercising Corporate Governance	Regulate and implement the promotion of corporate governance	3. Transparent and Honest Corporate Governance
Chapter 3 Fostering a Sustainable Environment	Regulate development for a sustainable environment	5. Environmental Sustainability 6. Prosperous Outlook with Local Communities
Chapter 4 Preserving Public Welfare	Regulate the maintenance of public welfare	7. Social Welfare
Chapter 5 Enhancing the Disclosure of Corporate Social Responsibility Information	Regulate and enforce the disclosure of corporate social responsibility information	1. About the Report
Chapter 6 Supplementary Provisions	Regulate, review, and improve upon the corporate social responsibility established by the company	1. About the Report

3. ISO 26000 Guidance on Social Responsibility

Subject		Reference Chapter	Comments
Organizational Governance	Decision-making and Implementation System in Pursuit of Goals	3. Transparent and Honest Corporate Governance	
Human Rights	Due diligence in compliance with regulations and not in conflict with human rights issues	4.1 Protection of Human Rights and Recruitment	
	Human rights risk situations	4.1 Protection of Human Rights and Recruitment	
	Avoidance of complicity – Direct, beneficial, and silent complicity	4.1 Protection of Human Rights and Recruitment	
	Resolving grievances	4.1 Protection of Human Rights and Recruitment	
	Discrimination and vulnerable groups	4.1 Protection of Human Rights and Recruitment	
	Civil and political rights	4.1 Protection of Human Rights and Recruitment	
	Economic, social, and cultural rights	4.1 Protection of Human Rights and Recruitment	
	Fundamental rights at work	4.1 Protection of Human Rights and Recruitment	
Labor Practices	Employment and employment relationships	4.1 Protection of Human Rights and Recruitment	
	Work conditions and social protection	4.1 Protection of Human Rights and Recruitment	
	Social dialogue	4.1 Protection of Human Rights and Recruitment	
	Health and safety in the workplace	4.4 A Safe and Healthy Work Environment	
	Human development and training in the workplace	4.3 Human Capital Cultivation	
Environment	Pollution prevention	5. Environmental Sustainability	
	Sustainable resource use	5. Environmental Sustainability	
	Climate change mitigation and adaptation	5.3 Water and Energy Conservation and Greenhouse Gas Reduction	
	Protection of the environment, biodiversity, and restoration of natural habitats	5. Environmental Sustainability 6. Prosperous Outlook with Local Communities	
Fair Operating Practices	Anti-corruption	3. Transparent and Honest Corporate Governance	
	Responsible political involvement	2.4 Participation in External Associations 2.5 Economic Performance	
	Fair competition	3.3.2 Supplier Management	
	Promoting social responsibility of the value chain	A Message from the Management Team 2.2 Management Philosophy	

Subject		Reference Chapter	Comments
	Respect for intellectual property rights	-	All Company employees must sign the "Statement for Respecting Intellectual Property Rights" to announce our policy and stand against illegal software. Violators will be subject to both legal sanctions and company penalties.
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	3.2.3 Regulation Compliance	
	Protecting consumers' health and safety	3.2.1 Customer Collaboration	
	Sustainable consumption	5.6 Product Safety and Health Responsibility	
	Consumer service, support, grievance, and dispute resolution	3.2.1 Customer Collaboration 3.2.2 Customer Satisfaction Survey	
	Consumer data protection and privacy	3.2.3 Regulation Compliance	No violation of customer privacy or information leakage was reported in 2016.
	Access to essential services	3.2.1 Customer Collaboration	
	Education and awareness	3.2.1 Customer Collaboration	
Community Involvement and Development	Community involvement	6.2 Healthcare 6.3 Local Industry Development 7. Social Welfare	
	Education and culture	7.2 Promotion of Medical Services and Education 6.4.5 Treasuring Traditional Culture and Folk Arts	
	Employment creation and skills development	6.3 Local Industry Development 7.2.4 Education and Employment Assistance to Indigenous Youths	
	Technology development	6.3 Local Industry Development	
	Wealth and income creation	6.3 Local Industry Development 7.2.4 Education and Employment Assistance to Indigenous Youths	
	Health	6.2 Healthcare 7.2 Promotion of Medical Services and Education 7.3 Social Assistance	
	Social investment	7. Social Welfare	

4. United Nations Global Compact

Category	Ten Principles	Reference Chapter
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	3.3.2 Supplier Management 4.1 Protection of Human Rights and Recruitment
	Make sure their own corporations are not complicit in human rights abuses	3.3.2 Supplier Management
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.2.4 We Value Employees' Suggestions
	The elimination of all forms of forced and compulsory labor	4.1 Protection of Human Rights and Recruitment
	The effective abolition of child labor	4.1 Protection of Human Rights and Recruitment
	The elimination of discrimination in respect of employment and occupation	4.1 Protection of Human Rights and Recruitment
Environment	Social Investment	7. Social Welfare
	Businesses should support a precautionary approach to environmental challenges	5.6 Product Safety and Health Responsibility
	Undertake initiatives to promote greater environmental responsibility	5. Environmental Sustainability
	Encourage the development and diffusion of environmentally friendly technologies	5.6 Product Safety and Health Responsibility
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	3. Transparent and Honest Corporate Governance

5. Affiliated Organizations in the Consolidated Annual Report

Investor	Subsidiary	Business Nature	Percentage of Shares Held	
			2016.12.31	2015.12.31
Formosa Plastics Corporation	FPC (Cayman) Limited	Holding Company	100%	100%
Formosa Plastics Corporation	Formosa Industries Corporation	Polyolefin Industry	100%	100%
Formosa Plastics Corporation	Formosa Plastics International (Cayman) Limited	Holding Company	100%	–
FPC (Cayman) Limited	Formosa Industries (Hong Kong) Limited	Holding Company	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa Industries (Ningbo) Limited	Plastics Industry	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa Acrylic Esters (Ningbo) Co., Ltd.	Acrylic Acid & Esters Industry	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa Polyethylene (Ningbo) Co., Ltd.	Polyethylene Industry	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa Polypropyl-ene (Ningbo) Co., Ltd.	Polypropylene Industry	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa SAP (Ningbo) Co., Ltd.	Superabsorbent Polymers Industry	100%	100%
Formosa Industries (Hong Kong) Limited	Formosa Electronics (Ningbo) Co., Ltd.	Electronics Industry	100%	100%

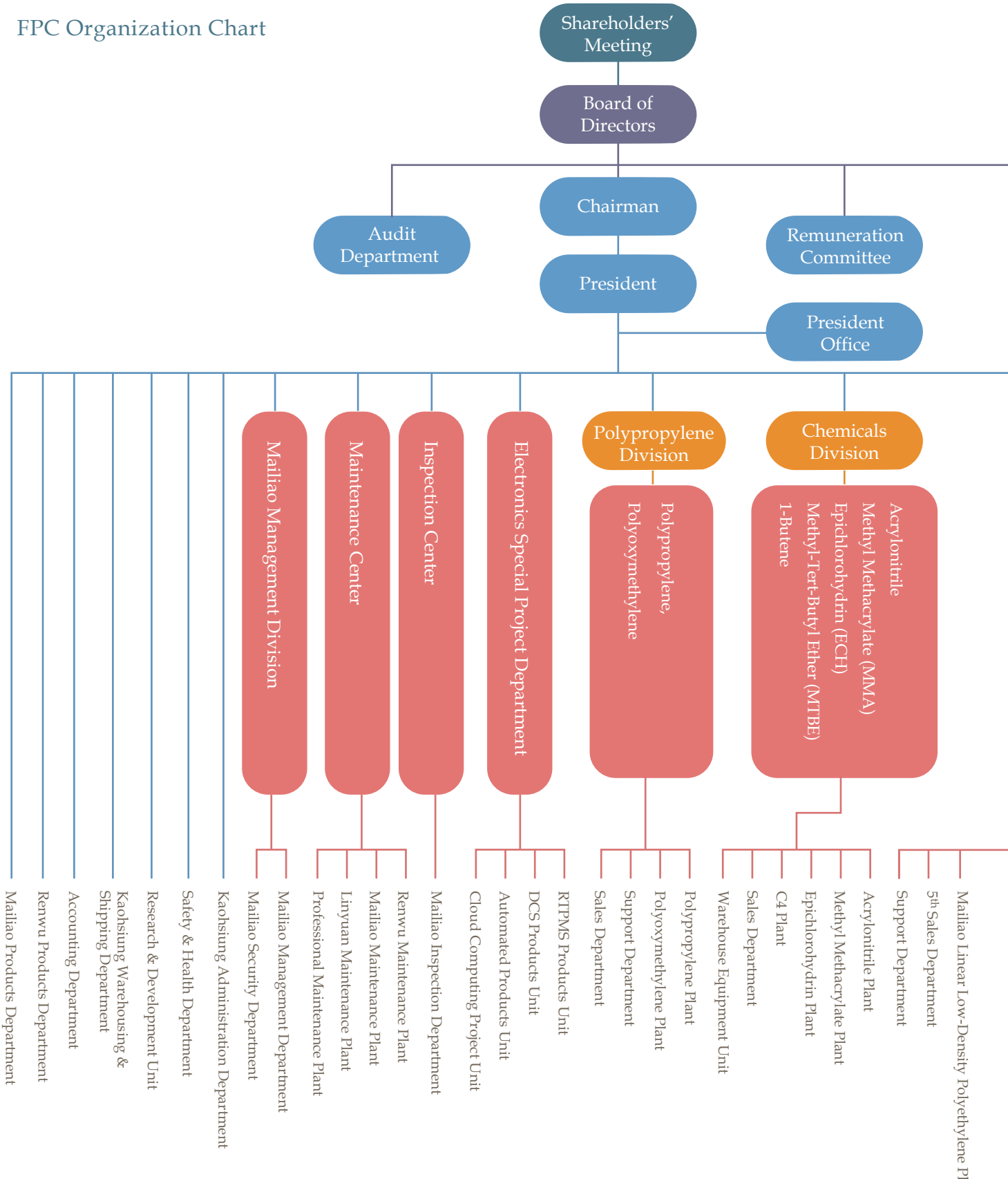
6. Company Products Ranked in the Top 10 for Global Production Capacity

Product	Production Capacity (Ten Thousand Tons)			Global Ranking
	Taiwan	Overseas	Total	
Polyvinyl Chloride (PVC)	126.5	197.1	323.6	2
Vinyl Chloride Monomer (VCM)	164.4	142.9	307.3	2
Liquid Caustic Soda	170.0	105.9	275.9	5
Acrylate Acid (AA)	15.9	32.0	47.9	5
Carbon Fiber	0.875	-	0.875	5
Superabsorbent Polymers (SAP)	11	9	20	7
n-Butanol	25	-	25	7
Acrylonitrile (AN)	28	-	28	7
Methyl Methacrylate (MMA)	9.8	-	9.8	8
Epichlorohydrin (ECH)	10	-	10	7
Linear Low-Density Polyethylene (LLDPE)	26.4	41.2	67.6	8
Polypropylene (PP)	103.4	136.3	239.7	10

Note: The above production capacity is the design capacity open to the public (the production capacity of Polypropylene (PP) in Taiwan includes the production of 600,000 tons from the Formosa Chemicals & Fibre Corporation).

7. Company Organization Chart

FPC Organization Chart



Audit Committee
Plastics Division
PVC Resin, Liquid Caustic Soda
Vinyl Chloride Monomer (VCM)
HCFCs
Impact Modifiers
Renwu Plastic Plant
Renwu Caustic Soda Plant
Renwu Vinyl Chloride Monomer (VCM) Plant
Linyuan Plastic Plant
HCFC Plant
Mailiao Caustic Soda Plant
Mailiao Vinyl Chloride Monomer (VCM) Plant
Tairylan Division
Acrylic Acid
Super Absorbent Polymer (SAP)
n-Butanol (NBA)
Carbon Fiber
Mailiao Plastic Plant
1st Sales Department
Support Department
Linyuan Acrylic Acid & Esters Plant
Mailiao Super Absorbent Polymer Plant
Hsinkang Super Absorbent Polymer Plant
Mailiao Acrylic Acid & Esters Plant
Tairylan Plant
Carbide Division
TAICAL
Calcium Carbonate
FORMOLIGHT (Precipitated Calcium Carbonate)
Mailiao Carbon Fiber Plant
n-Butanol Plant
2nd Sales Department
Support Department
Eng. & Const. Division
Water, Electricity, Steam
Oxygen, Nitrogen
Project Planning
Design & Manufacturing
4th Sales Department
Carbide Plant
Design Unit
Ha Tinh Steel Engineering Unit
Ningbo Engineering Unit
Fuxin Engineering Unit
Mailiao Engineering Unit
Renwu Engineering Unit
Renwu Public Utilities Plant
Polyolefin Division
High-Density Polyethylene (HDPE)
Ethylene Vinyl Acetate (EVA)
Low-Density Polyethylene (LDPE)
Linear Low-Density Polyethylene (LLDPE)
Water, Electricity, Steam
Oxygen, Nitrogen
Linyuan Polyethylene Plant
Linyuan Public Utilities Plant
Mailiao High-Density Polyethylene Plant
Mailiao Ethylene Vinyl Acetate Plant

8. Independent Assurance Opinion Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Formosa Plastics Corporation 2016 Corporate Social Responsibility Report

The British Standards Institution is independent to Formosa Plastics Corporation (hereafter referred to as FPC in this statement) and has no financial interest in the operation of FPC other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for FPC only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by FPC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to FPC only.

Scope

The scope of engagement agreed upon with FPC includes the followings:

1. The assurance scope is consistent with the description of Formosa Plastics Corporation 2016 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the FPC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the FPC 2016 Corporate Social Responsibility Report provides a fair view of the FPC CSR programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the FPC and the sample taken. We believe that the 2016 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate FPC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurors in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that FPC's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI G4 guidelines: the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to FPC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 10 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard (2008).

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G4 guidelines is set out below:

Inclusivity

This report has reflected a fact that FPC has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the FPC's inclusivity issues.

Materiality

FPC publishes sustainability information that enables its stakeholders to make informed judgements about the organization's management and performance. In our professional opinion the report covers the FPC's material issues.

Responsiveness

FPC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for FPC is developed and provides the opportunity to further enhance FPC's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the FPC's responsiveness issues.

GRI-reporting

FPC provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self-declaration covers the FPC's social responsibility and sustainability issues.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the FPC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Managing Director BSI Taiwan
2017-05-15

bsi.

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Licensed Assurance Provider
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台塑關係企業
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