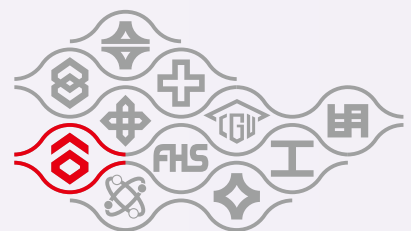


2015

Formosa Petrochemical Corporation Corporate Social Responsibility Report



台塑關係企業
FORMOSA PLASTICS GROUP

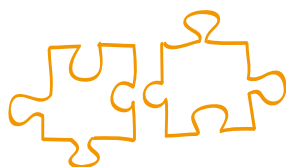
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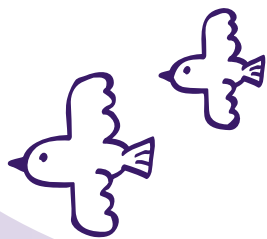
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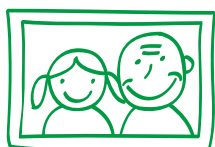
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Report Instructions Editing Rules

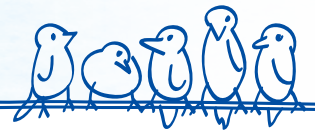
To ensure compliance with both domestic and global regulations and initiatives, Formosa Petrochemical Corporation consults the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," "ISO 26000 Guidance on Social Responsibility," and the "10 Principles of the UN Global Compact" as its basis of reference for information disclosure and the consideration of some material issues when making this report. The report covers the sustainable achievements and performance of Formosa Petrochemical Corporation in the following three aspects: economic, environmental, and social, and complies with the core option of the GRI (Global Reporting Initiative) G4 Guidelines for information disclosure. By consulting Oil and Gas Sector Disclosures and adhering to the three principles of AA1000 Accountability Principle Standards: Materiality, Completeness, and Responsiveness, Formosa Petrochemical Corporation demonstrates the efforts it makes to obtain sustainable business operations.

Scopes and Sources

This is the second report published by Formosa Petrochemical Corporation (hereafter referred to as FPCC), and its information disclosure covers from January 1, 2015 to December 31, 2015, having the same scope as the first report. The report will give a clear indication for any relevant information beyond this scope. To help the stakeholders understand the information of qualification in this report, the report generally presents three years of data. The next version of the report will most likely be issued in June 2017, and the Corporate Social Responsibility Report will be published as an important basis for the disclosure of non-financial information.

According to the 2015 FPCC Consolidated Financial Statement, the FPCC Group consists of Formosa Oil (Asia Pacific) Corp., Sixth Naphtha Cracker Transport Corporation, FPCC USA, Formosa Dredging Corporation, and Formosa Plastics Marine Corporation, among others. Considering the low proportion of these associated companies in the Group, the report mainly focuses on Formosa Petrochemical Corporation.

The relevant data of this report is provided by the President' s Office, which collects resources from each department, compiled by the Report Writing Team, and audited by the CSR Core Team of FPCC to ensure that the relevant data complies with the principles of honesty, transparency, and disclosure.



Third-Party Accreditation

To ensure the transparency and reliability of information disclosure, the relevant information and data disclosed in this report have been independently accredited by the third-party accreditation body, the British Standards Institution (BSI), pursuant to the principles of AA1000 and the core option of GRI G4 Guidelines. The BSI accreditation statement is incorporated into this report.

Contact Information

If you have any questions or comments about this report, please contact us. Your valuable opinions will help us to improve. Our contact information is as follows:

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Chairman' s Words

This year marks the publication of FPCC' s second Corporate Social Responsibility Report. After the first CSR Report, which received much attention and positive opinions from many stakeholders, was published last year, we have reviewed our shortages with humility and greater determination and continued the internalization and cultivation of our corporate social responsibility. This year' s report shares the achievements of FPCC in regard to corporate social responsibility.

As a corporation in Taiwan, we well know that the larger a corporation is, the more impact it will have on the industry, society, and even the country. Since last year, when issues like air pollution and PM2.5 provoked much discussion among the public, the petrochemical industry has become the target of public criticism. In the midst of this social environment, a corporation should thoroughly fulfill its corporate social responsibility as a role model by carefully utilizing limited resources, protecting the environment, caring for its community, and contributing positively to the development of society.

With an understanding that a key factor for success lies in obtaining trust from all stakeholders, we have cultivated our foundation for corporate social responsibility by programming development in accordance with our corporation' s spirit. From the moment that our plants were established, we have adhered to the concept of "pollution prevention, risk control" in our organization and design, while aiming for a win-win-win situation in which the three tasks, "plant security, environmental protection, and economic growth," are all accomplished. Furthermore, with the feedback and concern from stakeholders, the Corporation can substantiate its overall operations. FPCC pledges the following to its stakeholders:

1. Positive Management Concepts:

Adhering to corporate ethical codes, starting with behaviors in management that could benefit society.

2. Perfect Work Environment:

Completely taking care of employees; providing stable and competitive salaries, as well as a complete training and development system to improve their professionalization; creating a safe work environment and a complete welfare system; taking seriously employees' physical, mental, and spiritual health.

3. Being a Trustworthy Corporation for Investors:

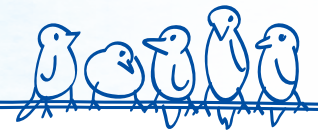
By strengthening management efficiency and improving business performances, the Corporation ensures a reasonable return on all stockholders' investments.

4. Partnership of Mutual Trust:

Providing stable and high-quality products and services; working together with suppliers and customers to fulfill common concepts and targets; creating profits for each other and growing together.

5. Valuing Corporate Governance:

The Corporation earned a score of 89.63 in the first year of the "Corporate Governance Evaluation" and 92.89 in the second year of the evaluation. It has ranked among the top 20 percent of all evaluated listed companies two years in a row. It continues to strengthen instantaneous information disclosure and transparency while balancing stakeholders' profits.



6. Environmental and Sustainable Development:

Adopting the best and most advanced production techniques to promote energy-saving and carbon-reduction concepts; strictly controlling emissions; and constantly seeking improvement and prevention strategies.

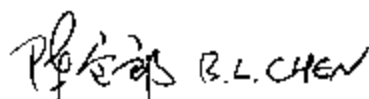
7. Establishing a Harmonious Society:

Calling on people by taking the lead in investigating social needs and providing long-term assistance to minority groups; caring for the community and supporting local development; shortening the distance between remote counties and cities.

Looking toward next year, FPCC will continue strengthening its corporate sustainable development for the oil refinery and petrochemical industries. In terms of the foundation of core concepts, the Corporation has improved industrial security and environmental protection to achieve the target of zero accidents. Regarding environmental protection, it implements pollution prevention and continuously introduces the most advanced production techniques to improve the safety and efficiency of production. By doing so, FPCC not only reduces energy consumption and improves productivity but also decreases its environmental impacts and influences. In maintaining its original industrial scale, it will promote research, development, and the strategy of "quantity outside, quality inside" in the future to improve overall industrial values. We believe that, when incorporating the idea of sustainability into daily operations and looking forward to growing together with our industrial partners and friends, we can amicably coexist with nature and share love with society.



Formosa Petrochemical Corporation

 B.L. CHEN

Best Regards,
Chairman
2016

Friendly Corporate Progress

Consolidated pretax
income totaled

TWD **52.7** billion,

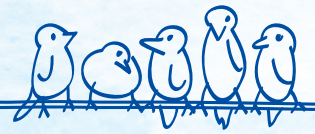
a substantial increase of 4.8 times
more than that of last year.



The shareholding ratio of directors
and supervisors reached

83% which is much higher than the 2 percent
required by the shareholding regulation.





The Corporation has
been ranked in

the top 20% in Corporate Governance Evaluation
as an **outstanding company for two years in a row.**



Return on equity
reached up to

18.68

Increasing significantly by 3.9 times
more than the 3.78 of last year.



The Corporation won

4 awards

for water saving, energy saving
and greenhouse gas reduction.

Friendly Coexistence with the Environment



Applying **ISO14001 Environmental Management Systems** and **OHSAS18001 Occupational Health and Safety Systems**, the Corporation aims for a win-win situation of “industrial safety and environmental protection as well as economic growth.”

The amount of rainwater reuse in 2015 was

4,120 tons

which was equal to the water consumption of three Refineries.



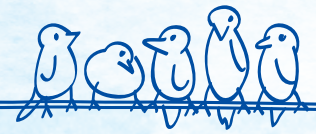
Compared with 2013, the number of environmental violations fined by the government decreased by

62%

Compared with R1 of water reuse ratio in other domestic cases related to the petrochemical industry, which usually ranges between 71 to 90 percent, the Corporation's water reuse ratio (R1) was

98.7%





After Mailiao Industrial Complex was established, nearly

2 million trees and shrubs, covering **0.39 million** square meters of land, have been planted.

These trees can absorb

134,000 tons

of CO₂, which is equal to the CO₂ absorption of 35 Daan Forest Parks.



The discharged wastewater of unit of capacity 2 y in Mailiao Industrial Complex in 2015 decreased by

16.5% from 2015



Management of Waste:
Compared with the previous year, in which the waste during manufacturing decreased by

5%

The amount of resource recovery (including coal ash) totaled 1,214,062 tons, making up

96.4%

Friendly Participation in Society



Employee Care and Management:
For the past five years, the ratio of employing local residents as junior or senior managers has been maintained at more than

33%

(35.5 percent in 2015).

For the past five years,
the demission rate of
employees has
remained at less than

3.1%

(2.7 percent in 2015), clearly lower than the 12.2 percent of the average labor turnover rate in other petrochemical companies.

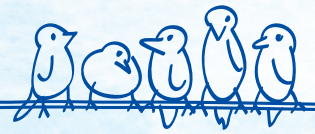


Sustainable Development of Mailiao Industrial Complex :
Since 2010, the Corporation has commissioned Yunlin Chang Gung Memorial Hospital to provide free health examinations for the residents in Mailiao and Taihsi Villages. In 2015,

10,488 residents

received health examinations, and we cooperated to pay for the follow-up medical treatment for the abnormal examination results of

1,501 residents



A hundred farmers joined the guidance project and took the pesticide residue test. The eligibility rate is now

100%

95% of products are free of pesticides and residues.



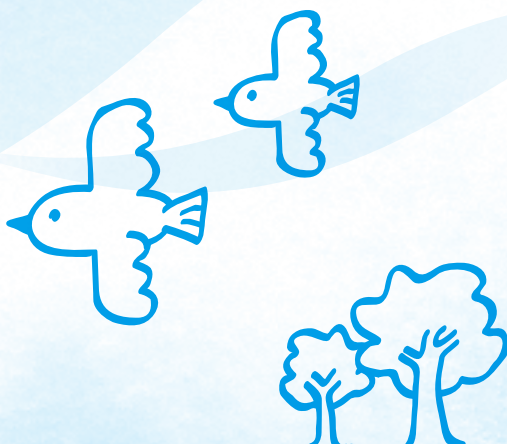
The Corporation has provided

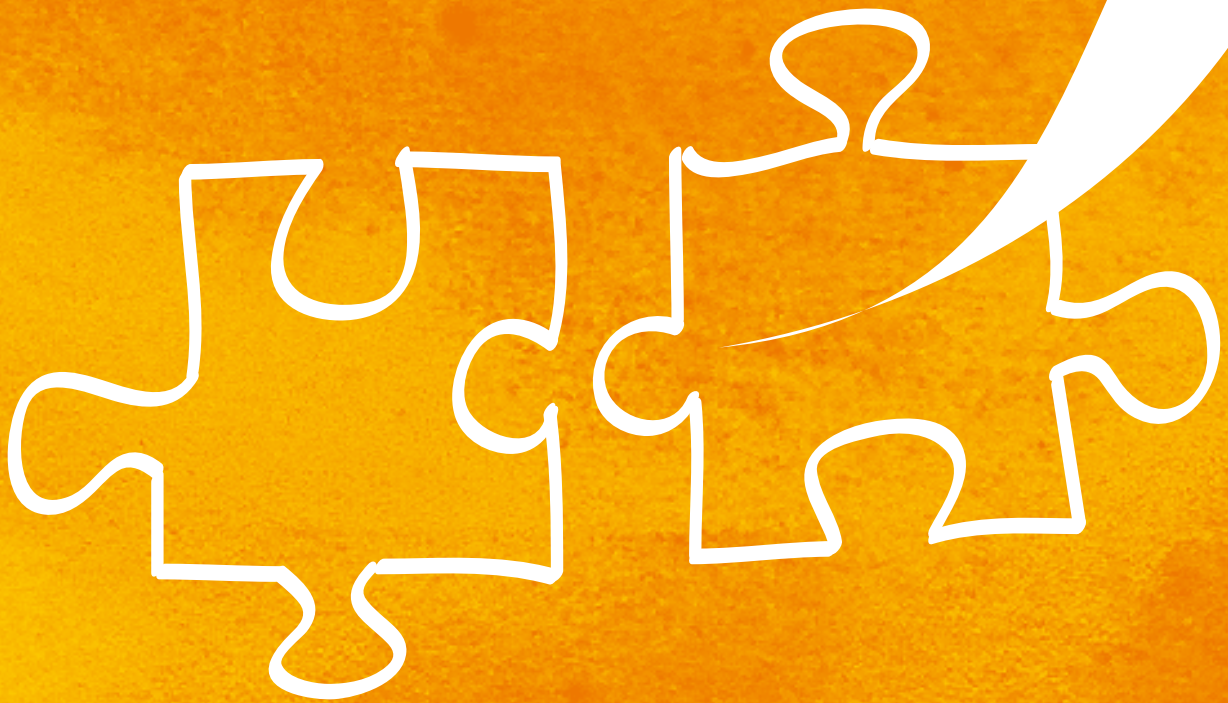
143 million

in matching funds for forestation applicants.

The amount invested in social welfare (from the whole corporation) totals

TWD 51.8 billion





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Stakeholder Communication

Through the AA1000 Stakeholder Engagement Standard (SES), FPCC evaluates the impact of stakeholders on FPCC regarding degree of dependence, degree of concern, influence, responsibility, and diverse perspectives. Doing so may help to precisely realize the stakeholders' concerns and plan relevant management projects and strategies to respond and satisfy stakeholders' demands and expectations.

The managers and the CSR team of the Corporation have identified eight types of stakeholders: employees, customers, residents in the operation areas, government institutions, investors/shareholders, suppliers and contractors, experts and scholars, and environmental groups. Each department is assigned to undertake in-depth research and communication specific to its corresponding stakeholder and respond with a follow-up management strategy for relevant topics.

Employees	FPCC employees are the Corporation's most important asset and the foundation of innovation and competitiveness. By providing a healthy educational training and friendly environment, the Corporation aims to improve its employees' sense of cohesion.	Communication Channel and Frequency	Employee-employer negotiation meeting Welfare committee Suggestion box/ E-mail Notification letter	The negotiation meeting and welfare committee meeting are each convened once every two months. The others are irregular.
Customers	The customers are the most strategic partners of FPCC. Feedback from customers motivate us to make progress and provide them with stable material resources and high-quality products.		Satisfaction survey E-mail/ Phone Meetings	Twice a year Irregular Once a month
Residents in Operation Areas	We include assessment factors in the annual strategy and goal generation. Maintaining a positive interaction with the residents in the operation areas is an important point of FPCC's operation.		E-mail/ Phone	Irregular, at least three times a year
Government Institutions	In addition to complying with relevant regulations, FPCC also initiates mutual communication with the government and provides its industrial experience to promote sustainable industrial development.		Meeting Email Official documents	Irregular, at least three times a year
Investors/ Shareholders	FPCC gains investors' favor by continuously adhering to the principles of ethical management and executing sustainable governance. We also seek long-term interests for our investors/ shareholders.		Shareholders' meeting Investor conference E-mail/ Phone	The shareholders' meeting is convened once a year; the Corporation's revenue statistics are issued 12 times a year; investor conferences are held at least twice a year.
Suppliers and Contractors	The suppliers and contractors provide high-quality products and services. Mutual trust and cooperation strengthen the relationship between FPCC and the supply chain.		Meetings Contractor audit E-mail/ Phone	Irregular, at least three times a year
Experts and Scholars	We value suggestions from the academic theories on the topic of sustainability and apply such theories in real life to improve Taiwan's industrial competitiveness.		E-mail Meetings	Four times a year
Environmental Groups	Due to industrial characteristics, FPCC pays great attention to the issue of environmental conservation. Through the exchange of opinions, the Corporation and environmental groups work together to promote environmental sustainability.		E-mail/Phone Meeting	Four times a year



FPCC has established different corresponding departments for different stakeholders to communicate, receive feedback, and respond to the demands of the stakeholders. The performances of communication are as follows:

Target Audience	Corresponding Department	2015 Point of Communication	Performances
Employees	President's Office	Employee-employer relationship Occupational health and safety Industrial and public safety	The completion rate for the proposals brought up by employee-employer meetings is 92 percent. The completion rate for the proposals brought up by the occupational health and safety committee is 63 percent. No accidents occurred during production processes in 2015.
Customers	Operation unit of each business department	Products and services	According to the survey, customer satisfaction in 2015 increased by 10 percent when compared with that of 2014.
Residents in Operation Areas	Local Management Department	Management of air pollution, water pollution, and wastes Local community development	Guiding local industrial development. Guiding 100 farmers; supporting forestation with 143 million dollars.
Government Institutions	President's Office	Oil transportation and storage safety HSE management Energy management	The number of cases of energy management improvement has reached 795. The cumulative investment amount totals 3.8 billion dollars.
Investors/Shareholders	President's Office	Operation performance	Attending the investor conference twice a year.
Suppliers and Contractors	Each business department Department of safety and health	Training and education Emergency response measures	Exercise risk prevention and emergency response plan: 8 times a year
Experts and Scholars	President's Office	Environmental assessment	Environmental assessment and consulting meetings three times a year.
Environmental Groups	President's Office	Management of air pollution, water pollution, and wastes Climate change and greenhouse gas emissions	The waste generation (ton) has decreased by 5.2 percent when compared with 2014. Unit products SO _x and NO _x have decreases by 4.31 percent and 1.79 percent, respectively, when compared with 2014.

Materiality Analysis Process

In order to make the content of information disclosure meet stakeholders' expectations, FPCC analyzes the stakeholders' concerns using a materiality analysis process, which provides the foundation of reference for the compilation of the report. By doing so, FPCC shows the stakeholders the efforts that the Corporation has made for industrial management, environmental protection, and social welfare.

Step 1. Identifying Stakeholders

The CSR team has identified the eight main stakeholders of FPCC by ranking the stakeholders according to international tendency, industrial characteristics, business conditions, and the five principles of the AA1000 Stakeholder Engagement Standard (dependency, responsibility, influence, diverse perspectives, and tension).

Step 2. Listing Issues about Sustainability

Along with the mid- and long-term vision of FPCC and the condition of the Corporation's daily operations, we have consulted on domestic and overseas issues related to the oil industry, GRI G4 Sustainability Reporting Guidelines, Oil and Gas Sector Supplement, "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," "ISO 26000 Guidance on Social Responsibility," and the "10 Principles of the UN Global Compact" before the CSR team discusses and identifies the 46 issues of FPCC's petrochemical sustainability.

Step 3. Analyzing the Degree of Concern about Issues

According to the 46 issues of sustainability that have been evaluated, we initiated a paperless e-questionnaire survey and sent a copy of the questionnaire to six FPCC senior managers and 101 internal and external stakeholders. We ranked the degree of concern and impact regarding economics, environment, labor, human rights, society, and product responsibility.

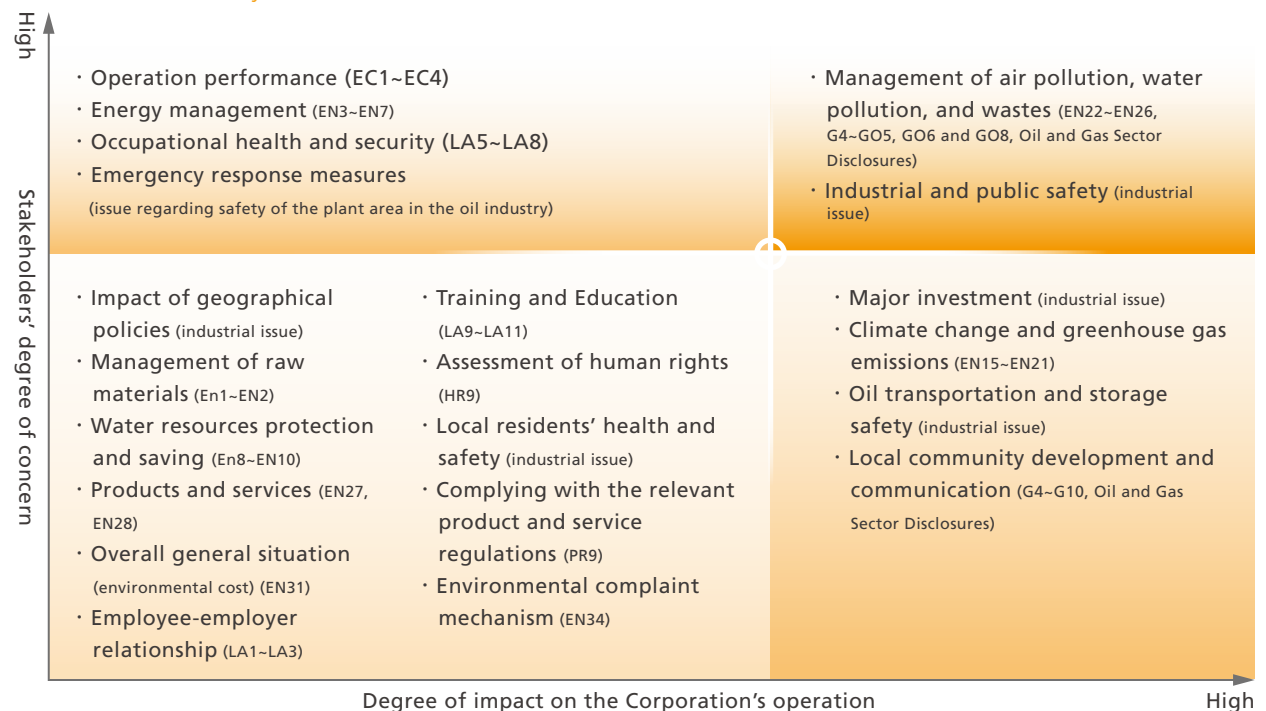
Step 4. Identification and Assessment

After cross analysis of the questionnaires returned by the senior managers and stakeholders and based on FPCC's industrial characteristics and operation conditions. The CSR team discussed and assessed 21 FPCC material issues. According to the GRI aspect and disclosure on management approach, the Corporation not only focuses on the three principles of aspect scope, aspect boundary, and time but also assesses its own organization and collects information about industrial issues to ensure the transparency, balance, and integrity of the issues disclosed in the report.

Step 5. Review and Discussion

After the report is issued, FPCC will review the materiality of the aspects of the report and examine the stakeholders' feedback and responses to ensure transparency, rationality, and balance.

Matrix of Materiality:



Material Aspect and Matrix

The boundary and scope of the report are determined by comparing the issues of sustainability chosen by both the insiders and outsiders with GRI G4 material aspects. We also collect information according to the GRI aspect and the Disclosure on Management Approach (DMA) to ensure the integrity and transparency of the disclosed information in this report and to lead stakeholders to understand how FPCC stipulates its management guidelines for relevant



aspects. With the matrix of materiality analysis, FPCC has identified the 21 material issues to which the stakeholders give most priority; after the discussion of the CSR team, the report, which is based on the representative 10 issues of sustainability with moderate or high influence, discloses the Corporation's management approach and performances. The information disclosure is presented to meet the stakeholders' expectations and briefly provides the main points of relevant management approaches of other non-material issues.

Aspect of Issue	Material Issue	Corresponding Aspect			Boundary				
		Material Aspect	Index	Pages	Inside the Corporation	Outside the Corporation			
						Customers	Government Institutions	Residents in the Operation Areas	Investors/ Shareholders
Economic Aspect	Operation Performance	Economic Performance	EC1~EC4	P.33, P.36, P.79-80, P.96	●	●			●
Environmental Aspect	Energy Management	Energy	EN3~EN7	P.74-76, P.79	●				●
	Climate Change and Greenhouse Gas Emissions	Emissions	EN15~EN21	P.63-68, P.72-75, P.78	●		●	●	
Social Aspect	Occupational Health and Safety	Occupational Health and Safety	LA5~LA8	P.95, P.102, P.103, P.106	●				
Industrial Aspect	Management of Air Pollution, Water Pollution, and Wastes	Air Pollution/ Waste Water and Wastes	EN22~EN26, GO5, GO6, GO8	P.59, P.63-69, P.109	●	●		●	
	Local Community Development and Communication	Local Community	SO1, SO2, GO10	P.107-115	●			●	
	Industrial and Public Safety	Industrial Issues		P.50-51, P.102-107	●	●	●	●	●
	Oil Storage Safety	Industrial Issues		P.25, P.28, P.29, P.70-72	●	●	●	●	
	Emergency Response Measures	Industrial Issues		P.112-113	●		●	●	
	Major Investments	Industrial Issues		No major investments were made in 2015.	●		●		●



Friendly Corporate Progress

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1.Friendly Corporate Progress

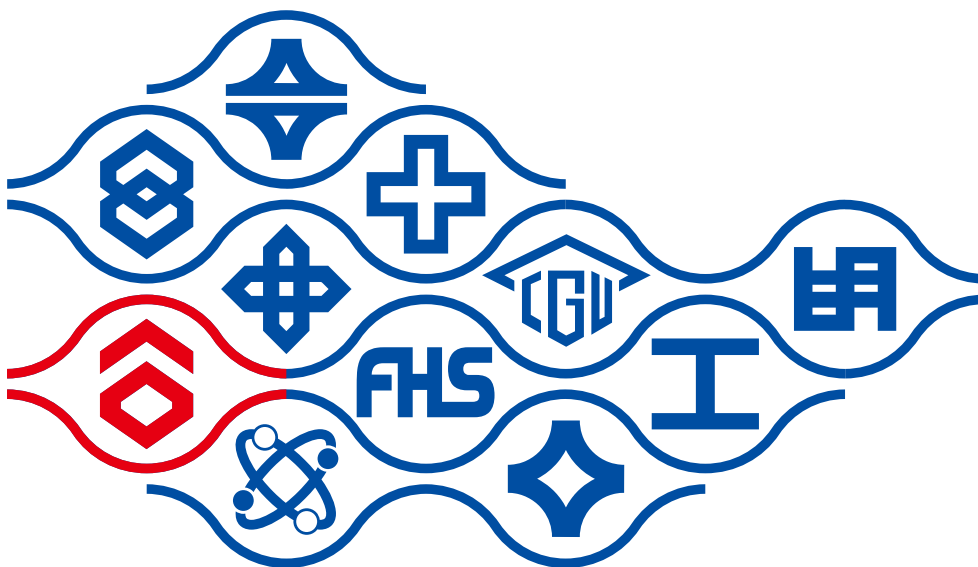
1.1 Company Introduction and Management Concepts

Company Introduction:

Established in 1992, Formosa Petrochemical Corporation has mainly operated in the sale of petroleum products and basic petrochemical materials. It produces and sells such petroleum products as gasoline and diesel as the only domestic private petroleum refining manufacturer, while its naphtha cracking plant produces basic petrochemical materials such as ethylene, propylene, and butadiene. The scale of FPCC' s production capacity is ranked first in Taiwan. Meanwhile, the Corporation' s cogeneration system provides the utility fluids such as heat and power required by each plant of FPCC' s Mailiao Industrial Park.

Company Name	Formosa Petrochemical Corporation
Date of Establishment	April 6, 1992
Listing Date	December 26, 2003
Amount of Capital	TWD 95,259,596,520
2015 Number of Employees	4,891
2015 Consolidated Revenue	TWD 629,513,850,000
Outlet Stores	Head Office: No. 1-1, Taisu Industrial Park, Zhongxing Vil. Mailiao Township, Yunlin County Taipei Office: 4th Floor, Back Bldg. of Taisu Building, No. 201, Dunhua N. Rd., Taipei City
Credit Rating	Taiwan Ratings twAA- ; Standard & Poor's BBB+

Note: as of December 31, 2015



FPCC is a member of FPG Corporate Identity System. The Corporate Identity System' s chain-like logo not only symbolizes the interlocking, mutually cooperative, and harmonious relationships among the different companies within the group, but also represents FPG' s flourishing and endless developmental power.



Management Concepts:

FPG has been developed into an interdisciplinary comprehensive industrial group. The motivation behind the expansion, growth, and success of the Corporation lies in the spirit of "diligence and humility, pursuing the best, sustainable management, and social contribution, " believes that the two founders, Yung-ching Wang and Yung-tsai Wang, have emphasized and practiced since the beginning.



1.Friendly Corporate Progress

1.2 Operation Plan and Guidelines for Sustainable Governance

Operation Plan:

Small in area and densely populated, Taiwan has limited environmental carrying capacity and few natural resources. Taiwan is also generally believed not to be a place suitable for expanding production scale or exporting petrochemical products. Therefore, FPCC has planned and divided its future development into short-term, mid-term, and long-term stages:



1.Strengthening Industrial Safety and Environmental Protection (Short-term):

A corporation that aims for sustainable development must decrease its impact on society and environment. In terms of environmental protection, we have reduced pollutant emissions and completed prevention works with the best control technology in order to support both environmental and industrial sustainable development, as well as ensure residents' quality of life.

2.Continuously Improving Plants' Efficiency (Short-term):

The corporation proactively introduces manufacturing technology and upgrades its original equipment to improve both the safety and efficiency of manufacturing. Doing so may not only reduce water and power consumption and decrease the Company' s impact and influence on the environment but can also increase the production efficiency of products and fulfill the goal of lowering production costs and improving product competitiveness.

3.Continuously Researching and Developing High-Valued Products (Mid-term):

Based on its existing foundation, the Corporation has strengthened its research and development of high value-added products and utilizes limited resources to create higher production value. Not only has it increased its profits but it also moves towards the long-term goal of "sustainable development and social contribution. "

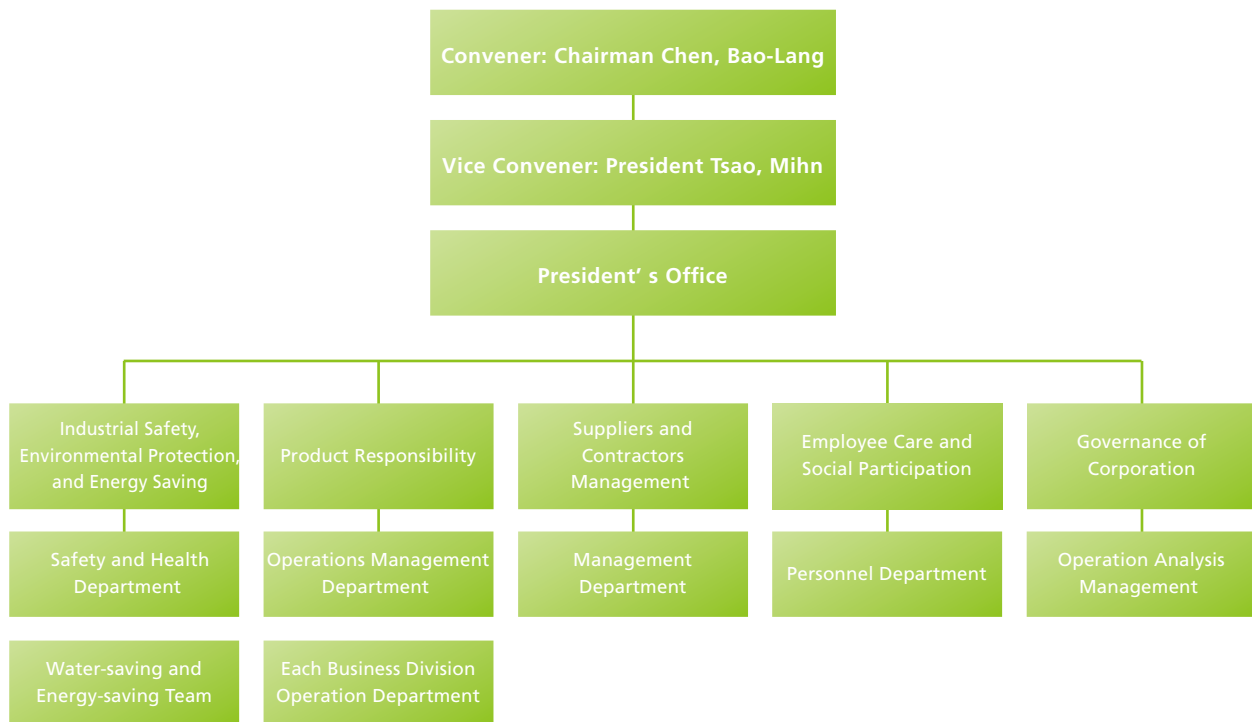
Guidelines for Sustainable Governance:

In order to efficiently integrate resources, FPG promotes corporate social responsibility by uniting each company to cooperate. The "Social Responsibility Promotion Center ", which was established by the General Managing Department in 2008 and follows the lead of the vice chairman who acts as the head convener, is responsible for planning FPG' s corporate social responsibility strategies and supervising their performance. It also focuses on stakeholders' concerns and sustainability issues that are important to corporate management and environment.

In the organizational framework of FPG, the chairman of the Corporation acts as the convener of FPCC while the general manager acts as the vice convener. The general manager' s office and the relevant departments work together to handle matters related to corporate social responsibility. Through various smooth channels, they also get to understand the stakeholders' opinions and demands, which are taken as an importance reference for the Corporation' s guidelines for sustainability.



Framework of "FPCC Corporate Social Responsibility Promotion Team "



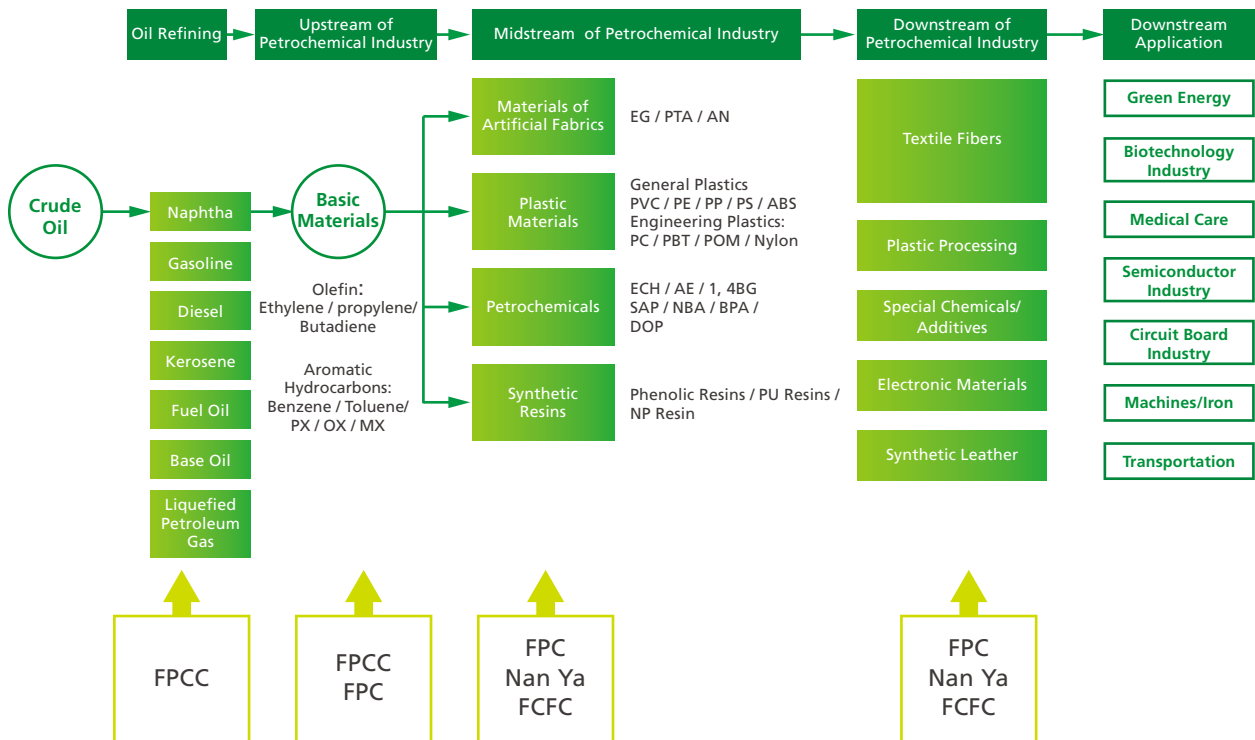
1. Friendly Corporate Progress

1.3 FPCC Business Model

FPCC Product Relation Diagram:

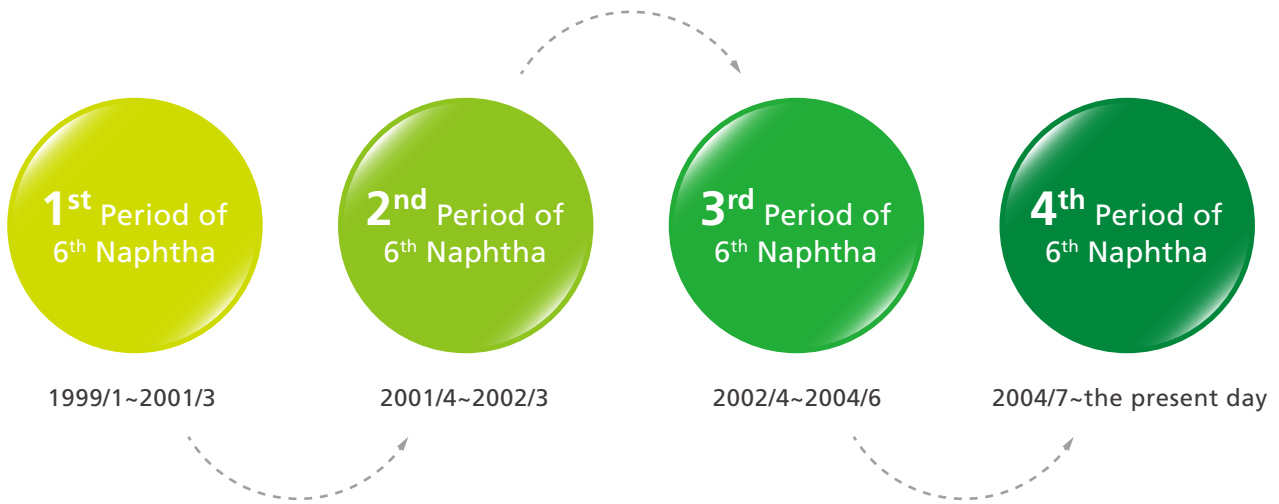
The petrochemical industry can be roughly divided into basic materials, intermediates, and downstream processed products, and the relationships among all of them are very close. FPCC is located in the upstream area of the industrial chain. Olefins and aromatics are its two main types of basic materials. It refines and derives Naphtha from oil with high-temperature and high-pressure cracking or reconstruction technology.

About the Sixth Naphtha Cracking Project:



In 1994, FPCC initiated the Sixth Naphtha Cracking Project in an outstanding-island industrial park in Mailiao Township, Yunlin County. Mailiao Village and Haifeng Village, which were developed for the project, are located at the estuary of Jhuoshuei River, the northernmost point of Yunlin County. Commonly known as "wind tip and water tail", the area is 8 kilometers long from north to south with 4-kilometer coastlines extending outward. The inconvenient traffic and the strong north-east monsoon that blows for six months every year makes the local environment and climate a considerable challenge for the project. In the beginning, the construction of plants was very difficult. Nevertheless, with the concerted efforts of the entire staff, the Corporation has accomplished many important works, such as plant establishment as scheduled in the four periods of the project. The accumulated amount of investment for the industrial park has been about TWD 755.1 billion (including the industrial harbor and power generation plants).

- The quantity of sand filled for land reclamation is about 10,915 cubic meters, which is enough to pave a road eight lanes wide and three stories high on a 373-kilometer highway from Keelung to Kaohsiung.
- The area of land reclamation is about 2,255 hectares, equal to 8 percent of the area of Taipei City, and represents 0.062 percent of the area of Taiwan.
- The area of the industrial park is about 2,603 hectares, equal to four times of the total areas of Linyuan Petrochemical Industrial Park (403 hectares), Dashe Petrochemical Industrial Park (109 hectares), and Toufen Petrochemical Industrial Park (95 hectares).
- The relevant plants total 53, and the length of the in-plant pipelines reaches more than 3,000 kilometers.



Production Capacity and Size of Organization:

FPCC' s production in 2015 remained stable. Outlet variations were mainly caused by different units adopted by annual examination. In terms of production value, due to the dropping price of crude oil, the price of products was lower than that of 2014.

Business Department	Product	Production Capacity
Oil Refining Business	Daily Amount of Refined Crude Oil (thousand barrels/day)	540
Olefin Business	Production Capacity of Ethylene (thousand tons/ year)	2,935
Utility Business	Generating Capacity (ten thousand KW)	282

Oil Refinery

The oil refineries produce 540 thousand barrels of refined oil. Among them, the production of naphtha may reach 3.75 million tons to be used by the relevant plants in Mailiao Industrial Park. The refineries also produce gasoline, diesel, aviation fuel oil, liquefied petroleum gas, etc.

Cogeneration Plant

The qualified cogeneration system has established a total of 16 generating sets with 2.82 million KW of capacity. This biggest cogeneration plant at home generates power, heat, industrial water, ultrapure water, nitrogen, oxygen, compressed air, etc.

Naphtha Cracking Plant

Three naphtha cracking plants were established to annually produce a total of 2.935 million tons of ethylene.



Competitive Advantages

Through its vertically integrated commercial model, FPCC has feeding flexibility and utilizes its economic scale and cost advantages to optimize its production arrangement. The production capacity of its products is ranked first in Asia. Meanwhile, through interdepartmental collaboration, as well as innovative research, FPCC proactively investigates and develops products most suitable for meeting market demands by making best use of the group's resources.

Competitive Advantages

· Vertical Integration and Economic Scale

FPCC is located at the upstream of the petrochemical industrial chain and is vertically integrated with other mid and downstream manufacturers in Mailiao plants. It allows FPCC to decrease the cost of production and trading and improve competitiveness by efficiently planning and mobilizing resources rather than wasting them.

· Advanced and Flexible Manufacturing

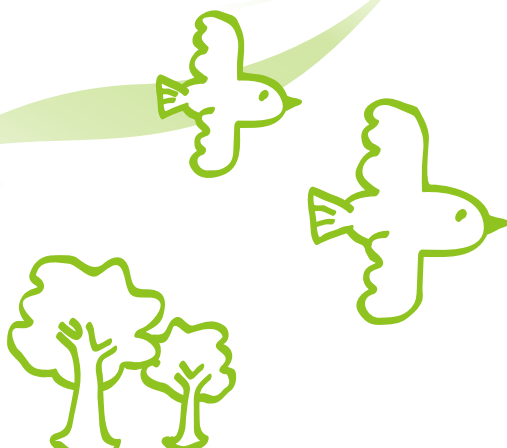
Compared to other manufacturers in Asia, FPCC uses the most advanced technology and equipment in order to produce low-sulfur and high-value oil that meets both domestic and international environmental standards. The added value of products is raised, and the manufacturing operations can best be expanded. FPCC is allowed to feed naphtha or LPG according to its cost adjustment and produces different combinations in order to gain the best profits by adjusting its products in accordance with changing market conditions.

· Adjacent to Deep-water Port and Owning Fleets

The Harbor for Mailiao Industry benefits the import, export, and transfer of commodities and finished products and helps FPCC to efficiently control the cost of transportation. The self-owned fleets run by affiliated companies and the oil-tank trunks that assist transportation also reduce the risk of material shortages, as well as the cost of storage.

· FPCC's Own Cogeneration Plant

FPCC's own cogeneration plant may provide every manufacturing plant with stable utility fluids, such as heat and power, and can reduce any possible losses caused by power outages. FPCC also has a power purchase agreement with CPC, Taiwan, which allows the former to fully utilize resources by selling the surplus power back to CPC.





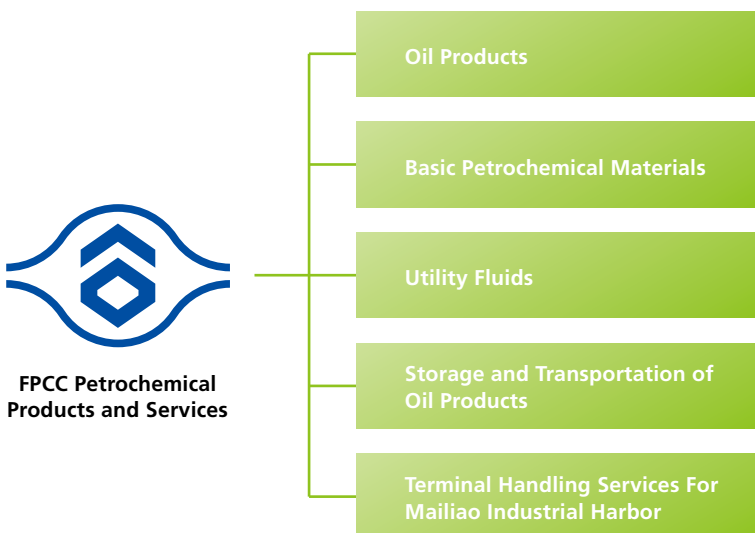
1.4 Main Products and Production Capacity

Main Products and Services:

The main products and services of the Corporation include oil products, basic petrochemical materials, utility fluids, storage and transportation of oil products, and handling services for Mailiao Industrial Harbor, among others. In 2015, the oil products as the core business represented 59.28 percent of revenue, while basic petrochemical materials represented 29.99 percent.

Main Product	Percentage of Revenue (%)
Petroleum Products such as Gasoline and Diesel	59.28
Petrochemical Products such as Ethylene and Propylene	29.99
Electricity, Steam	5.75
Others	4.98

Explanation of Each Product and Service:



Oil Products

FPCC imports crude oil from overseas and refines it to produce not only consumer oil products such as gasoline, diesel, and liquefied petroleum gas but also naphtha to serve as materials for the alkene plant and aromatic hydrocarbon plant.

Basic Petrochemical Materials

Only two companies in Taiwan, FPCC and CPC Corporation, engage in the production and sale of petrochemical products domestically. The petrochemical products of FPCC are mainly for the use of midstream and downstream petrochemical plants within Mailiao Industrial Zone, as well as for the demands of Ningpo Industrial Zone.

Utility Fluids (Electricity, Steam, Water, etc.)

Power and heat generated by FPCC are used mainly for the plants' use in Mailiao Industrial Zone. The Corporation also satisfies the demands of utility fluids within the industrial zone by installing many facilities for industrial water, ultrapure water, air compressor, oxygen plants, and others.

1.Friendly Corporate Progress

Terminal Handling Services For Mailiao Industrial Harbor

The area of Mailiao Industrial Harbor is estimated to be 476 hectares, with a channel whose mid-tide water level reaches 24 meters and allows 300,000-dwt vessels to pass in and out. The harbor is not only going to be the deepest port in Taiwan but also the first exclusive industrial harbor invested, developed, and established by a nongovernmental organization. The harbor's ideal geographic location as the pivot to Taiwan Strait strengthens the competitive advantage of the Corporation in the Asia-Pacific shipping routes. As the second largest harbor, it has an annual cargo handling capacity that can reach 70 million metric tons, second only to Kaohsiung Harbor.

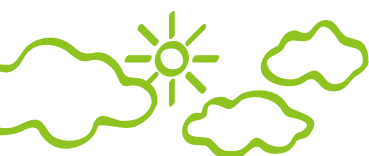
Mailiao Industrial Harbor, which has 20 docks for crude oil, refined oil, chemicals, bulk cargos, etc., is equipped with the most advanced automatic devices and provides handling services for the import and export of various commodities. FPCC's transportation efficiency and cost control significantly benefit from these characteristics.

Product	Unit	2014			2015		
		Production Capacity	Output	Production Value	Production Capacity	Output	Production Value
Naphtha	thousand metric tons	4,000	3,518	93,796	4,000	3,611	57,101
Gasoline	thousand kl	6,000	5,402	116,333	6,000	5,875	94,389
Diesel	thousand kl	10,000	10,825	238,435	10,000	11,218	149,425
Aviation Fuel/ Kerosene	thousand kl	2,300	2,512	55,881	2,300	2,682	36,122
Fuel Oil	thousand kl	1,030	655	11,438	1,030	886	8,486
Base Oil	thousand kl	758	856	22,374	758	764	13,135
Liquefied Petroleum Gas	thousand metric tons	730	533	13,073	730	528	11,166
Petrochemicals (Note 1)	thousand metric tons	7,100	7,066	265,027	7,100	7,273	187,729
Electricity	million kWh	22,563	15,622	36,171	22,563	14,599	32,109
Steam (Note 2)	thousand metric tons	102,667	22,516	15,739	102,667	21,435	14,989

Note 1: Source: Annual report of the Corporation

Note 2: The petrochemicals referred to include ethylene, propylene, butadiene, pyrolysis gasoline, etc.

Note 3: The production capacity of heat is calculated based on the main production capacity of the boilers. The production capacity of heat refers to the amount of heat provided for the use of each production plant but does not include the amount of heat for power generation.





Better New Energy- FPCC 95⁺Unleaded Gasoline "Stable, Economical, Powerful, Clean ":

As a local brand in Taiwan, FPCC has strived to produce high-quality products for the overseas market. Selling products to such advanced countries as Germany, the U.S., Japan, Australia and others, it has earned a good reputation among the international oil market. FPCC applies advanced manufacturing equipment to explore the global development of engine techniques and has accumulated years of experience in refining techniques, manufacturing improvement, research and experiments conducted in an engine laboratory with international standards, as well as the road test. Meanwhile, it has developed new ingredients like "95 Plus Unleaded Gasoline " and explores the domestic oil market by equipping new products with better driving stability, fuel oil efficiency, and horsepower.



"95 Plus Unleaded Gasoline " features "Stable, Economical, Powerful, and Clean " Characteristics. In particular, for the oil-saving characteristics that consumers value most, FPCC has commissioned Asian automotive master, Ho-huang Chen, to conduct tests in a national automotive test and research center with an open, objective, and scientific testing approach. The whole process of the utmost oil consumption tests is recorded to prove that "95 Plus Unleaded Gasoline " saves more oil than other products on the market.



FPCC chairman Bao-lang Chen (right) and vice executive general manager Ko-yen Lin (left)

At the 95 Plus press conference, the chairman filled the gas tank of a taxi.

1.Friendly Corporate Progress

Asian automotive master, Ho-huang Chen, conducted oil consumption tests in the automotive test and research center.



Public and transparent in-test oil boxes



Certified High-Quality Products and Services:

Authorized Economic Operator (AEO) Certification

AEO certification refers to government-approved business and the supply chain safety of the up, mid, and downstream manufacturers, as well as trading safety solutions that meet the standards of a high-quality business. It as an important policy promoted by Taiwan' s customs and also demonstrates a tendency of international trading customs clearance

FPCC initiated AEO certification in June 2013 and accomplished all certification items within half a year. As the AEO certified manufacturer with the largest business scale in Taichung, it received its AEO certificate on December 6 of the same year. The AEO certificate allows the Corporation to enjoy such discounts as the lowest examination rate and paying tax by month for commodity imports and exports.



The director of Taichung Customs Administration, Ministry of Finance, Lien-chi Hsieh, visited the Corporation in person on January 14, 2014 to

issue the AEO certificate. The chairman of the Corporation received the certificate on behalf of FPCC.



TAF (Taiwan Accreditation Foundation) Certification

FPCC's Instrument Flow Calibration Lab and Gasoline-Diesel Engine Lab of the Oil-Refining Department passed the Chinese National Laboratory Accreditation (CNLA) certification in 2003 and 2004, respectively, which was the previous name of the Taiwan Accreditation Foundation-Department of Laboratory Accreditation (TAF). The certification demonstrates that the laboratories have upgraded their techniques and quality in order to receive international reorganization and facilitate trading. After certification, the testing report issued by the laboratories and calibration certificates can prove its competence with the certification label.



Registration, Evaluation, and Assessment of Chemicals (REACH)

Ethylene, propylene, butadiene, IPM, PIPS, and DCPD produced by FPCC have passed the certification of REACH, which is a European community safety legislation involving registration, assessment, authorization, and restriction of chemicals. Starting on June 1, 2007, substances of very high concern may need to be authorized before being imported into the European Union. The certification may help the Corporation sell products to areas in the European Union and improve business promotion.

Japan Hygienic Olefin and Styrene Plastics Association (JHOSPA)

Established in 1973, JHOSPA, in response to Japan's Food Sanitation Act, has stipulated the raw materials and additives allowed in food containers/packaging materials, as well as health criteria for finished products for the following types of manufacturers.

1. Local manufacturers in Japan that produce food containers or raw materials of food containers
2. Manufacturers that produce food containers or raw materials of food containers in other countries but sell the finished products to Japan
3. Manufacturers that produce other products and intend to sell the products in Japan (such as diapers, hot melt glue, etc.)
4. Other manufacturers that do not sell mineral-oil products to Japan but consult the standards of advanced countries

FPCC joined JHOSPA (Japan Hygienic Olefin and Styrene Plastics Association) and has become one of its members. It also has its food-grade mineral-oil products 380N and 550N certified as JHOSPA-approved additives.



1.5 Operation Performance and Future Prospects

Operation Performance:

The Corporation's consolidated revenue of 2015 was TWD 629.51385 billion, a decrease of 31 percent when compared to 2014's 913.08528 billion. The consolidated pretax net income was TWD 52.71257 billion, increasing 4.8 times last year's TWD 9.127 billion. The increase of profits mainly resulted from the rise of interest margin caused by the lower oil prices that stimulated the end demands.

Unit: TWD thousand

Year	2013	2014	2015
Total Revenue	931,333,890	913,085,277	629,513,853
Pretax Net Income	31,015,874	9,100,271	52,712,573
Earnings per Share	2.82	0.95	4.97
Dividend per Share	2.50	0.85	4.00
Return on Equity	12.03	3.78	18.68
Commodity Tax	17,983,761	17,257,703	18,267,905
Proportion of Commodity Tax out of Commodity Tax at Home	11.16%	10.02%	9.98%
Total Tax Payment	18,385,834	21,801,856	17,825,181
Proportion of Total Tax Payment out of Commodity Tax at Home	1.01%	1.11%	0.83%

Note: Source of national data- Directorate- General of Budget, Accounting, and Statistics, Executive Yuan

In order to improve shareholder services, FPCC established the independent share affairs department, which is responsible for share affairs and bridging the gap between the Corporation and shareholders. In 2008, it also promoted the dematerialized shares of the Corporation and established a spokesman system in order to provide a communicative channel for the shareholders and legal-person investment organizations.

The Corporation convenes at least two investor conferences annually and has established an "investor-only area" that provides relevant information to investors and answers frequently asked questions of shareholders. It also immediately publishes disclosed statements and information in the "Market Observation Post System. "



Operation Challenges and Risk Assessment:

Challenges and Responses

Material Supply and Risk of Price Volatility

The main materials of FPCC, including crude oil, naphtha, and coal, are all imported from overseas. Any war, disasters, political struggles, or increase of ocean freight may impact the stability of material supplies.

Response Strategy:

With outstanding refining technology and flexible manufacturing, FPCC can purchase feedstock from different oil-producing countries and enter into long-term purchase agreements with foreign oil manufacturers and coal manufacturers to diversify risks. It has also developed various feedstocks by replacing part of naphtha with LPG to lower the dependency on naphtha. By doing so, the Corporation can properly ensure the stability of material supply and control the costs of feedstock purchases.

Impact of the Shale Gas and Coal Chemical Industry

The U.S.'s breakthrough in shale-gas exploitation technology has significantly lowered the cost of materials required by the ethylene plants. Meanwhile, the improvement techniques, abundant coal, and lower prices have given the coal chemical industry great development potential.

Response Strategy:

Because of the different material structure, shale gas cannot produce any C4 or aromatic hydrocarbon products and will cause a shortage of C4 and aromatic hydrocarbon if it is used as feedstock. This means that the ethylene plants in Asia that use naphtha as the main feedstock, still have the chance to profit. Meanwhile,

the Corporation has begun improving its manufacturing, adjusting the LPG's proportion out of total feedstock, and recycling C4 and C5 at appropriate times in order to increase the product's value and improve its competitiveness. Furthermore, due to the lower price of crude oil recently, the development of substituted materials in each country has also slowed down.

Fluctuations in Exchange

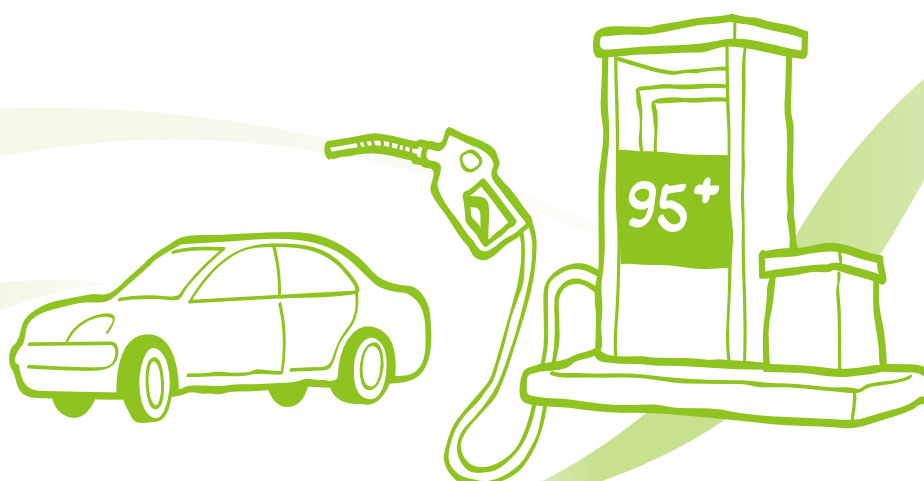
Fluctuations in exchange may influence the cost of raw materials that are imported since the prices of the raw materials from overseas are based on foreign currency.

Response Strategy:

FPCC not only follows exchange rate data, but also hedges the forward foreign exchange at the proper time to decrease the impact of fluctuations due to low exchange rates on the cost of raw material imports.

Operation Risk Assessment

In pursuit of sustainable management, the Corporation has to consider all kinds of potential risk and operation assessments. Each department has its relevant office that is responsible for managing risk, programming and assessing risk probability during operations, and the degree of impact of such risks. The risk department subsequently plans the relevant response measures.



1.Friendly Corporate Progress

Operation Risk Assessment

Item of Risk Assessment	Risk Management Department	Risk Examination	Response Strategy
1. Interest Rate, Fluctuations in Exchange, Inflation	FPCC General Manager' s Office, Accounting Department, Department of Finance, FPG' s Head Office	Board of Directors, Auditing Office, Computer Audit and Regular Self-Examination, United Financial Managers Meeting	<p>1. Interest Rate: For long-term floating interest rate liability, the Corporation carefully investigates the financial markets. It has signed an interest rate swap with several world-famous banks as the interest rate stays relatively low.</p> <p>2. Fluctuations in Exchange: The lacking amount of foreign-exchange funds in the daily operation is replenished by buying bills or forward exchange at sight as the market exchange rate is favorable.</p> <p>3. Inflation: According to the information published by the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan, the Annual Change in Consumer Price Index in 2015 was -0.31 percent while the Core Annual Change in Consumer Price Index was 0.79 percent. The inflation risk, which is low, does not have any material influence on the Corporation.</p>
2. High Risk, High Leveraged Investment, Lending of Capital, Endorsements and Guarantees, Derivative Trading	FPCC General Manager' s Office, Financial Department, FPCC' s Head Office	Board of Directors, Auditing Office, Computer Audit and Regular Self-Examination, United Financial Managers Meeting	<p>1. High Risk, High Leveraged Investment: The petrochemical industry is a developed and stable industry with low risk. FPCC also manages its financial affairs in a stable way and avoids high leveraged investments.</p> <p>2. Lending of Capital: According to the relevant guidelines for the lending of capital, the lending targets, amount, duration and interest calculation are implemented upon being approved by the board of directors and then assessed and reviewed regularly. Because most of the lending and the lending goals are short-term procurement and the lending targets have healthy financial records and stable management, bad debt and losses have never occurred.</p> <p>3. Endorsements and Guarantees: In general, the targets of endorsements and guarantees are the subsidiaries or companies in partnership with FPCC. The items of endorsements and guarantees are more about financing and import tax. The healthy financial records and stable management of the associated companies means that bad debt and losses have never occurred.</p> <p>4. Derivative Trading: Each derivative trade is done to avoid the market risk caused by fluctuations of exchange rate and interest rate and not to serve arbitrary or opportunist purposes.</p>
3. Research and Development Project	FPCC General Manager' s Office, Manager' s Office of Each Department, FPCC' s Head Office	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	No risks have been assessed for this item.
4. Changes of Domestic and Overseas Material Policies and Laws	FPCC General Manager' s Office, FPG' s Head Office, Legal Affairs Office	Board of Directors, Auditing Office	FPCC has paid close attention to economic and political situations, major policy decisions, and legislative changes and has arranged professional training courses for its employees.
5. Technological Changes	FPCC General Manager' s Office, Manager' s Office of Each Department, FPG' s Head Office	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	Since the petrochemical industry is an industry with developed technology, no material technological changes have occurred.
6. Change of Corporate Image	FPCC General Manager' s Office, FPG' s Head Office	Board of Directors, Auditing Department	FPCC, which has adhered to the operation concepts of "diligence and humility, pursuit of the best, sustainable management, and social contribution, " aims to establish a good corporate image. It will continuously carry out those concepts and continue to make bigger contributions to the society in the future.



Item of Risk Assessment	Risk Management Department	Risk Examination	Response Strategy
7. Merger or Joint Venture	FPG' s Head Office, Manager' s Office of Each Department, FPG' s Head Office	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	No risks have been assessed for this item.
8. Plant Expansion	FPG' s Head Office, Manager' s Office of Each Department, FPG' s Head Office	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	No risks have been assessed for this item.
9. Purchase or Collective Sales	FPG' s Head Office, Manager' s Office of Each Department, FPG' s Head Office, Purchasing Department	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	<p>1. Purchase: The sources for oil refineries and naphtha cracking plants mainly come from the oil-producing countries of the Middle East. The risk of supply disruption caused by frequent turmoil may influence the productivity of these oil-producing countries. Benefiting from outstanding refining technology and flexible manufacturing, FPCC can purchase different crude oil as feedstock from each oil-producing country and sign long-term purchase contracts with foreign oil manufacturers and coal manufacturers to properly prevent the unstable supply of materials and control the cost of material purchases.</p> <p>2. Sales: The sales targets and sales areas of oil are widely distributed. In 2015, the domestic and overseas revenues were 58.94 percent and 41.06 percent, respectively. In terms of overseas sales, the products were sold to Southeast Asia, Korea, Australia, European countries, and the U.S. according to the production-marketing conditions of refineries and the international oil market. The risk of petrochemical products is low since the products are mainly sold to the companies in Mailiao Industrial Park. Furthermore, because of the agreement of CPC, which allows FPCC to sell the surplus power back to CPC, the power of the utility plant is at low risk.</p>
10. Share Transfer of Directors, Supervisors and Shareholders	FPCC General Manager' s Office, Financial Office, Stock Affairs Office, Legal Affairs Office, FPG' s Head Office	Board of Directors, Auditing Office	No risks have been assessed for this item.
11. Change of Management Right	FPCC General Manager' s Office, Financial Office, Stock Affairs Office, Legal Affairs Office, FPG' s Head Office	Board of Directors, Auditing Office	No risks have been assessed for this item.
12. Lawsuits and Non-contentious Cases	FPG' s Head Office, Manager' s Office of Each Department, Legal Affairs Office	Board of Directors, Auditing Office, Production-Marketing Meeting, Operation Performance Meeting	The lawsuits in which FPCC is involved has been assessed to cause no material change to the interests of shareholders or security prices.
13. Climate Change	FPCC General Manager' s Office, Manager' s Office of Each Department, FPG' s Head Office	Board of Directors, Auditing Office	For various agreements about issues such as greenhouse gas reduction and the changes of environmental regulations that have been made in response to climate change, FPCC proactively adjusts its manufacturing with the best and most feasible techniques to lower its environmental impact.

1.Friendly Corporate Progress

Innovative Thinking and Integrated Research and Development:

FPC has established a department to be responsible for the manufacturing improvement for each plant and organizing professional chemical engineers to research manufacturing improvements. It has also developed improvement techniques to stabilize production, increase productivity, lower costs, raise production value, decrease energy consumption, and reduce pollutant emissions.

Furthermore, the Corporation has collaborated with the government's policy on promoting a high-quality petrochemical industry and strived to raise the production value of the cracking-related products and increase profits by developing the application of C4 and C5 downstream products of the naphtha cracking plants. It is currently promoting the high-quality industry that annually produces 40,000 tons of joint-ventured hydrogenated styrenic block copolymers (HSBC) with Kraton, as well as 43,800 tons of joint-ventured hydrogenated hydrocarbon resin (HHCR) with Japan's Idemitsu.

Research and Development Expenses in the Past Five Years

Unit: TWD thousand

Year	2011	2012	2013	2014	2015
Research and Development Expense	714,326	741,905	504,081	537,835	541,579

Rewards that FPC Received in 2015

2015.10 The Naphtha Cracking Plant III was named an outstanding manufacturer in the industrial group of Election of Energy-Saving Performance held by the Ministry of Economic Affairs in 2015.



President Tsao received the trophy on behalf of the Corporation.



Trophy of Outstanding Energy-Saving Performance



2015.11 The Naphtha Cracking Plant I was named an outstanding manufacturer in Election of Water-Saving Performance held by the Water Resources Agency, Ministry of Economic Affairs in 2015.



Associate General Manager Yung-chien Huang received the trophy on behalf of the Corporation.

Trophy of Outstanding Water-Saving Performance

2015.11 The Naphtha Cracking Plants II and III were named an outstanding manufacturer in promoting voluntary greenhouse gas reduction.

In collaborating with the Industrial Development Bureau (IDB), Ministry of Economic Affairs to promote the policy on national industrial greenhouse gas reduction, the Corporation signed an agreement on voluntary greenhouse gas reduction with the IDB in 2011. It also planned a greenhouse gas reduction project for the first stage from 2011 to 2015 and an annual reduction goal based on which the Corporation proactively promotes, executes, and follows up on each energy-saving and carbon reduction project. With regular evaluation, review, and performance improvement, FPCC was rewarded and recognized as an outstanding manufacturer in voluntary industrial greenhouse gas reduction by the IDB. For continuous promotion of energy saving and carbon reduction, the Corporation signed another agreement on voluntary greenhouse gas reduction of the 2nd stage from 2016 to 2020 with the IDB in order to fulfill its corporate social responsibility and contribution to our living environment as a citizen of the earth.



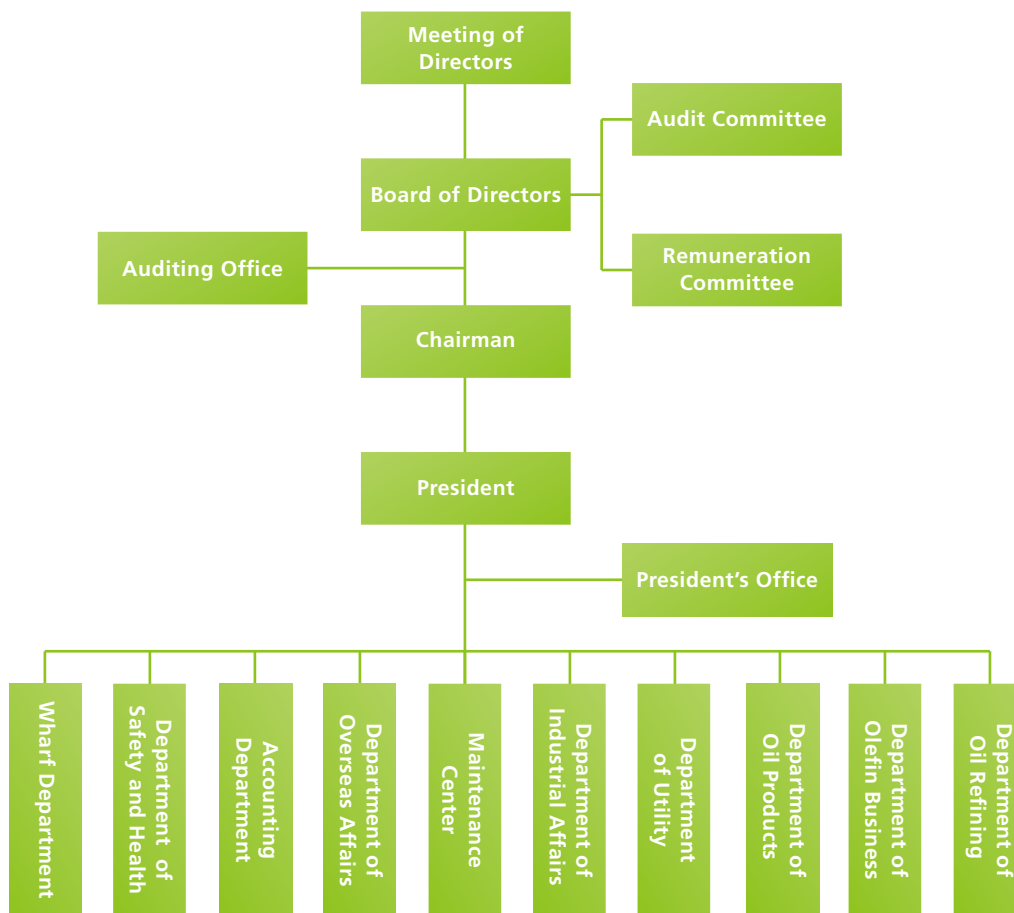
Deputy Plant Manager Ting-yu Yen received the prize on behalf of Plant II.

Assistant General Manager Yung-chien Huang received the prize on behalf of Plant III.

1.6 Governance of the Corporation

Structure of the Governance of the Corporation:

FPCC' s organizational structure and department responsibilities are clearly defined. To ensure operational independence, the chairman does not act as a FPCC manager. The Corporation is divided into different departments under the General Manager. Along with its main business, each department also irregularly conducts interdepartmental communication to mutually support and achieve the business goals.



Governance of the Board of Directors

Since 2015, the election of the FPCC directors has been by the nomination system, whereby the shareholders nominate and elect candidates from a qualified candidate list. The tenure of the directors is three years while a director meeting shall generally be convened at least once a quarter. Many directors have served in the petrochemical and plastic industries for a long time and have obtained extensive and professional experiences and competence in operation and management; therefore, they can provide the most appropriate strategic guidance for the Corporation' s future development.

Each assessment result reflects a specific achievement of governance. In the Taiwan Stock Exchange Corporation' s Information Disclosure and Transparency Ranking System, FPCC has been ranked as Class A or higher for ten years in a row, from 2006 when the Company was first published in the 3rd ranking to 2014 when the 12th ranking was held. Furthermore, since the assessment of governance of corporation was conducted in 2014, FPCC scored 89.63 in the 1st year and improved to 92.89 in the 2nd year. It has been ranked in the top 20 percent among the assessed publicly-traded companies for two years in a row.



Has won the reward in the information disclosure evaluation for ten years in a row



1st Assessment of Governance of Corporation

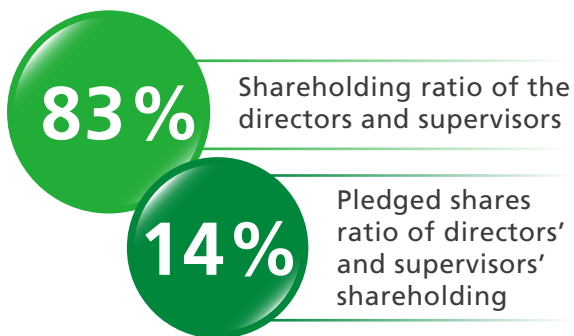
Information of Directors and Supervisors

Position	Name	Educational Background	Additional Positions in the Corporation or Other Companies
Chairman	Representative of Formosa Plastics Corp.	-	-
	Bao-Lang Chen	Department of Chemical Engineering, National Cheng Kung University	Chairman of Mailiao Industrial Harbor, Director of Mailiao Power Corporation
Executive Director	Representative of Formosa Chemicals and Fibre Corp.	-	-
	William Wong	Graduate School of Industrial Engineering, University of Houston, USA	Chairman of Formosa Chemicals & Fibre Corporation, Formosa Taffeta Co., Ltd., and Fuke
Executive Director	Representative of Formosa Plastics Corp.	-	-
	Susan Wang	Department of Economics, Barnard College, USA	Executive Director of Formosa Plastics Corporation, Executive Director of Formosa Plastics Corporation USA, Chairman of Formosa Environmental Protection
Executive Director	Representative of Nan Ya Plastics Corp.	-	-
	Wilfred Wang	Department of Mechanical Engineering, University of London	Chairman of Nan Ya Photonics Incorporation, Formosa Plastics Marine Corp. Executive Director of Formosa Plastics Corporation, Nan Ya, and Formosa Chemicals & Fibre Corporation
Executive Director Independent Director	C.P. Chang	Graduate Institute of Law and Interdisciplinary Studies, National Chengchi University	Chief Executive Officer, Cross-strait Peaceful Development Foundation; Independent Director of Silitech, Inventec, and Powerchip
Independent Director	Chi-Tang Lo	Department of Economics, National Taiwan University	None
Independent Director	Yu Cheng	Graduate Institute of Business Administration, National Chengchi University	Independent Director of Formosa Taffeta Co., Ltd., Formosa Advanced Technologies Co., Ltd., and Danen Technology Corporation
Director	Walter Wang	B.A., University of California, Berkeley, USA	J-M Manufacturing Co., Inc. President and CEO
Director	Representative of Nan Ya Plastics Corp.	-	-
	Ming Tsao	Executive Master of Business Administration, National Sun Yat-sen University	General Manager of the FPCC, Representative of directors at Kraton Formosa Polymers Corporation, Chairman of Formosa Idemitsu, General Manager of Mailiao Power Corporation
Director	Keh-Yen Lin	Department of Chemical Engineering, Tunghai University	Vice Executive General Manager of FPCC, Director of Whale World, Formosa Oil Corporate, Supervisor of Nan Ya Photonics Incorporation

1.Friendly Corporate Progress

Position	Name	Educational Background	Additional Positions in the Corporation or Other Companies
Director	Jui-Shih Chen	Department of Chemical Engineering, National Taiwan University	Senior Vice General Manager of FPCC, Director of Sixth Naphtha Automobile Corporation
Director	Ling-Sheng Ma	Department of Electrical Engineering, National Cheng Kung University	Senior Vice General Manager of FPCC
Director	Yung-Fa Wang	Department of Mechanical Engineering, National Chung Hsing University	Vice General Manager of FPCC; Director of Sixth Naphtha Automobile Corporation
Director	Ying-Hwang Yang	EMBA, National Taipei University of Technology	Director at Formosa Fairway Corporation and Formosa Plastics Maritime Corporation, Corporate Supervisor of Formosa Plastics Transport Corporation
Director	Representative of Chang Gung Medical Foundation	-	-
Director	Ming-Long Huang	Graduate Institute of Business Administration, Chang Gung University	Chief Executive Officer of Chang Gung Memorial Hospital; Supervisor of Nan Ya Technology Corp

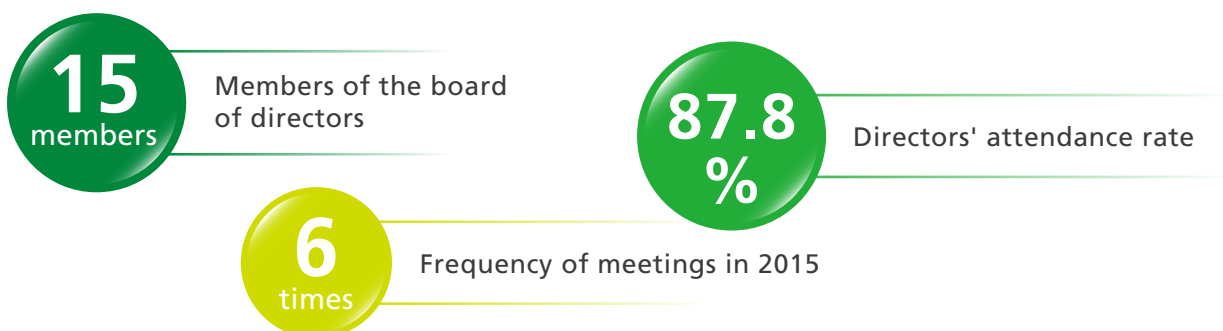
Note: 2015 FPCC Annual Report



In the past five years, the shareholding ratio of FPCC's directors and supervisors has been around 83 percent, much higher than the 2 percent stipulated by the FSC as the minimum requirement of shareholding by the directors and supervisors of same-scaled listed companies. Meanwhile, the pledged shares ratio of directors' and supervisors' shareholding is just 14 percent. These numbers show that the interest of the board of directors is highly related to the interest of shareholders and that the Corporation is worthy of shareholders' trust.

Operation of the Board of Directors

Currently, the Corporation's board of directors has 15 members. Their ages range from 51 to 86. All of the members are professionals with considerable experience in this industry. In 2015, board of directors meetings were convened six times, with an average attendance rate of 87.78 percent. Moreover, in order to expand the directors' and supervisors' professional knowledge and legal literacy to better supervise and direct the Corporation's operations, FPCC arranges annual courses for the directors and supervisors so that they can continue to study and obtain new knowledge.





Company	Seats of Director	Independent Directors		Female Directors		Average Age
	(Including Independent Directors)	Seats	Percentage	Seats	Percentage	
FPCC	15	3	20%	1	7%	65.9

Study Programs and Hours for Directors and Supervisors

Position	Name	Date of Further Study	Organizer	Course Name	Hours of Further Study
Director	Bao-Lang Chen, William Wong, Susan Wang, Chi-Tang Lo, Yu Cheng, Ming Tsao, Keh-Yen Lin, Jui-Shih Chen, Ling-Sheng Ma, Yung-Fa Wang, Ying-Huang Yang, Ming-Long Huang	2015.11.20	Securities & Futures Institute	Blueprint of Governance of Corporation and Prospect of Corporate Social Responsibility	3
			Dharma Drum Mountain Humanities and Social Improvement Foundation	Keys to a Happy Corporation, Corporate Social Responsibility Series	3
Director	Walter Wang	2015.12.18	Securities & Futures Institute	Making Good Management Policies by Applying Financial Information	3
				Battles of Management Secrets Protection	3
Director	C.P. Chang	2015.11.10	Taiwan Corporate Governance Association	Introduction to the Cross-Strait Tax Agreement	1.5
		2015.8.11		Influence of New Auditor's Report on Readers of Financial Statements	1.5
		2015.5.11		Discussion of Corporate Risk Management and Governance of Corporation from Purchasing Practices	1.5
		2015.3.24		Introduction and Influence of Joint Tax on Building and Land Sales	1.5

Operation of the Audit Committee

Pursuant to regulations stipulated by the Securities Authority, the Corporation called a meeting of shareholders to reelect directors in 2015 and established an audit committee to replace the position of the supervisors. The audit committee, which is made up of the independent directors, adheres to the principles of honesty and independence to supervise the Corporation's business affairs and financial conditions, as well as to audit the Corporation's financial statements. It also assists the board of directors in executing its responsibility with regard to supervision and other tasks stipulated in the Company Act, Securities and Exchange Act and other regulations.

The audit committee convened a meeting three times in 2015; the average attendance rate reached 88.89 percent.

Position	Name	Actual Times of Attendance	Attendance Rate (%)
Convener	C.P. Chang	3	100
Audit Committee Member	Chi-Tang Lo	2	67
Audit Committee Member	Yu Cheng	3	100

Furthermore, before the audit committee was officially established, FPCC had convened the meeting of directors two times in 2014. The attendance rate of supervisors was 83.33 percent.

1.Friendly Corporate Progress

Position	Name	Actual Times of Attendance	Attendance Rate (%)
Supervisor	Ying-Huang Yang	2	100
Supervisor	Ming-Long Huang (Representative of Chang Gung Medical Foundation)	2	100
Supervisor	S.K. Chen	1	100

Operation of the Remuneration Committee

In order to fulfill the governance of corporation and complete the remuneration system of the Corporation's directors and managers, FPCC established the "Remuneration Committee" in August 2011 to assess the remuneration policies and system of the directors, supervisors, and managers and provide suggestions to the board of directors. By doing so, the Corporation aims to avoid any behavior by the directors and managers that might be directed by the remuneration policy to go beyond appropriate risk for the Corporation. The three remuneration committee members are independent directors. From January 1, 2015 to December 31, 2015, the remuneration committee convened three meetings, with an average attendance rate of 77.78 percent.

Position	Name	Actual Times of Attendance	Attendance Rate (%)
Convener	C.P. Chang	3	100
Remuneration Committee Member	Chi-Tang Lo	2	67
Remuneration Committee Member	Yu Cheng	2	67

Remuneration of Directors, Supervisors and Managers

In terms of remuneration of directors, the independent directors are given monthly remuneration and traffic allowances. The traffic allowance is paid according to the director's actual attendance in board of directors meetings. For other directors' remuneration, the board of directors is authorized by the articles of association to decide the remuneration according to the degree of the director's participation in the Corporation's operation and the average payment accepted among other companies. The traffic allowances for other directors are paid according to their actual attendance board of directors meetings.

The annual remuneration of a senior manager is comprised of salary, bonus, dividends for colleagues, contributory pension, welfare funds, and others. Regarding performance assessment, the chairman evaluates and reviews the managers' comprehensive and overall performances of duty, as well as the degree of accomplishment of the managers' personal "annual working goals." As a result, the Corporation is able to encourage the connection between the system, the manager's personal performance, and the Corporation's overall performance by ensuring that the senior managers understand and achieve FPCC's strategic goals.

Total Remuneration of FPCC's Directors, Supervisors, and Managers and the Net Income after Taxes

Unit: TWD thousa

	2011	2012	2013	2014	2015
Remuneration of Directors and Managers	68,246	75,544	88,246	88,633	81,049
Percentage of Net Income after Taxes	0.25%	2.78%	0.33%	0.98%	0.17%
Remuneration of Supervisors	160	160	190	180	80
Percentage of Net Income after Taxes	0.00%	0.00%	0.00%	0.00%	0.00%

Note: 2015 FPCC annual report



Maintaining our Relationship with Investors

Participation in Public Policy:

The Corporation reflects our suggestions about the energy industry mainly through the Chinese National Federation of Industries' white paper of suggestions. It also expresses its opinions toward relevant industrial regulations when the government requests ideas from FPCC and has established a positive communicative channel with government organizations to express its opinions. The suggestions that FPCC brought up in 2015 for the government's reference included the allocation methods of government-arranging allotments, energy policies, and labor issues, among others.

Policy on Donation and Political Contribution

FPCC has processed various donations. Donations to stakeholders and material donations to non-stakeholders have to be approved by the board of directors before being processed. Donations to government organizations shall be based on the idea of benefiting local areas and fulfilling social responsibility rather than on any lobbying or political intentions.

Anti-Corruption Policy and Internal Audits:

Adhering to the spirit of "diligence and humility," FPCC stipulates strict ethic regulations and expects its staff to take following the codes of conduct and ethics in their work and daily lives seriously. Through its rigorous system, the Corporation ensures that its staff will not reveal any business secrets, lie, display misconduct, behave rudely, be idle in work or absent from their positions, engage in malpractice for selfish ends, embezzle funds, spread rumors, orchestrate a strike, or violate gender equality.

Anti-Corruption Policy

Through our business operations, we hope that each employee can follow the ethic code in his or her work and daily life and shape a "diligent and humble" industrial culture. For FPCC's directors and managers, the Corporation has established the "Guidelines of Ethical Conduct" to prevent directors, managers, employees, or others from having substantial control from providing, pledging, requiring, or receiving any illegitimate benefits directly or indirectly and from participating in any dishonest, illegal, or anti-trusteeship behavior. By doing so, it aims to prevent any dishonest conduct, such as malpractice, speculation, bribery, revealing secrets, or misstatements.

For FPCC's employees, the "Guidelines for Ethical Management," "Corporate Governance Guidelines," and "Work Rules" clearly demonstrate our policy on ethical management and code of ethics, as well as restrict dishonest behaviors. The "Personnel Management Rules" and "Work Rules" also clearly regulate that persons in charge of operations, purchasing, contracting, supervision, or budgeting, as well as persons who maintain a relationship of interest with the manufacturers, shall not accept manufacturers' invitations to any banquet or entertainment activities nor gifts or other benefits. Violators shall be discharged from their positions, and their managers shall also be punished.

With the systemized "Guidelines for Employee Complaints," we also provide a channel through which employees can report any internal illegal conduct. When employees detect any illegal or inappropriate behavior that may affect an

Anti-Corruption

Any entertainments and monetary gifts provided by the manufacturers are forbidden. According to the "Regulations of Personnel Management," the employees engaging in any malpractices, bribery and commission acceptance will be removed from their posts without exception.

Corrupt Practice Prevention

For those who serve the positions relating to operation, purchase, finished product storage, supervision and budgeting, the overall regular job rotation is promoted.

Strict Discipline

For those employees who violates the regulations, the Corporation will not treat them with leniency as the violation is confirmed. The immediate supervisor of the employees will also be punished depending on the degree of the circumstances. By doing so, the Corporation demonstrates its warning and credibility.

1.Friendly Corporate Progress

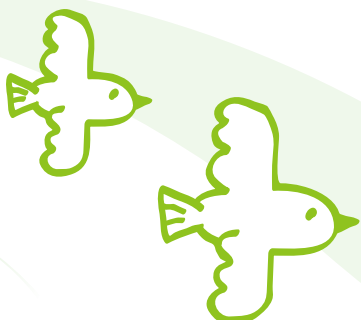
individual' s or the Corporation' s interests or perceive another employee' s intention of gaining illegal benefits by taking advantages of his or her position, they can fill out and submit a "Complaint Form," which will then be processed by the manager of the department based on the position of the complainant. The Corporation also promotes relevant job rotation to prevent any malpractice.

Internal Audits

FPCC has built an efficient and complete internal control mechanism and promoted overall computerization, which articulates the six management systems- personnel, financial affairs, operation, production, materials and equipment, and engineering- to a computer layer by layer in order to carry out exceptional management. Furthermore, FPCC has established a professional and independent operational structure for internal audits.



In 2015, the board of directors approved the "2015 Audit Project" based on which the Corporation divided the auditing content into 47 items of circular trading, including sales, collection, purchasing, payment, production, payroll, financing, fixed assets, computer information, investment, etc., in order to fulfill the targets of operational outcomes, efficiency, reliability of financial report, and compliance with relevant regulations. In the actual auditing results, some exceptions occurred in the 10 items, which were mainly related to documentary omissions or incomplete information rather than material deficiency. The detected omissions and exceptions in the inner-control system were compiled into the auditor' s report and have been regularly tracked and expedited. All of the aforementioned 10 exceptions have been corrected, and the rate of improvement completion is 100 percent.





1.7 Cooperative Partnerships

Customer Partnership:

Establishing healthy partnerships has long been an important issue for FPCC. We have continuously innovated high-quality and competitive products and helped customers obtain them while building a mutual trust in a long-term value chain with both suppliers and contractors.

Positive Communicative Model

The fact that an important relationship of mutual reliance has developed between FPCC and its customers pushes us to become a trustworthy business partner that grows together with our customers. To improve our relationship with customers, business department personnel regularly visit customers to exchange ideas and build an immediate communicative channel through which customers can provide feedback, which will become an important reference to be included into the Corporation's future operation and improvement projects.



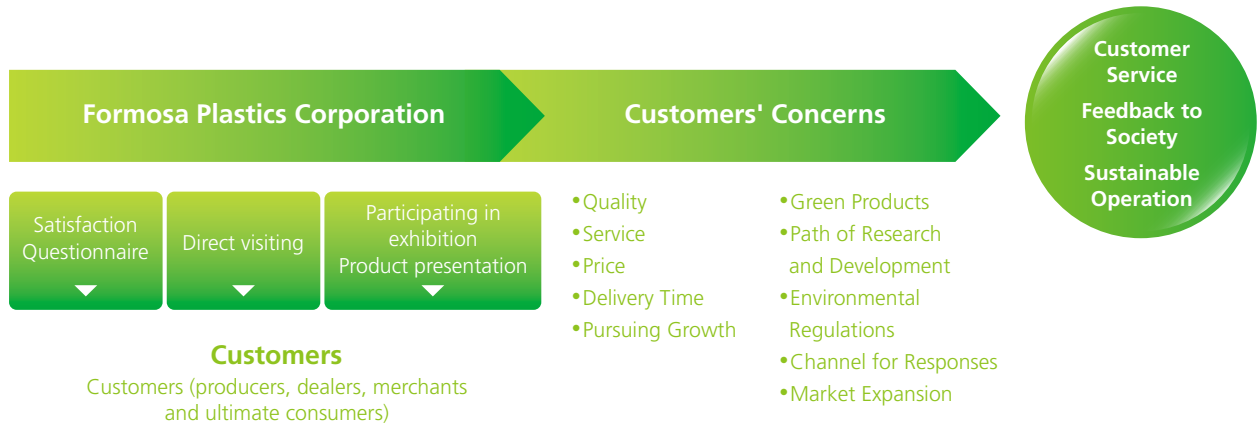
Disclosure of Product Information

For customers' convenience, the "Product and Service" section on the official FPCC website (<http://www.fpcc.com.tw/tc/>) provides explanations of various oil products, including the "Table of Product Specifications" and "Table of Safety Information" as well as the newest information about oil prices.

1.Friendly Corporate Progress

Responding and Handling Customer Feedback

Customer relationship management is an important part of corporate sustainable management. To fully understand customers' valuable feedback, we established a channel for customer complaints and application procedures for exchanges, refunds, and compensation. Customers can express their ideas through the "Customer Opinion and Suggestion Form." For complaints about products, the salesperson will fill in the "Customer Complaint Form" and have the computer system manage the following procedure.



In terms of channels through which customers can give feedback, our website provides various channels, including a dedicated phone line and e-mail address for customers to give their feedback directly. After collecting the issues that concern our customers, we also classify, analyze, and arrange their priority according to the importance and effectiveness of these issues. We received no complaints about privacy violation or information leakage in 2015.

Customer Relationship Management and Satisfaction Survey

To raise customer satisfaction, we not only collect customers' feedback and advice about products and services provided by FPCC but also conduct a survey on satisfaction of our domestic and overseas customers at least once a year to realize the quality promise of ISO 9001 to customers and fulfill the spirit of valuing customer satisfaction. The survey includes eight themes: product characteristics, product quality, delivery time of product, product price, service attitude, technical services, brand image, and overall satisfaction, and can be revised according to customers' concerns.

Model of the Customer Satisfaction Survey

Year	Product Characteristics	Product Quality	Delivery Time of Products	Product Price	Service Attitude	Technical Service	Brand Image	Overall Satisfaction	Average
2013	4.4	4.3	4.4	4.0	4.6	4.4	4.4	4.4	4.3
2014	4.2	4.2	4.2	3.7	4.4	4.2	4.0	4.0	4.1
2015	4.4	4.4	4.4	4.1	4.6	4.4	4.4	4.4	4.4

Note: 5 refers to very satisfied, 4 refers to satisfied, 3 refers to neither satisfied nor dissatisfied, 2 refers to dissatisfied and 1 refers to very dissatisfied.

The customer satisfaction survey of 2015 shows that most product and service performances are higher than "satisfied." FPCC will incorporate customer feedback into its operation policy to fulfill the public's expectations.



Supplier and Contractor Partnerships:

FPCC maintains healthy relationships with all of its partners in the industrial value chain. Our suppliers are mainly composed of "manufacturers," "distributors," or "agencies" and "engineering contractors" (engineering construction, commissioned design, etc.). For the establishment of a healthy exchange platform for mutual communication and negotiation, FPCC regularly convenes negotiating and organizational meetings with contractors and welcomes any suggestions in order to provide an easy and safe work environment for our staff.

Supplier and Contractor Management Policy

By establishing clear guidelines for suppliers/contractors, we aim not only to fulfill the requirements for high quality and industrial safety but also to ensure that our business partners satisfy the demands of environmental protection, industrial safety, and human rights in accordance with the principles of fair trade. For those who do not comply with the regulations, FPCC may punish them by rejecting them or including them on the evaluation list. By doing so, the Company looks forward to decreasing the impact of operations on the environment by paying attention to this issue with the value chain and moving toward the road of sustainability.

Contractor Classification Management System

For engineering contractors, FPCC has established a classification management system. After collecting the relevant information of various professional engineering manufacturers, investigating their plants and construction sites, and evaluating their competence in managing the safety of the construction sites, technical ability, and contracting performance, FPCC establishes and classifies the exception management standards into Class A, Class B, and Class C based on the contractors' abilities and performances.

Furthermore, FPCC also budgets the expense of safety and health management as a necessary wage and includes it in the specifications of contracts as a safety and health item that should be implemented. To prevent the budgeting department from missing the expense of safety and health management in budget preparation, the computer will automatically include the expense. For contracting and inquiring, FPCC also controls the safety and health management fee and regulates that the contracting amount shall not be lower than the budget in order to prevent manufacturers from neglecting safety and health management in order to win the bid with a lower price.

Assessment of Manufacturers

Our trading suppliers have to pass a written evaluation and undergo a field evaluation if necessary. Only suppliers who have been qualified and filed will be

considered cooperative manufacturers. Those who exceed the scheduled delivery (engineering) time, provide poor quality, or violate industrial safety regulations will automatically be categorized into the evaluation list, and FPCC will select appropriate and high-quality partners for long-term cooperation.

Sustainability for Suppliers

In every purchase, FPCC asks its upstream suppliers to meet the standards of RoHS, the national regulated industrial safety of relevant manufacturers, ISO, and labeling of danger attached to products. Moreover, the manufacturers are required to recycle used containers or loaded assistive devices, give priority to purchasing products produced by disability groups, and attach non-radiation pollution certificates. FPCC demands that suppliers follow the rules specified in the "Inquiry" and "Order Notice." It also asks its suppliers to investigate and confirm that its products are "metal conflict-free" when the purchased materials, components, and products contain metal ingredients. By doing so, FPCC ensures that all materials are purchased through legal channels and that the corporate spirit of sustainable management is demonstrated.

Educational Training and Auditing of Suppliers and Contractors

To strengthen contractors' knowledge of manufacturing environments, potentially-dangerous operational contents, and safety notices, operators shall be reminded of any possible danger or risk in each project through the campaigns and announcements issued on the "Reminder Board of Operational Risks" or the toolbox meeting before daily construction starts. Meanwhile, the psychological condition of the staff may also be examined in order to prevent industrial accidents caused by operators' negligence.

Contractors' Management of Construction Safety

The premise of each regulation of FPCC safety and health management is to comply with the laws. When signing



1.Friendly Corporate Progress

Continuously Improving the Industrial Safety Consciousness of the Construction Personnel



Training of Managerial Personnel of Contractors on Labor Safety and Health



Actual Demonstration and Training on Confined Space and Power Usage for Construction Personnel



a contract with contractors, FPCC also requires the contractors to follow safety and health rules and arrange safety and health managers. For contractors' employees, they have to accept the safety and health education provided by the business department of a corporation or company; only qualified individuals are allowed to enter the plants.

Furthermore, vehicles and electric and mechanical equipment have to be examined strictly before getting by the door guard, and only those that qualify are allowed to enter the plants. Particularly, cigarettes and lighters are forbidden in the plant for the sake of fire eradication, and unqualified electric and mechanical equipment is not allowed to enter the plants in order to eliminate potential in-plant danger.

Regarding the routing inspection of the safety of each construction, the Corporation conducts on-site audits without warning at irregular times and places. For constructions in which accidents happen frequently and the probability of risk is higher, FPCC establishes projects to strengthen the audit. In the case employees violate the regulations, the Corporation will inform and explain the reason of the exceptions and direct the operators to operate correctly and avoid the same mistakes, in addition to appropriate punishment.

Joint Examination of Industrial Safety and Environmental Protection Performance

FPCC applies various automatic inspections on each department's employees, mechanical equipment, and work environment to protect the employees' safety and health and ensure a high-quality work environment where the manufacturing is safe and the concept of "zero disasters" is fulfilled.

Guidance of Transportation Safety

To ensure the transportation safety of the oil products, we have to control the management situation of our transportation partner. Therefore, FPCC uses its subsidiary Sixth Naphtha Transportation Corp. as its main transportation partner. The former controls the latter's vehicle and driver arrangement and each management system. Each vehicle is installed with a GPS and warning indicator for FPCC to mobilize and control. Furthermore, FPCC regularly conducts external audits on the cooperative transportation partner's vehicles and asks the drivers to pass alcohol tests and blood pressure and

pulse examinations. By doing so, FPCC can ensure the safety of transportation and create a win-win situation.

Educational Training for Contractors

Before entering the plant, contractors have to undergo the corporate educational training and pass the exam. In order to expand contractors' knowledge and concepts about safety and health, as well as the relevant safety

32,035
persons

Number of participants

2,301
manufacturers

Manufacturers participating in the training

757
sections

Educational Training Courses



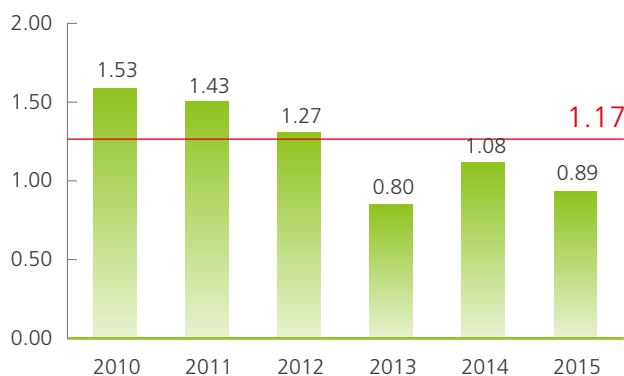
guidelines of each business department, the incoming employees of contractors need to be qualified by each business department's "Safety and Health Educational Training" before starting construction.

In 2015, 757 educational training courses were held; 2,301 contractors with 32,035 employees participated in these courses. FPCC also promotes contractors' self-governance and aims at fulfilling the target of zero disasters through mutual trust and cross supervision.

Contractor Audits

Though regular routing inspections and observations, FPCC can assess the execution situation of each safety and health department and supervise each department to actually implement self-examination. The average number of exceptions has decreased every year, from 1.53 cases/plant in 2010 to 0.89 cases/plant in 2015

Case / Plant



	2010	2011	2012	2013	2014	2015	Total
Number of Exceptions	98	73	80	51	70	40	412
Frequency of Incoming Inspections	64	51	63	64	65	45	352
Number of Exceptions / Times	1.53	1.43	1.27	0.80	1.08	0.89	1.17

Improving the Economic Value of Products and Services:

To assist its business partners and franchisees in improving their management efficiency, FPCC has actively installed Point of Sales (POS) software and hardware with the long-term cooperative franchisees, which helps them improve management through a computer system to lower operation costs. The Corporation and the franchisees may utilize the information flow to enhance common marketing effects and improve operation performance.

We also guide our franchisees to run gas stations that feature local characteristics by encouraging them to combine, activate, and apply their advantages and resources, such as their own products, local cultures, or nearby scenic areas to attract more customers and raise the revenue of the relevant sideline production. Furthermore, we expand our services for customers carrying business cards and TAXI cards and provide them with more gas station options by cooperating with banks to develop the self-service filling station system.



"Filling " the Transportation Fleet

To show consideration for taxi drivers and assist in lowering the expense of automobile oil, we have issued the TAXI card and attain economic benefits by giving a discount to the taxi drivers who carry the card and fill up at Formosa gas stations. Moreover, as gas stations continuously issue the cards to individual taxi drivers, more drivers will come to enjoy the discounts. In 2015, the number of issued cards was 11,275, and the accumulated number of card-carrying taxi drivers as of March 2016 was 37,779.

1. Friendly Corporate Progress

We also cooperate with the gas stations and provide more convenient oil-filling services for large transportation fleets with Formosa business cards. Instead of having receipts for each vehicle, we simplified the reimbursement procedure by providing month-end receipts. We also provide e-business inquiry and statement download services so that customers can manage oil consumption and improve the efficiency of oil saving. With our assistance, our gas stations earn the opportunity to have long-term cooperation with nearby transportation fleets and government vehicles. We currently have large transportation fleets provided by Goldsun Corp. and King Car Group, as well as the business vehicles provided by the buses of Chiayi County, for our long-term use.



Meeting of Formosa Plastic Lubricant Agencies

To control the actual operation situation of lubricant agency partners and realize the goal of improving business performance, raising productivity, and increasing the market visibility of Formosa Plastic lubricants, the executive agency of Formosa Plastic lubricants convenes an agency meeting every year and invites all of the agency partners in Taiwan. The meeting aims to assist the agency partners with enhancing their market competitiveness and creating a more competitive operation environment while rewarding those agency partners that have had outstanding performance.





Participation in Nonprofit Organizations:

To help the industries in Taiwan improve their operation constitution, the managers of the Corporation proactively participate in various industrial unions and academic societies, serving these organizations as a president, committee member, representative, or other position. In addition to exchanging operation experiences with other companies through the unions and societies, FPCC also organizes various conferences and international meetings with them to share the newest market information, changes in supply and demand, and technological information. It also participates in different international negotiations and consultations and looks forward to making contributions to the overall industry. With regard to international industrial and economic issues, FPCC also provides sincere suggestions for the government' s reference.

FPCC' s Participation in Nonprofit Organizations:

Name	Person in Charge of FPCC	Position Held
Petrochemical Industry Association of Taiwan	Chairman Bao-lang Chen	President
Taiwan Institute of Chemical Engineers	Chairman Bao-lang Chen	Vice President
Chinese Chemical Society	Chairman Bao-lang Chen	Vice President
Chinese Petroleum Institute	Chairman Bao-lang Chen	Executive Director
Sino-Arabian Cultural & Economic Association	Chairman Bao-lang Chen	Executive Director
Center for Corporate Sustainability	Chairman Bao-lang Chen	Director
Chinese Institute of Engineers	Chairman Bao-lang Chen	Director
Taiwan Responsible Care Association	Assistant General Manager Chi-chang Chiang	Director
Taiwan Association of Marine Pollution Control	-	-
Pressure Vessel Association	-	-
The Society for Nondestructive Testing	-	-





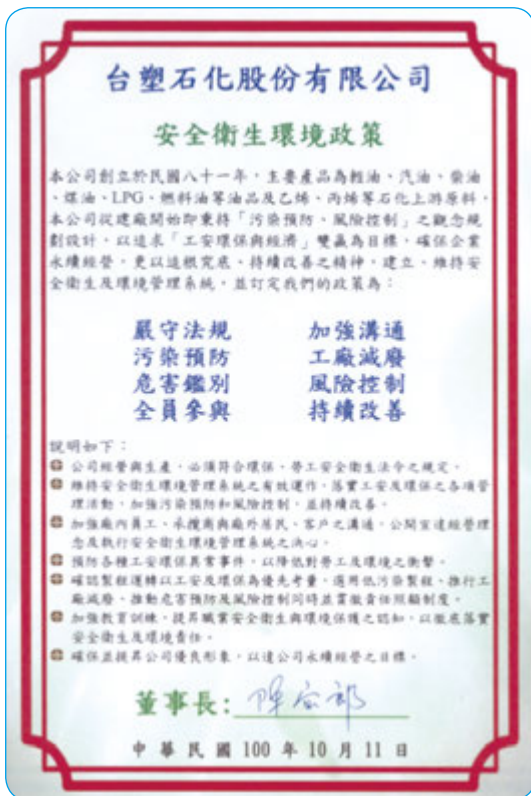
Friendly Coexistence with Environment

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2.2 Green Policy of Mailiao Industrial Complex	59
2.3 Greenhouse Gas Emission and Energy Management	72
2.4 Creating a Green Work Environment	76
2.5 Green Production and Accounting	77

2.1 Environmental Protection Guidelines

Environmental Protection Guidelines:

FPCC aims for a win-win-win situation of "industrial safety, environmental protection, and economic growth." With the spirit of getting to the bottom of things and continuing improvement, it has established and maintains a safety, health, and environment management system. In 2003, the petrochemical safety, health, and environment policy of FPCC was established and included strict compliance with rules, communication enhancement, pollution prevention, reduction of plants' wastes, danger identification, risk control, participation of all personnel, and continuous improvement. The Corporation intends to thoroughly execute these eight principles to meet its goal of sustainable management.



Safety, Health, and Environment Policy

Formosa Petrochemical Corporation Safety, Health, and Environmental Policy

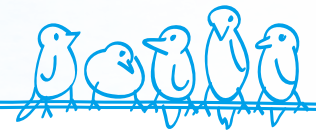
Established in 1992, the Corporation mainly provides products such as naphtha, gasoline, diesel, kerosene, LPG, and fuel oil, as well as upstream petrochemical materials such as ethylene and propylene. From its foundation, it has adhered to the concept of "pollution prevention, risk control" in both its programming and designing and has ensured sustainable corporate management by pursuing a win-win-win situation that highlights "industrial safety, environmental protection, and economic growth." With the spirit of getting to the bottom of things and continuously improving, it has established and maintains a safety, health, and environmental management system with the following policies:

- | | |
|------------------------------------|--------------------------|
| Strict compliance with regulations | Enhancing communication |
| Pollution prevention | In-plant waste reduction |
| Danger identification | Risk control |
| Participation of all personnel | Continuous improvement |

The explanation of said policies is as follows:

- ◎ The management and production of the Corporation shall comply with environmental regulations, as well as labor safety and health regulations
- ◎ Maintaining the efficient operation of the safety, health, and environment management system, implementing each management activity related to industrial safety and the environment, strengthening pollution prevention and risk control, and continuously improving
- ◎ Strengthening communication between in-plant employees, contractors, and external residents and customers, publicly claiming management concepts, and being determined to execute the safety, health, and environment management system
- ◎ Preventing various abnormal industrial and environmental incidents in order to reduce the impact on laborers and the environment
- ◎ Giving priority to industrial safety and environmental protection during manufacturing, selecting low-pollution manufacturing, promoting in-plant waste reduction, advocating risk prevention and risk control, and implementing a thoroughly responsible care system
- ◎ Improving awareness of occupational safety, health, and environmental protection to thoroughly fulfill safety, health, and environmental responsibility
- ◎ Ensuring and improving the Corporation's good reputation to meet the goal of sustainable management

Chairman: Chen, Bao-lang
October 11, 2011



In order to fulfill its promises regarding environmental protection and pollution prevention, FPCC applies the most advanced manufacturing facilities, techniques and management approaches:

Air Pollution and Waste Gas Treatment

Best Achievable Control Technology (BACT) is adopted for the whole Corporation. Each production unit has continuous automatic monitoring system, which connects with environmental institutes for supervision and control.

Water Resource and Wastewater Treatment

For wastewater reclamation, the Corporation adopts clean-wastewater diversion as well as wastewater-wastewater diversion system. It also installs wastewater treatment plant to process the industrial wastewater, which are discharged to raise spectacular fish. The continuous wastewater reclamation lightens the burden of water resources.

Wastes and Toxic Chemical Treatment

The Corporation thoroughly executes classification and recycle and traces the flowing direction by using Enterprise Resource Planning (ERP) and online registration system to control storage, eliminate and process.

Management Approaches

Compliance with Regulations, Risk Control

- The management and production of the Corporation shall comply with environmental regulations, as well as labor safety and health regulations
- Maintaining the efficient operations of the safety, health, and environment management system, implementing each management activity related to industrial safety and environment, strengthening pollution prevention and risk control, and continuously improving

01

Strengthening Communication, Identifying Risks

- Strengthening communication between in-plant employees, contractors, and external residents and customers, publicly claiming management concepts, and being determined to execute the safety, health, and environment management system

02

Prevention of Industrial Incidents

- Preventing various abnormal industrial and environmental incidents to reduce the impact on laborers and the environment

03

Reducing Environmental Impact

- Giving priority to industrial safety and environmental protection during manufacturing, selecting low-pollution manufacturing, promoting in-plant waste reduction, advocating risk prevention and risk control, and thoroughly implementing a responsible care system

04

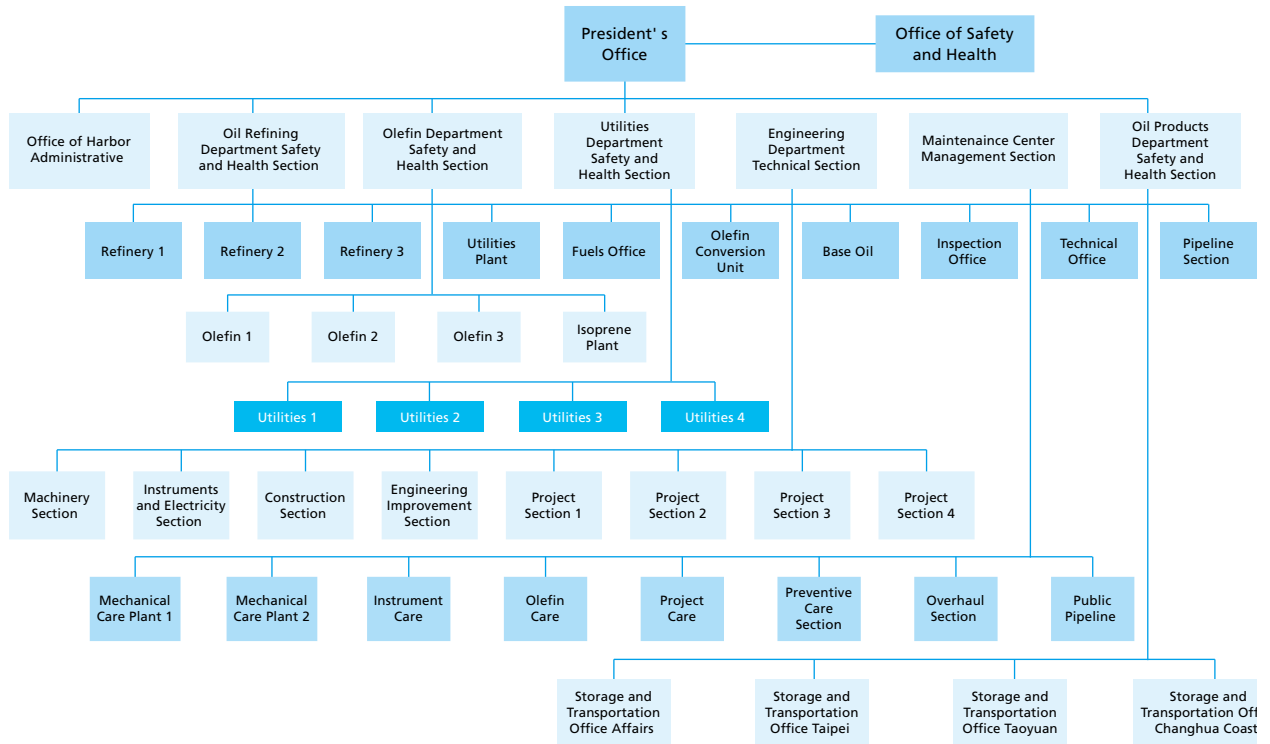
Strengthening Educational Training

- Improving awareness of occupational safety, health, and environmental protection to thoroughly fulfill our safety, health, and environmental responsibilities

05

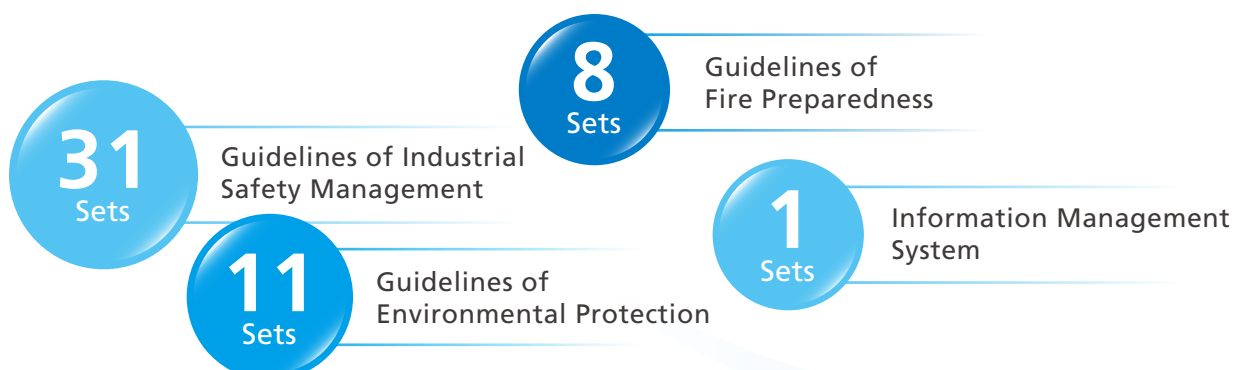
The Framework and Tasks of the Safety, Health, and Environment Organization:

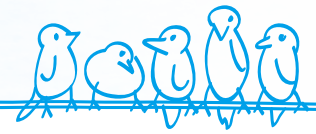
To strengthen FPCC's safety, health, and environment management and fulfill its goal for sustainable management, the Safety, Health, and Environment Organization applies a management approach that features bottom-up, vertical integration. By doing so, FPCC looks forward to achieving its zero-disaster and zero-pollution targets of safety, health, and environment management.



In order to implement safety, health, and environment management (SHE management), FPCC systemizes the SHE management regulations with which the staff and contractors must comply. It has stipulated 50 sets of guidelines of SHE management (31 sets of industrial safety, 11 sets of environmental protection, 8 sets of fire preparedness, and 1 set of information management system). With the SHE management strengthened by a better system, the Corporation also conducts an internal audit once every six months.

For the zero-pollution target, FPCC continuously introduces relevant SHE management approaches and optimizes management efficiency. We have passed the certification of the ISO 14001 Environmental Protection Management System and the OHSAS 18001 Occupational Safety and Health Management System.





Environmental Violations

Since FPCC has established its plants, it has adhered to the concept of "pollution prevention, risk control" in its programming and design while building the SHE management system. FPCC had one material abnormal environmental violation that occurred in 2015 (which is defined as material by the Public Information of the Market Observation Post System that discloses material violations involving more than TWD 1 million).



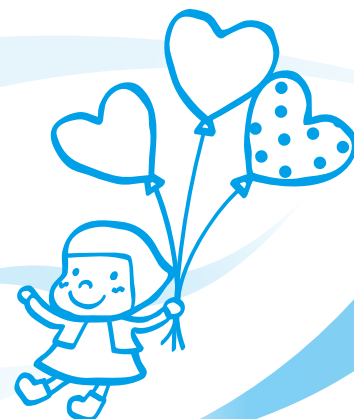
The Corporation received six tickets related to environmental protection in 2015. The main reason is that the concentration of toxic chemicals in construction projects and wastes were identified as abnormal. We will enhance communication with the competent authority in the future to avoid any cognitive differences regarding the relevant issues and will keep improving management mechanisms.

We constantly pay attention to issues related to environmental protection and undergo relevant reviews, modifications, and procedure and management system optimization for every event. The fact that the number of violations fined by the government has decreased by 62 percent when compared to 2013 proves our achievements in continuously highlighting environmental protection issues.

Loss and fines in past years due to environmental pollution:

	2013	2014	2015
Air Pollution	12 cases/ 1.7 million	2 cases/ 0.2 million	4 cases/ 0.4 million
Water Pollution	2 cases/ 20 thousand	0 case/ 0	0 case/0
Waste Pollution	1 case/ 6 thousand	1 case/1.224 million	1 case/144.156 million
Others	1 case/1.5 million	1 case/ 0.3 million	1 case/0.1 million

Note: The tickets for 2014 and 2015 waste pollution were TWD 1.224 million and TWD 144.156 million, respectively. The cause was that the lime byproduct of the Corporation was fined by Tainan City Government for violating the Waste Disposal Act. For this, the Corporation has applied for an administration proceeding by law.

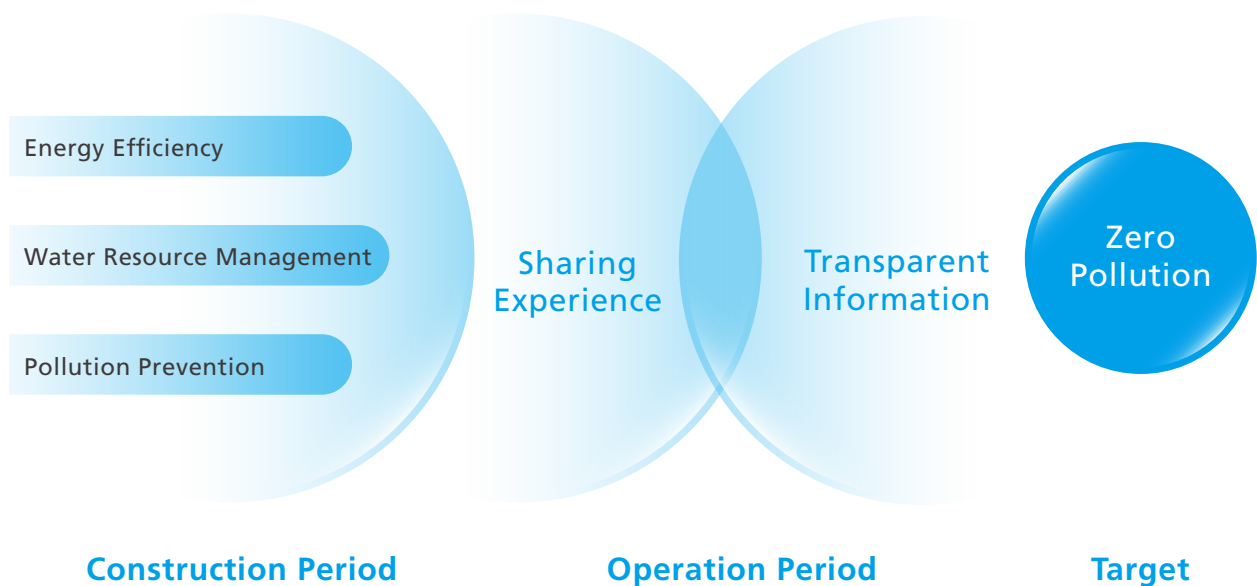


2.2 Green Policies of the Industrial Park

In the beginning, the basic materials for the upstream of Taiwan's petrochemical industry were produced and provided by CPC Corporation. However, due to unsatisfied domestic demands, FPCC intended to solve the problem by initiating the Sixth Naphtha project in Mailiao Industrial Park to establish a vertically integrated petrochemical industrial zone.

Plant Establishment Stage:

While designing and establishing its plants, FPCC applied the concepts of the Best Available Technology (BAT) and the Best Available Control Technology (BACT) and adopted the most advanced manufacturing with the best energy efficiency, as well as pollution prevention equipment. Since the manufacturing equipment started operation, the Corporation has strictly controlled the consumption of water resources and energy while continuously reviewing and improving its policies.

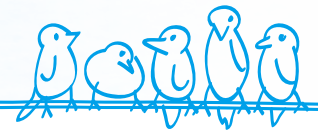


Operation Period:

In pursuing the best and continuous improvement, FPCC proactively promotes every environmental improvement and has established the KPI performance index and annual goals. It supervises the implementation situation of every index and reviews the progress to achieve its goals. Furthermore, by enhancing the guidance for plants that fall behind the scheduled performance and encouraging the plants that perform well, it aims to promote the employees' sense of participation and fulfillment.

Sharing Experience:

Based on the concept of a global village, the Corporation has held an achievement exhibition to promote energy saving, carbon reduction, and pollution prevention to share its experiences and learning with the public.



Information Transparency:

Regarding environmental issues that concern the public, the Corporation continuously commissions a just and professional organization to investigate such matters, while clarifying and illustrating the related improvements to the public by issuing Corporate Social Responsibility Reports.

Goal:

The Corporation is concerned about the air, soil, underground water, sea areas, residents' health and others environmental issues around the location of its plants and aims for zero pollution.

Mailiao Industrial Park _ Guidelines of Sustainable Environmental Management:

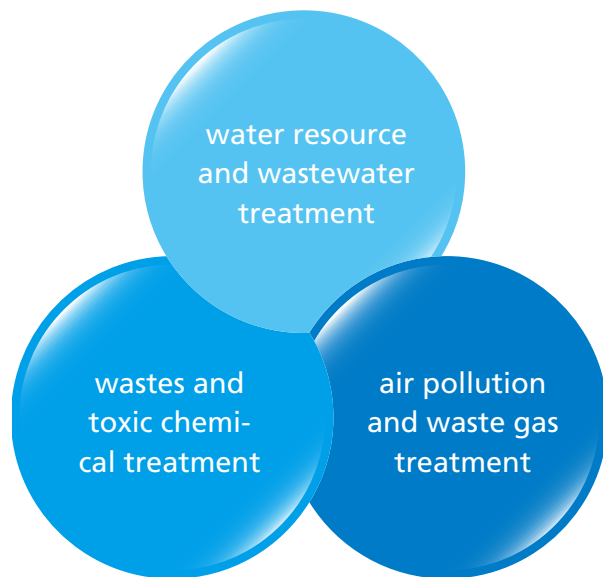
We consider pollution prevention to be an important part of energy saving and carbon reduction and believe that it is necessary to enforce waste reduction at the source, including water resource and wastewater treatment, air pollution and waste gas treatment, and wastes and toxic chemical treatment. These measures not only ensure the normal operation of production equipment and the environmental quality of the surroundings but also serve the purpose of energy saving and carbon reduction by reducing the waste of resources and energy and lowering operating costs.

Mailiao Industrial Park _ Water Resource and Wastewater Treatment:

The water sources of FPCC petrochemical plants mainly come from surface water and running water. In order to utilize water resources efficiently, we not only decrease the water demand but also increase the efficiency of water resources by optimizing manufacturing to reduce water consumption, implementing water-saving management, and reducing evaporation loss.

Water Resources Management

In addition to recycling and reusing wastewater, we also enhance the overall rainwater harvesting system of every plant to expand the areas of rainwater harvesting and have adopted such approaches as installing rainwater harvesting storage tanks for rainwater storage and reuse. From 1999 to 2015, we have accomplished 2,285 water saving and improvement tasks and invested a total of TWD 871 million.



4,120
tons

Amount of Rainwater Reuse



Reusing Water Resources in Mailiao Industrial Park

By 2015, the water consumption in FPCC's Mailiao industrial park has declined every year. The daily consumption of surface water is 130 thousand tons on average; the rainwater reuse is 4,120 tons, which is equal to the water consumption of three manufacturing plants.

By 2015, the Corporation had adopted such measures as optimizing manufacturing to reduce water usage and executing water-saving management to decrease loss through evaporation. The daily water usage decreased to 99,595 tons on average, 0.07 tons less than that of last year, while the water usage of unit product decreased to 1.01 ton/ton. Based on the water usage index in the "Directions for Application Review on Proposal of Water Usage" stipulated by the Ministry of Economic Affairs, the water reuse rate (R1) of Mailiao Industrial Park was 98.7 percent, which was distinctly better than that of other similar corporations in Taiwan when compared with the cases collected by the Industrial Development Bureau, Ministry of Economic Affairs. In these cases, the R1 of other domestic petrochemical corporations ranged between 71 and 90 percent.

**FPCC
Mailiao
Plant Area**

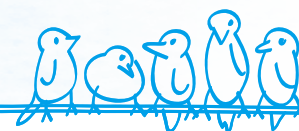
Water Reuse Rate (R1)

98.7%

**Other Cases
Related to the
Petrochemical
Industry**

Water Reuse Rate (R1)

71~90%



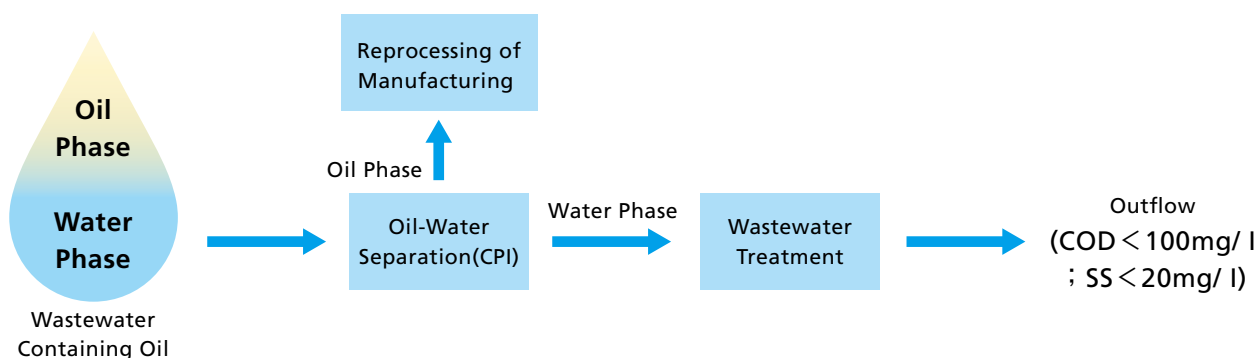
General situation of FPCC water saving in recent years

Item \ Year	1999~2014	2015	Accumulated Amount (1999~2015)	On-going	Total
Number of Improvement Cases	247	38	285	63	348
Amount of Water Saving (tons/day)	74,654	1,716	76,370	4,695	81,065
Invested Amount (TWD 100 million)	8.56	0.15	8.71	1.91	10.62
Profits from Improvements (TWD 100 million/year)	3.26	0.05	3.31	0.16	3.47

Note: Source: Computer data bank of FPG Water-saving and Energy-saving Improvement Management

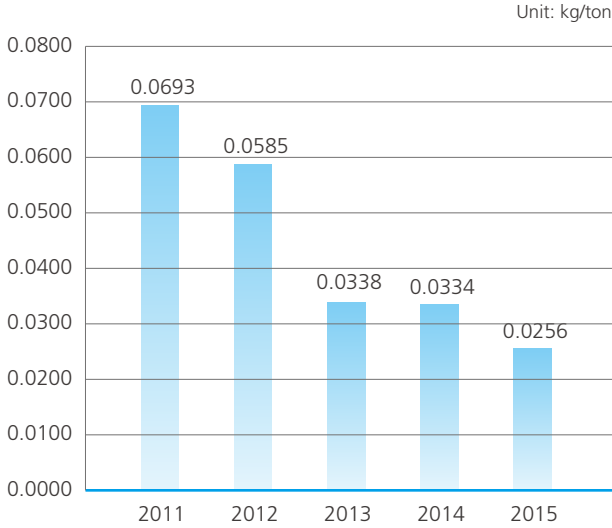
Water Pollution Prevention and Wastewater Treatment Measures

For the wastewater generated from each plant, FPCC first separates oil and water through the oil-water separator (CPI). The separated waste oil is directed into oil refining manufacturing for reprocessing while the waste water is discharged into the low-salt treatment system of the wastewater treatment plant. The treatment process includes adjusting water quality in a conditioning tank, removing suspended solids through air flotation, and then dissolving organic materials in an aeration tank. The chemical oxygen demand (COD) has to be less than 100 mg/l while the suspended solids have to be less than 20 mg/l. The wastewater can only be discharged once it meets the effluent standard.



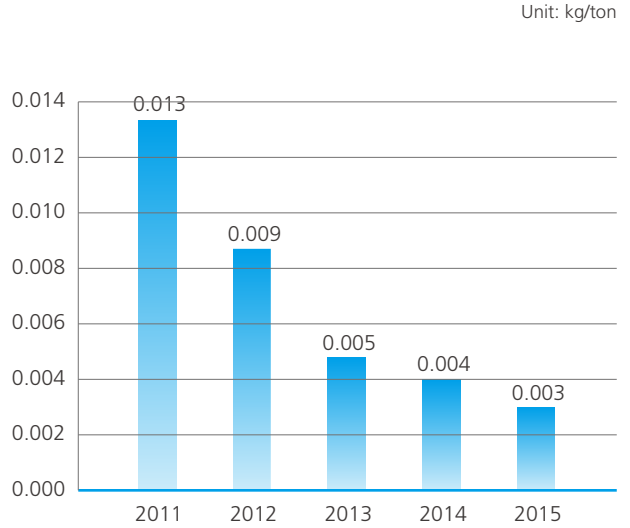
Considering the deterioration caused by the intervention of other materials, creatures, or other factors, as well as its impact on the normal usage of water, we assessed the Chemical Oxygen Demand (COD). The data showed that suspended solids (SS), such as organics, sediment, clay, and microorganisms, could not be dissolved into water and that the effluent discharge had also decreased every year. In 2015, 0.0256 kilogram/ton of COD and 0.003 kilogram/ton of SS showed that FPCC has made distinct progress related to wastewater treatment of Mailiao Industrial Plant.

Discharge of Chemical Oxygen Demand (COD) of FPCC Unit Capacity



Note: Source: Computer Data Bank of FPG Water Pollution Prevention Management

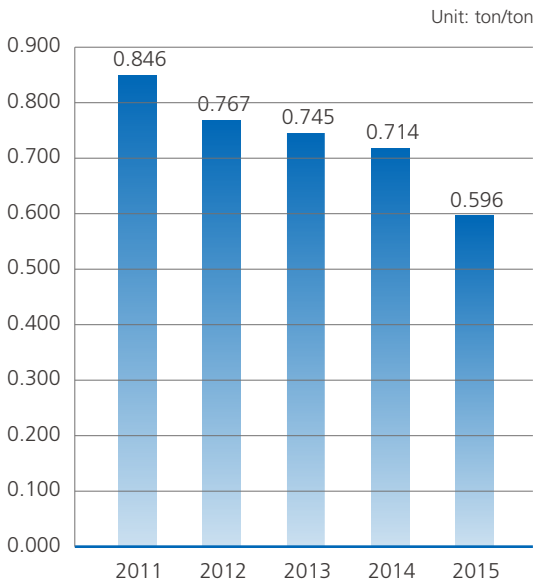
Discharge of Suspended Solids (SS) of FPCC Unit Capacity



Note: Source: Computer Data Bank of FPG Water Pollution Prevention Management

The daily effluent of 2015 in FPCC Mailiao Industrial Park was 55,200 tons on average; the water quality of effluent that was discharged into the Taiwan Strait met the effluent standard. The effluent of unit capacity of Mailiao Industrial Park in 2015 was 0.596 tons/ton, a decrease of 16.5 percent when compared to that of the previous year.

Effluent Discharge of FPCC Unit Capacity

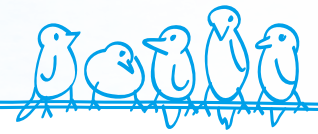


Note: Source: Computer Data Bank of FPG Water Pollution Prevention Management

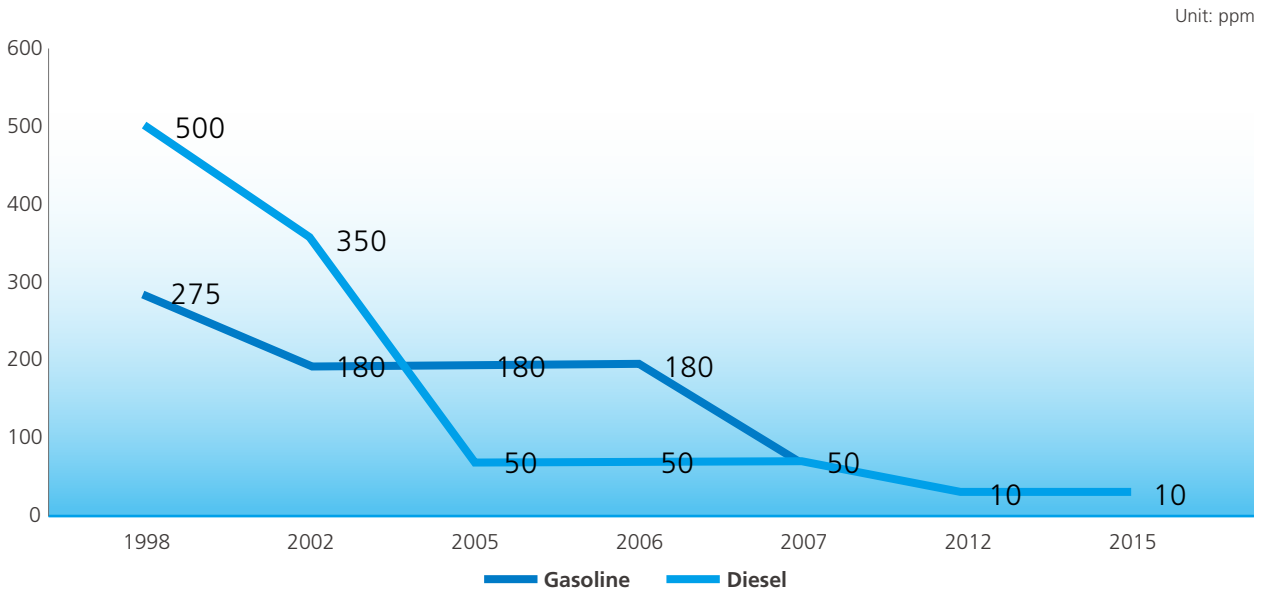
Mailiao Industrial Park_ Air Pollution and Waste Gas Treatment:

FPCC connects itself to the world and cooperates with the government to execute the "Montreal Protocol" Policy. Since the Corporation was founded in 1992, it has prohibited the usage of materials such as Halons, CFC-11, and CFC-12, which destroy the ozone layer. Instead, it uses refrigerants such as R-134a, R-401a, or R-410a, and the sulfur and benzene contained in its diesel and gasoline products strictly adhere to the regulations of the European Union.

Type	Ingredient	Domestic Market		Overseas Market	
		Regulation	Actual Value	Regulation	Actual Value
Gasoline	Benzene	1.0 vol% ,max	0.68	1.5 vol% ,max	1.13
	Lead	0.013 g/l,max	<0.003	0.01 g/l,max	<0.003
	Sulfur	10ppm,max	6.72	250ppm,max	108
Diesel	Sulfur	10ppm,max	8	10ppm,max	8
				500ppm,max	430

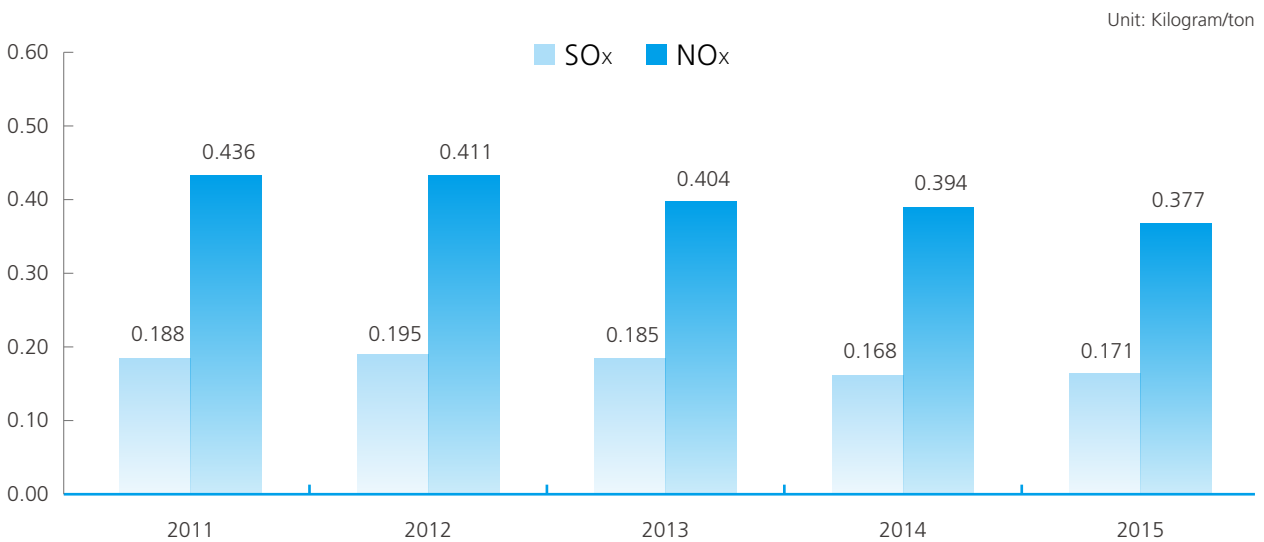


FPCC strives to reduce the impact of its operation on the environment and the ecology around its employees and plants. As of 2015, the data shows that the sulfur contained in the domestic gasoline and diesel has decreased every year.



To implement air pollution prevention, the Corporation has adopted the best processing equipment. By 2015, SO_x and NO_x of unit product decreased to 0.171 kilogram/ton and 0.377 kilogram/ton, respectively.

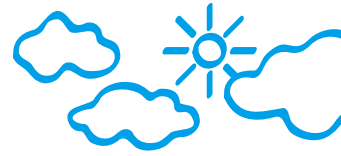
Discharge of SO_x and NO_x of FPCC Petrochemical Unit Product



Note: Source: Report of total discharge of air pollutants reported quarterly by FPCC plants

Promoting Foul Odor Treatment and VOCs Reduction

Mailiao Industrial Park is the first industrial park to implement total discharge management. In addition to requiring that every pollutant meet the standards of environmental assessment, the Corporation also continuously promotes the reduction and improvement of various volatile organic compounds (VOCs). These materials are organic compounds that easily volatilize at normal pressure. By 2015, the number of improved cases that FPCC has accumulated was 39, and the amount that FPCC has invested is TWD 1.01 billion.



39
cases

Number of Improved Cases

1.01
billion

Total Amount Invested

Regarding equipment components, the Corporation conducts weekly foul odor examination and regulates the efficient service cycle (life) of each type of component. For example, the control valve gaskets have been replaced with low-emission materials; the small-diameter contactors have been replaced with low-leakage contractors; and unnecessary equipment components have been removed. The Corporation undergoes the efficient prevention and maintenance before any leakage occurs to decrease the possibility of leakage.

Furthermore, for the wastewater treatment plant, the Corporation puts lids on the open aeration tanks, from which VOCs and foul odors can easily escape and has installed pipes to collect waste gas. The collected waste gas is directed to air pollution prevention equipment, such as scrubbers and incinerators for further processing to remove foul odors and prevent the emission of VOCs.

Management of Discharge of VOCs

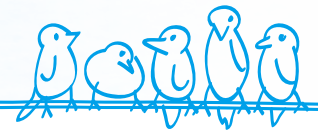
In order to meet our goal of environmental sustainability, FPCC continuously makes improvements for relevant environmental issues. The main emission sources of VOCs are manufacturing (through gas discharge tubes), emission from storage tanks, loading operations, discharge from wastewater treatment plants and oil-water separation pools, emission of flare stack and equipment components, etc. In 2015, the emission of VOCs totaled 1,139 tons, VOCs of unit product decreased to 0.034 kilogram/ton, and the emission of hydrocarbon has decreased annually.



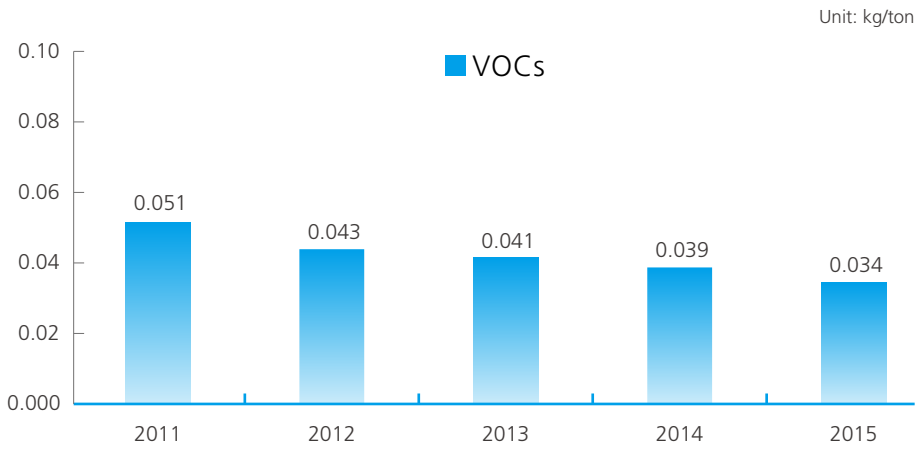
Wastewater Treatment Plant (Before improvement)



Wastewater Treatment Plant (After improvement)



Discharge of VOCs of FPCC Petrochemical Unit Product



Note: Source: Report of total discharge of air pollutants reported quarterly by FPCC plants

To further prevent the emission of VOCs and reduce the number of cases in which the public complains about the leakage of raw materials and products, FPCC has purchased 11 Gas Find IR and 2 FTIR at great expense, which allow the Corporation to detect and improve the sources of leakage and protect the air quality of local areas.

Monitoring the ingredients and concentration of emissions of VOC around the plant with OP-FTIR and implementing improvement methods for foul odor and leakage.



Inspecting each device in the plant and VOC pipelines emission with GFIR and implementing improvement methods for foul odor and leakage.



Situation of FPCC VOCs Reduction and Improvement in Recent Years

Item	Year	2012	2013	2014	2015	Accumulated Amount 1999~2015
Number of Improved Cases		10	4	15	5	39
Discharge Pipes (ton/year)		0.1	7.09	7.64	1.83	23.55
Equipment Components (ton/year)		0	1.85	0	3.4	5.25
Storage Tank (ton/year)		2.61	2.16	20.48	0	26.52
Wastewater Treatment Plant/ Oil-Water Separator (ton/year)		0	0	0	0	0
Loading Equipment (ton/year)		0	0	0.31	0	0.31
Total (ton/year)		2.71	11.1	28.43	5.23	55.63
Invested Amount (thousand)		4,602	615,398	154,193	193,680	1,011,822

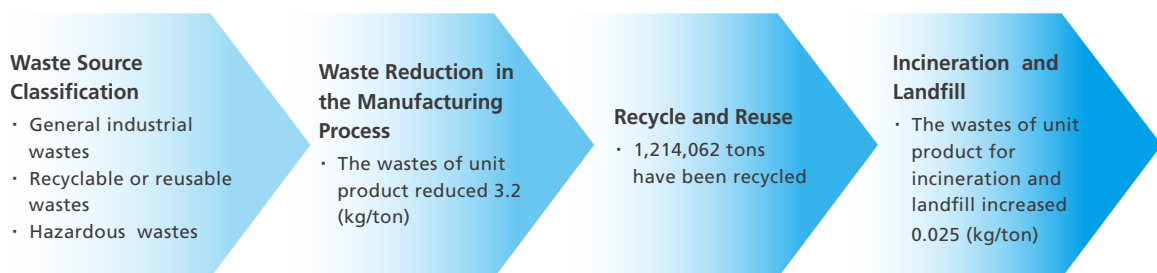
Note: source: Computer data bank of FPG environmental improvement management

Mailiao Industrial Park _ Wastes and Toxic Chemical Treatment:

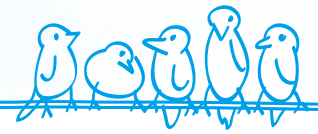
In terms of waste treatment, based on the principles of waste codes (such as general industrial waste [D type] and regulated recyclable or reusable wastes [R type]) issued by the Environmental Protection Administration, Executive Yuan, we efficiently classify and process wastes.

Wastes Treatment

The Corporation's waste treatment is divided into four stages: waste source classification, waste reduction during manufacturing, recycle, and reuse. By doing so, the Corporation has decreased the wastes for landfills and incineration to fulfill the zero-waste and zero-landfill goal.



In terms of outsourcing waste treatment, the reuse of wastes is considered a priority, followed by incineration and landfill. In 2015, the industrial wastes generated by FPCC totaled 1,259,273 tons. Among them, the general industrial wastes account for 1,258,842 tons, and toxic chemicals account for 431 tons. Furthermore, 80 percent of toxic wastes are incinerated, 10 percent are solidified, and the rest undergo physical and thermal treatment. Compared with last year, the waste of manufacturing was reduced by 5 percent; the waste of unit product decreased 3.2 kilogram/ton; the reused waste (including coal ash) reached 1,214,062 tons, making up 96.4 percent; and the remaining 45,211 tons were sent to legal treatment institutes for processing. The wastes for incineration and landfill increased by 4.95 percent when compared with the previous year, while the wastes for incineration and landfill increased 0.025 kilogram/ton.



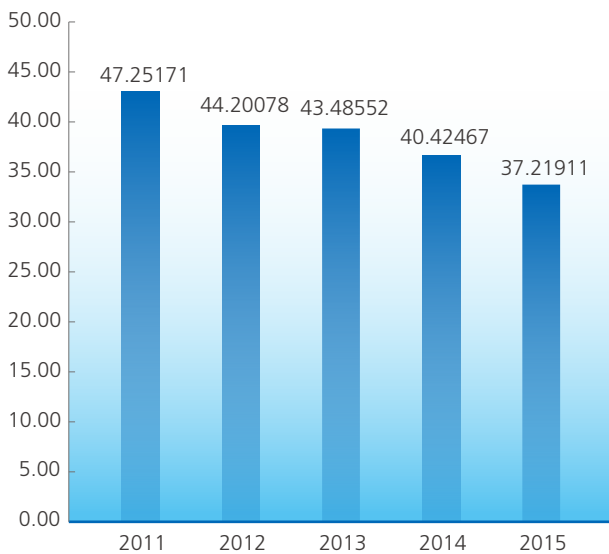
General Situation of FPCC Waste Treatment

	2011	2012	2013	2014	2015
Waste Generation (ton)	1,294,809	1,337,788	1,393,628	1,327,670	1,259,273
Product (ton)	27,402,375	30,266,165	32,048,095	32,843,065	33,834,040
Waste Generation of Unit Product (kg/ton)	47.25171	44.20078	43.48552	40.42467	37.21911
Incineration and Landfill (kg)	53,600,328	55,307,718	44,763,848	43,076,876	45,210,908
Product (ton)	27,402,375	30,266,165	32,048,095	32,843,065	33,834,040
Wastes of Unit Product for Incineration and Landfill (kg/ton)	1.956047	1.827378	1.396771	1.311597	1.336255

Note: Source: Computer data bank of FPCC waste treatment

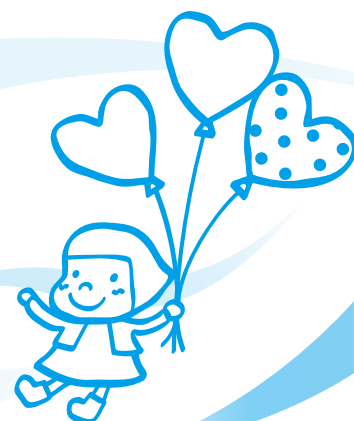
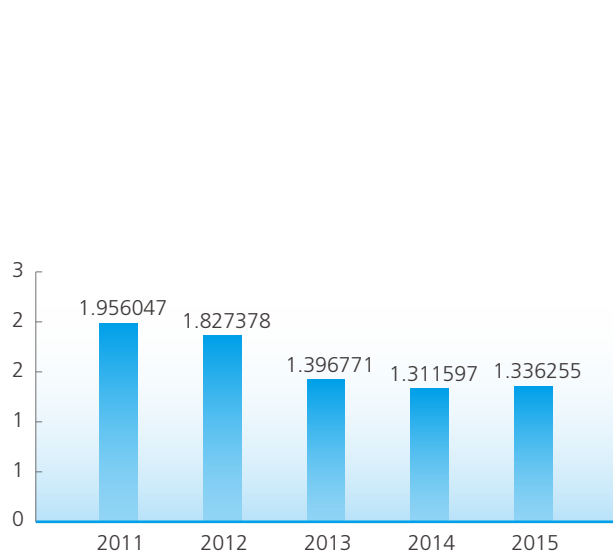
Waste Generation of Unit Product

Unit: kg/ton



Wastes of Unit Product for Incineration and Landfill

Unit: kg/ton



Toxic Chemical Treatment and Achievements

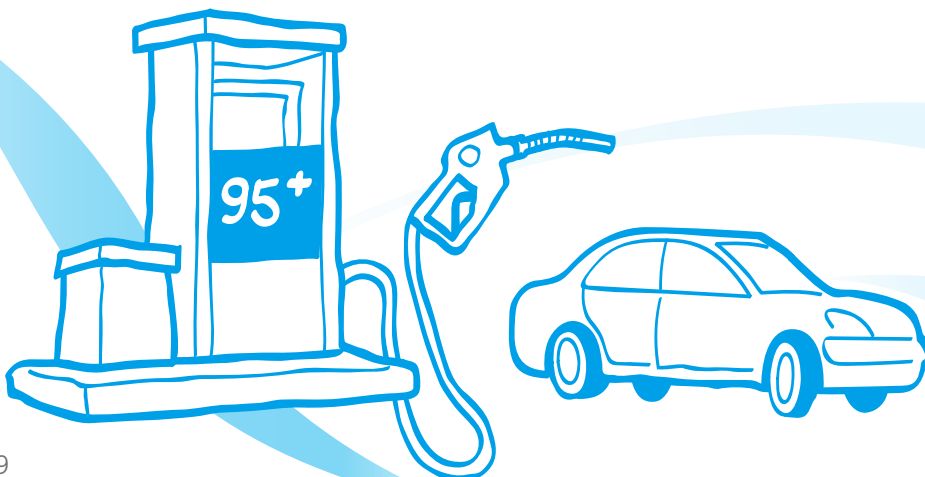
The locations and facilities of FPCC petrochemical plants in which the toxic chemicals are handled all comply with the Toxic Chemical Substances Control Act and have been given the relevant approval documents by the competent authority. These plants have established risk prevention and emergency response projects, which were practiced eight times during 2015. The Corporation also promotes the self-governance of toxic chemical operations to ensure the normal operation of toxic chemicals and reduce the possibility of risk.

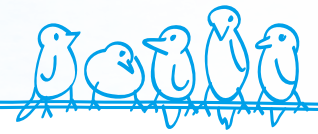
In order to realize the environmental distribution of toxic chemical operations, the Corporation has commissioned a professional organization to execute the "Result Analysis Project of Toxic Chemical Operations in Mailiao Industrial Park." So far, types 1~3 of the plant's operations have been analyzed, and the result analysis reports of five plants (places) and 12 types of toxic chemicals have been completed for the plants' and their firefighting departments' reference for modifying their emergency response and risk management projects.

8
times
Risk Prevention and Practices
of Emergency Response Project

12
types
Toxic Chemicals

5
plants
(places)
The analysis of types 1~3
has been completed.



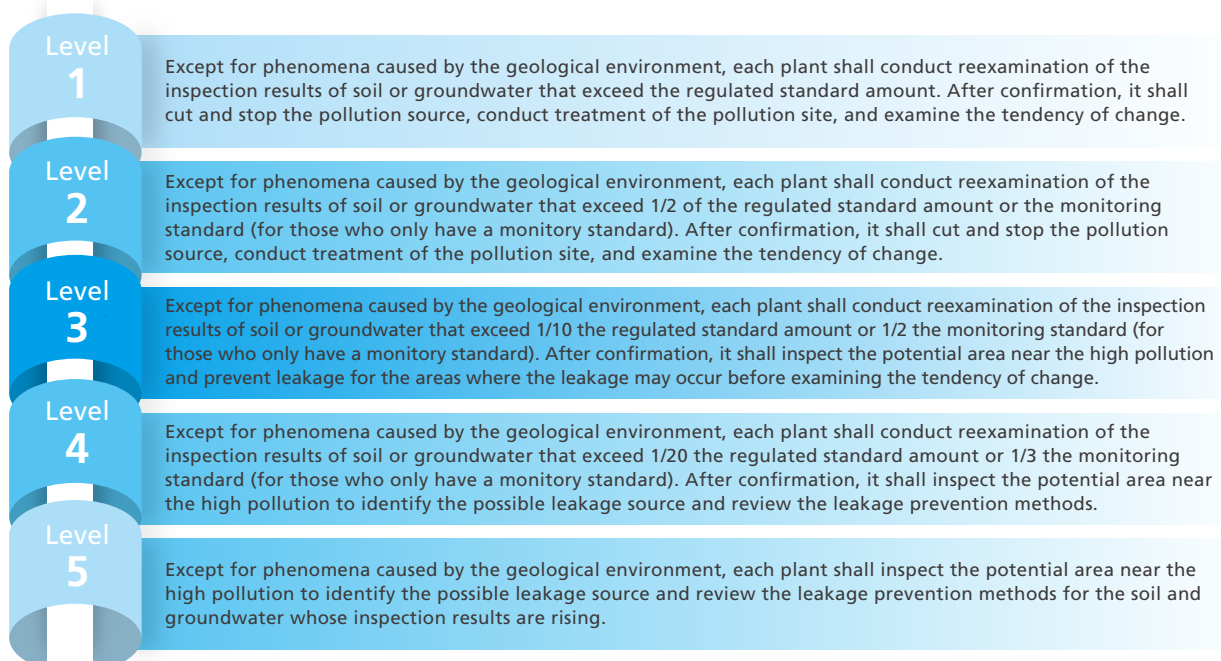


In-plant Practices of Emergency Response



Environmental Risk Management:

To efficiently control soil and groundwater quality, FPCC has executed quarterly ground-water supervision since it was founded. In order to ensure that any leakage and pollution incident can be controlled immediately, it consults the soil-and-ground-water renovation procedure established by the Industrial Development Bureau, Ministry of Economic Affairs, and asks for help from American experts. Based on the "Soil and Groundwater Pollution Remediation and Examination Management Project," FPCC classifies the degree of pollution into five levels specific to two kinds of situations, detected pollution and potential pollution.



Emergency response methods for soil pollution are as follows:

When the manufacturing liquid flows out on the surface of the uncovered soil due to the abnormal leakage of manufacturing pipelines and devices, emergency response measures shall be initiated to stop the leakage of the manufacturing liquid.

Inform the Corporation's internal department immediately and establish a control project.

If there is any possibility that the pollutants may still be leaking, the leaked pipelines or storage tank shall be temporarily closed until complete renovation is done.

After the emergency responses, the plant's staff shall remove the polluted soil and appropriately deal with the pollutants to prevent the spread of pollution.

After the polluted soil is removed, a soil inspection shall be conducted to ensure the clean-up the polluted soil. Only after the Corporation's management department is informed and the investigation is done, the new soil can be refilled to restore the original appearance and the case will be closed.

When the pollution investigation confirms that the degree of soil or groundwater pollution reaches the regulated soil and groundwater index, the plant shall implement emergency response methods for soil or groundwater pollution:

Pollution site treatment project

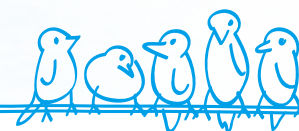
- As the plant is claimed as a pollution treatment site by the environmental component authority, it shall submit the choices of treatment technology provided by the treatment project, "soil and groundwater pollution investigation and assessment project." It shall also handle the pollutants in the pollution site and fulfill the treatment goal during the scheduled period while considering the cost of technology and convenience of construction.

Execution of pollution site treatment project

- Before the treatment project, the source of leakage and pollution shall be eliminated, the underground hydrology and geology are clearly controlled in the investigation of pollution scope, and the regular improvement progress and treatment situation are monitored by computer.

Removal from the list of pollution site

- The polluted area shall be treated with appropriate measures or a special treatment project. After the improvement based on the approved project is completed, the Corporation may apply for removal from control to the environmental authority by law.

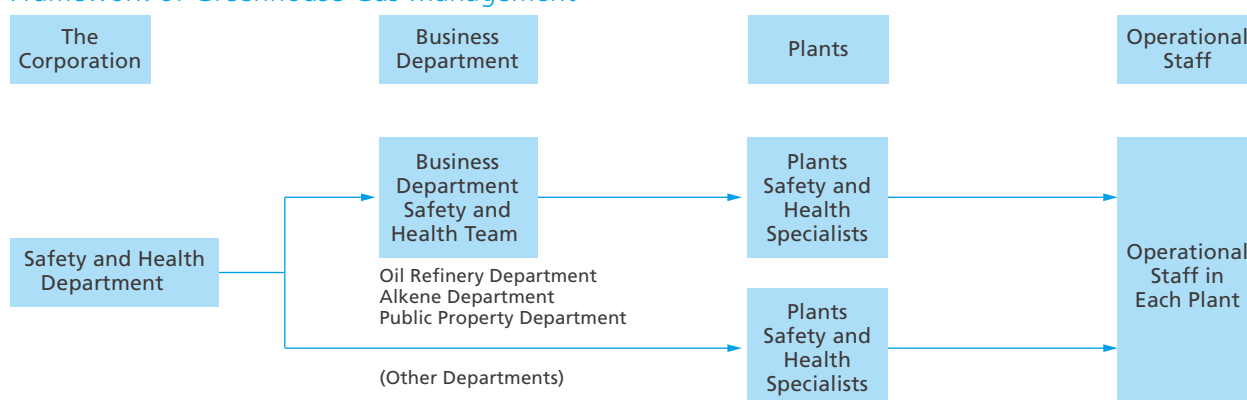


2.3 Greenhouse Gas Emissions and Energy Management

Climate Change and Relevant Issues:

With regard to greenhouse gas emissions and environmental impacts, we have strived for balanced development between "industrial development and environmental protection." Since the Kyoto Protocol came into effect on February 14, 2005, FPCC has established the Greenhouse Gas Investigation Promotion Organization and followed ISO 14064-1 regulations to promote investigation and verification of greenhouse gas emissions. It has also commissioned a Hong Kong enterprise, British Standard Institution (BSI) Pacific Corp. Ltd. Taiwan Branch, to conduct relevant investigations on the following six gases: CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆, to ensure the correctness of greenhouse gas emissions.

Framework of Greenhouse Gas Management



Situation of Greenhouse Gas Emissions

Unit: metric tons CO₂e

	2010	2011	2012	2013	2014
Category 1	29,581,892	27,272,088	28,028,092	30,039,781	29,766,908
Category 2	186,627	209,481	221,241	107,444	141,928
Total Emissions (Category 1+Category 2)	29,768,519	27,481,569	28,249,333	30,147,226	29,908,837

Note 1: Category 1 refers to the direct emission of greenhouse gases.

Note 2: Category 2 refers to the indirect emission of greenhouse gases.

Note 3: Global warming potential (GWP) adopts the public version of IPCC's 1995 Second Assessment Report (SAR). The emission coefficient of electricity and vapor comes from the plant coefficient, which is verified by a verification institution.

Note 4: Because the data of greenhouse gas emission of 2015 has not been verified by a verification institution during the period of the publication of the report, the data will be disclosed in next year's report.

The Corporation carries out environmental supervision and health risk assessments at regular times and constantly looks into the impact of emissions on the environment and people's health. Meanwhile, it also consults and has introduced the most advanced manufacturing improvements and pollution prevention technology. For climate change issues, the Corporation has decreased greenhouse gas emissions to ensure that it produces the best possible results and fulfills the spirit of sustainable management.

• Best Available Control Technology (BACT)

- The Corporation uses advanced air pollution prevention equipment, such as low-pollution gas fuel, oil-gas recycling system, electrostatic precipitator and bag-type dust collector, low NOx Burner and flue gas de-NOx device, flue gas desulfurization (FGD), high-temperature oxygen bottle, activated carbon adsorption system, and close coal silo and transportation system. It also makes the utmost efficiency of each device by ensuring correct prevention, maintenance training, and operation to prevent pollution.

• Supervision (Investigation) Management

- Continuous Emission Monitoring Systems (CEMS), whole-plant chimney monitoring and recording, Fourier transform infrared spectroscopy (FTIR) that monitors places around the plants, GasFindIR examination, out-plant air quality supervision, regular testing of weekly foul-odor joint (routing) inspection components, regular testing of discharging pipelines and monitoring system of flare stack.

• Reduction Management

- Placing a lid on the wastewater treatment plant, recycling and reusing sulfur-containing off-gas during manufacturing, providing surplus gas fuel to other plant for reuse, reducing equipment component, cleaning storage tank and waste gas treatment, sealing storage tank with nitrogen, recycling and reusing all off-gas of flare stack.

• Pollution and Emission Treatment

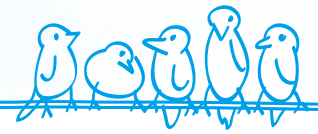
- Control of total emission of air pollutants, control of license of operating pollution source of air pollutants, control of emission standard promised in environmental assessment.

Greenhouse Gas Emission Treatment Management

Greenhouse Gas Emission Analysis Table

	2010 (A)	2011	2012	2013	2014 (B)	(A-B)/ A
Greenhouse Gas Emission (CO₂e thousand metric tons)	29,769	27,482	28,249	30,147	29,909	-
Turnover (million dollars)	748,898	800,362	894,378	931,334	913,085	-
CO₂e thousand metric tons/ million dollars	0.040	0.034	0.032	0.032	0.033	17.50%

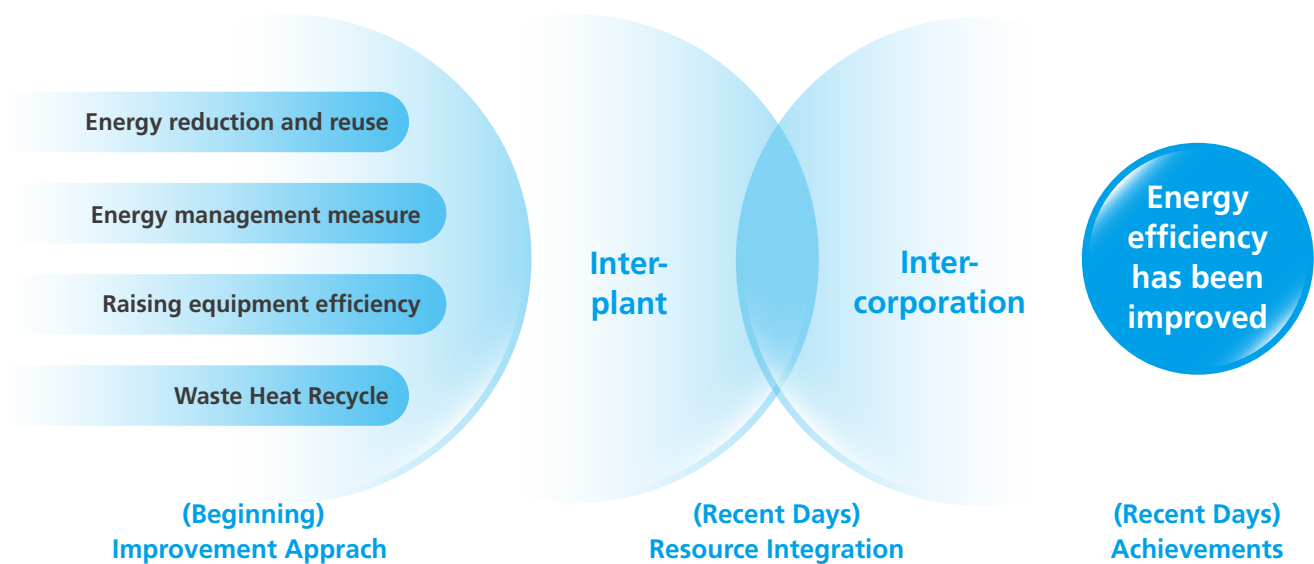
Note: Source: Computer databank of FPG greenhouse gas investigation



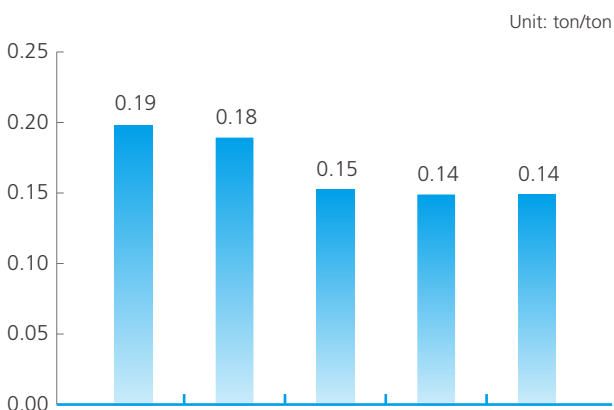
The further analysis of greenhouse gas emissions of unit turnover shows that CO₂e has reduced from 0.04 thousand metric tons/million dollars in 2010 to 0.03 thousand metric tons/million dollars in 2014, a decrease of 17.5 percent.

Energy Management:

In the beginning, the improvement approaches were about reducing the usage of energy, reusing energy, recycling waste heat, raising equipment efficiency, executing energy management, etc. for each plant's own manufacturing. However, the lack of inter-plant integration stops energy from producing the best efficiency. Over the past few years, since FPCC has continuously reviewed and strengthened the inter-plant and inter-corporation resource integration, it has also increased the overall efficiency of petrochemical energy and fulfilled the goal of full recycling and reuse of waste heat and carbon reduction.

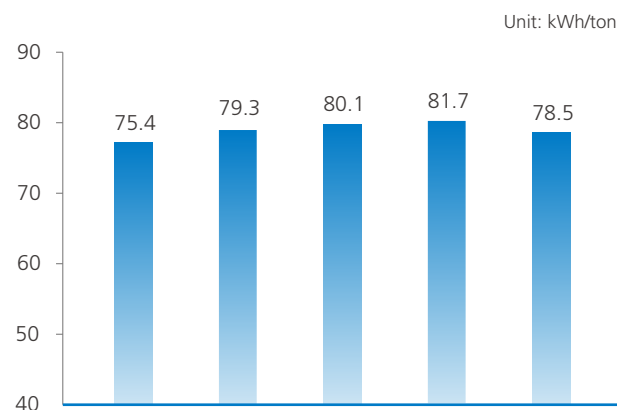


Gas Consumption of FPCC Unit Product in Recent Years



Note: Source: Databank of FPG Business Intelligence (BI) system

Power Consumption of FPCC Unit Product in Recent Years



Note: Source: Databank of FPG Business Intelligence (BI) system

Friendly Coexistence with the Environment

In 2015, the accumulated number of improved cases totaled 795, while the accumulated invested amount reached TWD 3.8 billion. The vapor consumption of all the plants in Mailiao Industrial Park for the year was 4,803 kilotons, which means that the hourly vapor consumption was 548.3 tons, and the vapor consumption of a unit was 0.14 ton/ton. The power consumption for the year was 2,657 gigawatts, which means that the hourly power consumption was 303,272 kWh, and the power consumption of a unit was 78.5 kWh/ton. All of these were controlled within a reasonable range.

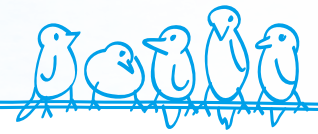


FPCC' s Execution of Energy Saving in Recent Years

Item \ Year	1999~2014	2015	Accumulated Amount (1999~2015)	On-going	Total
Number of Improved Cases	661	134	795	183	978
Vapor Saving (ton/hour)	701.4	39.7	741.1	47.1	788.2
Power Saving (kw/hour)	82.3	16.9	99.2	24.9	124.1
Fuel Saving (ton/hour)	78.4	1.8	80.2	5.1	85.3
CO₂Reduction (ten thousand tons / year)	382.1	24.3	406.4	38.5	444.9
Invested Amount (0.1 billion dollars)	30.9	7.1	38.0	12.0	50.0

Note: Source: Computer data bank of FPG environmental improvement management



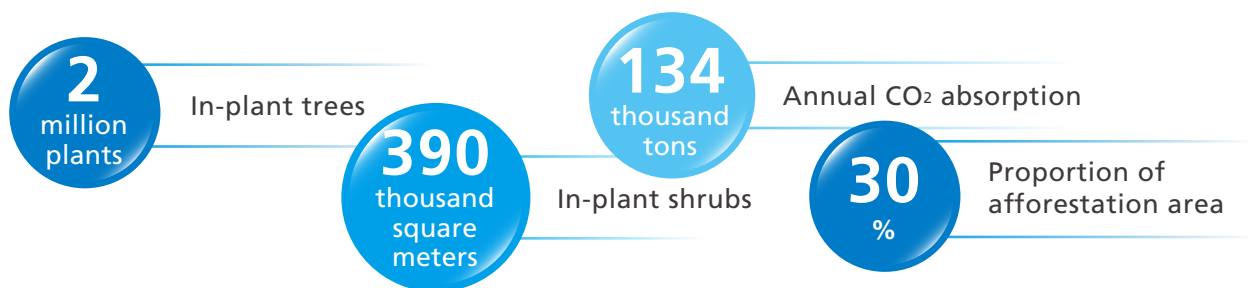


2.4 Creating a Green Work Environment

Mailiao Industrial Park _ Afforested Work Environment:

We proactively afforest Mailiao Industrial Park to create a green space in which the employees may relax their bodies and minds after work. By doing so, we give consideration to both industrial development and environmental protection. Among the 2,600 hectares of the reclaimed land, 30 percent is green space, which means that one-third of the plant area is substituted for 1.41 million trees.

Over the past few years, the Corporation has proactively promoted the landscaping design for each plant and dormitory. Since Mailiao Industrial Park was established, nearly 2 million trees and shrubs that cover 390 thousand square meters have been planted. These trees can absorb about 134 thousand tons of CO₂, equal to the CO₂ absorption of 35 Daan Forest Parks. Furthermore, the green space that covers nearly one-third of the plant area provides the employees with a high-quality environment for working and relaxing.



Mailiao Landscape Park

Mailiao Landscape Park is located at the back of the administration building of the industrial park. The white and simple square of the landscape park lines up with the administration building and centers around the fountain. The standing statue in the landscape park, which represents the way that the founder's mother grew vegetables, symbolizes FPCC's spirit of "diligence and humility." In the park that occupies seven hectares of land, a long footpath is surrounded by green grass, as well as elegant landscapes, which provides the local residents and foreign tourists a space to walk and enjoy their leisure time.

In 2015, the visiting groups of the park totaled 291 (including domestic and overseas manufacturers, academic institutes, social groups, governmental organizations, business coworkers, and others), the number of people has reached 7,853. The proportion of visiting academic institutes and social groups was 36 percent and 29 percent, respectively.



Township head of Mailiao led the kids to visit



Group photo in front of administration building



Group photo in front of a fountain



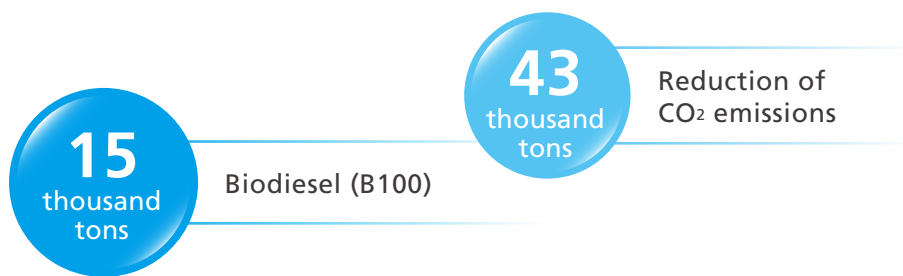
Walking in the park

2.5 Green Production and Environmental Accounting

Green Production:

FPCC has displayed great initiative in supplying environmentally friendly oil products and cooperating with the government's energy policy for the "Green County Project" by providing 1-percent biodiesel mixed with 99-percent petro-diesel (B1) in Taoyuan City and Chiayi City since July 2007 and in all areas since July 2008. From June 2010, the proportion of biodiesel for the petro-diesel supplied in Taiwan has increased to 2 percent. The annual biodiesel (B100) consumption is around 15 thousand tons, which reduces 43 thousand tons of CO₂ emissions.

However, since some CPC gas stations and tour bus companies complained about the problems caused by the quality of B2 petro-diesel, the Ministry of Economic Affairs revised and published the "Duration and Methods of Execution of Proportion of Domestic Automotive Esters-Mixed Diesel Sold by the Petroleum Refinery Industry and Import Industry" on May 5, 2014. In accordance with the official policy, the Corporation stopped selling B2 diesel in June 2014 and replaced it with esters-free automotive diesel.



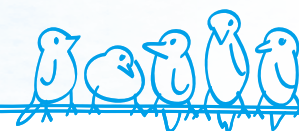
Green Energy Practices

In addition to proactively reducing energy consumption and greenhouse gas emissions, FPCC has also strived to explore and realize clean energy. So far, Mailiao Industrial Park has applied four wind turbine generator systems with 660KW of generating capacity, in which the Corporation has invested TWD 30 million. These systems annually provide about 7 million kWh of total generating capacity for the plant area, approximately reducing CO₂ absorption equivalent to 15 Daan Forest Parks.

Green Transportation

Regarding transportation, FPCC has mainly replaced long-distance oil-truck transportation with long-distance

pipeline transportation to fulfill the target of energy saving and carbon reduction. There are four long-distance pipelines for oil-product transportation, which, totaling 229 kilometers in length, start from Mailiao Plant, are buried along Xibin Highway, and stretch to Taipei Storage Station at Taipei Port, Bali. These pipelines, which total 10.2 kilometers within Yunlin County, transport such oil products as unleaded gasoline, aircraft fuel, diesel, and others. Distributed around deserted places, they started to operate in June 2007. In addition to supplying oil for the livelihood and industrial needs in the north of Taiwan, they also reduce carbon emissions during oil-truck transportation.



Section	Length	Type of Oil
Mailiao Plant to Changbing Station	48km	
Changbing Station to Taoyuan Station	146km	Unleaded Gasoline, Diesel, Aircraft Fuel
Taoyuan Station to Taipei Station	35km	
Total	229km	
Branch to Taoyuan International Airport	5km	Aircraft Fuel

Industrial Safety Management of Long-distance Pipelines

To ensure the safety outside the plant and long-distance pipeline transportation, we not only send staff to inspect pipelines every day but also examine impressed current cathode protection potential every quarter to efficiently protect pipelines from corrosion and leakage. We also commissioned a professional manufacturer to ensure the intactness of the cladding layer of the underground pipelines with Pipeline Current Mapper (PCM) or Close Internal Potential Survey (CIPS) in order to examine the thickness of pipelines with intellectual PIG to install a supervising system on important facilities and control the transportation process with a transportation-storage monitoring system.

Furthermore, we also improved our overall ability to respond and handle risks and maintain public safety by regularly conducting emergency response practices, helping employees to be familiar with equipment, and implementing allied defense mechanisms between relevant departments.

Environmental Accounting

FPCC introduced the environmental cost accounting system in 2009, which began to be implemented in 2010. This fully shows the Corporation's determination and ability in environmental management by directly including environmental benefits into the environmental accounting system.

Environmental Accounting

Environmental Cost

Alleviating, preventing, or removing and improving utilization efficiency of resources; invested capital and expenses

Environmental Benefits

Measuring the environmental impact decreased or the environmental pollution improved by the execution of environmental protection activities

Friendly Coexistence with the Environment

Statements of Environmental Cost in the Most Recent Three Years

Unit: TWD million

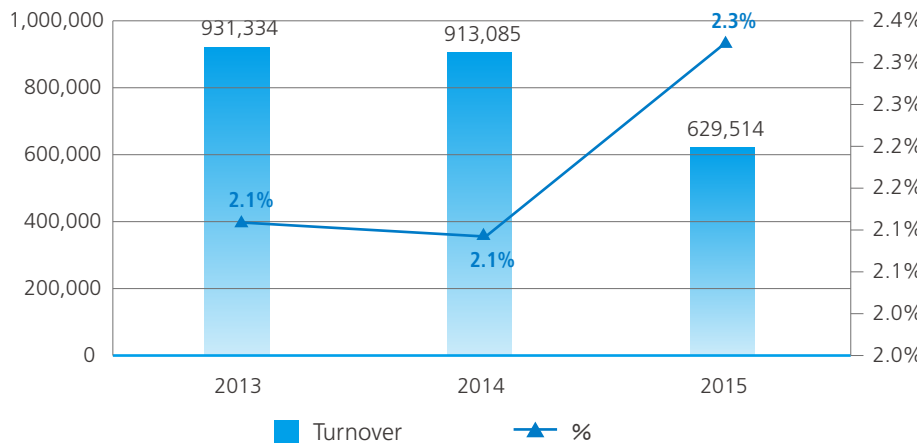
Item	2013	2014	2015
Corporate operating cost	17,968	17,208	13,961
Upstream and downstream related cost of suppliers and customers	15	15	16
Cost of management activities	349	302	271
Cost of research and development	22	6	18
Cost of social activities	3	2	146
Cost of loss and compensation	3	1	1
Other fees such as tax fees and energy tax	1,326	1,609	245
Total	19,686	19,143	14,658

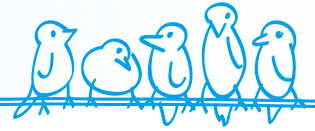
Note: The "Corporate operating cost" includes the expenses generated from green purchases, the expenses of recycling and reproducing the manufacturing or sale of products, and expenses generated from product services for promoting environmental protection.

The promotion of the environmental accounting system clearly records the financial information of environmental activities, such as the investment, maintenance, research and development, and equipment charges, which allows the Corporation to analyze management policy from an environmental perspective and improve the Corporation's competitiveness. In 2015, the Corporation's environmental costs totaled TWD 1,465,800, making up about 2.3 percent of the turnover of TWD 629,514.

Tendency of Proportion of Environmental Costs in Turnover

Unit: TWD million





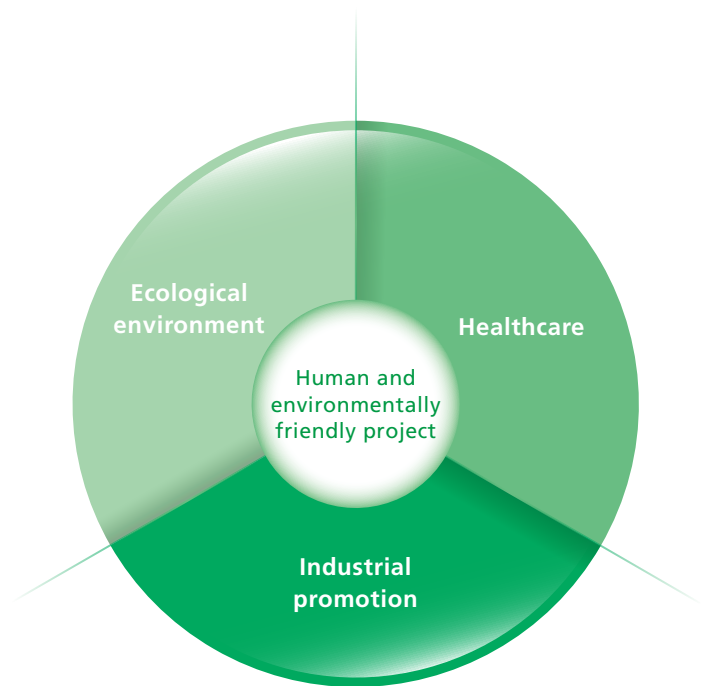


Friendly Corporate Progress

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3.1 Social Commitments and Practices

In adhering to the corporate concept of FPG, FPCC implements environmental protection management and considers the well-being of local residents as important parts of its social responsibility. To promote the "human and environmentally friendly project" established by the Yunlin County Government in 2010, we began improving local development from the following three aspects: ecological environment, healthcare, and industrial promotion, in order to realize the operational guidelines for sharing sustainability and prosperity with the local community.



Dedicated Research Department of Mailiao Industrial Complex

FPCC assumes corporate social responsibility for the residents living around Mailiao Industrial Complex. For the marine ecology and air quality, which concern residents the most, FPCC established relevant research and advisory committees in 2010 and 2011, respectively, to communicate with residents in the most direct and positive way, thus fulfilling its original purpose of practicing and sharing love with the local community.

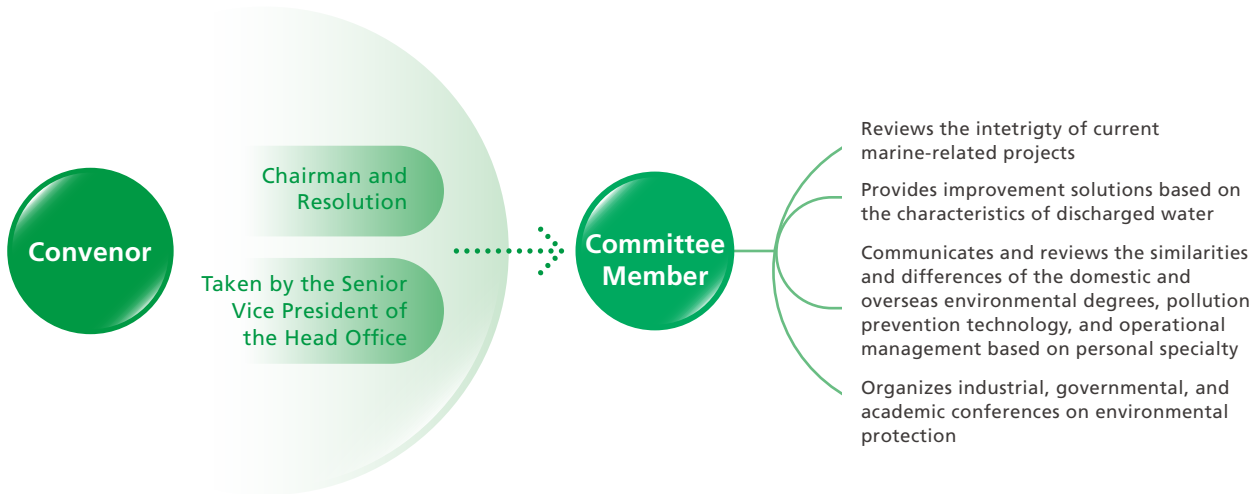


Marine Ecological Influence Assessment and Advisory Committee

In order to continuously improve each function of the plant to meet the industry's best technology standards and best operation mode, in 2010, the Corporation planned and established the "Assessment and Advisory Committee of FPC Mailiao Industrial Complex for the Impact of Discharged Water on Marine Ecology."

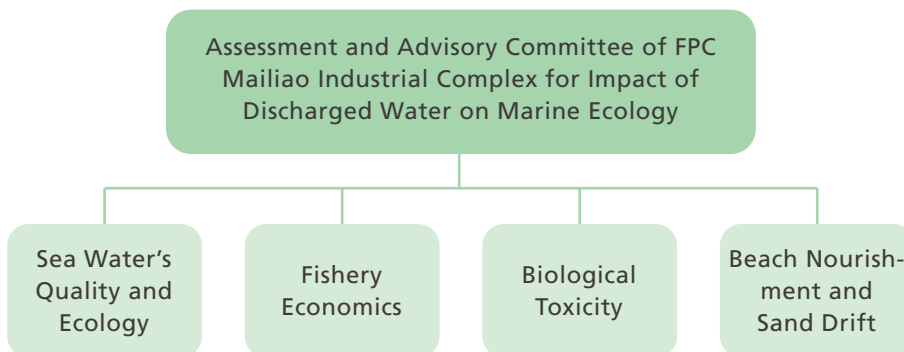


Organizational Structure of Marine Ecological Influence Assessment and Advisory Committee



The committee convenes a meeting every six months to review project reports related to the horizontal integration of sea water's quality and ecology, fishery economics, biological toxicity, beach nourishment, and sand drift, thus helping to determine the impact of discharged water from Mailiao Industrial Complex on the sea area nearby through efficient scientific verification. Furthermore, for issues that concern the public, such as

acidification of the sea area caused by the relatively low pH of the discharged water from flue gas desulfurization processed in the Mailiao power station, the Corporation, following the committee's advice, invested TWD 2 billion to install aeration basins, which were completed in December 2014 and clearly raised the pH of the discharged water. Currently, the pH of the sea water in Mailiao reaches at least 8. In addition, we continuously



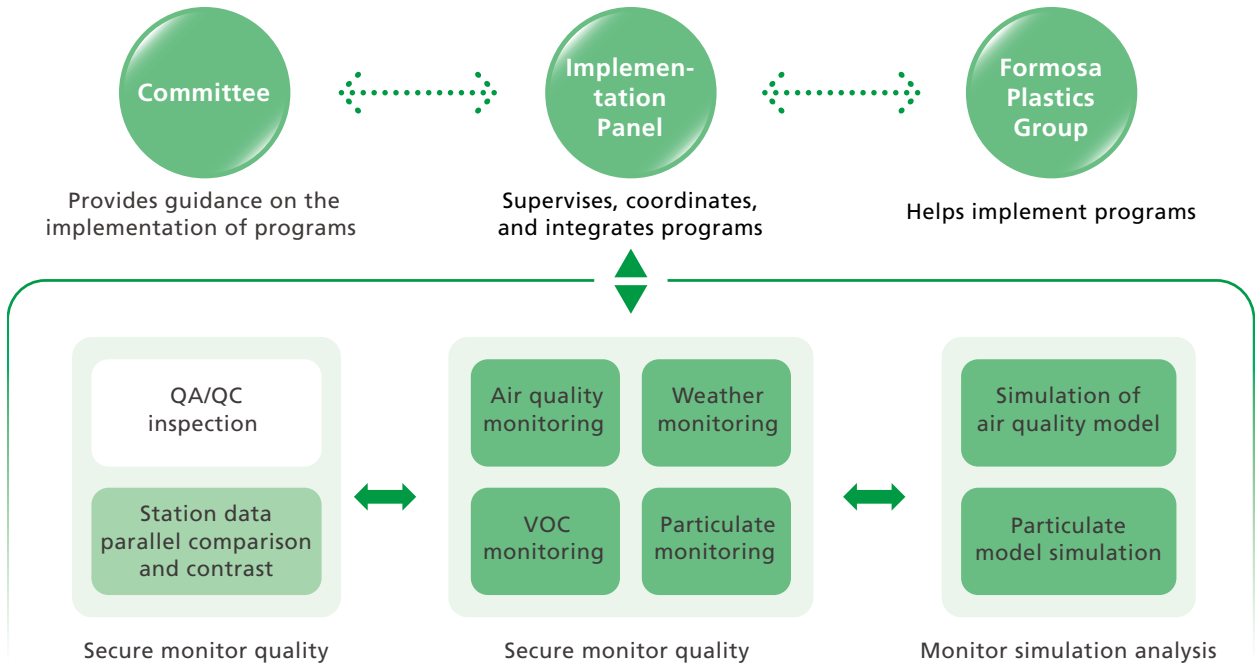
commission objective and professional organizations recognized by the public to investigate the sea area's environment to clarify the impact of the industrial complex on its surroundings.

As of 2015, the research results showed that Mailiao Industrial Complex has had no detectable impact on the water quality of the adjacent sea area, ecology, aquaculture, resources of the fishery industry, beach nourishment, or sand drift. The Corporation will continuously investigate and analyze nearby conditions to ensure the high quality of the local residents' living environment, as well as the sustainable and stable ecological environment of the sea area.

Assessment and Advisory Committee for of the Impact on Air Quality

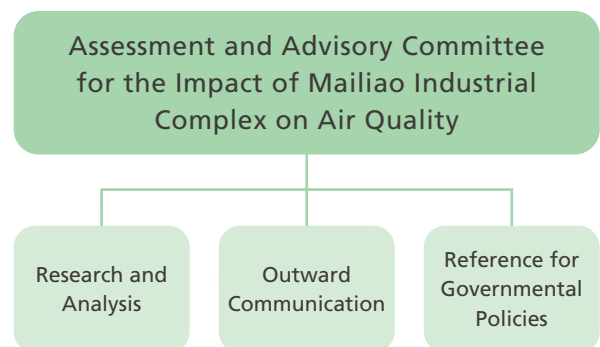
Considering the concerns of the residents around Mailiao Industrial Complex with regard to the air pollution caused by the complex, FPCC formally established the "Assessment and Advisory Committee for the Impact of Mailiao Industrial Complex on Air Quality" in September 2011, to thoroughly research and analyze air pollution issues.

Committee Structure of Assessment and Advisory Committee for of the Impact on Air Quality



Our method of analyzing the monitoring air quality data has been acknowledged by world-renowned scholars. In addition to the seven essays successively published by internationally recognized journals during 2014 to 2015, the Corporation was also invited to present its research achievements in an international conference. In 2016, we are utilizing the methods developed from the research achievements of the committee to clarify that Sixth Naphtha Industrial Complex was irrelevant to the PM2.5 hazardous purple warning of air pollution from September to November 2015 and to urge the environmental authority to face PM2.5 caused by open burning. Apparently, unlike the personal ideology that can lead to misinterpretations and social conflicts, rigorous scientific research helps analyze the air pollution problems that arouse great public concern.

Our research has found that the air quality of the villages and towns near the industrial complex is better than that of the counties in western Taiwan, showing that the influence of the complex on local air quality is limited. Furthermore, given the long-term poor air quality in such inland areas as Douliu, Puli, Chiayi, and others, the Corporation has used the aforementioned method to analyze the data and has found evidence that the gas emissions from Mailiao Industrial Complex located in the western costal area has had little influence. The result urges the government to face the actual factors of Taiwan's air pollution over the past few years, such as the impact of open burning, gas emissions of vehicles, and restaurant oil fumes, on PM2.5. To improve Taiwan's air quality, corporations should not be the only ones subject to control; rather, the government should develop an overall project to efficiently reduce the sources of pollution, as well as the emissions that cause air pollution. By doing so, reasonable standards of air quality and responsibility of reduction can be established for Taiwan.



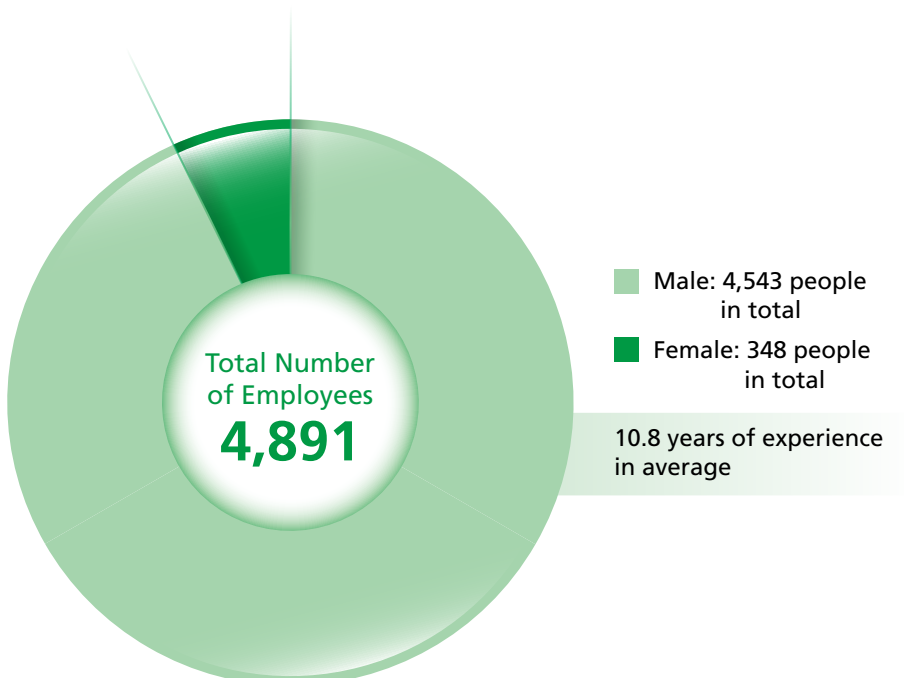


3.2 Employee Care and Management

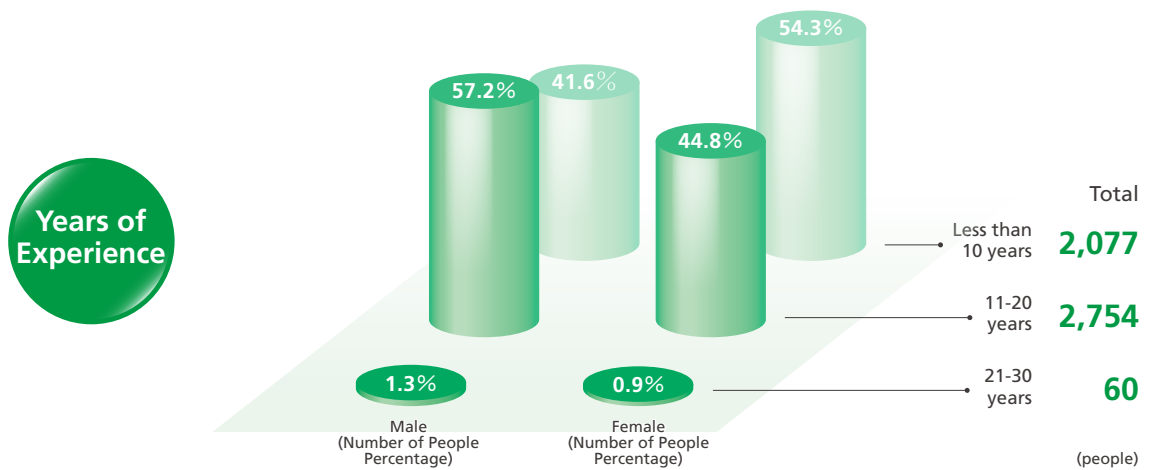
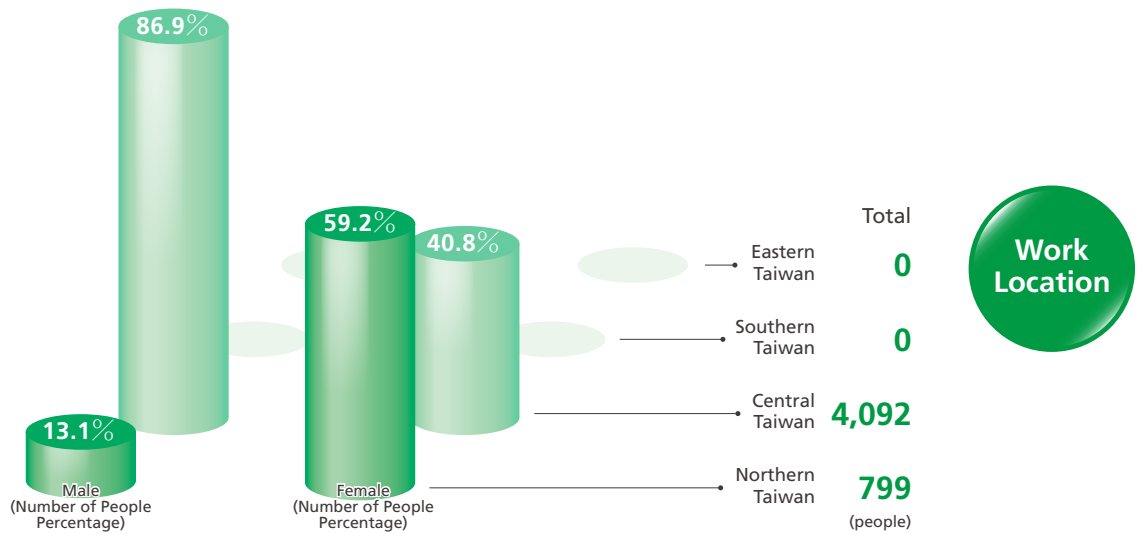
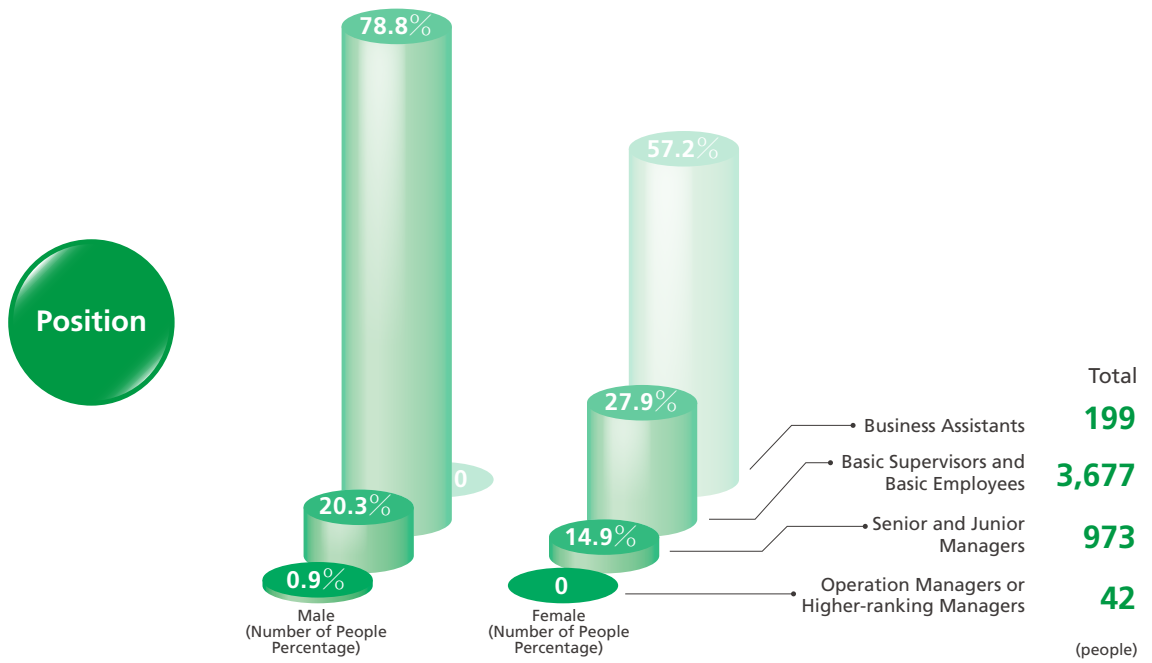
Structure of Human Resources:

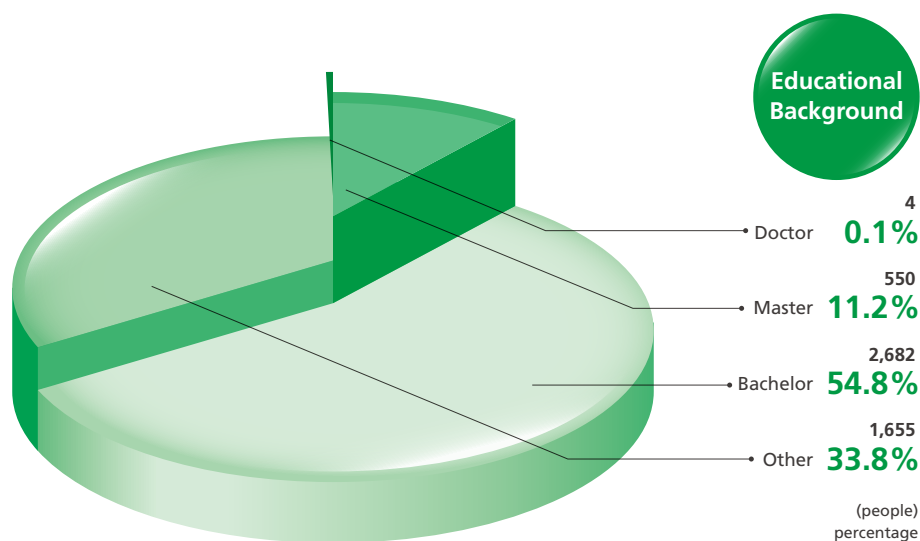
Human capital is the Corporation's most important asset. Therefore, FPCC has created a corporate human-based management and environment and promotes organizational reforms and staff growth by providing competitive salary and benefits. Based on different specialties, the Corporation recruits employees who agree with our business concept. Furthermore, it has established various communication channels that are open to suggestions and strives to protect relevant interests.

As of 2015, FPCC's permanent staff totaled 4,891; their average age is 40. The proportion of men to women is 13:1. Most of them are between the age of 40 to 49; 66 percent have graduated from college. The basic managers and the employees under them, as well as the employees who work in central Taiwan, make up around 80 percent. Years of experience averages 10.8 years, showing that the staff trusts FPCC and is willing to grow with the Corporation. We fundamentally fulfill corporate sustainable operations related to our manpower structure by enabling senior managers to play a role to carry on the past and open up the future, while continuously injecting new blood into the organization as the source of innovation.



Friendly Participation in Society





Arrangement of Human Resource and Employment Status

In 2015, the rate of permanent personnel was 96 percent; temporary staff (such as counselors, project contract staff, part-time staff, and others) made up only 4 percent. Over the past four years, the percentage of temporary staff has decreased while that of permanent staff has remained at more than 93 percent. One hundred percent of our employees are from Taiwan.

Unit: person

Proportion of Permanent and Temporary Staff over the Last Five Years

Category	2011	2012	2013	2014	2015
Counselors	3	8	8	11	14
Project Contract Staff	269	334	235	198	172
Part-time Staff	22	27	28	24	27
Total of Temporary Staff A	294		271	233	213
Permanent Staff B	4,463	4,885	5,029	4,864	4,891
Temporary+ Permanent Staff Total C	4,757	5,254	5,300	5,097	5,104
Proportion of Temporary Staff (A/C)	6%	7%	5%	5%	4%

Friendly Participation in Society

As the Corporation continues to develop, FPCC has followed the principles of giving back to the local community and gives priority to local residents when recruiting new basic employees. We also actively cultivate local residents to become outstanding managers. For the past five years, we have demonstrated our care and practice for local development by showing that our percentage of hiring local residents as junior or senior managers has remained at more than 33 percent.



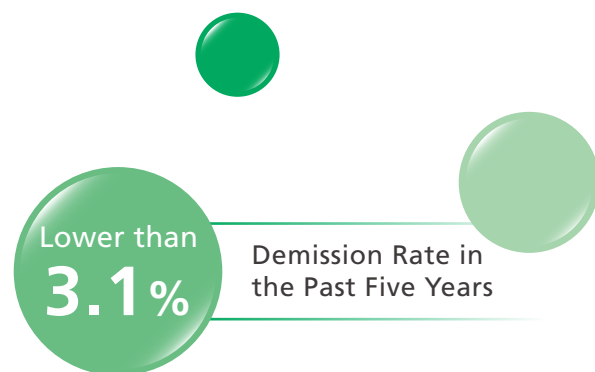
Unit: person

Percentage of Hiring Local Residents as High-level Managers in the Past Five Years

Year	2011	2012	2013	2014	2015
Number of People	326	343	360	362	360
Percentage of Local Residents (%)	34.2%	33.9%	34.3%	36.0%	35.5%

Note: Local residents refer to employees whose native place is located in the city or county where they work.

Due to external factors and the influence of the operation environment, we have continuously worked on an innovative organizational management and simplified structure. The FPCC employees dismissed in 2015 totaled 133, with a demission rate of 2.7 percent. The rate of demission over the past five years has been maintained under 3.1 percent, considerably lower when compared to the average 12.2 percent turnover rate in other petrochemical companies. This shows that we work hard to care for our staff and protect their jobs, as well as that the staff strongly trusts and identifies with the Corporation's operations management.



Unit: %

Turnover Rate in the Past Five Years

Industry	Year	2011	2012	2013	2014	2015
Petroleum and Coal Products Manufacturing		7.2	8.0	10.1	8.5	12.2
	%	2.0	2.0	2.1	3.1	2.7
FPCC	Male	84	94	98	145	119
	Female	5	3	5	5	14

Note: source: Directorate-General of Budget, Accounting, and Statistics (Index of Time Series Data- Exit Rate)



FPCC adheres to the principles of impartiality, fairness, and openness in employment and has never hired any child laborers. In 2015, the newly employed staff totaled 166; 134 were male employees, making up 81 percent. Most of the new employees were under the age of 29, making up 74 percent; the employees from central Taiwan made up 57 percent. The Corporation recruits its new staff from various channels, selecting appropriate candidates based on the test participants' performance rather on other discriminative factors such as age, ethnicity, gender, sexual orientation, religion, political party, native place, marriage, appearance, disability, or aboriginal status.

Distribution of the Employees' Age and Native Place

Category	Team	Male	Female	Category	Team	Male	Female
Age	Under the age of 29~99	99	24	Native Place	Northern Taiwan	39	32
	30~39	33	8		Central Taiwan	95	0
	Over the age of 40	2	0				

Once hired, all staff enjoy fair treatment with regard to the regulations related to promotion, evaluation, training, reward, and punishment. The Corporation has had no cases of discrimination or forced labor. For the past five years, the percentage of hiring people with disabilities has met the standards of the People with Disabilities Rights Protection Act, which regulates that the percentage shall not be lower than 1 percent of total staff.



Unpaid Parental Leave

In accordance with national policies and pursuant to the principles of caring for the staff, the Corporation promotes the unpaid parental leave project, which allows both male and female employees to apply for unpaid parental leave according to their actual needs. The resumption rate of 2015 was 50 percent, while the retention rate reached 100 percent.



Unit : %

Situation	2013			2014			2015		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Actual Number of Employees Who Applied for Unpaid Parental Leave	1	3	4	1	3	4	4	1	5
Number of Resumed Employees of the Year (A)	0	3	3	0	3	3	3	1	4
Number of Employees Who Applied for Resumption (B)	0	3	3	0	3	3	1	1	2
Resumption Rate% (B/A)	0%	100%	100%	0%	100%	100%	33%	100%	50%
Retention Rate	0%	100%	100%	0%	100%	100%	100%	100%	100%

Note: "Retention Rate" refers to the rate of employees asking for unpaid parental leave who resume and hold their positions for at least one year.

Tertiary Prevention

1. Emergency medical treatment management
2. Adjusting work
3. Executing patient care projects

(Reducing Harm)

Secondary Prevention

1. Analysis of abnormality rate shows abnormal health tendencies
2. Increased cancer screenings
3. E-Questionnaire survey+health risk assessment and health education

Early Diagnosis

Primary Prevention

1. Promotion and management of the staff's physical and mental health
2. The staff assists in promoting projects (EAPs)

Prevention

To fulfill the concept of a happy workplace, FPCC has set up lactation rooms in the industrial zone and has created a friendly work environment for breastfeeding employees' needs. It also grants the parental leave required by law, which allows employees to adjust their working hours for nursing a baby.

Healthcare for Colleagues

We divide the management of healthcare for colleagues into three stages: Primary Prevention, Secondary Prevention, and Tertiary Prevention. Based on scientific analysis of abnormal rates and tendencies, we program monthly theme-based health promotion activities and lectures and provide on-site doctor consultations, convenient treatment services in the medical center, and so on. For further integration of corporate resources, we combine the medical-center-grade medical and healthcare services provided by Chung Gung Memorial Hospital to promote preventive medicine and disease prevention while strengthening employees' health consciousness, in the hopes of facilitating and achieving a healthy life.

FPCC provides annual health examinations for its staff. Based on the spirit of caring for the staff, watching the domestic disease trends, and prevention is better than cure, it surpasses the regulations and offers regular health examinations to employees according to their

actual ages. The Corporation has also added metabolic syndrome and cancer examinations, such as screenings for Alpha-Fetoprotein, carcinoembryonic antigens, and oral cancer. By doing so, the Corporation enhances the health management of first-class prevention and finances the medical expenses of their employees who seek medical advice at Chang Gung Memorial Hospital.

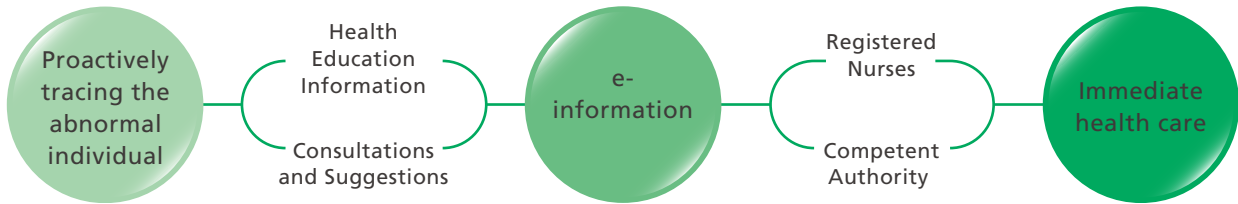
The Corporation arranges special health examinations and health classification management for employees who are exposed to noises or specific chemicals that may jeopardize one's health. As of 2015, the staff's examination rate reached 100 percent, and no abnormal cases had been reported in the special health examination results.

Age	Frequency of Health Examination
<30	Once every 5 years
30-45	Once every 3 years
45-65	Once every 2 years
≥ 65	Once every year



Tracing Abnormal Cases

Since FPCC prioritizes its staff's health, registered nurses trace individuals with abnormalities and provide educational health information and consultation based on the employees' health examination reports. Combined with the health examination organization and the offices' automatic systems, they design health care reminders, as well as reminders about maternity and sick leave. The results of consultation and care are also submitted to the managers so that they can understand the health condition of their employees and provide them with immediate care.



Balance between Work and Life

In order to enhance the balance between the staff's work and personal life, we established the employees' activity center, basketball, badminton, and volleyball courts, a table tennis room, and a gym, among other facilities. A total of 41 cultural and sport activities were held by the management department of Mailiao Industrial Complex in 2015, including watching movies (listening to music), playing Chinese chess and Gobang, jogging, and playing various sports (such as table tennis, tennis, badminton, volleyball, basketball, softball, and bowling). The expense totaled TWD 1.65 million, 3,300 people participated in total. To fulfill the staff's right of association, the benefit committee, which offers 30 clubs with more than 900 members, organizes activities every week or so for the staff so that they may balance their life and work through a variety of options. These activities not only allow the staff to relax their body and mind after work but also enhance interdepartmental interaction.



Employee Assistance Project

FPCC has promoted the "Employee Assistance Project" since June 2014. It established an assistance platform to identify the physical and mental problems that affect employees' working performance through reflection, communication, and prevention. Furthermore, the Corporation has successfully completed the operations of the employee assistant project through promotional information, confirmation of each department' s members at all levels, implementation of training, establishment of peripheral organizations, promotion of the website and relevant management guidelines, and so on.

We also irregularly issue educational health information, organize health seminars, dispatch infirmaries and nurses for medical service and consultation, and hold irregular health promotion activities, such as body weight management, smoking cessation inspection, prevention, and healthcare, as well as cooperate with the John Tung Foundation to initiate "Industrial Relaxation Day" to balance the staff' s body, mind, and soul.

To understand the degree of support that the staff feels with regard to the Corporation, managers, family, and coworkers, as well as the degree of happiness the staff feels in life, FPCC has conducted an employee satisfaction survey since 2014 to provide a reference for the "Employee Assistance Project," which aims to direct Corporation-promoted projects to meet the staff' s actual needs.

Aspect of Work

- Establishing the Assistance System for Work Adjustment and Work Resumption
- Staff Instruction, Work Accommodation, Position Transfer

Aspect of Life

- Establishing a Legal Consultation Channel
- Life Assistance, Legal Financial Affairs

Aspect of Health

- Establishing a Psychological Consultation Channel
- Smoking and Drinking Cessation, Healthy Eating, Health Promotion, Pressure Management, Psychological Health





3.3 Communication Channels, Salary, and Benefits

Channels for Employee-Employer Communication and Negotiation:

FPCC adheres to the principles of honest and transparent management. It follows the Labor Standards Act and other regulations in processing its notification procedure, thus ensuring that the employees are informed beforehand of any material operation change. The staff may not only submit their suggestions to the Corporation through the regular meetings convened by the organizations, such as the benefit committee, employee-employer meetings, labor union, and occupational safety and health committee but also bring their problem to the Corporation through the complaint system.

In 2015, FPCC had no accidents related to violating local residents' human rights; no accidents related to human rights were reported through the internal complaint system. For matters negotiated in the employee-employer meeting or between the Corporation and the labor union, such as salary adjustments and year-end bonuses, the staff of the Corporation is 100 percent protected. The explanation is detailed in the following table:

Committee Item	Benefit Committee		Employee-employer Meeting		Labor Union	Occupational Safety and Health Committee	
Purpose	Improve employees' benefits		Enhance employee-employer relationship		Protect labor' s interests	Implement occupational safety and health management regulations	
Member Type	Employer	Employee	Employer	Employee	Members	Employer	Employee
Number of People	5	12	9	9	3,300	26	13
Proportion	29%	71%	50%	50%	82%	67%	33%
Frequency of Meetings in 2015	Once / two months		Once / two months		Director-supervisor meeting, once / three months	Once / three months	
Proposals Made in 2015	111		60		52	8	
Completed Projects	107		55		49	5	
On-going Projects	4		5		3	3	
Project Completion Rate	97%		92%		95%	63%	

Benefit Committee

Employees can provide their opinions about benefits by proposing them to the benefit committee. We have also established physical suggestion boxes in the areas where employees enter and exit, an online suggestion box in the information system, and a "799" special phone line for staff to discuss the problems they encounter in work or even in life. The designated people file and respond to these problems, thus unblocking the staff' s communication channels.

Employee-employer Meeting

Employees and employers each elect nine representatives to participate in the employee-employer meeting. The employers, who are represented by the managers from the relevant departments (five business managers and four senior managers) fully exchange opinions with the employees' representative (that are elected from the labor union). These meetings are regularly convened every two months. The discussion topics brought up in the employee-employer meetings of 2015 involved 60 items, including programming employees' benefits, positively altering the working conditions, facilitating employee-employer cooperation, and raising work efficiency, all of which have been efficiently solved.

Labor Union

The FPCC labor union convenes a director-supervisor meeting every three months. In 2015, 52 projects were proposed, including 10 health issues (such as adding health examination items and enhancing inspection of water quality) and 10 safety issues (such as establishing bike lanes, speed bumps, and convex lenses; improving paved areas; installing more monitors to ban traffic law violations; increasing corporate shuttle buses to decrease traffic accidents, etc.), all of which have been responded to and resolved. Considering the material employee-employer issues, the Corporation's senior managers negotiated with the labor union to reach an agreement, ensuring a harmonious employee-employer relationship and the Corporation's sustainable development.

Occupational Safety and Health Committee

The Corporation's occupational safety and health committee has a total of 39 people. A relevant meeting is convened every three months; five out of the eight tasks in the 2015 proposal have been completed.

Remuneration and Benefits:

The salaries of FPCC's employees are higher than the basic wage. In order to attract and retain talented individuals, the Corporation pays its employees more than other companies in the industry. The salary standards for new employees are decided according to their education background and work experience, not on their gender. Once employed, employees eligible for salary adjustment and promotion according to their working performance are paid accordingly. Take graduates from a specialized school for example; the starting salary of FPCC's basic staff is 180 percent of the basic salary while that of the office clerks is 155 percent of the basic salary.

Unit: %

Rank	Female	Male
Personnel higher than junior managers	100	138
Personnel under primary supervisors	100	134

Note: In 2015, the salary of the male employees was higher than that of the female ones because the years of experience of the junior and senior managers differ; furthermore, the male primary supervisors and male employees under the supervisors work on-site shifts and thus gain extra allowances.

Benefit System

For the purpose of serving and caring for the living demands of all staff, the management department of Mailiao Industrial Complex assumes responsibility for business related to logistic support and benefit services. Furthermore, the committee organizes annual performance evaluations of the management department, as well as satisfaction surveys to improve service quality.

A. Insurance Benefits

The Corporation provides labor insurance and national health insurance for its employees; the benefit committee further provides employee protection by buying group accident insurance and group life insurance for every employee.

B. Retirement Benefits

The Corporation allocates labor pension and labor preparation pension to pay the pension to employees who satisfy the requirements of retirement and provide an extra gift for retiring employees.

C. Marital and Parental Benefits

- (A) For weddings or funerals of employees or their families, the Corporation presents monetary tributes and finances the managers at all levels to present said monetary tributes. The benefit committee also presents additional tributes for actual employees' weddings or their spouses' maternity.
- (B) Breastfeeding rooms have been established in the industrial complex for employees to use during working hours.
- (C) In addition to providing parental leave, employees who satisfy the requirements may adjust their working hours according to their needs.

D. Health Care Benefits

- (A) Providing regular health examination to employees who exceed the legal age limit.
- (B) Proactively arranging special health examinations and health classification management, such as screening for Alpha-Fetoprotein, carcinoembryonic antigens, and oral mucosa, for employees who are exposed to noises or specific chemicals that would jeopardize one's health.
- (C) Financing the medical expenses of employees and their families who seek medical advice at Chang Gung Memorial Hospital; the employees and their families may enjoy discounts on health examinations.
- (D) Establishing the employees' activity center with such facilities as a basketball court, badminton court, volleyball court, table tennis room, and gym.



- (E) Irregularly issuing educational health information and organizing health seminars.
- (F) Dispatching infirmaries and nurses for medical services and consultations; holding irregular health promotion activities, such as body weight management, smoking cessation inspection, prevention, and healthcare; cooperating with the John Tung Foundation to implement "Industrial Relaxation Day."

E. Leave Benefits

Allowing employees to apply for various forms of leave, including special leave, marriage leave, funeral leave, business leave, occupational sickness leave, paternity leave, maternity leave, sick leave, menstruation leave, personal leave, family care leave, transfer leave, epidemic prevention leave, home leave for expatriate employees returning to Taiwan, and so on. In particular, the salary standards of sick leave and part of family funeral leave are higher than those of the relevant labor laws.

F. Living Benefits

- (A) Providing monetary gifts for the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival.
- (B) Gift (certificate) for birthday and the three major Chinese festivals.
- (C) Programming special overseas travels and financing such activities as the spring and autumn picnics, as well year-end reunions.
- (D) Establishing staff canteen, bachelor quarters and family dormitories, welfare building, mini markets, barber shops, libraries, guesthouses, bowling alleys, and so on.
- (E) Purchasing the bonus of stocks of affiliated listed companies.
- (F) Providing scholarships for employees' children.
- (G) Enjoying the resources of the affiliated companies and discounts from appointed stores.

G. Benefits of Staff Canteen

- (A) Providing employees with daily food allowances.
- (B) Regular examination of pesticide residue on the canteen's food materials.
- (C) The benefit committee appoints committee members to constitute the in-plant catering committee and select the HACCP catering contractors. The catering committee also participates in designing the menus and supervises food quality and environmental health.
- (D) Providing special dishes for particular festivals, preparing more dishes for employees who work during the Spring Festival to show our appreciation for their services.

H. Facilitating Employees' Relationship

- (A) Annually planning the year-end party and lottery activities.
- (B) Supporting club activities, such as providing TWD 760 thousand to 30 clubs in 2015.
- (C) Holding industrial sport games to encourage the trend of sports, as well as rewarding outstanding employees with medals and bonuses.
- (D) For employees whose years of service reach five years, the Corporation expresses its appreciation by rewarding them with a commemorative gold coin.
- (E) Organizing various activities such as trips, hiking, sport competitions, art exhibitions, and seminars on living in order to enrich employees' body, mind, and soul.

I. Personal Safety and Family Care

- (A) Providing work uniforms made of anti-flame fabric and leather safety shoes to ensure personal safety.
- (B) For employees who die in the line of duty, the Corporation surpasses the laws and issues compensation for death rather than using labor insurance to compensate (which is legal); for employees who die not in the line of duty, the Corporation also surpasses the laws and issues condolence payment that is at least six months' salary.
- (C) Even though there are no relevant regulations, the Corporation issues condolence payment of TWD 650 thousand to 2.57 million for a deceased employee (depending on whether the death was in the line of duty or not in the line of duty).

J. Benefit of Dispatched Personnel

Buying accident insurance, travel accident insurance, and others for employees travelling for business purposes, as well as overseas expatriate employees.

Labor Retirement Mechanism and Care Retirement Project

FPCC allocates pensions pursuant to governmental regulations. Regarding the transfer of employees who serve in other FPG companies, the employees' years of experience are counted as usual, and the "Labor Pension Act" shall apply to all of them once the transfer becomes effective. For employees who are transferred for the Corporation's needs and satisfy the pension requirements of the "Labor Standards Act," their pensions are calculated according to the new methods as they retire. The company to which the employees are transferred shall make up the difference if their pensions are lower than those calculated according to the original methods.

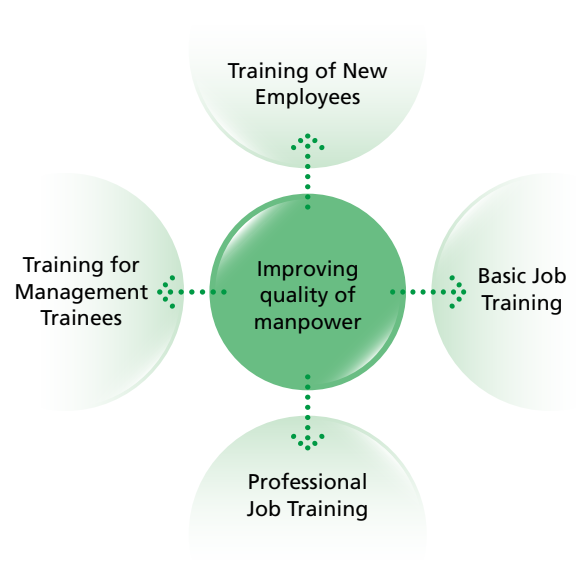
To thank retired employees for the outstanding contribution they have made to the Corporation, FPCC, in support of FPG, established the "Social Gathering of Retired Employees" in 2013 and encouraged retired employees to become members and participate in the activities held by each branch near the employees' residences (there are six branches, one each in Yilan, Taipei City, north Taoyuan, Changhua, Chiayi, and Kaohsiung, as well as a head office). The Corporation subsidizes each employee TWD 1,000 every year. As of the end of 2015, 38 members were staying connected after retirement through social activities.

Performance Management and Educational Training:

Performance Management

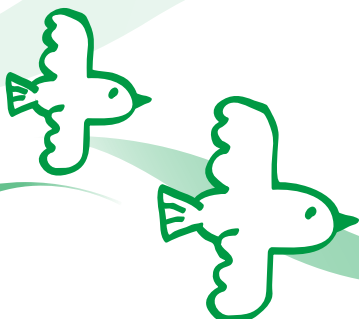
FPCC's performance management system enables managers and employees to examine annual job performance and set appropriate job targets. In addition to the complete training system, the Corporation provides the required knowledge and technology and plans a future occupational blueprint for its employees.

Through performance management, the Corporation ensures that its employees follow the Corporation's goals; it also examines and assesses the development of their abilities, thus creating a win-win situation for the Corporation and individual employees. The scope of performance evaluation covers all staff. The bonus for good performance is paid according to the monthly job performance evaluation, which, considering the objectivity of job evaluation, are collected at the end of the year for the managers' reference in evaluating the employees' year-round job performance. Year-end bonuses and remunerations for the purpose of encouragement are paid at 40 to 130 percent based on the grades of evaluation results. For outstanding performance or abnormal behaviors, employees will be accordingly and properly rewarded or punished.



Training System

FPCC has developed a complete training system for employee cultivation, which progressively trains employees through the electronic training management system. Currently, the training system is divided into orientation training for the new employees, basic job training, professional job training, and reserve manager training. The training courses and the allotted time that each employee shall fulfill are managed and controlled by the computer, which will remind every department of the time to organize the trainings to achieve the goal of comprehensive employee cultivation.





Educational System of FPCC Employees

Training Category Item	Orientation Training for New Employees	Basic Job Training	Professional Job Training	Reserve Manager Training
Objects	New permanent staff	A. New general primary B-type staff, new general affairs staff graduating from college or vocational school B. Staff under primary managers and transferred general affairs staff graduating from college or vocational school	Staff under senior managers	A. Reserve primary manager training B. Reserve junior manager training C. Reserve senior manager training
Training Time	After registration of new permanent staff	Once new or transferred staff have been in office for three months	As the working conditions change, such as updating equipment or improving manufacturing process, each department should cooperate and arrange its training.	Based on the number of trainees recommended by each department, the training organizer arranges the training groups and dates.
Organizing Department	A. Categories one and two of general affairs staff are managed by the head office. B. The primary staff is managed by the management office of the complex.	Department where the new staff works	A. The professional job training on the whole affairs of the Corporation is organized by the president's office of the head office. B. The professional job training on the whole affairs of the Corporation is organized by the president's office of the Corporation. C. The professional job training on the whole affairs of the business department is organized by the manager's office of the department. D. The professional job training on the affairs of each plant is organized by the office of the plant.	A. The first- and second-class reserve primary manager training is organized by the president's office of each company. B. The training for the reserve junior and senior managers is organized by the president's office of the head office.
Training Method	Open the training classes after registration	Tutorial or collective training during on-duty or off-duty hours as necessary	Lectures or practical training during on-duty or off-duty hours	Batch training through lectures through industrial training class or corporate training class
Course Content	Based on personnel, salary, attendance, benefits, industrial safety, and others, the organizer designs the course contents.	Based on working regulations, operational details, and basic knowledge related to the job, the manager of the department decides the training subjects, hours, and assessment methods, which have to be implemented with the approval of the vice president of the business department.	A. Based on the function, the systems and practices are set up as function-based training courses. B. Selecting the knowledge and techniques related to each job and arranging training accordingly.	A. Reserve primary manager training: various management concepts, practices, and working instructions B. Reserve junior manager training: various management systems and practices C. Reserve senior manager training: various cases about management improvement and management concepts

FPCC values its staff's career planning and growth. After employees begin working for the corporation, FPCC arranges not only various employee orientation training and basic training but also regular job rotation and professional training. Each department is required to schedule its annual training projects and hold workshops on every material law and new technology and system so that employees can have the most up-to-date knowledge at all times.

In 2015, the average training hours of individual employees were about 44.4 hours. In particular, senior managers participated in 7.7 hours of average training, junior managers in 19.1 hours, primary managers in 48.0 hours, and primary employees in 53.2 hours.



Completion Degree of Annual Training Projects



Average Training Hours of Individual Employees

(Unit: hour)

Year	Rank	Senior Manager	Junior Manager	Primary Manager	Primary Staff	Average Hours of All Staff
2013		9.2	23.8	43.1	36.2	34.4
2014		19.5	17.4	35.3	35.0	31.7
2015		7.7	19.1	48.0	53.2	44.4

Note: The average training hours of individual male employees is about 47.0 hours while that of individual female employees is 11.5 hours. Since 57.2 percent of the female employees serve as general affairs assistants, the professional training required for them is less.

To satisfy each department's operation and safety demands, the Corporation pays special attention to arranging and guiding employees to obtain the relevant certificates of proficiency. It also irregularly organizes courses on different themes such as "Project-based Learning in Business English," "Visual Investigation Training," "Safety Supervisors Training," and others. Moreover, for the purpose of raising employees' consciousness of human rights and occupational safety, the Corporation also irregularly organizes courses about labor's safety and health, the Labor Standards Act, sexual harassment prevention, and the Act of Gender Equality in Employment. In 2015, it held 4,210 training courses, and 43,403 people participated in the training.

E-learning

Since 2000, the Corporation, along with FPG, has developed an e-learning system and established the "Employees' Learning Website," on which various learning resources, such as online courses, articles, and lectures, are published. Furthermore, since April 2005, the Corporation has issued a monthly "Learning E-paper" to encourage the staff to study online and expand their knowledge by acquiring the most up-to-date information in the field. As of 2015, with 87 newly added courses, the Corporation now offers a total of 902 courses. The e-learning system, which is more efficient as compared to the traditional method of schedule arranging and collective lecturing, allows the staff to study online at any time. It also saves the traditional costs related to physical classroom facilities and payments to lecturers.



Knowledge Management System

Since 2000, FPCC, through FPG, has promoted a knowledge management system, which is a sharing platform that collects files related to inspiring and valuable knowledge, techniques, and experiences for the staff to share and consult, as well as passes down the corporate knowledge management. Based on the function, the system has currently established 11 categories and more than 20,000 records.

Security Officer Training

The Corporation's internal security staff takes responsibility for all of the entrance guard systems of FPCC's complexes and of Formosa Plastic Building. Our security offices are required to participate in complete professional security guard training courses, which include industrial security (firefighting, first aid, safety, and health), security guard regulations, rules and relevant regulations of exit and entrance to the complex, legal common sense (Criminal Law, Civil Law), relevant training about human rights, physical training and arresting techniques, firefighting truck driving training, and so on. Furthermore, the officers are encouraged to take the regulation exam and physical exam every month to maintain their professional competence and physical ability. They are also required to discuss and share real cases that occur in the line of duty, including trainings of responses to emergency accidents, telephone manners, manner of working, and so on, in order to avoid any violation of regulations or human rights.



3.4 Occupational Safety and Health Management

Occupational Safety Management:

It is our responsibility to provide our staff with a safe work environment. Caring about the opinions from the staff, FPCC follows the management principles of "safety and caring." It not only carries out risk control, chemical operation, and storage management according to laws but also programs the staff's self-governance and safety interviews to promote the staff's awareness of danger. Therefore, the Corporation can fundamentally reduce the possibility of risks in the work environment.



Risk Control

In addition to obtaining the ISO-14001 certificate, FPCC also successfully obtained the OHSAS-18001 certificate, thus establishing the risk management system, such as operational danger assessment and risk evaluation, and cooperated with FPG to promote the risk management of high-risk manufacturing processes, the combination of risk management and Reliability Based Mechanical Integrity (RBMI), and public pipelines risk assessment. By doing so, it strives to carry out risk management and reduce potential occupational risks.

Hazardous Substances Operation and Storage Management

For the operation of public hazardous substances and storage management, the Corporation has established relevant general management guidelines for hazardous substances in accordance with the regulations issued by the competent industrial safety, environmental, and firefighting authorities. It also regularly practices its responses to emergencies and strengthens fire-fighting self-protection through computer-based e-management.

Industrial Safety Self-Governance

So that the staff can realize the importance of self-governance, in cooperation with FPG, the Corporation promotes a self-examination system on facilities and operational safety management. Each department and office based on its duty shall implement self-examination and assessment while the safety and health center of the head office, president's office, and the safety and health department of the business manager's office regularly or irregularly carry out project assessment or external assessment. The abnormal assessment results will be filed in the Management Information System (MIS), which is responsible for control, improvement, progress inspection, teaching, and training about abnormal cases to ensure the normal operation of manufacturing equipment and operational safety.

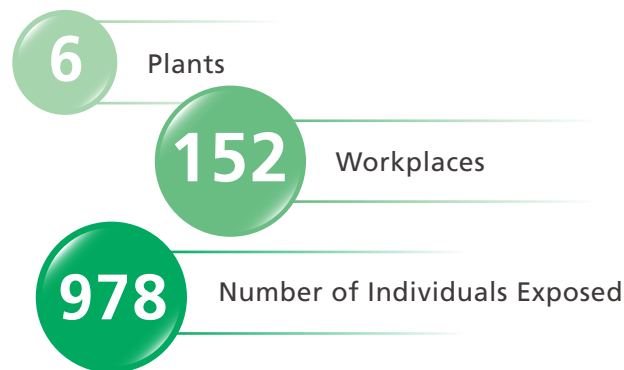
Raising Safety and Health Consciousness

To raise the safety and health consciousness of the staff and considering the fact that occupational accidents and near misses may occur at any time, the Corporation had issued the "Operational Danger Reminding Card," "Monthly Environmental, Safety, and Health Notice," and "128 Easy Guidelines of Safety Management at the Production Site" for its staff. Through educational training, safety observations, and interviews, it also reminds employees to avoid any danger by following SOP regulations at work.

Occupational Disaster Prevention Management:



Lower Than Domestic and Overseas Occupational Exposure Permissible Concentration



AIHA (American Industrial Hygiene Association)

In order to control the real conditions of the work environment, as well as the extent to which the staff is exposed to risk factors as the basis for improving the work environment, the Corporation has commissioned a professional occupational health group to monitor the operational environment according to the standards of the American Industrial Hygiene Association (AIHA), in addition to following relevant regulations.

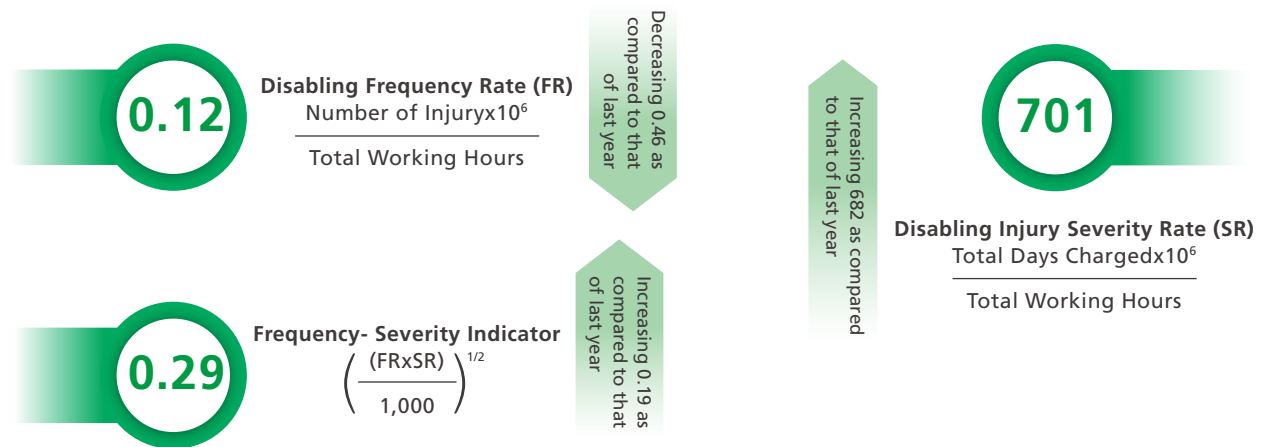
As of 2013, the Corporation had applied the individual exposure evaluation to six plants, 152 workplaces, and 978 employees. The chemical substance evaluation results that were revealed to the staff were lower than the domestic and overseas occupational exposure permissible concentration. The Corporation aims to continuously strengthen its occupational health management.

Occupational Disaster Management of 2015

In 2015, the occupational death rate per thousand for the Corporation's staff was 0.24, the disabling frequency rate was 0.12, the disabling injury severity rate was 701, and the frequency-severity indicator was 0.29. Compared to the past few years, the case and frequency of injury of the year has decreased. This shows that strengthening the staff's ability to identify risks, safety promotion, enhancing the safety of each machine and equipment, and ensuring that the staff wear protective devices and follow the standard operational procedure has decreased the injury severity over the past few years. There has been no delay of work due to occupational sickness in recent years.



2015 material occupational death rate per thousand was 0.24



Occupational Injury Statistics in Recent Years

	Average Labor Numbers of the Year			Total Working Hours and Number of Days		Number of Cases	Total Days Charged	Disabling Frequency Rate	Disabling Injury Severity Rate	Frequency-Severity Indicator
	Male Employees	Female Employees	Total	Total Working Days	Total Working Hours					
2013	4,001	143	4,144	1,089,341	8,714,725	8	12,078	0.92	1386	1.13
2014	4,004	146	4,150	1,041,286	8,690,300	5	165	0.58	19	0.10
2015	4,000	145	4,145	1,031,974	8,562,640	1	6,000	0.12	701	0.29

- Disabling Injury Severity Rate (SR) = (Total Days Charged × 10⁶) / Total Working Hours
- Disabling Frequency Rate (FR) = (Number of Injuries × 10⁶) / Total Working Hours
- Frequency-Severity Indicator = (FR × SR / 1000)^{1/2}
- In the past three years, the industrial accidents involved all male employees, and the accident locations were all in Yunlin County's Mailiao Industrial Complex. In 2015, an employee died in the line of duty (falling).

2015 Labor Absence Data and Number of Contractors' Injuries

	Labor Absence Data of 2015			Number of Contractors' Injuries of 2015	
	Hours of Absence	Total Working Hours	Absence Rate	Number of Cases	Total Days Charged
Male Employees	26,715	8,562,640	0.31%	7	288
Female Employees	2,460		0.03%		

- 2015 Mortality Rate of Contractors: 0

Manufacturing Safety Management

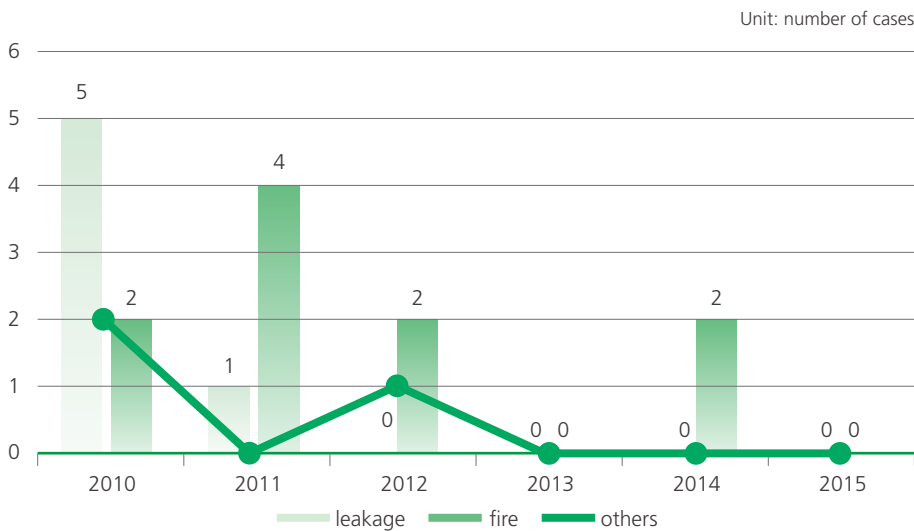
In addition to complying with the relevant government regulations, FPCC aims at zero accidents and continuously pursues optimization in terms of manufacturing safety management. The managers, safety and health managerial personnel, medical workers, and labor union representatives in each plant constitute a "Safety and Health Committee," which not only reviews safety, health, and environmental issues involving contractor management, protective device management, and operational location management but also rewards the departments with outstanding performance in the regular quarterly meeting.

From 2010 to the present day, 19 manufacturing accidents occurred in the FPCC operation activities. However, in 2015, no manufacturing accidents occurred. For each accident, the FPCC experts constitute an investigation team to initiate investigation of the truth and reasons for the accident, as well as to reflect on the Corporation itself. For the hardware (equipment, maintenance, etc.) and software (personnel training, technology upgrading), the team provides improvement strategies at all levels, applying and tracing parallel strategies in every plant until the improvement has been perfected.

Manufacturing Safety Management Procedure



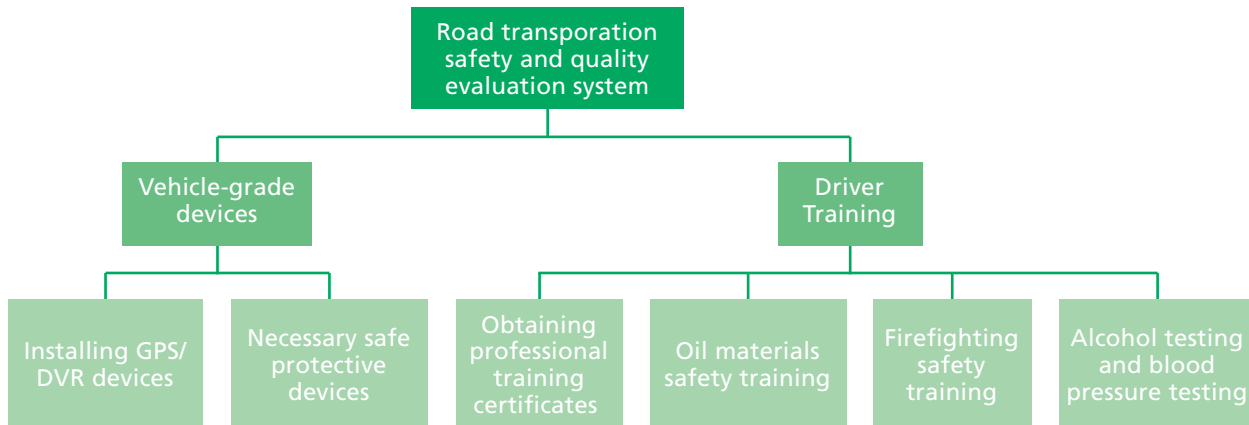
Manufacturing Safety Management Procedure





Out-plant Transportation Safety:

To ensure the transportation safety of each oil product, the Corporation asks common carriers (including the customers who pick up the products by themselves) to accept the "Safety and Quality Assessment System" (SQAS) evaluation, which includes such evaluation items as SOP of manufacturer management, drivers' seniority and training, vehicle safety devices and maintenance, and emergency responses. Unqualified carriers can neither enter into a contract with the Corporation nor pick up the oil products by themselves.



For qualified common carriers, their vehicles have to install GPS/DVR devices, as well as such safety protective devices as chain breaker devices, exigent stop valves, anti-overflow devices, extinguishers, mark boards, and others. Only qualified carriers with the relevant certificates are allowed to enter and exit the Corporation's plants. Furthermore, the drivers are required to obtain certificates of proficiency by law and accept the educational training on the safety of loading and unloading materials, professional firefighting, and labor safety.

In 2015, 278 common carriers that transport gasoline and diesel products underwent 15 types of training; the training hours totaled 6,582 hours. Breathalyzers and blood pressure monitors are thoroughly installed to test the drivers who pick up the products. A driver whose blood alcohol content is higher than 0 mg/liter or whose blood pressure measurement is higher than 180 mmHg is forbidden to refill in the plant (station).

Moreover, to ensure the overall transportation safety and quality from the transportation end and the customer end, each plant should apply safety control and examination of the transportation vehicles before they enter each plant to refill. If the examination result does not meet the standards (for example, the tire tread depth is less than 1.6 mm), the vehicle is prohibited from entering the plant for refilling. Common carriers are also required to establish a traffic control center through which the GPS system monitors traffic safety. If any abnormal case of speeding, overtime stay, interrupted messages, or deviation from the course, the system will immediately respond with a warning message to supervise the vehicles' conditions and reduce the impact of out-plant transportation on the surroundings and road users.



Vehicle examination before the carrier dispatches the truck



Safety examination after the transport truck enters the plant

Occupational Health and Disaster Prevention:

FPCC's operational locations have 11 special areas, including high temperature, noise, ionizing radiation, carbon disulfide, Dimethylformamide, N-Hexane, etc. Our professional specialist physicians arrive on-site every month to evaluate the health of managers, employees, registered nurses, and safety and health managerial personnel, as well as its connection to the work and to adjust preventative measures. For employees who engage in specific operations, the Corporation provides annual physical examinations and manages it based on examination results. As of now, no occupational sickness have occurred.

Scientific Health Management and Achievements

Since we highly value the staff's health, through examination results and analyses as well as interviews, telephone interviews, and the automatic office system we provide our staff with individual health information and post posters, cartoons, and slogans of health promotion activities to remind the staff of health problems. We also program a series of theme-based promotions, lectures, and activities aimed at efficiently raising the staff's health awareness through scientific data analysis.

Furthermore, in order to seize the golden rescue time, based on the emergency rescue distance, we established 26 Automated External Defibrillators (AED). We also organize all-staff educational training on CPR and AED while preparing the antidote for hydrogen sulfide poisoning on the scene and in the adjacent hospital responsible for chemical disaster rescue.



Automated External Defibrillator (AED)



All-Staff Educational Training on CPR+AED





3.5 Sustainable Development of Mailiao Industrial Complex

The development of Mailiao Industrial Complex follows the operational guidelines of growing with its stakeholders. We invest resources to carry out scientific research and proactively communicate important issues of air quality, water usage, ecological conservation, residents' health, and educational environment with the local government and communities.



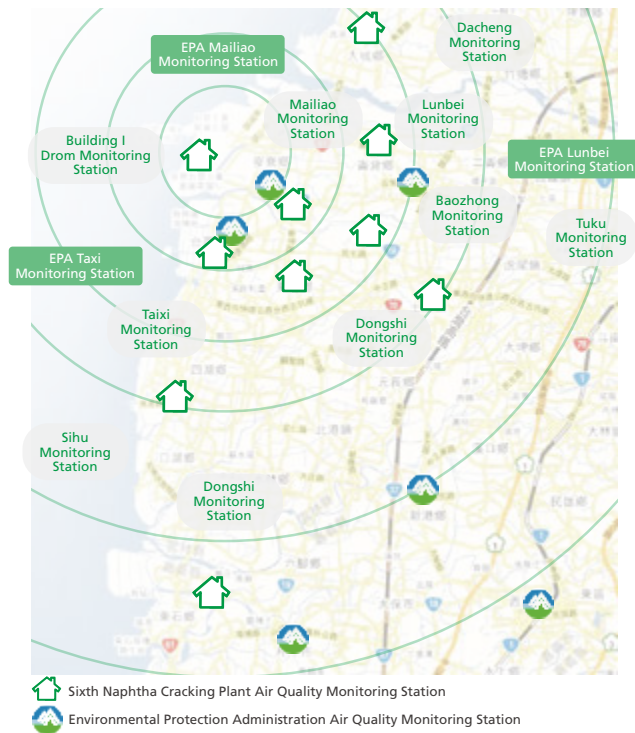
Mailiao Industrial Complex_ Air Quality Evaluation:

To control each environmental indicator, the Corporation has started establishing a complete environmental monitoring network and consults the wind direction of Mailiao to conduct 8-layer concentrated monitoring operations from inward out, including 8,109 fixed gas detectors, 39 military-purposed American GasFindIR devices, 33 sets of Continuous Emission Monitoring Systems (CEMS), 39 sets of FLARE Continuing Monitoring System of Fixed Pollution Sources, 6 sets of mobile FTIR monitors, and 8 sets of fixed FTIR monitors installed in Mailiao Industrial Complex.

In the villages and towns adjacent to the complex, a VOC monitoring station, 10 photochemical assessment monitoring stations, 12 foul odor automatic sampling stations, 10 fixed air quality monitoring stations, and an air quality monitoring trunk have been installed to trace emission sources as soon as possible and ensure good air quality in the local area. Once an abnormal phenomenon is detected, the responsible personnel are informed immediately, and the source leakage problem is fixed instantly. Eight sets of fixed FTIR monitoring stations have been established around the complex with six sets of flexible FTIR to efficiently monitor the VOC emissions both inside and outside of the complex.

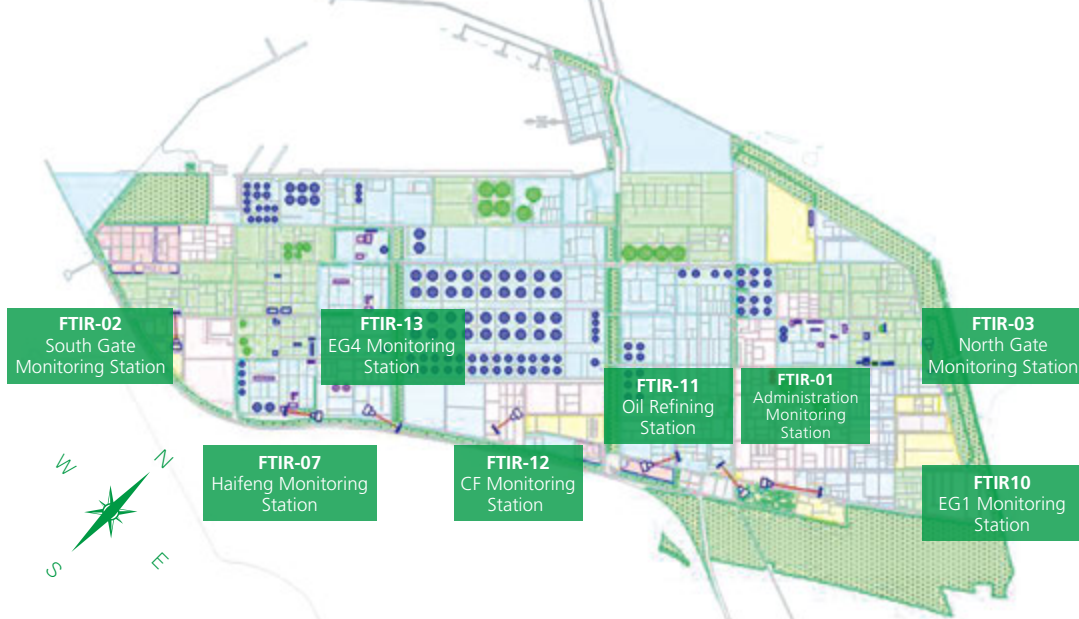
The complex has 33 large-sized chimneys and 39 sets of FLARE continuing automatic monitoring devices installed. They are connected with the Environmental Protection Bureau to control the situation. Once any abnormal phenomenon happens, we will use the synchronous information to understand and solve the problems.

We have more than 3.4 million relevant records for efficient analyses, which have been collected from data of the environmental protection bureaus established in the northern, central, and southern air quality areas, including four air quality monitoring stations located in Tucheng Village of Taipei County, Xianxi Township of Changhua County, Taisi Township of Yunlin County, and Xiaogang District of Kaohsiung City. We find that the variation tendency of air quality in the western areas of Taiwan is approximately identical and that the air quality of Yunlin, Chiayi, and Tainan does not show any abnormal phenomenon. This proves that, during the operation period of Mailiao Industrial Complex, our air quality controls have been effective.

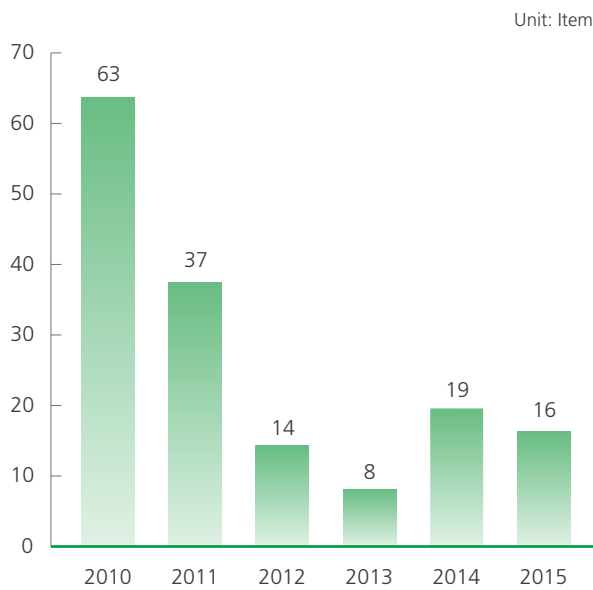


Note: Geographical location map of the in-plant 8-layer environmental monitoring network

Locations of in-plant monitoring equipment



Foul Odor Cases



Locations of Foul Odor Automatic Sampling Stations Analyzed through NIEA715.13B



Note: Air Quality Monitoring Stations in the Complex, EPA Air Quality Monitoring Station

The foul-odor prevention team was established on September 17, 2010. The head office and the four companies made up a joint-inspection team to inspect any odors generated by the manufacturing process and the places around the complex. The team also reports the daily examination results to the stationed vice president of the plant and associate general manager every day at 4 p.m.

The Corporation asks the senior managers of the plant where the foul odor is generated to submit a project improvement report and supervise plant operations to eliminate the odor. The complex has had a total of 157 foul odor cases, including 63 cases in 2010, 37 cases in 2011, 14 cases in 2012, 8 cases in 2013, 9 cases in 2014, and 16 cases in 2015. Of those, 155 cases were completely improved while two of them are still in the improvement process. During 2014-2015, the Corporation promoted the project on foul odor source tracing during the manufacturing process, which has led to the increasing number of foul odor cases detected by joint examination. Nevertheless, it shows that the overall foul odor management has accomplished some achievements.



Mailiao Industrial Complex_ Water Usage:

The "Monthly Report of the Ji Ji River Dam' s Water Diversion from Industrial and Public Water to Agricultural Water" issued by the Industrial Development Bureau, Ministry of Economic Affairs shows that the water supply of the Ji Ji River Dam had been between 245,401 and 696,942 million tons over the past five years (2011-2015); the average industrial water usage made up 2.9 percent of the total water supply while the average diverted agricultural water made up 1.8 percent of total water usage.

Furthermore, as Taiwan usually enters a period of drought in November and the northeast monsoon begins in the winter, the wind and flying sand causes problems at the estuary of the Zhuoshui River. The main function of the Ji Ji River Dam is stabling the water usage on the southern and northern coasts by establishing a common water diversion mechanism. The problem of wind and flying sand during the period of drought has been a long-existing phenomenon rather than a problem caused by the establishment and operation of the river dam.

Even though the water usage in Mailiao Industrial Complex neither pushes out other industries nor competes with farmers over the water right and adhering to the spirit of sustainable development, we continue to work on optimizing manufacturing processes, improving equipment efficiency, optimizing operational conditions, recycling and reusing waste water, and making others efforts to raise water usage efficiency. We also synchronously promote the recycling of wastewater, and the recycling and reuse of rainwater to fulfill the Corporation' s social responsibility.



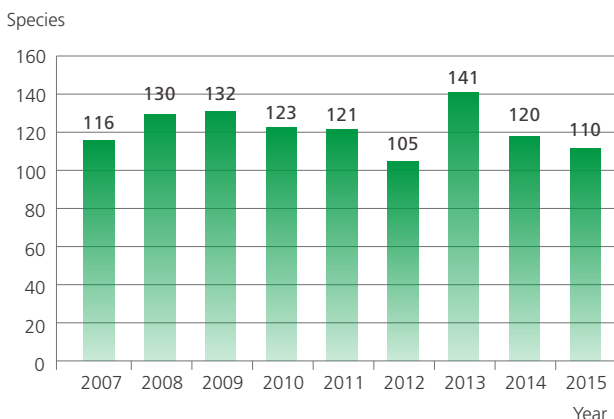
Mailiao Industrial Complex- Ecological Conservation:

To realize the degree of Mailiao Industrial Complex' s impact on the ecological changes in neighboring animals and plants, as well as the environment, the Corporation has commissioned a professional organization to investigate birds, mammals, amphibians, reptiles, butterflies, and plants and analyze their families, categories, activities, and change of population. By doing so, the Corporation can understand the current condition of these animals and plants in the investigation zones and can evaluate the impact of the operation of the Sixth Naphtha plant on the local environment.

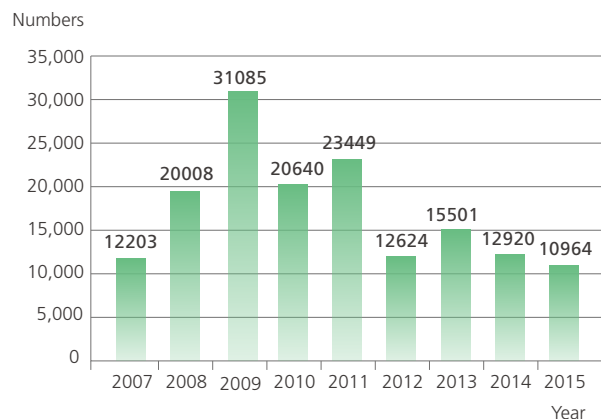
Land-area Ecological Investigation

The investigation results over the past years have shown that the number of plant species remains stable while that of the animal species changes according to the four seasons. However, neither has any obvious changes caused by the plants established in Mailiao Industrial Complex.

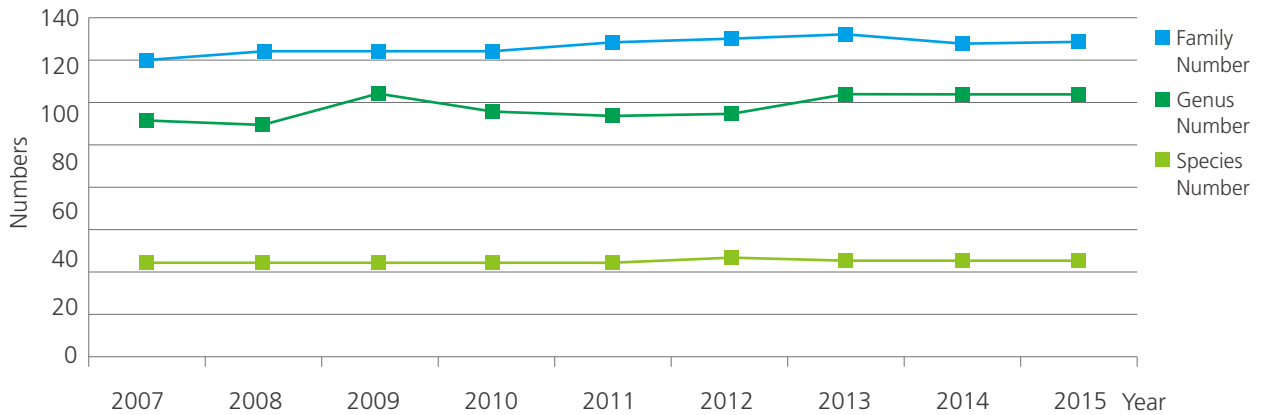
2007-2015 Statistic Chart of Animal Species in Taisi District, Mailiao



2007-2015 Statistic Chart of Animal Numbers in Taisi District, Mailiao



2007-2015 Statistic Chart of Number Variation of Plants' Family Genus and Species



Marine Ecological Investigation

The average discharged water of 2015 in Mailiao Industrial Complex in a month was between 71,144 and 90,725 tons, much lower than 187,638 tons which was the environmental assessment standard. The Corporation strictly regulates that each wastewater treatment plant should discharge water before it reaches the standard. In addition to automatically connecting to detect the temperature, electric conductivity, and pH scales of the discharged water, the Corporation also regularly samples the water for investigation. The monitoring results in recent years have all met the standard of discharged water.

After collecting the monitoring data of Mailiao coastal ecological environment, we found that the abundance of the plankton in the Mailiao coastal area is relatively higher during the second and third seasons and lower during the first and fourth seasons.

The variation of the abundance and species, which obviously responds to the cycle of the four seasons, is similar to that of Taiwan's western coastal areas. In general, the abundance of plankton is much higher during the alternation of spring and summer. In addition to the change of seasons, which leads to the changes of plankton in number, other environmental factors during sampling, such as larger waves, turbidity of sea water, and concentration of the suspended materials, can also influence the number of plankton.

We investigate the benthos and fish resources through shrimp otter trawl. The biomass also changes with the seasons. In general, the number found in the investigation is relatively higher during the spring and fall, while the number in the summer and winter is lower. The species capture is mainly the economic fisher harvesting in the market. In terms of crustaceans, the astacidae is the dominant species while the sciaenidae, ariidae, and cynoglossidae of the teleostean are dominant in terms of fish.

Research on Sousa Chinensis

The *Sousa Chinensis* was announced on the red list of the International Union for Conservation of Nature as a critically endangered species. The domestic research shows that the area three kilometers away from the coast between Miaoli and Tainan is the habitat of this species.

To understand the *Sousa Chinensis*'s habitat and



Location Map of Coastal Water Quality Monitoring Spots near Mailiao





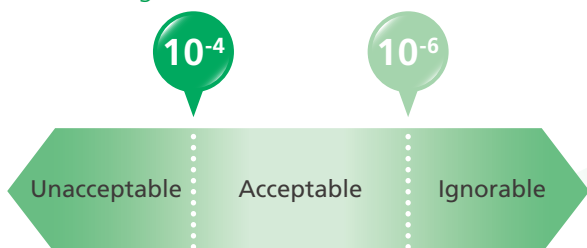
foraging areas, in 2008, the Corporation commissioned a professional organization to execute a seven-year special project. They went out to sea 182 times and witnessed 192 groups of the *Sousa Chinensis*, with a total of 948 animals. The photo identification results show 54 *Sousa Chinensis* adults in the Yunlin coastal area. The witnessed individuals are 33 to 42; the annual repetitive witness rate is high (from 60 to 90 percent). The species' south-north movement mainly occurs in the long coastal area of Yunlin (<3 km away from the coast, water depth <15 m). The population structure is mainly made up of teenagers, which account for 87 percent. The fact that 25 percent of the *Sousa Chinensis* are fed every year shows that the coastal area of Yunlin is an important habitat where the babies of the species are fostered.

Mailiao Area_ Residents' Health:

Since 2009, FPCC has commissioned National Cheng Kung University to conduct an assessment project of the health risks caused by specific air pollutants. The scope of assessment covers the 20-kilometer × 20-kilometer area around Mailiao Industrial Complex, including townships like Mailiao, Taisi, Dongshi, Lunbei, and Baozhong. The annual average cancer risk value is 2.30×10^{-6} ; the maximum total cancer risk value is 2.76×10^{-5} , which is between one part per million (10^{-6}) and one part per ten thousand (10^{-4}). The maximum total non-cancer risk value is less than 1, which shows that the pollutants are acceptable risks to human health.

We have conducted health risk assessments for 30 kinds of selected air pollutants since 2013. The scope of assessment will be expanded to the 30-kilometer × 30-kilometer area surrounding Mailiao Industrial Complex, which includes not only the original townships like Mailiao, Taisi, Dongshi, Lunbei, and Baozhong but also seven other townships like Sihhu and Dacheng. The construction is expected to be completed at the end of 2016.

International Standards of Influential Degree of Carcinogenic Risk



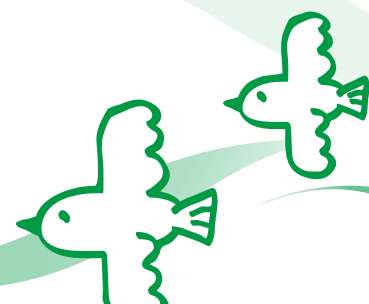
Healthcare of Community Residents

Regarding healthcare in the Mailiao area, FPCC focuses on the following three aspects: improvement of medical quality, free health examination, and health promotion, in the hopes of developing Mailiao into a role model of health promotion for local communities.



Improvement of Medical Quality

Since December 2009, the Corporation has integrated the group's resources to establish Yunlin Chang Gung Memorial Hospital in order to provide better medical services for local residents. Since the hospital opened, it has assumed significant responsibility for the 24-hour emergency treatment of residents in the coastal areas while also combining the medical and educational resources of the Chang Gung system to cultivate the communities. As of 2015, 296 people served in the medical team of Yunlin Chang Gung Hospital, 522 beds were available, and 25 western and Chinese medicine clinic services were available. We have successively expanded the scope and range of the community medical services, as well as introduced advanced medical resources and equipment to improve the medical quality for the local residents in the Yunlin coastal areas.





Taking on heavy responsibility for the 24-hour emergency treatment of the coastal areas and improvement of local medical quality



128-row multidetector computer



Digital mammography

2015 Mailiao Area_ Return to Local Community _ Free Health Examination

10,488
People

Participated in Free Health Examinations

1,501
People

Returned to a Clinic for Abnormal Health Examination Results

increased from 2,223 in 2010 to 3,585 in 2015. The schools to which the health promotion activities applied also increased from 1 in 2010 to 6 in 2015. It shows that the degree of involvement of Mailiao' s residents is on the rise and that the activities are receiving positive responses.

In 2015, the Corporation also processed the Hepatitis B vaccine for 325 people; the Corporation had traced 305 of them to have antibodies. We also organize health and weight loss courses for elementary school students to enhance their understanding of health.

Free Health Examinations

To provide the most substantial and considerate medical assistance and care, in 2010, Mailiao Industrial Complex commissioned Yunlin Chang Gung Hospital to offer free health examinations for the residents of Mailiao and Taisi. As of 2015, the number of the participants of these health examinations was 10,499 and that of people who paid to trace abnormal examination results was 1,501.

Health Promotion

Since 2010, we have joined with Chang Gung' s medical and educational resources to encourage health promotion for local residents, including community health education. The participants in the health education programs

Mailiao Area_ Quality of Life and Disaster Prevention Practices Project:

Promoting the Disaster Prevention Project

FPCC has cooperated with the relevant disaster prevention department of Yunlin County Government to organize a quarterly practice drill and enhance ability to respond to disasters. By doing so, it enables governmental institutes to understand disaster-causing factors and possible reasons for risks during the manufacturing process of Mailiao Industrial Complex. FPCC cooperated with the government to organize a joint practice in 2015.



The Residents participated in the social health educational activities.

3,585
People



Processing Hepatitis B vaccine injection.

325
People



Organizing the healthy weight-losing courses for the young students.

187
People



Practice Date	Company	Plant of Practice	Theme of Practice
2015.11.27	FPCC	Wharf Department	Practice of Emergency Response for Marine Pollution
	Harbor Corporation	Formosa Plastics Transport Corporation	



Note: "Practice of Emergency Response for Marine Pollution" - For flashover and burning fire caused by the leakage of diesel and the falling components of the material transport pipelines that hit the ship's deck, the firefighting ships practiced arriving on the scene immediately and extinguishing the fire with water columns.

Conduct and Performance of Noise Improvement

To understand noise variations in the areas around Mailiao Industrial Complex, the Corporation has commissioned a legal examination institute to regularly monitor the noises in the northern dike and southern dike adjacent to the complex, Mailiao dorms, Si-Bing Bridge, Ciatou Elementary School, Syucuo Branch (original site), Fengan Elementary School, and areas around Ciatou and Haifeng.

The monitoring results show that, apart from the influences of man-made activities like the night market, religious festivals, school bells and such biological sound sources as the singing of cicadas and the croaking of frogs, which lead to occasional high testing values at some testing locations, other testing values meet the standards of the regulations. This shows that the operations of Mailiao Industrial Complex do not make any obvious influence on local noise.



Note: Location Map of Noise Monitoring Installations near Mailiao Industrial Complex

Disaster Prevention Practices_ Educational Environment Improvements

To reduce the impact on the surrounding environment and residents, as well as to ensure the high living quality of residents, each department in Mailiao Industrial Complex texts messages to the heads of the nearby towns and villages and the public representatives, in

addition to informing the responsible authority if any abnormal phenomenon happens. If necessary, it will also cooperate with the relevant competent authorities to establish a joint prevention organization for overall responses to any emergency and for monitoring the environment around the complex.

In order to prevent the leakage of chemicals from Mailiao Industrial Complex, which once escaping from the plant



Students practice emergency response in Xin-xing Elementary School

may influence school students' health, we cooperated with Xin-xing Elementary School to promote the education of "Localized School Disaster Prevention," as well as plan and practice the school disaster prevention and response project, thus enhancing the students' awareness of disaster prevention.

Traffic Improvement and Performances

In order to alleviate the traffic congestion caused by the coming and going vehicles of both employees and contractors during daily rush hours, Mailiao Industrial Complex strives to maintain traffic order and prevent vehicles from collectively coming into and going out of the plant by proactively separating the employees' and contractors' commuting time, arranging shuttles for the staff, hiring guards to direct traffic at important nearby intersections and supporting traffic supervisors to enhance traffic instruction and relief during the period when students go to school.

Environment and Road Maintenance

To ensure and improve the quality of surrounding roads during the operation period of the plant, the Corporation has worked with Yunlin County Government to establish the "Environment and Road Maintenance Funds." Furthermore, it has assisted Mailiao Township to clean up three access roads for the complex, thus maintaining the cleanliness of the surrounding roads.

Name of Road	Locations	Length of Road (km)	Times of Cleaning (Times)	Length of Cleaning (km)
Lian-one Road	Mailiao Plant to Provincial Highway No. 61	6.0	16	96
Country Road 154	Mailiao Plant to San-sheng Forestry Institute	0.7	16	11.2
	Syucuo Bridge to 16th Neighborhood, San-sheng Village	1.8	16	28.8
Road for Gravel Trunk in Northern Dike	Mailiao Plant to Provincial Highway No. 17	6.4	16	102.4
Total	-	-	-	238.4

Cooperation with Government and Industrial Promotion:

To care for the livelihood of local residents and fulfill the operation guidelines of sharing prosperity with the local communities, we have cooperated with Yunlin County Government to raise the economic value of the plants and aquaculture by commissioning a professional team to provide project guidance for such areas as Mailiao, Taisi, Dongshi, Shihhu, and Kouhu.



Agricultural Guidance

Since July 2011, the Corporation has promoted guidance on agricultural production, crop quality improvement, and farm operational strategies. It has focused on the following five topics: "investigation on soil fertility," "healthy cultivation management," "climate data evaluation and analysis," "examination on pesticide residue," and "agricultural economics," and has implemented the guidance project for the households of 100 farmers in Mailiao, Taisi, Dongshi, Shihhu, and Kouhu.

Guidance on Crop Quality Improvement and Farm Operational Strategies

As the project has been carried out, the farmers have identified with the long-term benefits of healthy cultivation. Through constant communication between the guidance personnel and the farmers, the latter has gradually established the habit of reducing the use of fertilizers and pesticides while they have also developed correct concepts for producing safe agricultural products. The products that have been tested through pesticide residue examination are 100 percent qualified. In particular, the examination result shows that 95 percent of the products contain zero pesticides and that the Corporation has accomplished great achievements in safe agriculture.

Financing Forestation

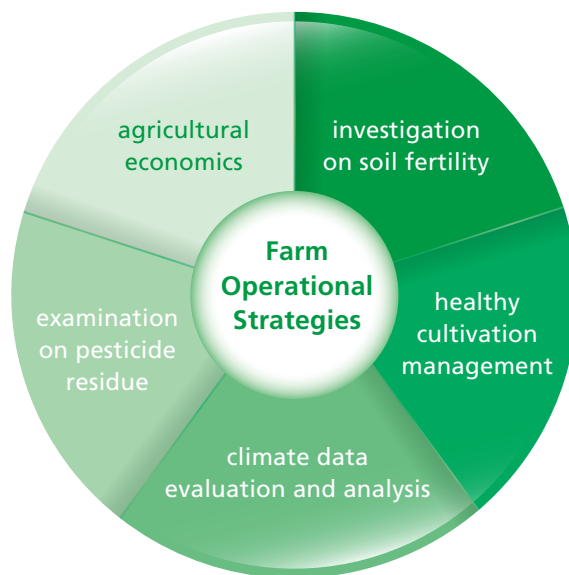
Collaborating with Yunlin County Government to promote forestation and carbon reduction activities, the Corporation provided corresponding financial support to the 10-year forestation and carbon reduction project in 2011. As of 2015, the applications for forestation in Yunlin County cover 1,100.4 hectares of areas while the Corporation has responded by offering TWD 143 million of corresponding financial support to the applicants for forestation.

Sustainable Development of the Fishery Industry

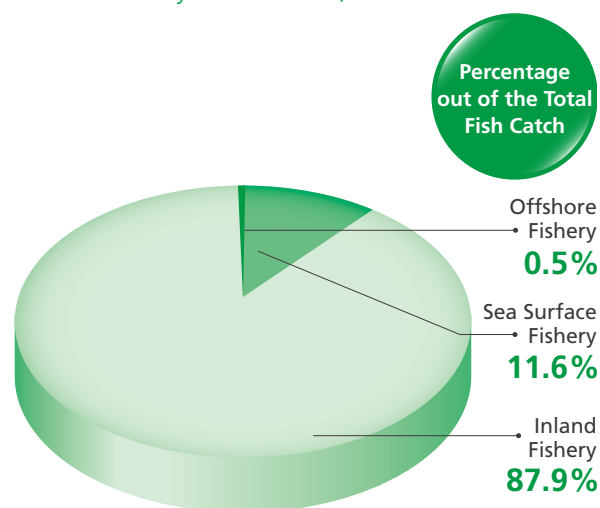
Since the fishery resources around Taiwan's coastal areas have dried up due to long-term overfishing, the Corporation, which aims to present a spirit of friendliness with the local environment, has gotten involved in conservation by releasing tiny fries into the coastal areas near Mailiao Industrial Complex. It has not only enriched local fishery resources but also raised fishermen's fish catch. From 2008 to 2015, more than 3.21 million fries were released.

The average fish catches of Yunlin County is about 58,624 tons. In particular, the coastal fishery only makes up 0.5 percent (295 tons), sea-surface aquaculture makes up 11.6 percent (6,801 tons), and in-land aquaculture accounts for 87.9 percent (51,528 tons). It shows that the fishery industry in Yunlin County consists mainly of in-land aquaculture. As the fish catches have increased every year, the influence of plants in Mailiao Industrial Complex and their operation on nearby fishery activities is not obvious.

To further public awareness of marine ecological conservation, we proactively promote conservation activities. We invite experts and scholars with experience in marine ecological conservation and fishery knowledge to be lecturers to teach teenagers in the local fishing village and schools' teachers and students about marine ecological conservation. By doing so, the Corporation hopes to promote the sustainable development of the local fishery industry through conservation restoration. °



The annual average of the total fish catch in Yunlin County is about 58,624 metric tons.



Source: Fisheries Agency's annual statistic report of the fishery industry

3.6 Social Care and Giving Back

FPCC Social Care:

Giving Back to the Local Community and Combining Local Features:

Enjoy the Sea of Flower in Xinshe - FPCC's "Refilling Good Gas, Refueling Energy, Doing Charity" Activity

In addition to giving back to the local community by assisting local agriculture, the Corporation also encourages the gas stations in Taiwan to initiate differentiated marketing by integrating local features. For example, the stations may attend large activities, such as the Green Exhibition held by Yilan County Government, the International Children's Folklore & Folk-game Festival, or the National Hakka Tung Blossom Festival held by the Hakka Affairs Council, Executive Yuan. In 2015, through the 10th anniversary of the Xinshe Sea of Flowers Festival in Taichung City, the Corporation launched a local charity activity, the "Family Travel" series, which joins with local features and contributes to charity with the customers. During the period of the sea of flowers (November 7 to December 6), when customers refuel any TWD 900 worth of gas at "Formosa Plastics Jiujing National No. 4 Highway Station" or "Formosa Plastics Taichung Dongqi Gas Station," FPCC will donate TWD 9.5 to the orphanage in central Taiwan.

The director of Formosa Plastics Taichung Dongqi Gas Station said, "As every activity is held in the local community, we welcome every tourist in a family-like or friend-like mood. The activities not only allow us to play games together but also make contributions to charity. It can be taken as another way for local people to show their passion! Considering that most of the tourists driving cars are families, we especially hope to lead children to feel the happiness of making a contribution to charity and developing the habit of doing charity at any moment and in any way."



Holding "Refilling Good Gas, Refueling Energy, Doing Charity" activity in Xinshe Sea of Flowers Festival (2015/11/7~2015/12/6)

Gas Station's Activity Promotion



FPCC donated a ticket to an orphanage



The representative of the orphanage gave a thank-you card and letter of appreciation



Promotion of Traditional Arts

With regard to continuing and promoting the traditional arts, as well as carrying out traditional arts and local features, the Corporation collaboratively organizes performances of "Paper Windmill Theatre" and "Ming Hwa Yuan Arts and Cultural Group" to present national theater-grade visual feasts to townships and provide an aesthetic education while having fun with the public.



Magic balloon game before the performance of Sihhu' s Paper Windmill Theatre



Cultural feast of Ming Hwa Yuan' s traditional opera

Sending Care in Winter

FPGCC' s employees have also organized the caring club to care for seniors, children, and minority groups and provide other emergency aids for local residents. It frequently holds caring activities for schools or orphanages, and these activities have not only received many positive responses but also enabled the staff to enjoy great satisfaction and fulfillment by caring for others.

Furthermore, to encourage the staff' s efforts, the Corporation had also initiated volunteer service hour registration since 2011. Employees whose service hours exceed 15 will be rewarded with gifts. The Corporation also promotes the idea of "doing charity from an early age," which encourages the staff' s families and children to also attend volunteer activities. They may also apply for certification of service hours as encouragement and acknowledgement. The Corporation hopes that these activities can show care for society.

FPG' s Common Efforts:

During its 60-year development, FPG has understood different fields and social demands at different levels. It has also proactively collaborated with the government and non-governmental organizations to learn about social needs while caring for and helping minority groups. Over the past years, it has invested nearly TWD 51.82 billion and has continuously given a hand to those in need.



Summary of Corporate Social Care and Charitable Donations

Unit: TWD billion

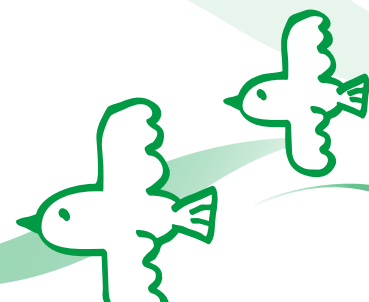
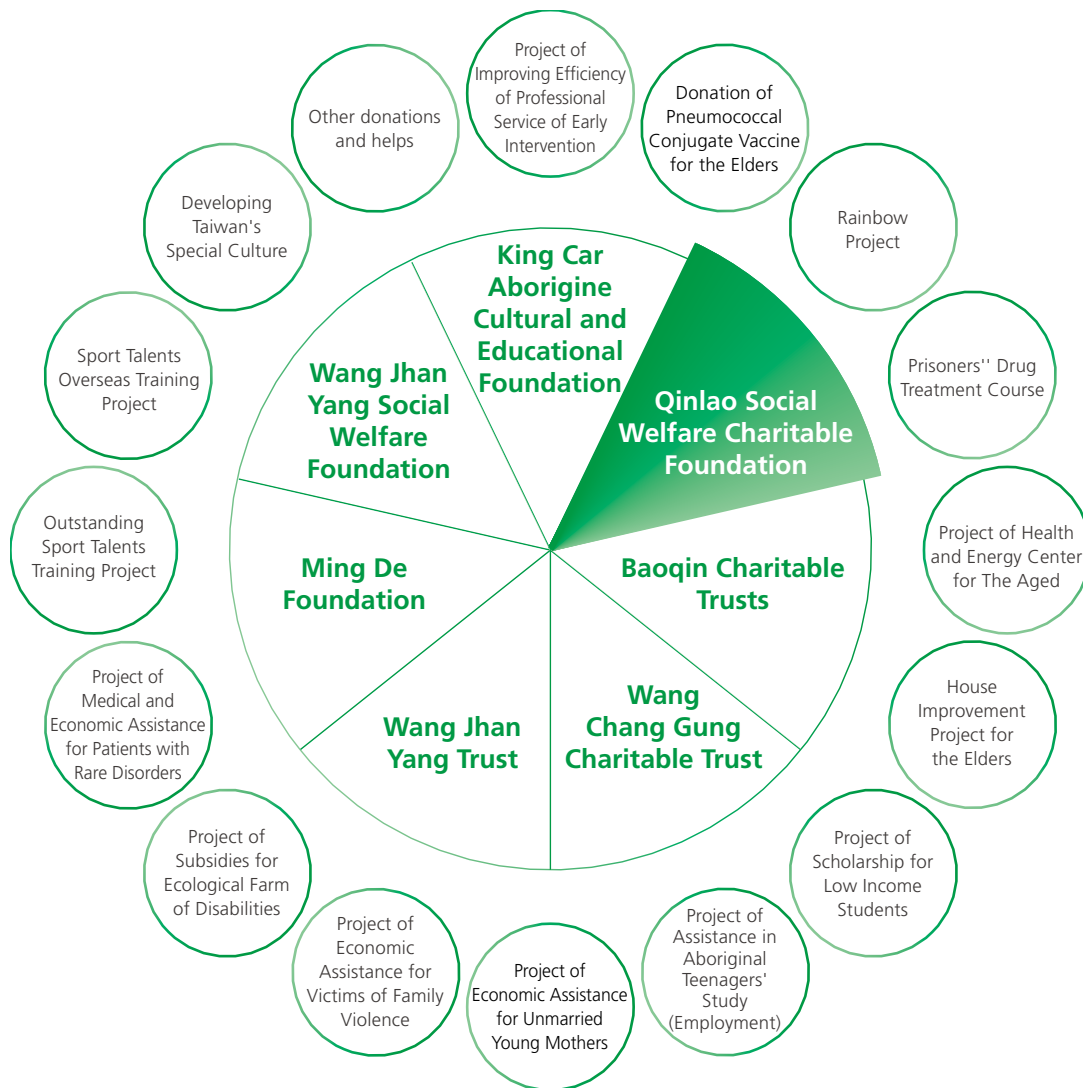
Year	Type	Charitable Act	Donation Amount
1960 1980	Education	Establishing and continuously donating to MCUT	278.4
		Establishing and continuously donating to CGU	
		Establishing and continuously donating to CGUST	
1990	Medical Treatment	Establishing Chang Gung Hospital	28.4
		*Assisting poor patients with seeing doctors	
2000~	Caring for Minority Groups	Assisting aboriginal students with going to school (finding employment) and providing other relevant support	29.2
		*Donating cochlear implants	
		Improving service quality of disability benefit institutes and other social welfare organizations	
		Children' s and women' s benefits	
2000~	Caring for the Environment	Donating to two prisons in Yunlin, organizing the rainbow project and drug treatment courses for prisoners with AIDS in Taipei and Kaohsiung prisons	12.2
		Recycling food wastes	
		Planting organic vegetables	
2000~	Caring for Seniors	Tree planting and forestation	4.7
		* Establishing Chang Gung Health and Culture Village	
	Post-disaster Re-construction	Donating pneumococcal conjugate vaccines for seniors	47.1
		**Support the reconstruction of dangerous school buildings in the disaster area of the 921 earthquake, of Typhoon Morakot, and in other cities (75 schools)	
		Cultural Promotion	
2000~	Sports Promotion	Supporting Taiwan' s special cultural groups	0.6
	Health Promotion	Promoting sports and cultivating outstanding athletic talents	1.5
2000~	Giving Back to Local Communities	Engaging in a variety of health promotion research and academic research	1.7
		The projects that each plant of the Corporation gives back to the surrounding areas	107.6
	Others	Chang Gung Social Welfare Funds and other donation projects	6.8
Total			518.2

Notes: 1. * refers to the donation extended from the revenue of Chang Gung Hospital and is not included in the total donation amount.
 2. ** refers to the amount of the completed and on-going reconstruction of old and dangerous school buildings.
 3. The table only reflects the Corporation' s donations in Taiwan.



Social Assistance

FPCC has successfully established seven foundations and charitable trusts and has collectively invested the funds into minority groups and social welfare organizations. It also worked with non-governmental organizations, scholars, and experts to promote various charitable projects while adhering to the organization principles of "comprehensiveness, integrity, and systemization." The Corporation progressively improves the overall operational efficiency of the charitable institutes and maximizes the invested resources. Each project is not only unprecedented in Taiwan but also helps the Corporation to upgrade service quality and fulfill its goal of sustainable management.



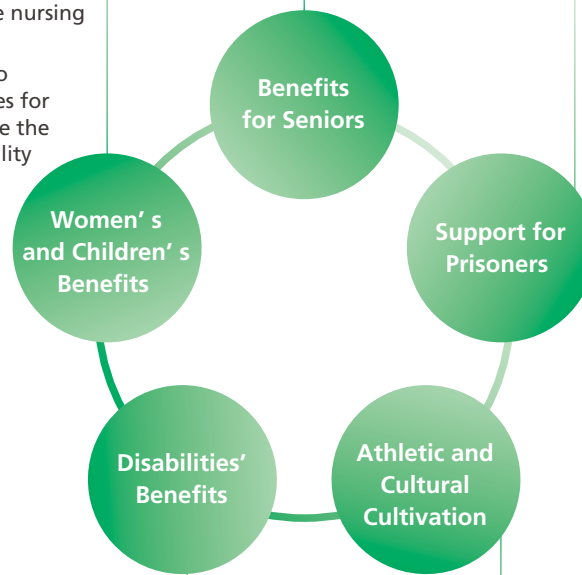
Seven Foundations, Charitable Trusts, and Implemented Projects

- The scholarship for the poor has totaled TWD 69.77 million and has benefitted 4,956 students.
- Investing TWD 1.3 billion into organize "Specialized Nursing Courses for Aboriginal People," developing professional aboriginal female nursing personnel
- Investing TWD 400 million into organizing "Vocational Courses for Aboriginal People" to cultivate the aboriginal people's employability

- Innovating the online "Communication Platform of Early Treatment," which has accumulated over 3,800 members; the professional educational materials developed by the Corporation have been downloaded nearly 80 thousand times.
- Taking the lead in promoting "Early Treatment Community Support Strongholds" and establishing 20 early treatment strongholds to balance the resources in minority regions.

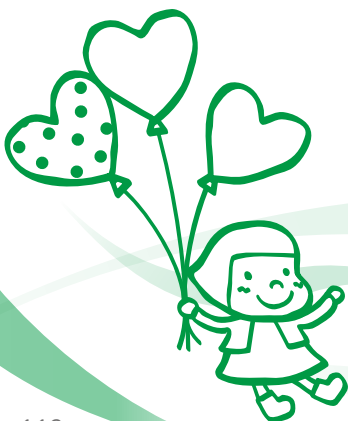
2007–2015, the Corporation donated 1 million vaccines in the "Project of pneumococcal conjugate vaccine for Seniors over the Age of 75," and it plans to donate another 60 thousand vaccines

- The vaccine project saved at least TWD 11.1 billion in medical costs for the government so far
- Promoting the "House Improvement Project for Seniors" in eight cities and counties. So far, 457 houses have been renovated.



- Initiating the "Rainbow Project" to guide drug-addicted prisoners with AIDS in Yunlin, Taipei, and Kaohsiung. The recidivism rate is less than one-fourth (lower than the average 70-80 percent).
- Initiating "Drug Treatment Courses" and providing professional guidance strategies for prisoners; the recidivism rate is only 13.4 percent (lower than the average 60-70 percent).

- Donating more than TWD 60 million to Taiwan's special cultural groups
- Investing more than TWD 150 million into cultivating outstanding talents in tennis, table tennis, billiards, badminton, and golf.





Disabilities' Benefits

Professional Early Treatment Service Improvement Project

The period before the age of six is the golden treatment period for childhood issues, and the efficiency of treatment before age three is ten times better than that after age three. Proper treatment can even help patients return to normal education and society, as well as lessen the family burdens. Given these facts, through the planned participation in programming and personal involvement, the Corporation expects to help children benefit from high-quality treatment services, as well as improve the quality of the related institutes, the staff's proficiency, and parents' knowledge about treatment in the shortest period. From 2006 to 2015, the Corporation invested TWD 430 million, and 14,915 children benefitted. There was a total of 66 guiding institutes.

Seniors' Benefits

Donating Pneumococcal Conjugate Vaccines to Seniors

FPG has paid particular attention to the health problems of Taiwan's seniors. Therefore, the founder of the Corporation decided to donate pneumococcal conjugate vaccines to the "Centers for Disease Control" in 2007 to promote the free pneumococcal conjugate vaccines project. As of the end of 2015, the Corporation had donated a total of 1 million vaccines, which are estimated to have saved TWD 1.016 billion of the pneumonia medical treatment costs for the government and greatly improve the health and quality of life of the seniors. For the health of more seniors, the Corporation has decided to donate another 60 thousand vaccines in 2016. It is estimated that the total vaccines that the Corporation donates will be 1.060 million by 2016.

House Improvement Project for Seniors

Qinlao Foundation and Baoqin Charitable Trusts have cooperated with the "Federation for the Welfare of Seniors" and the "Yunlin Association of Elderly Welfare

and Protection" to promote house improvement projects for seniors in Pingtung County, Taitung County, Taoyuan County, Yunlin County, Chiayi County, Hualien County, Hsinchu County, and Yilan County, to improve living safety. As of the end of 2015, they have assisted 428 households to complete improvement renovations, and 29 households are currently under construction or examination.

Support for Prisoners

Rainbow Project and Drug Treatment Courses

The Rainbow Project is supported by the "Wang Jhan Yang Social Welfare Foundation." It fully supports the drug-addicted prisoners with AIDS in Yunlin Second Prison, Taipei Prison, and Kaohsiung Prison to learn a professional skill and return to normal social and family life. The drug treatment courses of Yunlin Second Prison are financed by "the Wang Jhan Yang Trust," which assists general drug addicts to return to normal life.

Women's and Children's Benefits

Scholarships for the Poor

Qinlao Foundation has financed high school students and college students who perform well in study and personality but suffer from their family's economic difficulties (low-income family) since 2011, rewarding poor but outstanding students with scholarships. The scholarship gives priority to students who satisfy the application requirements and do not receive other scholarships and helps them to complete their studies. As of 2015, 4,956 students from poor families have been supported to continue their studies.

Assisting Aboriginal Teenagers to Go to School or Find Employment

To take care of the aboriginal minority group, FPG has spared no efforts in helping aboriginal students



Photo Sharing on Facebook Fan Page of Qinlao Foundation



Thank you Cards from the Assisted Students

study and learn a professional skill since 1995. Chang Gung University of Science and Technology first enrolled aboriginal girls to study specialized nursing classes and cultivated them into professional nursing personnel; Ming Chi University of Technology opened the "Technological Training Class for Aboriginal People" and a specialized class of vocational program for them, assisting the aboriginal people who will not continue their education to develop their employability, as well as providing students who plan to continue their education

School	Class	Number of People Benefitted	Grant Amount
Chang Gung University of Science and Technology	Specialized Nursing Class for Aboriginal People	About 3,500 people	About TWD 1.27 billion
	Technological Training Class for Aboriginal People		
Ming Chi University of Technology	Specialized Class of Five-Year Program for Aboriginal People	About 1,770 people	About TWD 420 million
	Specialized Class of Vocational Program for Aboriginal People		
	Specialized Class of Four-Year Technological Program for Aboriginal People		

with a study opportunity. Furthermore, for the purpose of allowing these students to focus on their studies, the two founders have taken care of the tuitions and fees during the study period; they also provide internship opportunities to lessen the students' family burden. Currently, more than 5,300 people have benefitted from these programs, and the accumulated amount of the scholarship has been over TWD 1.69 billion.

Healthy Breakfast

Morning hours are the best time of the day to work. Therefore, breakfast is the most important meal of the day. Given the fact that "breakfast" is very important for growing students, FPG has collaborated with "the Wang Jhan Yang Trust" to promote the project of "Formosa Plastics Free Healthy Breakfast" for the schools in the seven townships along Yunlin's coastal area. For students from low-income families, middle-income families, families encountering accidents, or poor families identified by teachers, the Corporation provides free healthy breakfasts that cost dollars for each. So far, it has



Financed students having breakfast in the classroom



Free breakfast pickup area of each school



invested TWD 29.39 million and supported 36 schools from which 9,839 people have benefited.

Educational Tutoring for Students

FPG, which has long valued educational development, took the lead in opening tutoring classes in the Sansheng Village of Mailiao Township in April 2015, providing general educational consultant time for students who were too poor to afford the expenses of supplementary classes. The staff in the complex, who had graduated from college, serves as the tutors. They work in pairs for complementary and mutual classes to help tutor third-grade to eighth-grade students in the neighboring areas. The teachers not only check the students' daily homework but also pay attention to the students' current conditions, giving them a family-like warmth. Since the FPG tutoring classes were opened, they have received positive responses from the students' parents and local people. FPG opened another five classes and accepted 53 students in Sansheng Village, Hoan Village, Ciaotou Village, Syucuo, and Siaorencuo in Mailiao Township.

Educational Business

Concept of Establishing Three Schools and Current Situation

Considering Taiwan's industrial and economic development since the 1960s, which has called for more and more technological talents, the founder of FPG

established "Ming Chi Industrial Specialized School" (now "Ming Chi University of Technology") and actively cultivated industrial strong leaders. After Chang Gung Memorial Hospital was established in 1976, the founder, who was aware of the lack of professional medical personnel in Taiwan, established "Chang Gung Medical School" (now "Chang Gung University") and "Chang Gung Nursing College" (now "Chang Gung University of Science and Technology") in 1987 and 1988, respectively, in order to cultivate more outstanding medical personnel and improve the domestic medical level.



Class Situation of Afterschool Tutoring Classes



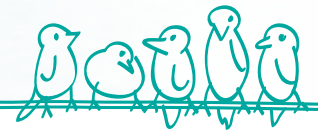


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GRI G4 Appendix

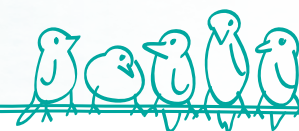
Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Strategy and Analysis				
G4-1	The statement made by the highest-ranking position of the organization regarding organizational and strategic sustainability	●	Chairman' s Words	
G4-2	Explanation of key impacts, risks, and opportunities	●	Chairman' s Words 1.5 Operation Performance and Future Prospects	
Organizational Introduction				
G4-3	Organization' s name	●	1.1 Company Introduction and Management Concepts	
G4-4	Main brands, products, and services	●	1.1 Company Introduction and Management Concepts 1.4 Main Products and Production Capacity	
G4-5	Location of the organization' s main headquarters	●	1.1 Company Introduction and Management Concepts	
G4-6	Numbers and names of the countries where the organization operates	●	1.1 Company Introduction and Management Concepts	
G4-7	Nature of ownership and legal form	●	1.1 Company Introduction and Management Concepts	
G4-8	Explanation of the markets served by the organization	●	1.1 Company Introduction and Management Concepts	
G4-9	Organizational scope	●	1.1 Company Introduction and Management Concepts	
G4-10	Total amount and the organizational situation of employees	●	3.2 Employee Care and Management	
G4-11	Percentage of total employees protected by collective bargaining agreement	●	3.3 Communication Channels, Salary, and Benefits	
G4-12	Description of the organization' s supply chain	●	1.3 FPCC Business Model	
G4-13	Any material changes related to organizational scope, structure, ownership or supply chain that occurred during the reporting period	●	1.1 Company Introduction and Management Concepts 1.3 FPCC Business Model	No material change
G4-14	Description of organizational guidelines or principles for corresponding early warnings	●	1.2 Operation Plan and Guidelines for Sustainable Governance	
G4-15	Articles, principles, or other proposals related to business, the environment, or society made by a third party with the signature or approval of the organization	●	1.5 Operation Performance and Future Prospects	
G4-16	Listing the unions and associations (such as business associations) that the organization has participated in or the institutions recognized at home and abroad where the organization has obtained membership	●	1.7 Cooperative Partnerships	
Identifying Material Aspects and Boundaries				
G4-17	a.Listing the organization' s consolidated financial statements or the substance included in the relevant documents b.Explanation of the situation whether the report is or is not included in the organization' s consolidated financial statements or the substance of the relevant documents	●	Reporting Guidelines	
G4-18	Explanation of the procedure of defining report contents and the boundary of aspect, as well as of the situation of following "Reporting Principles for Defining Report Content"	●	Stakeholder Engagement	



Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
G4-19	Listing the identified material aspects in the procedure of defining report contents	●	Stakeholder Engagement	
G4-20	Boundary of each material aspect within the organization	●	Stakeholder Engagement	
G4-21	Boundary of each material aspect outside of the organization	●	Stakeholder Engagement	
G4-22	Influences and reasons for re-editing any information provided in the previous reports	●	Reporting Guidelines	
G4-23	Prominent category changes and the aspect' s boundary as compared to previous reports	●	Reporting Guidelines	
Stakeholder Engagement				
G4-24	Organizing stakeholders for engagement	●	Stakeholder Engagement	
G4-25	Explaining the identification and selection process for the stakeholders of engagement	●	Stakeholder Engagement	
G4-26	Ways to engage with stakeholders	●	Stakeholder Engagement	
G4-27	Key issues and concerns brought up by stakeholder engagement, as well as the organization' s responses	●	Stakeholder Engagement	
Basic Report Information				
G4-28	Duration of the report for which the information is provided	●	Reporting Guidelines	
G4-29	Date of the last report	●	Reporting Guidelines	The issuing date of last year was December 2015.
G4-30	Report cycle	●	Reporting Guidelines	
G4-31	Contact person for problems with the report or report contents	●	Reporting Guidelines	
G4-32	Explanation of the items, content indexes, and external accreditation mentioned in the report	●	Reporting Guidelines	
G4-33	The relevant policies and current practices for the external accreditation with which the report complies	●	Reporting Guidelines	
Governance				
G4-34	Structure of corporate governance		1.6 Corporate Governance	
Ethics and Integrity				
G4-56	Organizational values, principles, standards, and behavioral regulations, such as behavioral norms and ethical guidelines		1.1 Company Introduction and Management Concepts 1.6 Corporate Governance	
Specific Standard Disclosure				



Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Category: Economics				
Aspect: Economic Performance				
	DMA	●	1.5 Operation Performance and Future Prospects	
G4-EC1	Direct economic values generated and allocated by the organization	●	1.5 Operation Performance and Future Prospects	Index of consolidated financial statements of 2015, P.56
G4-EC2	Financial influences, risks, and other effects on organizational activities caused by climate change	●	1.2 Operation Plan and Guidelines for Sustainable Governance 1.5 Operation Performance and Future Prospects	
G4-EC3	Range of the obligatory benefit projects decided by the organization	●	3.3 Communication Channels, Salary, and Benefits	
Aspect: Market Image				
G4-EC5	Percentage of standard salary for basic male and female employees to the lowest salary in the local community of important operation outlets	●	3.3 Communication Channels, Salary, and Benefits	
G4-EC6	Percentage of employing local residents as high-ranking managers in important operation outlets	●	3.2 Employee Care and Management	
Aspect: Indirect Economic Impact				
G4-EC7	Investments in infrastructure, as well as development and impact of support service	●	1.3 FPCC Business Model 2.4 Creating a Green Work Environment 2.5 Green Production and Environmental Accounting 3.5 Sustainable Development of Mailiao Industrial Complex	
G4-EC8	Remarkable indirect economic impacts and the degree of such impacts	●	3.2 Employee Care and Management 3.5 Sustainable Development of Mailiao Industrial Complex	
Category: Environment				
Aspect: Energy				
	DMA	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN3	Energy consumption within the organization	●	2.3 Greenhouse Gas Emissions and Energy Management 2.5 Green Production and Environmental Accounting	
G4-EN5	Energy intensity	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN6	Reducing energy consumption	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN7	Reducing the energy demands of products and services	●	2.3 Greenhouse Gas Emissions and Energy Management	
Aspect: Water				
G4-EN8	Source-based amount of water intake	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN9	Water sources apparently influenced by water intake	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN10	Percentage and total amount of recycling and reusing water resources	●	2.2 Green Policy of Mailiao Industrial Complex	
Aspect: Biodiversity				
G4-EN11	Organizing Corporation-owned, rented, and managed operation outlets and neighboring areas locating in environmental protective areas or areas with high biodiversity value	●	3.1 Social Commitments and Practices 3.5 Sustainable Development of Mailiao Industrial Complex	



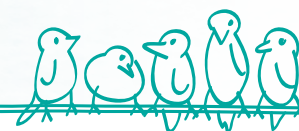
Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
G4-EN12	Description of the prominent impacts of the organizational activities, products, and services on biodiversity, protected areas, or other areas with high biodiversity value	●	3.5 Sustainable Development of Mailiao Industrial Complex	
G4-EN13	Protected or restored habitats	●	3.5 Sustainable Development of Mailiao Industrial Complex	
Aspect: Emissions				
	DMA	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN15	Direct greenhouse gas emissions (Category 1)	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN16	Energized indirect greenhouse gas emissions (Category 2)	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN18	Degree of greenhouse gas emissions	●	2.3 Greenhouse Gas Emissions and Energy Management	
G4-EN19	Reducing greenhouse gas emissions	●	2.3 Greenhouse Gas Emissions and Energy Management 2.5 Green Production and Environmental Accounting	
G4-EN20	Emissions of Ozone Depleting Substances (ODS)	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN21	Emissions of NOx, SOx, and other prominent gases	●	2.2 Green Policy of Mailiao Industrial Complex	
Aspect: Wastewater and Wastes				
	DMA	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN22	Total discharged water categorized by water quality and the purpose of discharge	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN23	Total weight of the wastes categorized by category and treatment	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-EN24	Total number and amount of serious leakages	●	2.1 Environmental Protection Guidelines	
G4-EN25	Explanation of the weights of the organization' s imported and exported refuse materials that are considered by Annex I, II, III, and VIII of the Basel Convention as hazardous, as well as the percentage of the refuse materials exported overseas	●		In 2015, FPCC did not export any wastes or refuse materials that were hazardous to the environment.
G4-EN26	Bodies of water body and the characteristics, areas, protective situation, and biodiversity value of the relevant habitats prominently influenced by the organization's wastewaters and emission of other (surface) runoffs	●	3.5 Sustainable Development of Mailiao Industrial Complex	
Aspect: Products and Services				
G4-EN27	Reducing the impact of products and services on the environment	●	2.2 Green Policy of Mailiao Industrial Complex 2.5 Green Production and Environmental Accounting	
Aspect: Complying with Regulations				
G4-EN29	Huge fines charged for violating environmental laws and regulations, as well as the number of penalties behind the fines	●	2.1 Environmental Protection Guidelines	

Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Aspect: Transportation				
G4-EN30	Prominent environmental impact caused by transporting products for the purpose of organizational operation, as well as other products, materials, and employees transportation	●	2.5 Green Production and Environmental Accounting	
Aspect: Overall Situation				
	DMA	●	2.5 Green Production and Environmental Accounting	
G4-EN31	Category-based explanation of total environmental costs and investments	●	2.5 Green Production and Environmental Accounting	
Aspect: Suppliers and Environmental Assessment				
G4-EN32	Percentage of screening new suppliers with environmental standards	◎	1.7 Cooperative Partnerships	Suppliers should completely satisfy the Corporation's supplier and contractor management policy.
G4-EN33	Actual or potential negative influence of supply chain on the environment, as well as the relevant actions taken	●	1.7 Cooperative Partnerships	
Aspect: Complaint System for Environmental Problems				
	DMA	●	3.5 Sustainable Development of Mailiao Industrial Complex	
G4-EN34	Number of complaints related to environmental impact that were filed, processed, and solved through a formal complaint system	●		No relevant accidents occurred in FPCC.
Category: Society				
Subcategory: Labor Practices and Proper Work Environment				
Aspect: Employee-Employer Relationship				
	DMA	●	3.2 Employee Care and Management	
G4-LA1	Total number and percentage of new and discharged employees based on age, gender, and area	●	3.2 Employee Care and Management	
G4-LA2	Based on the important operation outlets, the benefits exclusively provided to permanent employees (not including temporary or part-time employees)	●	3.3 Communication Channels, Salary, and Benefits	
G4-LA3	Gender-based percentage of resumption and retention after the parental leave	●	3.2 Employee Care and Management	
Aspect: Employee-Employer Relationship				
G4-LA4	The shortest duration for advanced notice of material operational changes specifically explained in the collective bargaining	●	3.3 Communication Channels, Salary, and Benefits	
Aspect: Occupational Health and Safety				
	DMA	●	3.4 Occupational Safety and Health Management	
G4-LA5	Assisting in supervising and suggesting the percentage of labor representatives for the relevant occupational health and safety projects in the formal labor health and safety management committee	●	3.3 Communication Channels, Salary, and Benefits	



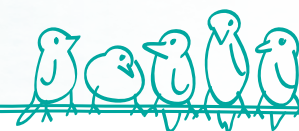
Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
G4-LA6	The area-based and gender-based category of occupational injuries, frequency of occupational injuries, occupational sickness, percentage of days charged and absence rate, as well as the total number of fatal accidents in the line of duty	●	3.4 Occupational Safety and Health Management	
G4-LA7	Occupation-related incident rate and the labors with high risks	●	3.4 Occupational Safety and Health Management	
G4-LA8	Health- and safety-related issues included in the formal agreement of the labor union	●	3.3 Communication Channels, Salary, and Benefits	
Aspect: Training and Education				
	DMA	●	3.3 Communication Channels, Salary, and Benefits	
G4-LA9	Based on gender and the category of employee, the average training hours that each employee receives annually	●	3.3 Communication Channels, Salary, and Benefits	
G4-LA10	Enhancing employees' capacity for continuous employment and assisting them in managing their occupational abilities and life-long learning projects after retirement	●	3.3 Communication Channels, Salary, and Benefits	
G4-LA11	Based on gender and the category of employee, the percentage of employees who undergo regular performance and career development review	◎	3.3 Communication Channels, Salary, and Benefits	
Aspect: Diversified Employees and Equal Opportunities				
G4-LA12	Organizational members of corporate governance and the composition of each type of employee based on gender, age, minority group, and other diversified indexes	●	3.2 Employee Care and Management	
Aspect: Equal Pay for Men and Women				
G4-LA13	Percentage of basic salary and remuneration for men and women based on the category of employee and the importance of the operation outlets	●	3.2 Employee Care and Management 3.3 Communication Channels, Salary, and Benefits	
Aspect: Supplier Assessment for Labor Practices				
G4-LA14	Percentage of screening with labor practice standards for new suppliers	◎	1.7 Cooperative Partnerships	Suppliers should completely satisfy the Corporation's supplier and contractor management policy.
G4-LA15	Actual or potential negative impact of the supply chain on labor practices, as well as the relevant actions taken	●	1.7 Cooperative Partnerships	
Aspect: Complaint System for Labor Practices				
G4-LA16	Number of labor practice complaints that were filed, processed, and solved through a formal complaint system	●	3.3 Communication Channels, Salary, and Benefits	

Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Subcategory: Human Rights				
Aspect: Investment				
G4-HR1	Total number and percentage of the important investment agreements and contracts that include human rights provisions or undergo human rights screening	●		FPCC did not initiate any material investments in 2015.
G4-HR2	Total training hours of operation-related human rights policy that the employees receive, as well as the percentage of the participating employees	◎	3.3 Communication Channels, Salary, and Benefits	Training related to employees' human rights policies is held irregularly.
Aspect: Non-Discrimination				
G4-HR3	Total number of discrimination cases and the improvement actions taken by the organization	●	3.2 Employee Care and Management	
Aspect: Freedom of Association and Collective Bargaining				
G4-HR4	The detected operation outlets or suppliers who might violate or seriously endanger freedom of association and collective bargaining, as well as the actions taken to protect these rights	●	3.2 Employee Care and Management 3.3 Communication Channels, Salary, and Benefits	
Aspect: Child Labor				
G4-HR5	The detected operation outlets or suppliers that seriously involve the risk of employing child labor, as well as the actions taken to prevent the employment of child laborers	●	1.7 Cooperative Partnerships 3.2 Employee Care and Management	
Aspect: Forced Labor				
G4-HR6	The identified operation outlets and suppliers that involve the risk of forced labor, as well as the actions that help to reduce any form of forced labor	●	3.2 Employee Care and Management 1.7 Cooperative Partnerships	
Aspect: Security Practices				
G4-HR7	Percentage of security personnel who undergo training on the organization's human rights policy related to operations	●	3.3 Communication Channels, Salary, and Benefits	The situation of training security personnel is disclosed in the corresponding chapter; no training related to human rights policies was launched in 2015.
Aspect: Aborigines' Rights				
G4-HR8	Number of cases of violating aborigines' rights and the actions taken by the organization	●	3.2 Employee Care and Management	
Aspect: Assessment				
G4-HR9	Total number and percentage of the operation outlets that undergo human rights review or impact assessment	●	3.2 Employee Care and Management	
Aspect: Supplier Human Rights Assessment				
G4-HR10	Percentage of screening with human rights standards for new suppliers	◎	1.7 Cooperative Partnerships	Suppliers should completely satisfy the Corporation's supplier and contractor management policy.



Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
G4-HR11	Actual or potential negative impact of the supply chain on human rights and the relevant actions taken	●	1.7 Cooperative Partnerships	
Aspect: Human Rights Complaint System				
G4-HR12	Numbers of cases that were filed through the formal complaint system, as well as of the processed and solved human rights complaint cases	●	3.3 Communication Channels, Salary, and Benefits	
Subcategory: Society				
Aspect: Local Community				
G4-SO1	Percentage of the outlets that have carried out engagement with the local community, impact assessments, and development projects	●	3.5 Sustainable Development of Mailiao Industrial Complex 3.6 Social Care and Giving Back	
G4-SO2	Operation outlets that have actual or potential negative impacts on local communities	●	3.5 Sustainable Development of Mailiao Industrial Complex	
Aspect: Anti-Corruption				
G4-SO3	Number and percentage of operation outlets that have undergone anti-corruption risk assessments, as well as the identified prominent risks	●	1.6 Corporate Governance	
G4-SO4	Communication and training on anti-corruption policies and procedures	◎	1.6 Corporate Governance	
G4-SO5	Confirmed cases of corruption and relevant actions taken	●	1.6 Corporate Governance	No corruption was found in FPCC in 2015
Aspect: Public Policies				
G4-SO6	Total amount of political contributions categorized by nations and receivers/beneficiaries	●	1.6 Corporate Governance	
Aspect: Anti-competitive Practice				
G4-SO7	Number and results of lawsuits involving anti-competitive, anti-Trust, and anti-monopoly practices	●		FPCC did not violate any ethical management concepts or behaviors in 2015.
Aspect: Complying with Regulations				
G4-SO8	Huge fines charged for violating laws and regulations, as well as the number of penalties behind the fines	●	2.1 Environmental Protection Guidelines	
Aspect: Supplier Social Impact Assessment				
G4-SO9	Proportion of screening through social impact standards for new suppliers	◎	1.7 Cooperative Partnerships	Suppliers should completely satisfy the Corporation's supplier and contractor management policy.
G4-SO10	Actual or potential negative impact of the supply chain on society and the relevant actions taken	●	1.7 Cooperative Partnerships	

Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Aspect: Complaint System for Social Impact				
G4-SO11	Number of social impact complaints that were filed, processed, and solved through a formal complaint system	●		FPCC had no relevant situations in 2015.
Subcategory: Product Responsibility				
Aspect: Customers' Health and Safety				
G4-PR1	Percentage of main products and services that undergo impact assessment for the purpose of health and safety improvement	●	1.4 Main Products and Production Capacity	
G4-PR2	Based on the category of the results, total number of cases violating regulations related to health and safety impact of products and services during their life cycles and the voluntary principles	●	1.4 Main Products and Production Capacity	
Aspect: Product and Service Labeling				
G4-PR3	Product and service information categorized by organizational information and labeling procedure, as well as the percentage of important products and services that meet the regulations of such information	●	1.7 Cooperative Partnerships	
G4-PR4	Based on the category of the results, number of cases violating regulations related to product and service information labeling and the voluntary principles	●		FPCC had no such cases occur in 2015.
G4-PR5	Results of Customer Satisfaction Survey	●	1.7 Cooperative Partnerships	
Aspect: Marketing Communication				
G4-PR6	Selling controversial products is prohibited.	●		Most of FPCC's products are not directly sold to general customers, while the Corporation's marketing activities, such as media advertising and written propaganda, are few; to prevent violating laws, each department will consult the legal office of the Corporation before launching any promotional activity involving relevant regulations.
G4-PR7	Based on the category of the results, total number of cases violating regulations related to marketing (including advertisement, promotion, and sponsoring) and the voluntary principles	●		FPCC had no cases of violating the regulations in 2015.
Aspect: Customers' Privacy				
G4-PR8	Number of verified complaints related to violating customers' privacy or losing their personal information	●	1.7 Cooperative Partnerships	
Aspect: Complying with Regulations				
G4-PR9	Huge fines charged for violating laws and regulations in providing and using the products and services	●		FPCC had no accidents of violating the regulations occurring in 2015.

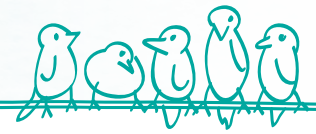


Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Category: Supplementary Indexes for the Oil and Gas Industry				
Aspect: Oil and Gas Industry				
	DMA	●	2.2 Green Policy of Mailiao Industrial Complex 3.5 Sustainable Development of Mailiao Industrial Complex	
G4 Aspect: Indirect Economic Impact				
G4-OG1	Examining the category and measure of storage and production estimates			Since FPCC mainly runs local business in Taiwan rather than engaging in oilfield drilling and mining, this index does not apply.
G4 Aspect: Energy				
G4-OG2	Amount invested in renewable energy	●	2.5 Green Production and Environmental Accounting	
G4-OG3	Total amount of renewable energy generated from green energy and materials	●	2.5 Green Production and Environmental Accounting	
G4 Aspect: Biodiversity				
G4-OG4	Number and percentage of assessment and monitoring operations of biodiversity risks	●	3.5 Sustainable Development of Mailiao Industrial Complex	
G4 Aspect: Wastewater and Wastes				
G4-OG5	Number and treatments of oily wastewater and oil extraction wastewater	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-OG6	Burning and fugitive emissions of hydrocarbons	●	2.2 Green Policy of Mailiao Industrial Complex	
G4-OG7	Slurry amount of well drilling and management policies	●		FPCC is not involved in oilfield drilling and mining business.
G4 Aspect: Products and Services				
G4-OG8	Benzene, lead, and sulfur contained in the fuels	●	2.2 Green Policy of Mailiao Industrial Complex	
G4 Aspect: Aborigines' Rights				
G4-OG9	Providing corresponding strategies for operations that influence the aborigines	●		None of FPCC' s operations influenced the aboriginal communities in 2015.
G4 Aspect: Local Community				
G4-OG10	Number and explanation of the disputes with local communities and aborigines	●	3.5 Sustainable Development of Mailiao Industrial Complex	FPCC mainly runs local business in Taiwan rather than engaging in oilfield drilling and mining; yet, it has disclosed events related to its operations in Taiwan.
G4-OG11	Number of mines decommissioned or in the process of being decommissioned	●		FPCC is not involved in mining the mineral resources in Taiwan,
Industrial Aspect: Involuntary Displacement				
G4-OG12	Execution of involuntary displacement, the number of displaced households, and the impact of displacement on their lives	●		FPCC did not cause any involuntary displacements in 2015.
Industrial Aspect: Manufacturing Safety				
G4-OG13	Number and category of the manufacturing accidents that occurred during operation activities	●	3.4 Occupational Safety and Health Management	FPCC mainly runs local business in Taiwan rather than engaging in oilfield drilling and mining; yet, it has disclosed events related to its operations in Taiwan.

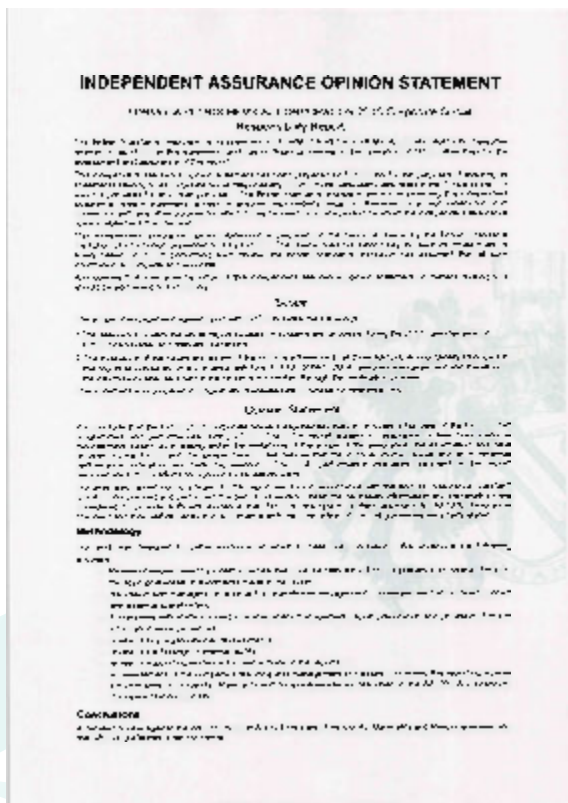
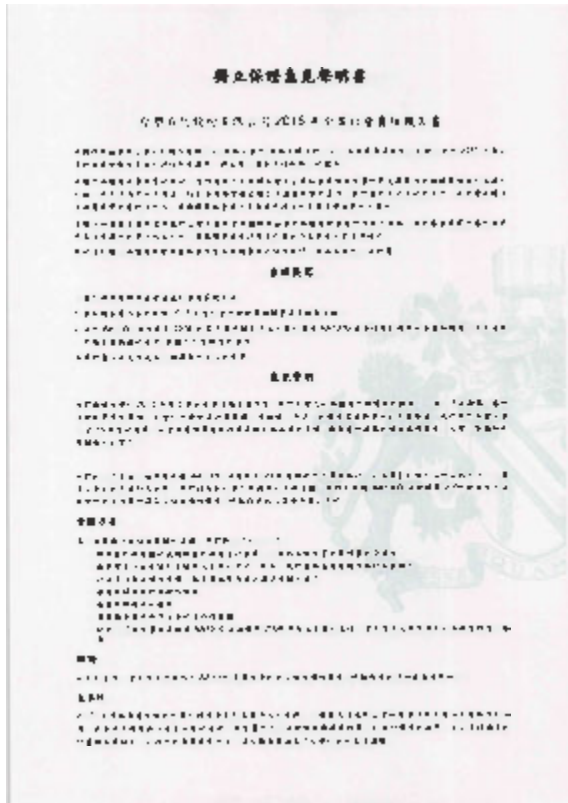
Index	Disclosed Item	Disclosure Situation	Corresponding Chapters	Comments
Industrial Aspect: Substitutive Fossil Fuels				
G4-OG14	Biomass energy that meets the standards of sustainable development and its purchase amount		2.5 Green Production and Environmental Accounting	

The relevant information and data disclosed in this report are audited independently by the British Standards Institution (BSI), a third-party international accreditation body, with GRI G4 core options. For more details, please consult the auditor's report.





Independent Third Party Assurance Statement





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