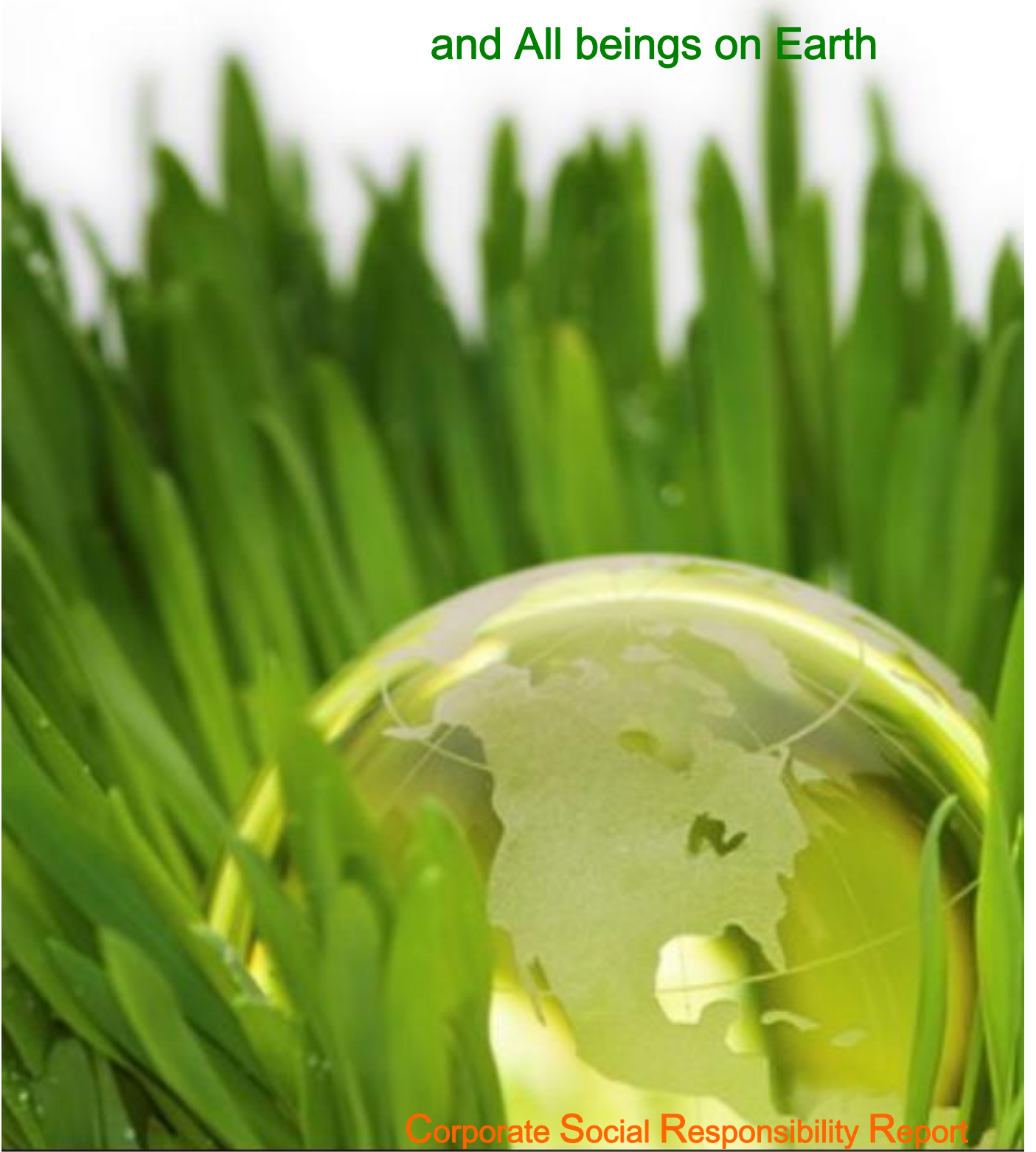




KYEC

Building Co-Existence and
Co-Prosperity between Economy
and All beings on Earth



Corporate Social Responsibility Report

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About Report

Editing and Publication

Thank you for reading KYEC Group's first Corporate Social Responsibility Report (CSR Report). The content of the report aims to disclose information to the social public and all stakeholders paying attention to KYEC, in order to understand the commitment and action of KYEC in response to sustainability and social responsibility issue in 2013, as well as the various efforts and outcome of various CSR issues.

Report Period

The Report discloses the various CSR management guidelines, key issues, responses and action performance for 2013 (January 1st, 2013 to December 31st). We design the annual report with routine release of corporate social responsibility report.

Report Border and Scope

To completely exhibit the effect of KYEC in CSR, the content of this year's report and follow the data covered by the scope, with focus on Taiwan area: The performance outcome of Hsinchu Headquarters. The company sets up as the performance data outcome of Hsinchu factory and Zhunan factory.

Ground and Confirmation of Report Composition

This Report is prepared on the information disclosure under the Global Reporting Initiative's Sustainability Reporting Guidelines (G3.1) published by Global Reporting Initiatives (GRI). The content discussion and defining process of the Report comply with AA1000 standard requirement.

The financial data underwent attestation by Ernst & Young and certified by ISO14001, OHSAS18001, ISO14064-1, IECQ QC080000, and PAS2050 through SGS-Taiwan.

Contact Information

Without special marking, all currencies used in Taiwan will be New Taiwan Dollars. Some indicator offers 2012-2013 consecutive data in order to highlight its mid-long medium trend. In case the quantitative indicator contains special meanings, a note will be provided to explain further. If you have any comments about the 2013 KYEC Group Corporate Social Responsibility Report, please send us your valuable comments.

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Words from General Manager

Since the corporate foundation in 30 years ago, KYEC Group has been committed to become the world's top company in IC testing services by providing customers with higher quality, lower costs and faster products and services through sustained investment in manufacturing technology and productivity, thereby targeting at creating the highest values for customers.

In view of worldwide mainstream in corporate sustainability, enterprises today are facing with challenges and opportunities in assuring profits without bringing impact on the environment and society. As a member of the high-tech industries in global village, KYEC Group shall fulfill its corporate social responsibility apart from pursuing for sustained growth and performance. For this reason, the company releases its first Corporate Social Responsibility (CSR) Report this year in an attempt to convey its commitment and practice in corporate social responsibility by strengthening the response to sustainable issues concerned by stakeholders. KYEC Group also intends to present more transparency in information related to corporate governance, environmental and social dimensions, thereby to continue and implement its corporate social responsibility through rigorous attitude and concept of benchmark learning.

·Improve Corporate Government

To comply with regulatory and competent authority requirement, the company establishes two functional committees, namely the Audit Committee for improving corporate governance and strengthening management functions and the Salary/Remuneration Committee for reviewing the compensation of senior managers. The review by functional committees assists the Board of Directors to make correct decision in order maximum shareholder interests.

·Fulfill Management of Integrity

Accurately execute corporate governance related regulations, upgrade Board of Directors function, bring the Salary/Remuneration Committee, and develop various guidelines to assure management of integrity and compliance with laws and regulations. The company also discloses corporate information on public information observation station and the company website to implement corporate social responsibility, commitment in corporate sustainability and social responsibility.

·Emphasize on Employee Care

Build a healthy and safe work environment and smooth communication channel for employees. The Employee Welfare Committee positively designs various employee welfare and measures, taking Labor Standard Act as benchmark compliance to appropriate pension funds and engage in employee-employer reconciliation. The Company treats employees with integrity and respect through full welfare system, stabilizes employee life with complete advanced study and training channel, and establishes an excellent relationship of mutual trust and reliance with employees. The aforementioned complete "Selection, Incubation, Appointment, and Retention" related human resource management policies allow employees to bring their talents into full play at work and create win-win situation for the future together.

·Commitment in Environmental Protection

KYEC Group upholds to the concept of "Sustainability" by positively committing in environmental protection, energy saving, waste reduction, recycling and reuse. We believe that environmental issues are the responsibility which enterprises should fulfill and hence KYEC Group not only complies with regulatory standards for environmental protection but also emphasizes on international eco-friendly trends. The company continues to acquire certification in various environmental management system and integrates with upstream and downstream supplies to sustain resource use through "Green Production" concept, constantly investing in manufacturing technology and productivity through low pollution, energy saving, and waste reduction. Customers will be provided with higher-quality services and the company is committed in fulfilling its corporate social responsibility in attempt to become the best paradigm of corporate sustainability.

·Expansion in Social Participation



Apart from establishing charity society that takes care of disadvantaged and cares for elderly living alone, KYEC Group also participates in community activities to increase interaction and connection between communities and neighborhoods. With regards to social charities, the company positively sponsors for various activities held by county/city government such as Miaoli County and Hsinchu County Lantern festivals as well as setting up charity booth in annual major events. KYEC spares no efforts in the fundraising activities for charity groups.

In view of future prospects, the development strategy of KYEC Group covers dimensions such as corporate governance, environmental protection and employee-employer relation in addition to closely integrates issues concerning stakeholders in order to create an environment of intergrowth and co-prosperity between the economy and all beings on earth, so that company will attain triple surplus in economy, society and the environment.

General Manager *An-Hsuan Lin*



Stakeholders and Issues Concerned

Stakeholders Identification and Sources of Issues

KYEC Group is committed to promote corporate social responsibility related work, which team comprises members from financial office, planning department, human resource office, factory affairs and environmental safety office, material in contact with quality warranty. According to the work relevance and reference of approaches and experience from different industries, in case certain group or individuals are affected or under the impact of enterprise operation, we shall refer to the six major principles of AA1000 international standards to define identifying the stakeholders of KYEC Group including the shareholders and investors, customers, employees, suppliers, contractors, community and government agencies through the responsibility of stakeholders, influence, closeness, reliance, representative, and political implications. In terms of communication and response, we communicate with stakeholders through different communication path in order to understand their expectation and demand for KYEC Group. Apart from conducting immediate communication and response, KYEC also carefully collects and evaluates with feedback and opinions, which will be used as reference to the formulation of corporate social responsibility and the promotion of action plan.

Table of Communication and Response to Stakeholders:

Stakeholders	Category	Communication Channel	Communication Frequency
Shareholder/ Investor	General Shareholders	<ul style="list-style-type: none"> ■ Shareholder meeting ■ Quarterly financial statement ■ Market Observation Post System ■ Phone or email inquiry and demand 	<ul style="list-style-type: none"> ■ Annually ■ Quarterly ■ Non-Routine /Readily Available ■ Non-Routine /Readily Available
	Corporate Shareholders	<ul style="list-style-type: none"> ■ Participating in domestic and international investment forum ■ Meeting and phone contact with investment institution 	<ul style="list-style-type: none"> ■ Non-Routine ■ Non-Routine
Customer	-	<ul style="list-style-type: none"> ■ Customer Audit ■ Various sales meeting ■ Customer questionnaire/satisfaction survey ■ Technical Seminar (domestic/international) ■ Customer quality evaluation ■ Quality review meeting -QBR ■ Customer website ■ Telephone & email 	<ul style="list-style-type: none"> ■ Routines/Non-Routine ■ Routine ■ Reward Routine and Non-Routing ■ Non-Routine ■ Monthly ■ Quarterly ■ Non-Routine ■ Non-Routine
Employee	-	<ul style="list-style-type: none"> ■ Departmental meeting ■ Employee-Employer Meeting ■ Welfare Committee Meeting ■ Employee seminar ■ New employee seminar ■ Foreign worker seminar ■ Employee board ■ Complaint Handling Committee ■ Personnel Review Committee 	<ul style="list-style-type: none"> ■ Weekly/Monthly ■ Quarterly ■ Quarterly ■ Quarterly ■ Quarterly ■ Semi-annually ■ When needed ■ When needed ■ When needed
Supplier	-	<ul style="list-style-type: none"> ■ QBR bilateral communication ■ Annual audit meeting ■ Interview and meeting 	<ul style="list-style-type: none"> ■ Quarterly ■ Annually ■ When needed
Contractor	-	<ul style="list-style-type: none"> ■ Tool box meeting ■ Coordination meeting ■ Contracting business environmental safety and health training 	<ul style="list-style-type: none"> ■ Daily ■ Monthly ■ Monthly

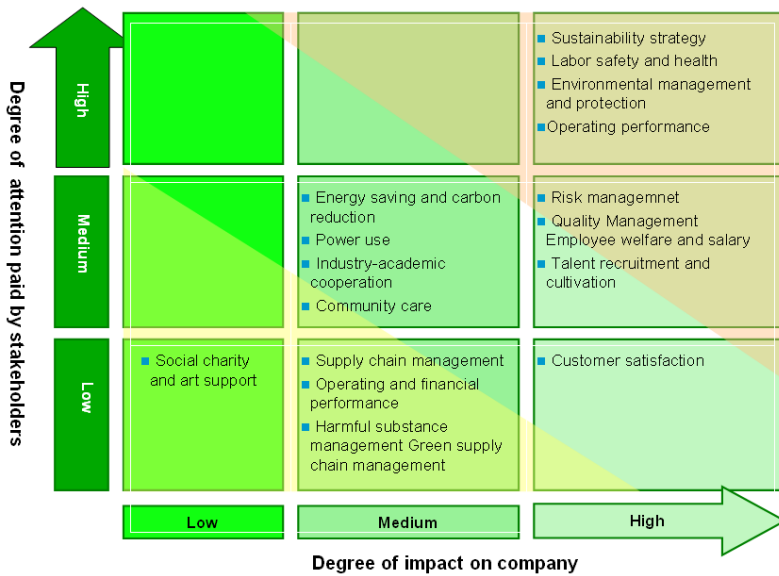


Community	-	<ul style="list-style-type: none"> ■ Holding charity group activities ■ Posting charity information on website 	<ul style="list-style-type: none"> ■ Non-routine ■ Non-routine
Government Agencies	-	<ul style="list-style-type: none"> ■ Waste/waste water/occupational disaster declaration ■ Regulatory briefing/promotion ■ External official documents ■ On-site audit 	<ul style="list-style-type: none"> ■ Daily/Monthly/Semi-annually ■ Non-Routine ■ Non-routine ■ Non-routine

Key Issue Evaluation Matrix

The 18 issues through communication and care with stakeholders and the “Critical CSR Issue Matrix Evaluation,” we can incorporate the action and disclosed focus into daily work and annual plan while partial issues require cooperation with relevant units:

2013 Key CSR Issue Matrix Diagram:



2013 CSR Issues Promotion / Effectiveness

The solutions/effectiveness constantly promoted for 2013 CSR issues based on economic, social and environmental dimensions are described in the following table:

Dimension	CSR Issues	2013 Major Promotion /Effectiveness
Economic	<ul style="list-style-type: none"> ● Sustainable Development strategy ● Operating and financial performance ● Operation performance ● Risk Assessment ● Quality management ● Customer satisfaction 	<ul style="list-style-type: none"> ● Requesting supplier to sign Electronics Industry Coalition Code of Conduct (EICC) ● Foreign investment is maintained at 40% or higher ● EPS grew by 20% compared with last year. ● Business Continuity Planning (BCP) ● CAR/NPR ratio dropped from 283ppm to 150ppm ● Increasing key customer from 5 to 13, reaching evaluation objective by over half the number.
Social	<ul style="list-style-type: none"> ● Labor safety and health ● Employee welfare and salary ● Talent recruitment and cultivation ● Industry-academic cooperation ● Social charity and art support ● Community care 	<ul style="list-style-type: none"> ● Promoting safety and health family ● Salary adjustment ● Diversified recruitment challenge, Tungluo Factory Talent Recruitment Activity ● Expanding new employee counselor training ● KYEC 119 hotlines, psychological consulting service ● Inviting public charity group to participate in company events



Environmental	<ul style="list-style-type: none"> ● Environmental management and protection ● Energy saving and carbon reduction ● Power use ● Supply chain management ● Hazardous Substance Material ● Green Supply Chain Management 	<ul style="list-style-type: none"> ● Safety health management ● Greenhouse gas reduction ● Reducing sludge water content ● Strengthening waste water monitoring system ● Promote resource recycling ● Promote energy saving projects.
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KYEC Overview

KYEC was established in May 1987, a world leading supplier in the second-half service of semiconductor. Initially founding the factory in LN576, Sec. 1, Guangfu Rd., Hsinchu City, KYEC Group was engaged in IC OEM testing, Burn In, Wafer grinding, cutting, and IC roll package. The Hsinchu Headquarter was officially activated in 2000 while the Zhunan subsidiary (New plant from Zhonghuan Plant) was also officially activates in early 2001. To cope with market demand and drastic growth in business, KYEC not only gradually expands plants on a yearly basis, increase computer equipment and computerize production management but also invests in the establishment of new Tonglu Science Park in 2012, in order to lead the company in terms of management, production, and planning among the industry. In particular, testing business has become the largest professional plant worldwide with product lines covering Memory, Logic&Mixed-Signal, SOC, CIS /CCD, LCD Driverm RF /Wireless and MEM. The total number of testing machine exceeds 2,000 pieces.

Company Profile

Company Name	KYEC Group
Date of Foundation	Founded 5/28/1987.
Paid-in Capital	NTD 11,923,184,000
Chairman	Chin-Kung Lee
General Manager	An-Hsuan Liu
Corporate Headquarters	No. 81, Sec. 2, Gongdao 5 th road.
No. of Employees	About 4,300 people
Main business	The design, manufacturing, testing, accessories, re-work, package, and sales of various IC and the manufacturing, re-work and sales of different Burn-in and components, as well as the import/export of trade business through the aforementioned items.
TWSE Code	2449
Spokesperson	Chun Kuan
Deputy Spokesperson	Gauss Chang

KYEC Electronic Vision

- ※ Meeting Customer Satisfaction
- ※ Improving Profitability
- ※ Health Growth

KYEC Electronic Mission

KYEC is committed to become the world’s premium IC testing service company to provide customer with higher quality, lower costs and faster products and services through sustained investment in manufacturing technology and productivity, creating highest value for customers.

KYEC Electronic Core Value

Excellence: Pays efforts to complete the tasks and positively taking challenging work objectives to attain excellent level and superior performance.

Performance: Set objective high, providing customers with higher quality, lower cost and faster delivery as well as enhancing customer satisfaction.

Innovation: Continuously improving and providing innovative solutions to meet customer satisfaction with higher and better quality service.

Sharing: Willing to share the knowledge, skills and experience owned with others so that the company and customers will share and grow together.



Versatile testing equipment

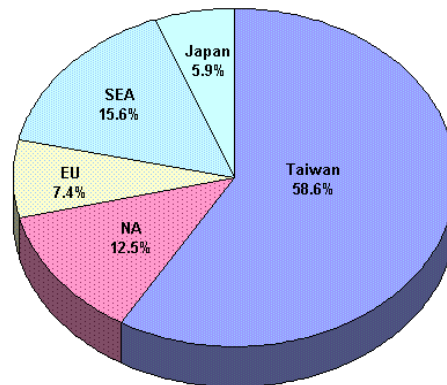
The overall IC industry development not only emphasizes on upstream IC design and wafer manufacturing capacity, the localized support of post-package and testing services for IC also become the key factor to strengthen IC industry competitive potential. The product line and scale determine the profitability and loss under economic downturn, which is the competitive advantage. The company has established solid foundation in the testing industry for years and now owns a full range of testing equipment. KYEC offers testing items include logistic IC, mixed signal IC, memory IC, sensor component, wireless communication, integrated IC and IC pre-burning testing as well as other comprehensive IC testing service.



Trustworthy Global Operation Offices

KYEC Group headquarter is situated next to Gongdao 5th Rd., Hsinchu City of Taiwan, which production center is located in Miaoli County. The company offers close service to Hsinchu Science Park and customers in Taiwan. KYEC also establishes business offices in North America, Japan, Europe, and Singapore, providing real-time business services to over 400 customers worldwide. The group’s subsidiary company, KLT and ZKT, both located in Suzhou Industrial Park in China, engage in semiconductor package and testing operation and become the market base for KYEC to deliver services to the Chinese market conveniently.

Global business offices and 2013 sales revenue distribution:



Chronicles

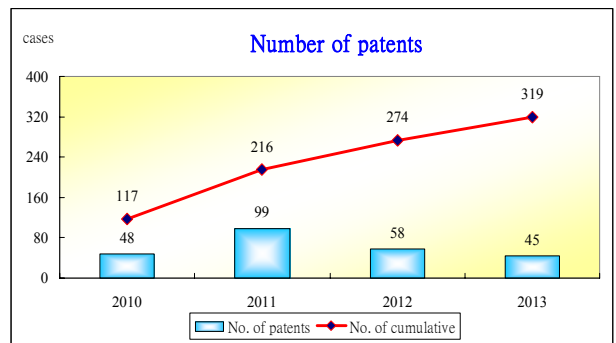
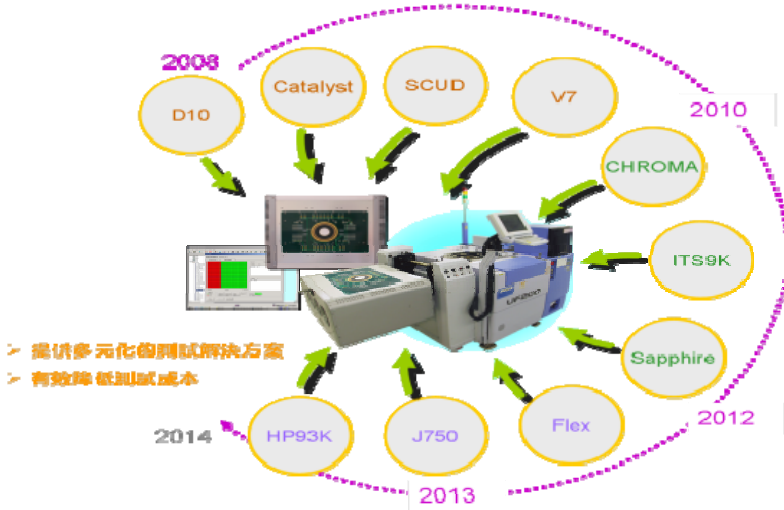
- 1987 May Officially established and registered on No. 15, LN 574, Guangfu Rd., Hsinchu City
- 1996 July Added logistic testing operation
- 1997 July Added memory testing operation
- Dec Acquired ISO9002 international quality system authentication
- 1998 Jan Zhaonan Plant completed and started mass production.
- 1999 Mar Headquarter building on Gongdao 5th Rd., Hsinchu City opened
- Aug Established optical product business division with organizational restructure.
- 2000 Mar Zhonghua Plant No. 1 opened.
- July [HQ completed for activation.](#)
- 2001 Mar Zhonghua Plant No. 1 completed for activation.
- May Went public for stock exchange (code: 2449)
- Aug Certified by ISO9001, TL9000 and QS9000, three in one international quality system authentication.
- Sep KYEC signed the strategic alliance agreement with the world's largest package and testing company, Amkor.
- Oct [Established Zhunan Subsidiary \(Zhunan Factory\)](#)
- Nov Certified by ISO 17025
- 2003 Feb Certified by ISO14001 and OHSAS18001
- August Certified by SONY GP(Green Partner) authentication
- August Certified by ISO/TS16949
- 2005 Dec Opening of Zhonghua Plant NO. 2
- 2006 Aug Completion of Zhonghua Plant No. 3
- 2007 Apr Completion of Zhonghua Plant No. 3 Construction.
- Nov Certified by Ministry of Health Workplace Health autonomous
- Dec Certified by ISO14064 International Greenhouse Gas Management System.
- Zhonghua Plant 3rd completed
- 2008 Apr Chonghua 4th Factory opened
- Oct Certified by IECQ C080000 system
- Nov Certified by TOSHMS Taiwan Occupational Safety and Health Management System
- 2010 Dec Certified by EICC Electronic Industry Behavior and VAP(Validated Audit Process) authentication.
- 2011 May Acquired the first IC PAS2050:2008 footprint reasonableness guarantee.
- 2012 May Acquired AEO (Authorized Economic Operator) Quality Enterprise Certificate.
- Dec Tungluo Branch Office opens (located in Tungluo Science Park).
- 2013 May Passed ICP (Internal Control Program) for enterprise internal export controls system certification.
- 2013 Jan [Tungluo Factory Phase 1 Completed](#)



• Core Technology and R&D Innovation

KYEC not only upgrade testing technology development and integration capacity in testing technological R&D but also progresses towards testing machine automation, key component production, customization and automatic testing platform development with abundant result. The core value derived such as customization, differentiation, turnkey solution and efficiency are also quite valuable.

To integrate these products by application category and demand and to reduce costs through one machine will be one difficulty faced by the testing company. Hence the E series self-testing platform applies testing platform conversion technology to constantly create diversified testing solution and application compatibility through autonomous R&D flexibility and tolerance, which substantially reduces testing equipment expenditure and costs, shortening testing time (platform conversion), and thereby improve company competitiveness in peer industry. The platforms also demonstrated extraordinary outcome in terms of patent expansion.



• Members participating in various external units

Unit
ASIP Member
Package Personnel Supervisor Association
IIA
TEEMA
Taiwan Semiconductor Industry Association (TSIA)
Hsinchu Industrial Association, Miaoli Industrial Association

• 2013 awards

Name of Awards	Honor	Presenting Unit	Note
15 th Outstanding Enterprise	Golden Award	Outstanding Enterprise Manager Association R.O.C.	Only company to be awarded from the semiconductor industry
36 th National Golden award PQCRA Presentation Assembly	Golden Award	Association of Pioneer Quality Control Research	Awarded for 4 years in a row
194 th PQCRA Assembly	Excellence Award	Association of Pioneer Quality Control Research	Awarded for 4 years in a row
TTQS Training Quality Assessment	Golden Award	Ministry of Labor, Executive Yuan	First in package and testing & only winner from Taoyuan, Hsinchu and Miaoli
Promotion of Labor Safety and Health	5-Star Award	Ministry of Labor, Executive Yuan	Awarded for 3 years in a row



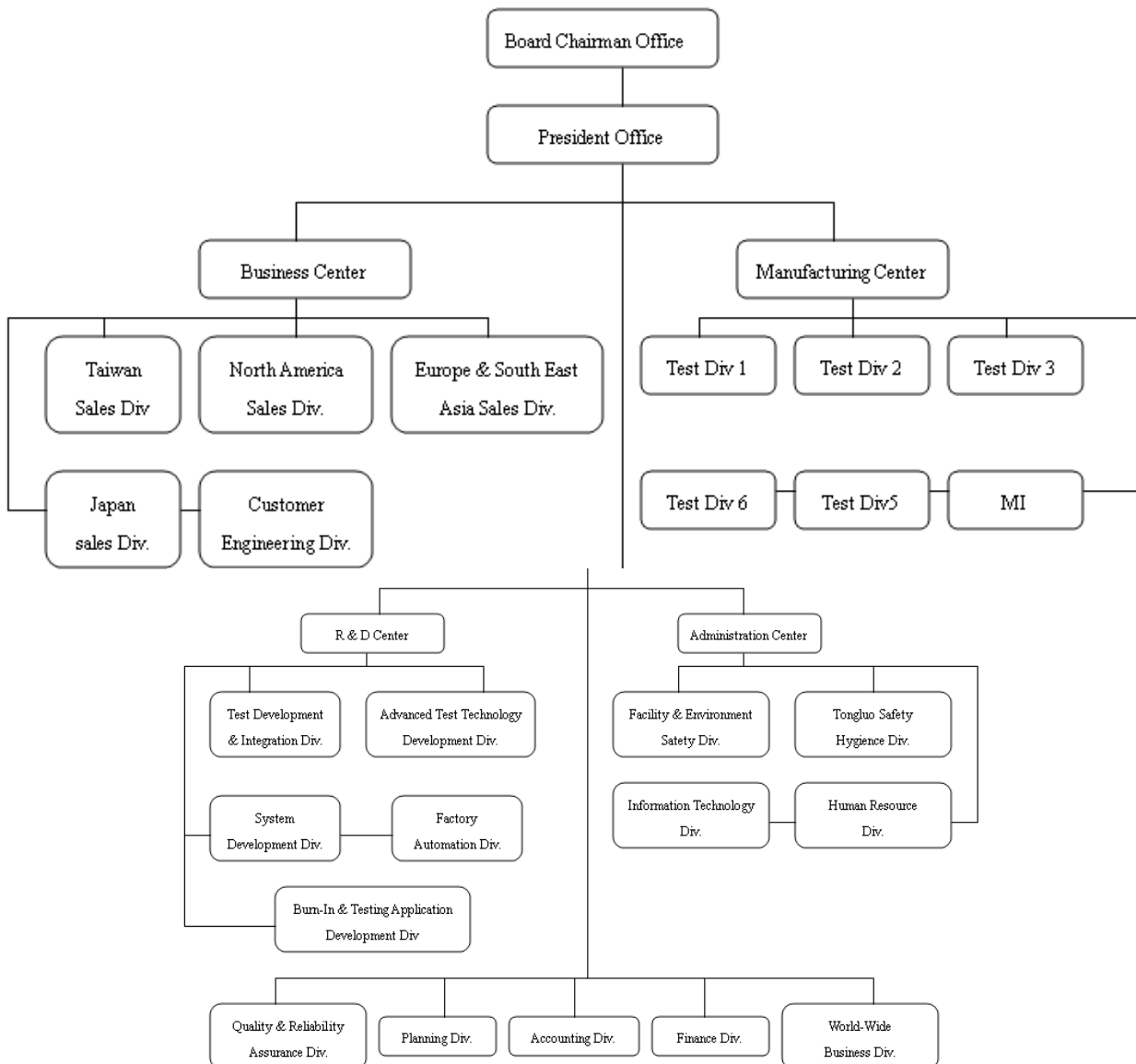
Corporate Governance

Corporate Governance

KYEC Group develops articles of association and corporate organization structure according to the Company Act of the Republic of China, Security Exchange Act and relevant corporate governance regulations. The highest levels of KYEC governance framework is shareholder and Board of Directors, where shareholders can exercise voting right through shareholder meeting, join corporate major business decision. In 2012 the shareholder meeting already added with voting platform to increase convenience for shareholders participating in shareholder meeting. Shareholders can revoke proposal one by one and indicate such resolution result on the shareholding meeting minute, in attempt to meet shareholder meeting operation with the highest standard of corporate governance.

Corporate Governance Framework and Function

The Board of Directors currently calls for one meeting quarterly, where corporate management reports to the Board of Directors for business performance. The Directors shall determine the future management guidelines and major policy. There are two functional committees under the Board of Directors, namely the Auto Committee (established in June 2014) for improving corporate governance and strengthening management function and the Salary/Remuneration Committee (established in August 2011) for reviewing the manager remuneration. The review from functional committees will help the Board of Directors make correct decision in order to maximum shareholder interests.



Members of Board of Directors

KYEC Board of Directors serves as the highest decision-making unit of management and exercises functions according to Company Act, Security Exchange Act and Articles of Association with responsibility in reviewing corporate management guidelines, annual sales plan, dividend and appointment of corporate manager. The company appoints nine directors (including 3 independent directors). The 12th Board of Directors (reelected in June 2014) called for 2 meetings before June 30th, 2014. The Board members and attendance are described below:

Title	Name	Elected Date	Term	Major Experience (Education)	Other functions currently serving at the company and other company	Actual Attendance (%)
Chairman	Chin-Kung Lee	2014.6.12	3 years	Bachelor degree UMC Manager	CEO Director of DL Tek KYEC Investment International Co., Ltd. Chairman KYEC Technology Management Co., Ltd. Chairman KYEC Microelectronics Co., Ltd. Chairman Sino-Tech Investment Co., Ltd. Strong Outlook Investments Limited Chairman King Long Technology Chairman of Zhen Kun Technology	100
Vice Chairman	Chi-Chun Hsieh	2014.6.12	3 years	Bachelor degree Physician	Physician	100
Director	An-Hsuan Liu	2014.6.12	3 years	PhD degree General Manager of Intematix Technology Center Corporation	General Manager Chairman of KYEC USA Corp. Chairman of KYEC SINGAPORE PTE. LTD. General Manager of King Long Technology General Manager of Zhen Kun Technology	100
Director	China Development Industrial Bank	2014.6.12	3 years	—	—	100
	Representative Fang-Ting Li			Master degree Assistant Manager of Direct Investment Department, China Development Industrial Bank	Manger of Direct Investment Department, China Development Industrial Bank Director of Fintek	
Director	Kao-Yu Liu	2014.6.12	3 years	PhD degree Chairman of Liang-Cheng Construction	Chairman of Liang-Cheng Construction	100
Director	Kuan-Hua Kao	2014.6.12	3 years	Master degree Supervisor of Weikeng Industrial Co., Ltd.	Supervisor of Weikeng Industrial Co., Ltd.	100
Independent Director	Shi-Jer Shen	2014.6.12	3 years	Master degree Associate Director of Nomura Securities	Remuneration Committee coordinator Representative of Chuang-Ju English Cram School	100
Independent Director	Hsien-Tsun Yang	2014.6.12	3 years	Bachelor degree Executive Deputy Editor-in-Chief of China Times	Audit Committee Coordinator	100
Independent Director	Hui-Chun Hsu	2014.6.12	3 years	Master degree Physician	Physician	100

Principle of Avoidance of Conflict of Interests for Directors

To establish excellence governance system for Board of Directors, sound supervisory function and strengthen management function, KYEC follows the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” promulgated by the Security Exchange



Competent Authority to develop “Board of Director Meeting Regulations.” Directors shall follow the stakeholder relationship during resolution discussion and avoid during voting.

***Audit Committee**

KYEC elected 3 independent directors according to Security Exchange Act during the 2014 shareholder meeting for director reelection, in addition to establishing the Audit Committee where all director election adopt nomination to meet corporate governance. The members are described in the following table :

Title	Name	Date of Election	Current Position	Note
Independent Director	Hsien-Truan Yang	2014.6.24	KYEC Audit Committee and Salary/Remuneration Committee Member	Coordinator and Chairman
Independent Director	Shi-Jer Shen	2014.6.24	Director of Chuang-Jian American English Learning Institute	
Independent Director	Hui-Chun Hsu	2014.6.24	Physician	

***Salary/ Remuneration Committee**

KYEC Board of Directors approved the establishment of Salary and Remuneration Committee and regulations on August 16, 2011. The committee number shall not fall below 3 people and one of them must be coordinator. The Committee is mainly in charge of:

1. Routine review on salary/remuneration committee in addition to proposing revision and suggestion of articles of association.
2. Develop and routine review the performance goal and salary/remuneration policy, system, standard and structure of Directors and Manager.
3. Routine evaluate the performance of directors and manger to suggest content and quantity for individual salary and remuneration.

KYEC 2nd salary/remuneration committee calls for 1st meeting to discuss the salary plan for director and senior managers. All committee members attended the meeting, the following table shows the members currently:

Title	Name	Date of Election	Current Position	Note
Independent Director	Shi-Jer Shen	2014.6.24	Director of Chuang-Jian American English Learning Institute	Coordinator and Chairman
Independent Director	Hsien-Truan Yang	2014.6.24	KYEC Audit Committee and Salary/Remuneration Committee Member	
Independent Director	Hui-Chun Hsu	2014.6.24	Physician	
Committee	Con-Qi Huang	2014.6.24	Full-time Professor at Chang Gung University	

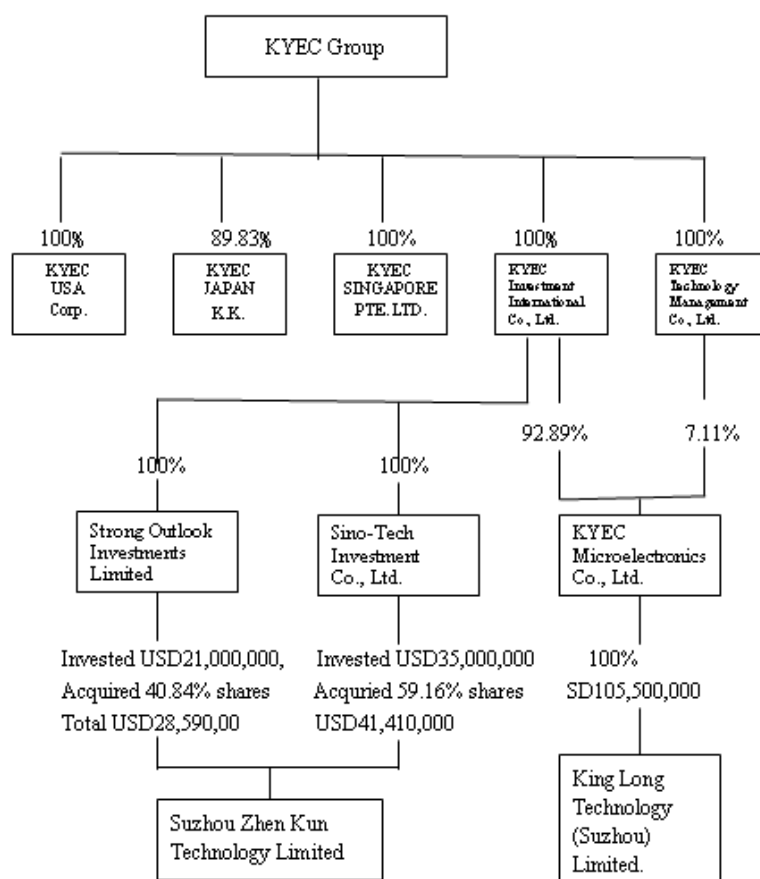


KYEC Operating Organization

Name of Organization	Main Function
Business Center (including Taiwan Business Office, Northern America Business Office, Europe and Southeast Asia Office, Japan Business Office, Customer Engineering Office)	Responsible for understanding the market, planning domestic and international market promotion, sales contract signing, providing forecast for production schedule assurance to accomplish customer required delivery condition and annual marketing planning and customized engineering for solutions and new product introduction.
Manufacturing Center	Drafting and execution of business plan to achieve profitability and sales revenue. Responsible for financial and operational effectiveness. Responsible for maintaining relationship between major customers and partner. Promoting and execution customer requirement by promoting and execution projects in production line. Balance between vision and operational purpose.
Testing Site 1, 2, 3, 5, 6	Responsible for supervising and assessing department performance. Production control, accomplish shipment requirement, test technology development, introduction. Product quality control, provide customer with excellent testing environment and testing quality.
Manufacturing Technology and Information Office	Conduct planning and design development for the automation equipment and manufacturing management information system, needed for business division manufacturing process, providing various support for manufacturing process, enhance manufacturing productivity
R& D Center (including testing development integration office, tip testing technology development office, factory automation, Burn-in and testing application office, system R&D office)	R&D Strategy planning and execution , R&D resource integration and control, cross-group R&D project integration and promotion, critical R&D planning and steering.
Administrative Center (Including factory affairs, environmental safety, information, human resources, information technology office, human resource , information materials.	Integrating group administrative resources, support group operation, using minimum cost to gain maximum interests for the company.
Quality Assurance	Consolidating the upgrade of company product quality, drafting of quality strategy, improvement on quality system, execution and control over instrument and equipment document.
Project Marketing	Consolidating company legal affair and promoting knowledge management platform, responsible for the maintenance manage net between corporation and investor, control media interaction and PR matters.
Accounting Office	Consolidating company tax affairs, accounting and cost accounting matters.
Financial Division	Consolidating company financial affairs, fund transfer and matters.
Overseas Business Division	Evaluating and review the feasibility of overseas investment plan in addition to planning, executing, coordinating and supporting overseas operating resources, dispatch overseas preparation unit, and coordination contact window with overseas company, operating policy and objective execution.



KYEC Group Affiliated Enterprise Overview



Basic Information of KYEC Group Affiliated Enterprise

Enterprise Title	Date of Establishment	Address of Establishment	Paid-in Capital	Primary Business Lines
KYEC USA Corp.	July 2000	CA USA	USD 160,000	Agency for business and related contact in USA
KYEC SINGAPORE PTE. LTD.	December 2006	SINGAPORE	SGD 78,000	Agency for business and related contact in Southeast Asia and EU
KYEC JAPAN K.K.	April 2002	FUKUOKA JAPAN	YEN 179,450,000	Electronic component manufacturing, sales agency for business and related contact for Japan.
KYEC Investment International Co., Ltd.	May 2002	B.V.I	USD 152,155,000	General Investment
KYEC Technology Management Co., Ltd.	January 2003	SAMOA	USD 7,500,000	General Investment
KYEC Microelectronics Co., Ltd.	May 2002	CAYMAN	USD 105,500,000	General Investment
Sino-Tech Investment Co., Ltd.	September 2008	SAMOA	USD 35,000,000	General Investment
Strong Outlook Investments Limited	July 2005	B.V.I	USD 35,000,000	General Investment
King Long Technology (Suzhou) Co., Ltd.	September 2002	Suzhou City, Jiangsu Province, China	USD 105,500,000	Engaged in analogue or components of mixed automatic data processing, components to solid memory system, rework assembly for heated oven, and sales business, IC package and testing.
Suzhou Zhen Kun Technology Co., Ltd.	December 2005	Suzhou City, Jiangsu Province, China	USD 70,000,000	IC package and testing, re-work electric component, electric material, and analogue or mixed automatic data processor, solid memory system, heated over controller and other product for manufacturing, sales and supply of related after-sales service.

Employee Ethics Code of Conduct

KYEC is committed to providing integrated IC versatile service to become an international professional testing company. KYEC also adopts EEIC as the promotion principles of corporate social responsibly policy. The company also develops commercial conduct and occupational ethics conduct procedure to rigorously request all management, employees and stakeholders to abide by the highest standards of ethical requirement. The senior manager of administrative center shall act as the representative. The relevant content is described in the following figure:



Positive Implementation of Business Philosophy in Integrity

The company implements EICC ethics and integrity philosophy by creating EICC in internal network for employees to check on relevant content as well as holding training courses each year to request the employees pass the test and abide strictly. Moreover, suppliers shall make commitment statement not to violate corporate business philosophy while reviewing the relevant ethics and laws quarterly in order to make immediate update and correction, thereby to keep corporate regulations up to date. Each year the relevant department audits each other to check for defect that can be corrected and reviewed. The abovementioned method will implement and maintain the overall corporate integrity related philosophy.

Promotion, Communication and Feedback Channel

1. Internal Communication Channel:

- The company offers employee board, 8160 email and exclusive service phone. In case the employee encounters problems or unfairness, the personnel can report to the relevant personnel and receive immediate solution and assistance.
- Routinely organize employee-employee meeting and employee seminar to assure all employees from different class join.
- Routinely follow up and give feedback to employees for the feedback, which not only offers solution and assistance to personnel but maintain confidentiality to personnel so that employees will not need to worry about punishment and revenge. The 2013 handling and reply rate was 100%.

2. External Communication Channel: The contact winder for external stakeholders shall be the responsibility of the planning department and shares affairs.

Internal Control Audit

KYEC is a public listed company on Taiwan Security Exchange. To maintain shareholder meeting, abide by relevant security laws and acts, emphasize on the corporate governance in order to improve the information disclosure quality. The company' s internal audit department will present annual audit plan to the Boar of the Director. The company departments will be audited for compliance of laws and regulations when executing the program. The quarterly report to the Board of Directors will audit the result and review follow-up improvement.



Execution Effectiveness

Since the foundation of KYEC, the Directors (supervisors) and management team have upheld to integrity and no illegal action has taken place. Additionally, suppliers and customers mostly consist of domestic and foreign listed companies, both parties take consideration of the interests of stakeholder, and demands for rigorous integrity to assure the fair and transparent transactions. With regards to donation with varmint, the acquisition of commercial advantages will be acquiring wild behaviors. In 2013, there was no case of reporting on employee, investor, supply, and other stake holders, and employ and the transaction bet went the agency and reporting.

Future Objective

KYEC will continue to upgrade the professional and efficiency communication service with employees, investors, suppliers, and other stakeholders.



Business Performance

• 2013 Business Performance

In 2013, the global semiconductor industry was under the impact of mild demand from consumer, where the performance of infidel or company offset each other. Although the product value continues to grow, the overall revenue grow is not as expected as early Taiwan. The stable development of Taiwan's semiconductor is attributed to the continuous expansion of global information products in the supply chain. In spite of increased product value, the overall revenue growth still stayed beyond compared with the revenue at the beginning of the year. The Taiwan semiconductor industry continues to develop in stability and expand in worldwide information product supply chain, with absolute important position. The company has made consolidated revenue of NTD14,694,000,000 in 2013, up 0.12% compared with 2012. The gross profit was 27.3%, up 2.5% compared with 2012. The EPS was NT1.53, up 16.7% compared with NT1.31 last year. There was gap between the revenue result and expectation. Although the revenue was not satisfying, the profit was acceptable.

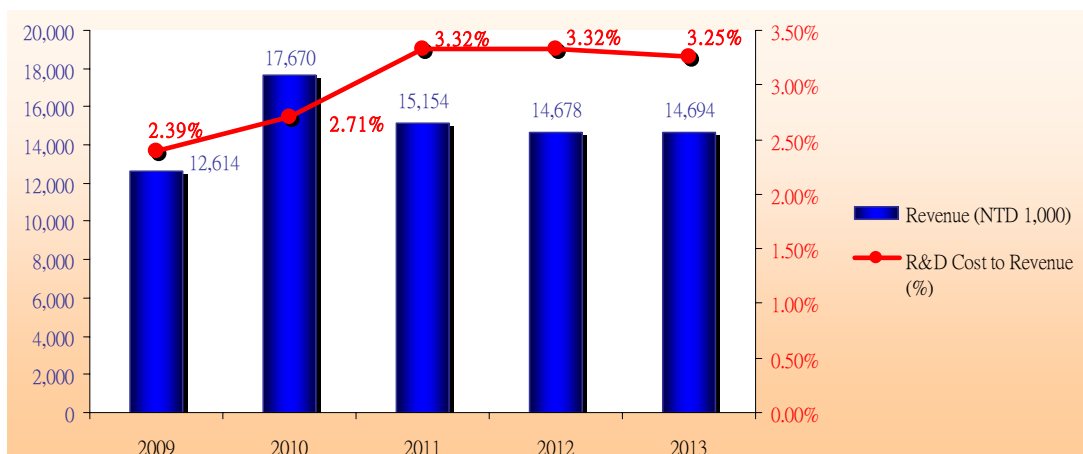
Looking into 2014, mobile phone and tablet PC as well as other mobile device products still act as the mainstream products. 4G and 64 bit, network, IOT, home appliance, medical health industry and other thriving development will drive another wave of power. Facing with the gradual centralized electronic terminal products and the close-tie of sales between high-priced and low-priced products, the quick adjustment of inventory has diminish the gap of the economic circulation for semiconductor manufacturing, which facilitates the increase of annual average profit level. The first half year emphasizes on production while the second half year depends on the consumption of terminal products. Under the overall improving economic environment, the cross-strait relation also develops positively, abundant global funding and stable fluctuations in exchange and interests rates, drive foreign customers to transfer productivity to Taiwan. KYEC Tongue factory is not ready for expanding productivity and 2014 will be a year filled with opportunities. KYEC will continue to focus on excellent manufacturing capacity and constantly create market value for customers under full customer trust and professional technology. KYEC believes that it will attain customer satisfaction, improve profitability, and sustain the development under the mission and direction of healthy investment and growth.

Unit: NTD 1,0000

Year	2009	2010	2011	2012	2013
Revenue	12,613,776	17,669,549	15,154,025	14,677,539	14,694,477
Current Profit/Loss	(1,170,224)	1,778,906	509,729	1,559,635	1,817,475
EPS (NTD)	(0.83)	1.48	0.38	1.31	1.53
ROE (%)	(10.91)	8.16	2.36	7.48	8.52
Total Asset Amount	39,547,198	37,559,729	35,783,086	36,237,129	37,338,294
Capital Expenditure	2,314,611	5,111,019	4,693,147	4,208,964	4,836,596
Debt to Total Asset Ratio (%)	45.77	41.06	41.20	42.15	41.90
R&D Expense	301,331	479,336	503,633	487,819	478,292

Note: 2013 and 2012 adopting IFRS, 2009~2011 adopting ROC GAAP

Source: Consolidated Report



• Revenue Weight

Year	Domestic Sales Weight (%)	Export Sales Weight (%)
2013	52.91	47.09
2012	51.66	48.34
2011	49.40	50.60
2010	53.73	46.27
2009	63.94	36.06

Note: 2013 and 2012 adopting IFRS, 2009~2011 adopting ROC GAAP Source: Consolidated Report

• Top 10 shareholders

Shareholder Name	No. of Shares	Shareholding Ratio (%)
Labor Pension Fund (The New Fund)	40,109,000	3.36
Deutsche Bank AG	30,775,189	2.58
Chin-Kung Lee	28,995,941	2.43
Morgan Stanley & Co. International Plc	27,900,323	2.34
United Microelectronics Corporation	25,832,696	2.17
Public Service Pension Fund Management Board	25,682,000	2.15
JPMorgan Chase Bank N.A. Taipei Branch in custody of Norges Bank	25,583,038	2.15
Fubon Life Insurance Co., Ltd.	25,000,000	2.10
Labor Retirement Fund (The Old Fund)	23,182,000	1.94
Dimensional Emerging Markets Value Fund	19,574,805	1.64

2013 Annual Report

• Government Investment Encouragement and Subsidy

The company is entitled to tax exemption due to applicability in promote industrial upgrade ordinance, “internet, manufacturing and technological service industry purchase equipment or technical applicability investment deduction guidelines,” “Company R&D and Talent Training Expenditure Applicable Investment Deduction” “Applicable Investment Deduction for Company Investment in Resource Scarcity or Delayed Area Development” “Emerging Important Strategic Industry belongs to Manufacturing and Technological Service Industry Incentive Sales.” The company will be entitled to tax deduction amount in the follow according to the “Upgrade Industry Ordinance” prior to void. The amount of income tax reduction:

Unit: NTD 1,000

Name of Subsidized Item	2009	2010	2011	2012	2013
Equipment, R&D development, resource scarce area, and talent training expenditure reduction	19,639	152,068	81,427	152,314	128,960

Note: 2013 and 2012 adopting IFRS, 2009~2011 adopting ROC GAAP Source: Consolidated Report

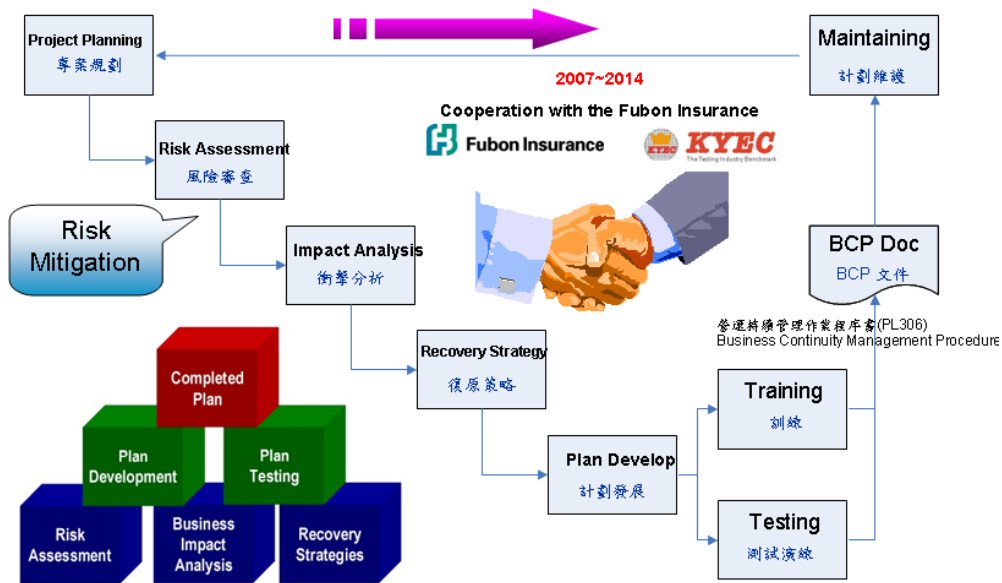


Risk Assessment

• Risk Policy

Facing with the global climate change today, we could encounter any emergency situation such as natural disaster or human error. To assure the critical processing and services of the company will not face with interruption of key operating function due to sudden accidents and to protect the company's operating plans for successful implementation, maximizing the interests of clients, employees and shareholders, we continue to promote Business Continuity Management (BCM) in order to reduce the impact of disaster on the company and to restore within the shortest time possible, enhancing corporate competitiveness. In particular, the framework of Business Continuity Plan (BCP) is shown below:

BCP Structure



BCP Course Training

• Risk Assessment Structure

KYEC has promoted Business Continuity Management system since 2007 and established relevant function organization according to the crisis incidents by routinely monitoring potential danger, establishing crisis collection mechanism and crisis management procedure. KYEC conducts operation training on crisis handling team members, where there is a crisis, the General Manager shall act as the Commander in Chief to take control and decisions in actions such as crisis management during incidents, emergency response actions, and post-disaster relief. The team routinely detects potential crisis and the functions of each functional organization are described below:



1. Crisis Management Organization:

In the event of crisis, it is important to understand how to activate crisis control and handling mechanism in order to carry out post-disaster recovery work.

2. Emergency Response Organization:

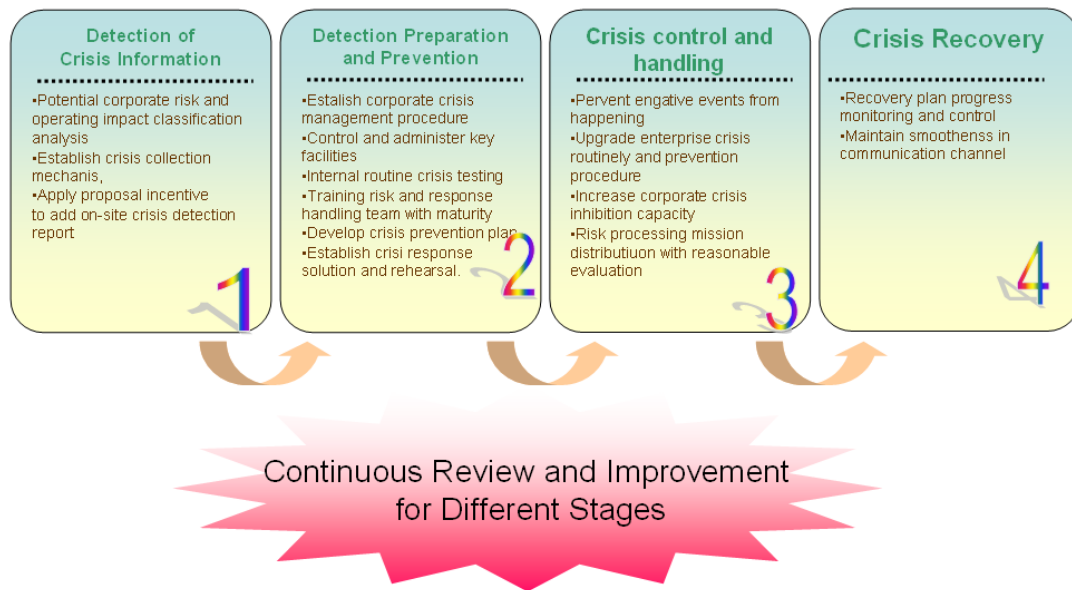
In the event of emergency incident that initiates emergency response plan, the crisis management plan and organization must also be activated. The main purpose is to provide enterprise with dual measures through prevention and practice, preventing, controlling and processing risks. The evaluation of post-disaster loss and rescue relief coordination is the most important work at this stage.

3. Post-Disaster Recovery Organization:

The purpose of post-recovery plan is to restore corporate operating function, including immediacy and comprehension, using existing administrative organizational as the foundation and may adjust the recovery organizational structure depending on the disaster severity and site of disaster.

Crisis Management

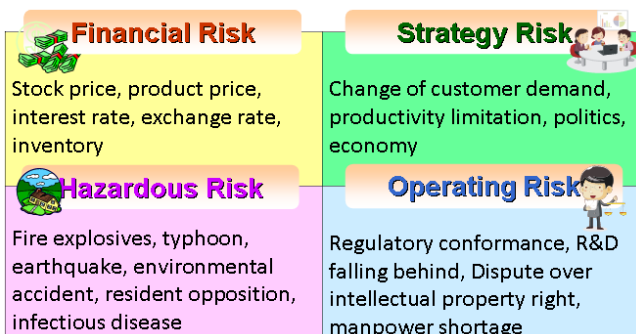
Each year KYEC prepares budget to hire professional consultant for counseling, routine review of corporate risks and business impact analysis data. After selecting the disaster scenario, the recovery selection analysis is executed. KYEC will undergo at least one routine rehearsal to test feasibility, in order to recover the corporate operating standard quickly after the disaster and reducing impact on client and suppliers.



Emergency Response

A total of 384 risks were examined between 2012~2013 in addition to analyzing the severity. 13 risk scenarios have been simulated since 2007 to develop various response strategies. BCM not becomes a part of KYEC culture through educational training and promotion.

Business Risk Category



Risk Category Statistics Analysis



Risk Strategy

Dimension	Risk	Response Strategy
Financial Risk Operating Risk	Interest Rate Fluctuation	Interest expense in interest rate and exchange rate fluctuation has greater impact on the loss/profit of the company.
	Exchange Rate Fluctuation	1.Capital expense consists mainly of import equipment. To reduce the impact of exchange rate fluctuation on profits, the company reaches agreement with major customers to pay some account receivable in USD. 2. Develop the acquisition or disposition of asset disposition procedure according to Article 12 “Procedure in Disposing Acquired or Disposed Derivative Product” as the ground for engagement in foreign exchange risk avoidance tool in order to reduce the impact of exchange rate fluctuation on profits.
	Inflation and deflation	Inflation and deflation will not have major impact on the corporate profit/loss.
Environmental Risk	Hardware Equipment Investment	The net cash flow from company operation and public operation contribute to considerable operating funding for corporate development.
	Energy Resource Management	Uphold to philosophy of “Sustainability” and integrates with upstream/downstream suppliers to sustain the use of resources and energy through the philosophy of “green production.” Use low-pollution, energy-saving and less-waste green concept to constantly invest in manufacturing technology and productivity.
	Greenhouse Gas Reduction	Fighting against climate change and global warming is one of the most important eco-friendly issues faced by enterprises today. The continuous footprint and greenhouse gas inventory each year supplemented by energy-saving measures will help the company accomplish the objective in greenhouse gas reduction.

Future Objective

Dimension	Risk	Response Strategy
Financial Risk	Interest Rate Fluctuation	Daily collection of interest rate fluctuation to timely adopt suitable response measures.
	Exchange Rate Fluctuation	Daily collection of exchange rate fluctuation to timely adopt suitable response measures. °
Operating Risk	Hardware Equipment Investment	Prudence in investing machinery equipment, purchase mainstream testing machine and invest on clients with high growth. Strengthen testing platform effectiveness integration and diversify the weight of single client.
Environmental Risk	Energy Resource Management	1. Implement resource recycling constantly. The 2014 recycling rate reached over 90%. 2. The 2014 waste water treatment efficiency increases. The daily waste water treatment time can be reduced to 30%.
	Greenhouse Gas Reduction	Greenhouse gas inventory result shows power use is the main source of greenhouse gas emission of the company. KYEC shall continue to save energy and power as reduction solution, using power use reduction to achieve greenhouse gas emission reduction.



Customer Management

KYEC upholds to thinking in customer's feet. We firmly believe that clients handing over valuable products to KYEC for testing in order to create values far higher than the testing fees they have paid. KYEC conducts customer survey, customer audit and routine/non-routine review meetings to provide customers with higher quality, lower cost and faster products and services, thereby creating highest value for customers. Additionally with regards to customer communication, KYEC strictly abides by the 24-hour reply policy to prioritize the reply to customer demand or complaint in one day while conducting root-cause analysis on the items not reaching the goals through relevant departments in addition to proposing improvement solutions and continuous follow-up.

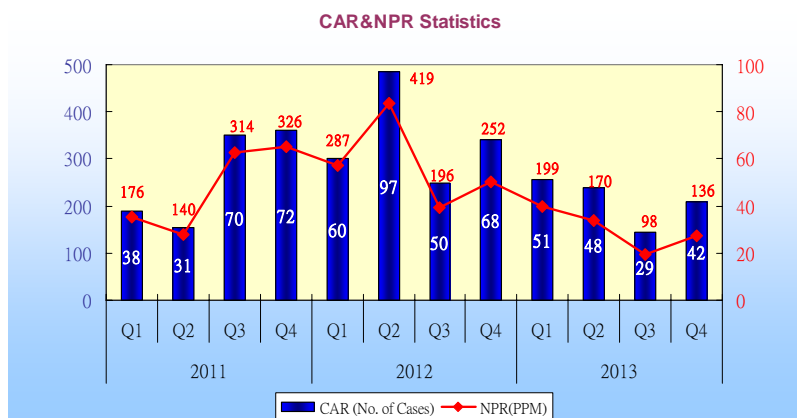
Customer Complaint Handling Procedure

To respond to customer voice in time and effectively handle customer complaint cases, KYEC establishes internal customer complain control procedure through written and standardized operation procedures to record and analyze the reason for customer complaints, establishing customer complaint handling principle and archiving for analysis and summarization. Additionally, KYEC establishes customer complaint system through Delta Flow with the following three purposes: 1. to quickly and accurately handle anomalies through customer feedback and seek for customer satisfaction. 2. Report to supervisor in time with pre-warning of the severity of customer complaint. 3. Collecting customer opinion as ground for continuous improvement of quality, which scope includes anomalies to all customer responses such as product quality anomaly, lead-time, transport, and services.

The handling of closing customer complains relies on CQE as the main contact window with customer. After CQE has received customer complaint notice (including customer email, telephone notice, written notice, system notice..etc), CQE must register the case with the system in 24 hours for case follow-up, in addition to notifying relevant personnel (the system will notify business division director, QA supervisor and salesperson). Nonetheless the customer does not contact directly with CQE due to special reason or habit, non-CQE personnel must notify CQE the customer complaint message in 24 hours.

KYEC shall reply in 24 hours for temporary prevention measure and complete question authentication in 348 hours. In case customer has special need, follow customer instruction for execution. The reply deadline for customer complaint shall abide by customer requirement. In case customer does not assign reply deadline, based on customer complaint and case principle, KYEC shall reply to customer in 5 working days after receiving customer notice. After replying customer complaint, CQE shall confirm the corrective preventive measure listed on the report with execution completion in addition to proposing relevant ground evidence for validity. The case will then be registered and closed. In general, customer complaint will be solved in 30 days after receiving notice from customer in addition to complying with the following operation guidelines:

1. KYEC internal classification of customer complaint follows complaints and concerns.
2. Customer complaint report shall be composed through 8D principles.
3. Root-cause analysis will first adopt 5 Why, Fishbone (Cause & Effect Diagram), Stratification...etc. to discuss the root cause inside.
4. The customer complaint will be retained for at least 3 years in case of post-review by customer or audit review later.



Supplier Management

KYEC is committed in maintaining long-term cooperation with domestic and international suppliers, collectively establishing sustainable supply chain with stable development. KYEC not only controls supplier product quality, lead-time and price but also advocates suppliers to implement environmental protection, improve safety and health, value human right, and jointly fulfill corporate social responsibility, in addition to preparing risk assessment and business continuity plan.

KYEC requires all suppliers to comply with quality management system, environmental safety and health management system, and Authorized Economic Operator assessment. The supplier purchase procedure reviews the supplier condition one by one, including the basic information of the company, relevant certificate, quality certification records, environmental safety and health management survey, business condition (including main clients, main products, monthly delivery amount, and percentage), product information, manufacturing procedure, raw material/material supplier and operation continuity management of financial situation, contract signed with purchase obligations, suppliers' Green Product management, and suppliers' social responsibility. KYEC also requests suppliers to sign Electronic Industry Code of Conduct (EEIC) with commitment to fulfill corporate social responsibility management.

To improve the overall competitiveness of supply chain, KYEC not only conducts supplier audit routinely but also incorporates the supplier quality, cost, service level, environmental protection, work safety and technology as assessment items to not only assure the quality level but also assist the suppliers search for the root cause, in addition to providing necessary counseling for KYEC supply chain to be maintained at the optimal competitiveness

Supplier Management Committee

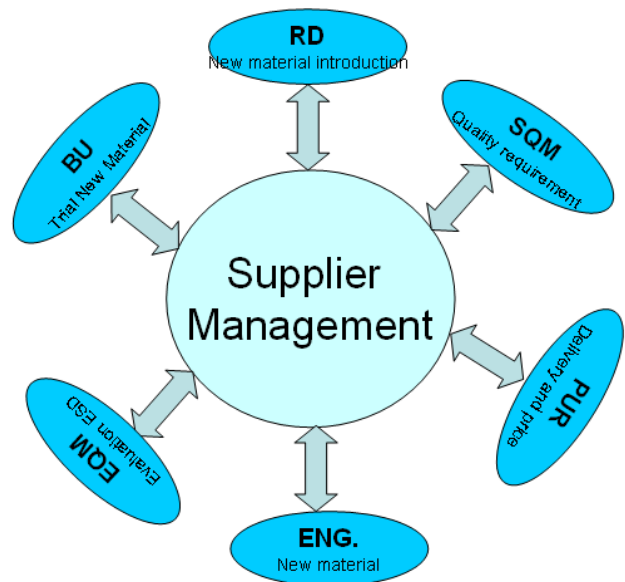
Supplier is an integral part of corporate operation and to assure the package material supplier can continue to meet shipment requirement, KYEC conducts assessment on the performance of supplier quality and price.

Supplier Distribution

KYEC is committed in establishing stable supply/demand relationship with suppliers and to maintain long-term cooperation of sustained supply chain. In addition to considering supplier product quality, lead-time and price, KYEC also advocates suppliers to implement environmental protection, labor safety and health improvement, valuation human right issues, fulfill CSR, and prepare risk assessment and operation continuity plan.

The company not only continues to promote supply chain localization but also values the economic development of suppliers in Taiwan. The purpose is to support local industries, create employment opportunities while reducing transport costs, lowering carbon emission and diversified risks. In 2013, the ratio of large raw materials purchased from Taiwan has increased from 72.9% to 79.1% compared with previous year. KYEC continues to foster local Taiwan companies by promotion the upstream IC design companies with the use of local materials, thereby collectively reducing production costs and risks and increase competitive advantage.

In addition to constantly increasing localized purchase and improve quality objective, KYEC maintain close cooperation with suppliers by developing and introducing other suppliers as alternative materials, reducing the risk of single source of materials and avoid risk of materials shortage due to force majeure.

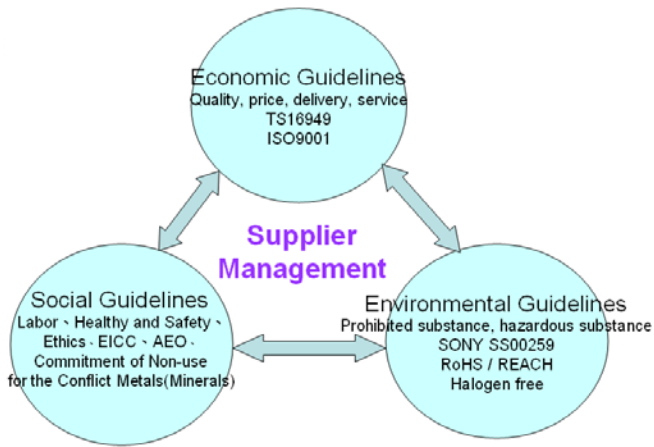


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Supply Chain Risk Management

To avoid the impact caused by supply chain interruption and to reduce risks, KYEC requests supply chain to develop business continuity plan and communicate with supplier for proper response measures, thereby assure the continuity operation of suppliers and prevent bankruptcy without warning, natural disasters, and accidents, that could damage productivity or jeopardize operation that affect the interest of stakeholders.



Supplier Management Requirement

KYEC requests all suppliers to comply with quality management system, environmental safety and health management system and AEO assessment. Supplier purchase procedure reviews the supplier condition one by one, including the basic information of the company, relevant certificate, quality certification records, environmental safety and health management survey, business condition (including main clients, main products, monthly delivery amount, and percentage), product information, manufacturing procedure, raw material/material supplier and operation continuity management of financial situation, contract signed with purchase obligations, suppliers' green GP management, and suppliers' social responsibility. KYEC also requests suppliers to sign EEIC with commitment to fulfill corporate social responsibility management.



Supplier Audit

KYEC shall conduct non-routine interview, meeting, site audit, and key counseling each year to carry out quality system, environmental protection system, safety and health management, basic human right, and social ethics audit on main ingredient supplier. In the event of discovering any flaws, suppliers shall immediately propose reasonable improvement of objective time to assure suppliers meet the aforementioned requirement. KYEC conducted on-site audit on 10 suppliers of key ingredient transaction in 2013, the audit results met the abovementioned requirement.

In addition to key supplier audit, KYEC also evaluates the supplier performance and quality performance of suppliers with monthly transaction to assure stable cooperation with the suppliers and use as reference for supplier counseling. In 2013, there were 72 suppliers transacting in electronic and key ingredients with KYEC and all suppliers have received evaluation of Class A. KYEC also encourages suppliers to continue maintaining excellent supply and quality.

Class	Ranking Scores	Score Definition	Corresponding Measures	2012	2013
A	90~100	Outstanding	Consider issuance of excellent supplier award	74	72
B	70~89	Excellent	Maintain normal transaction	0	0
C	60~69	Requires Improvement	Improvement in specified time	0	0
D	< 60	Disqualified	Consider purchase suspension	0	0
Total	-	-	-	74	72

KYEC conducts interview survey in first half and second half year to request suppliers to sign EICC and non-conflict minerals statement. KYEC also conducts on-site audit on key ingredient. In the event of discovering anomaly or major processing change, suppliers should strengthen on-site audit from time to time to conform to the various requirement of KYEC.

Supplier Counseling

To improve the overall competitiveness of supply chain, KYEC not only conducts supplier audit routinely but also incorporates the supplier quality, cost, service level, environmental protection, work safety and technology as assessment items to not only assure the quality level but also assist the suppliers search for the root cause, in addition to providing necessary counseling for KYEC supply chain to be maintained at the optimal competitiveness.

Purchase measures for Conflict Minerals

EICC has established (Electronic Industry Code of Conduct (EICC CODE) and various standards to assure the work environment safety in electronic industry supply chain. Labor is respected with dignity while the commercial operation is taking responsible in the environment.

In response to the international control and requirement over conflict minerals, KYEC strictly requires suppliers not to use the conflict minerals produced in this area for the raw materials supplied in addition to listing this requirement in the "Supplier EICC CODE Commitment" and thereby assuring that the suppliers do not provide materials using conflict minerals.

Effective Supply Chain Management

Supplier Performance Control

KYEC evaluates supplier service, lead-time, quality and overall performance in addition to requesting supplier to constantly improve in order to meet KYEC requirement. KYEC shall conduct written and on-site audit based on the annual transaction amount, supplier evaluation result, and other information in order to schedule for annual project audit on important suppliers.

Suppliers passing annual audit evaluation with excellence shall be granted with more KYEC order and presented from time to time.

Supplier Evaluation method:

1. Object of Evaluation: Primary raw material suppliers
2. Management Unit: supplier warranty and purchase
3. Execution Method :
 - The evaluation result of the actual performance of supplier collected by all relevant departments (supplier QC, purchase) monthly and quarterly.
 - Develop supplier annual audit and plan according to the evaluation results of supplier.



Green Operation Vision

Upholding to the social responsibility and mission and understanding that the most impact on the environment is the gas emission and resource use produced from transport, KYEC started taking positive control over delivery trucks through GPS in addition to promoting idling significance on environmental impact starting in 2013 by informing the correct driving method that will save fuel cost and supply chain, package material reduction with recycling, and gradually lowering the adverse impact of logistics operation on the environment.

Optimized Collection/Delivery Route

KYEC enhances transportation efficiency, reduces transport and miscellaneous costs and waste for unnecessary route costs through reasonable design of vehicle routes, which effectively solve chaotic traffic routes and soothes traffic jam by achieving social benefits in



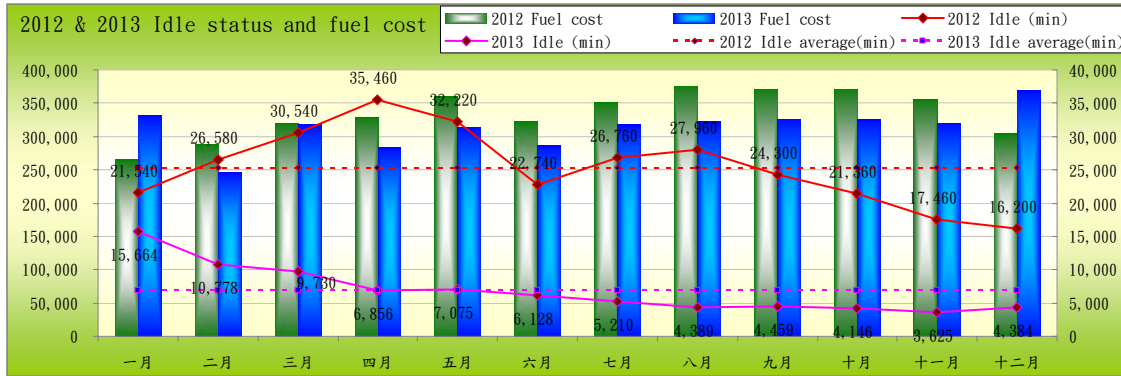
environmental protection.

Control vehicle routes at all time and control the temporarily added pickup operation by notifying the drive immediately and avoid repeated driving that saves fuel costs.



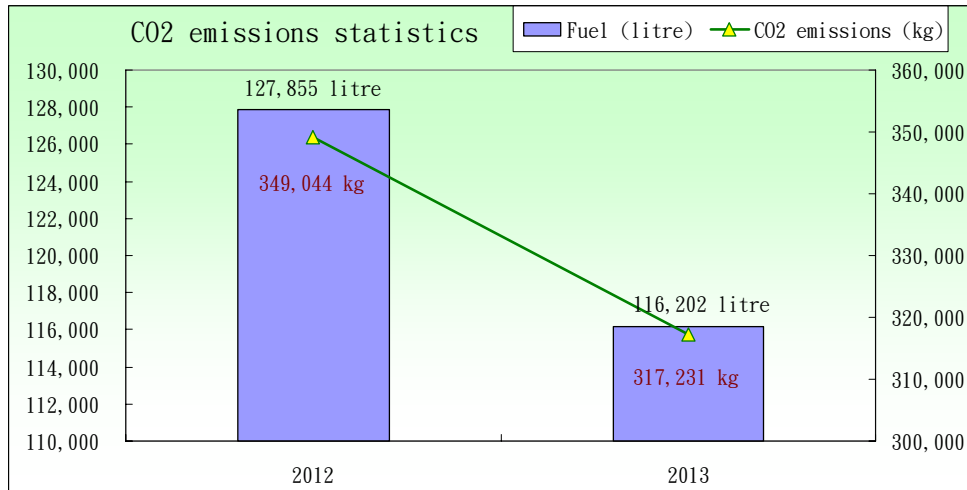
Idling and Fuel Statistics

1. The management department reviews the monthly fuel cost and idling status in addition to reviewing the optimal route shifts. Starting in 2014, the vehicle shifts are adjusted to reduce the number of shifts and fuel costs.
2. 2013 annual idling speed is 25,260 minutes /month, and the 2014 average idling speed is 6,870 minutes/month, down by 73%.
3. The average gasoline for 2013 was NT334,584/month and NT313,102/Month in 2014, down by 6%.



Truck CO2 Emission Statistics

31,813 Kg of carbon dioxide emission was reduced for the year, down by 9% per year (the carbon emission per one kilogram of diesel is 2.73KG).



Year statistic	2012	2013	Difference	Year rate
Fuel (litre)	127,855	116,202	-11653	-9%
CO2 emissions (kg)	349,044	317,231	-31,813	-9%

Green Package

The package used for cargo during the transportation is also the key to energy saving and costs. Compared with regular transport package, green transport package not only protects the goods but also meets green standards. Green transport package design appeals in safety, reliability and environmental protection. Apart from meeting the regulations, green package is hazardous free for the ecology and human body, with benefits in recycling, reuse, environmental pollution reduction, and corporate resource saving.

1. Increase material reuse and recycle for Wafer Box, Cassette, and carton.
2. Water Box used for loading IC can be recycled and reused. A total of 16071 boxes have been recycled by the end of 2013.
3. Cassette used for loading IC can be recycled and reused. A total of 18367 cassettes have been recycled by the end of 2013
4. Recycle carton required for shipment and reuse. A total of 28469 cartons have recycled by the end of 2013.

Supply Chain Safety Management Policy

In response to the rising tension in international anti-terrorism, the enhancement of international import/export cargo safety becomes a foremost important issue. To strengthen corporate competitiveness and factory control over consignment safety as well as to build an overall safe upstream/downstream supply chain, NYEC strengthens the supply chain procedure from education system, production operation, cargo inbound/outbound flow, supplier safety education and audit. KYEC has acquired AEO since 2012 and continues to strengthen cargo safety and personnel access control measures after introducing the certification to the company, thereby upgrading the corporate cargo safety control mechanism level.



ICP (Internal Control Program)

KYEC established a sound strategic high-tech product control program in 2013. The factory is committed in building an explicit and effective Internal Control Program that includes autonomous building of upstream/downstream black list screening system (ICP system), establishment of export control number and consignment corresponding list. The aforementioned ICP system even cooperates with the Bureau of Foreign Trade to compare with the international blacklist through G2B matching. KYEC even applies this program to establish company policy by stating the stance of KYEC's export control through explicit declaration for punishment and a reporting scheme which implement the internal control policy of the company.



Clean Production

Raw Material Use

TAPE & REEL, CHIP TRAY, ASY TAPE, and cartons are the four package materials that account for greater proportion in the purchase among by NYEC. In 2013, these materials have been supplied by multiple suppliers with massive availability. Apart from requesting suppliers to conform to the hazardous substance control standards (Please refer to the chapter on Green Product for hazardous substance management), NYEC also requests suppliers not to use direct or indirect minerals from the conflict area, in attempt to implement the environmental protection and social responsibility through the power of purchase. The carton used on product package is made from 80% of recycled paper pulp while conforming to the requirement of resource recycling and reuse. The test items on the hazardous substance control for the four package materials are listed in the following table:

項目 Item	物質名稱(Substance name)	REEL	Chip tray	ASY Tape	Carton
1	鎘以及鎘化合物 Cadmium and cadmium compounds(Cd)	√	√	√	√
2	鉛以及鉛化合物 Lead and lead compounds(Pb)	√	√	√	√
3	汞以及汞化合物 Mercury and mercury compounds(Hg)	√	√	√	√
4	六價鉻化合物 Chromium and chromium compound(Cr ⁶⁺)	√	√	√	√
	鎘+鉛+汞+六價鉻 Cd+Pb+Hg+Cr ⁶⁺				
5	多溴聯苯(PBB)	√	√	√	√
6	多溴二苯醚(PBDE)	√	√	√	√
7	全氟辛烷磺酸(PFOS)	√	√	√	√
8	全氟辛酸鹽(PFOA)	√	√	√	√
9	鹵素-氟 Halogens-Fluorine (F)	√	√	√	√
10	鹵素-氯 Halogens-Chlorine (Cl)	√	√	√	√
11	鹵素-溴 Halogens-Bromine (Br)	√	√	√	√
12	鹵素-碘 Halogens-iodine(I)	√	√	√	√
	鹵素-溴+鹵素-氯 Halogens-Br+Cl				
13	聚氯乙烯PVC	√	√	√	

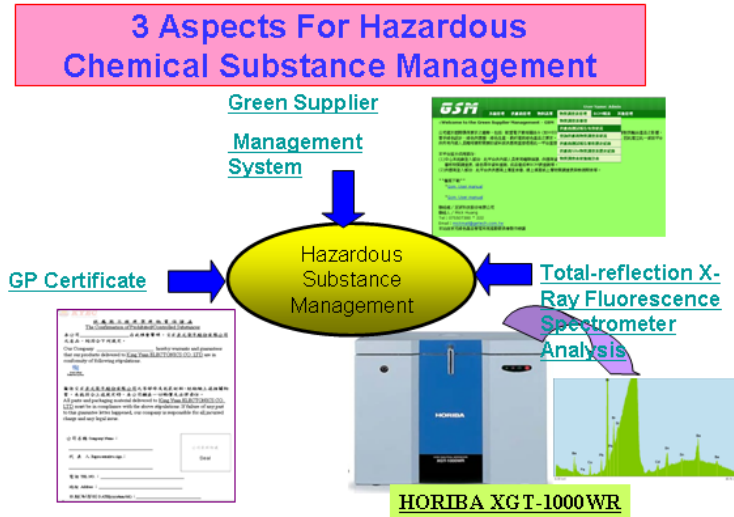
In response to the international control requirement over conflict metal, KYEC requests suppliers not to use the conflict metal produced from this area on the raw materials provided by the supplier in step. Statistics show that there were 49 key material suppliers meeting EICC at the end of 2013, KYEC continues to request more suppliers conform to the regulations in 2014 in order to assure the suppliers not use the conflict metal for the materials supplied.

Statistics show that there are 42 key material suppliers forming corporate partnership with KYEC by the end of 2013. KYEC continues to maintain excellent interaction with these key suppliers and establish sustainable supply chain with stable development.



Green Package Management

In pursuit of environmental sustainability and reduce pollution of package material on the environment, KYEC implements "Supply Chain Management," "Routine X-Ray Florescence Analysis," "Promotion Communication," "Compliance with International Regulations," and other green package material policy. Such package is further incorporated with hazardous substance management in order to improve green competitiveness and become excellent green company.

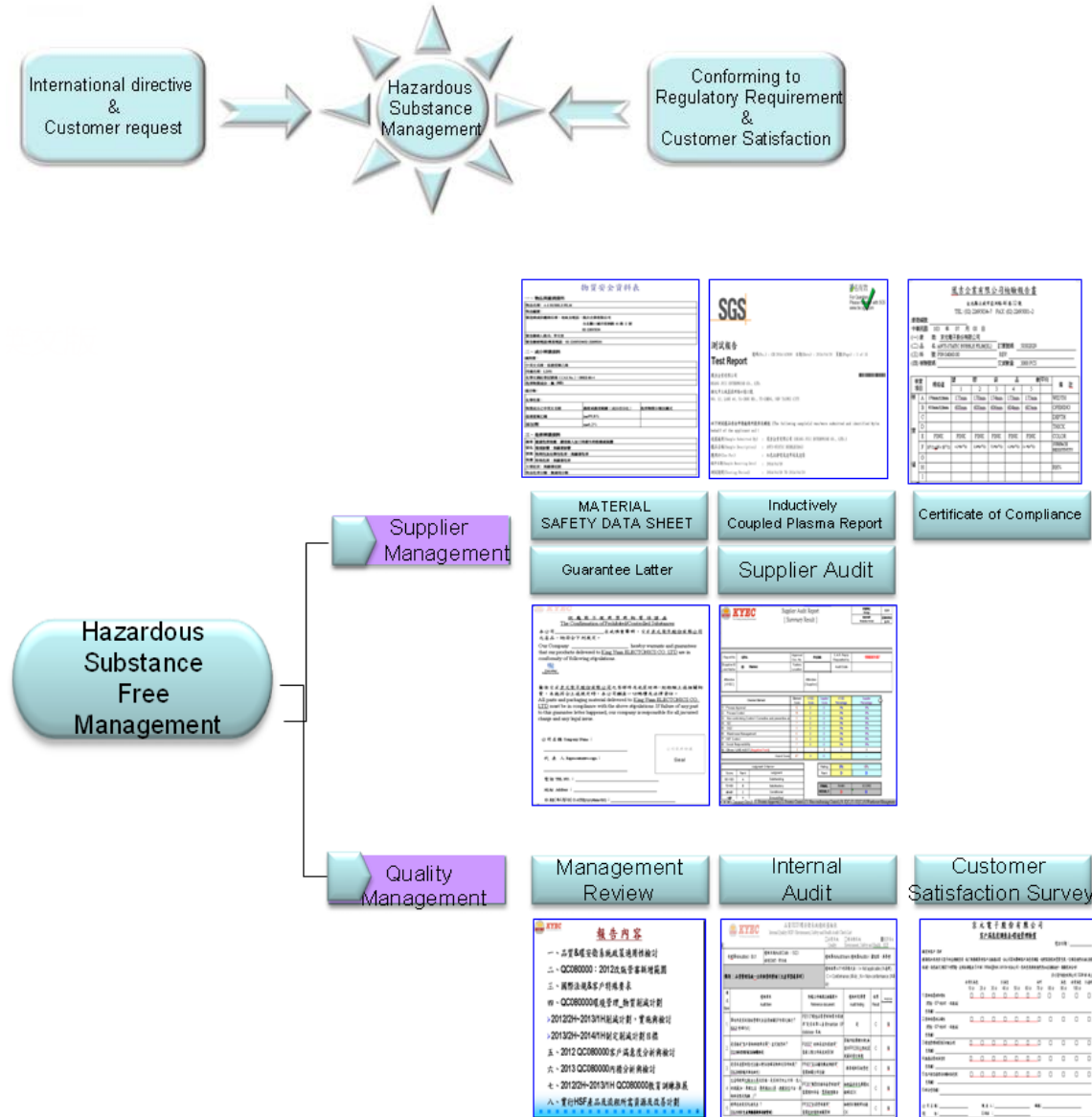


Hazardous Substance Management Promotion

To meet international regulations (RoHS, Halogen free, REACH) for requirement on packaging material with prohibited substance, KYEC establishes the green package material management promotion system and announce green regulation and promote requirement through this system.

Hazardous Substance Management System

KYEC requests the management departments of suppliers to refer to multiple international standard regulations (including SONY SS00259, REACH SVHC, RoHS 2.0) and develop non-hazardous substance management system. KYEC also assures the related activates of hazardous substance conforming to this hazardous substance management system requirement through the system procedure (inclosing supplier management and quality management) in addition to meeting customer requirement and relevant international standard requirement, thereby lowering impact on human or the environment.



Supplier Signing

Package material suppliers are required to sign a letter of guarantee to assure conformance to KYEC’s hazardous substance control requirement in addition to use Green Supplier Management (GSM) system platform (system screenshots as shown below) to provide the testing report of control items and need to submit substance safety ingredient form. In case any prohibited substance is used, suppliers shall automatically report to KYEC and review on the hazardous substance management from the upstream suppliers in order to assure the package material conforms to hazardous substance control requirement.



登入 (Login)

位用綠色供應商管理平台前，請先向管理員註冊。如若有登入帳號及密碼，請在下方登入。

供應商登入帳號(LoginID):

供應商登入密碼(Password): (密碼有大小寫之分)

語言(Language): 繁體中文

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User Name: 100596_622

供應商管理 物料清單 物質調查表管理 重要訊息

登出

網站說明 Introduce to GH (Green Hannspree)

KYEC(京元電子) & KLT(京隆科技)鑑於國際環保要求之趨勢，包括：歐盟電子業相關法令(如 WEEE、RoHS、Packaging 等對我輸出產品之影響)，著手綠色設計、綠色供應鏈、綠色生產、最終達到綠色產品。特引進此一系統，以收集並管理綠色環保法規相關資料。期能於未來與所有供應廠商同時成長，符合世界潮流。

檔案下載

- *[User manual\(Chinese\)](#)
- *[User manual\(English\)](#)

KYEC(京元電子) 檔案下載

- *[KYEC-供應商不使用禁用物質保證函中英文版\(certificate\)](#)
- *[KYEC-危害環境之禁用物質](#)

KLT(京隆科技) 檔案下載

- *[KLT-供應商不使用禁用物質保證函中英文版\(certificate\)](#)
- *[KLT-危害環境之禁用物質](#)

重要訊息公告

[2013-11-22 京元電子EICC道德誠信守法專線\(TEL:037-595666 * 26066\)](#)

[2013-11-22 京元勞工道德/環安衛目標與績效和對供應商之期待與要求!](#)

[2013-09-16 解除登入KYEC-GSM系統視窗快顯封鎖方法!](#)



User Name: 100596_622

供應商管理 物料清單 物質調查表管理 重要訊息

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檔案下載

- *[User manual\(Chinese\)](#)
- *[User manual\(English\)](#)

- 供應商物質調查表上傳
- 測試報告上傳
- 供應商測試報告有效狀況
- 查詢供應商物質調查表狀況
- 供應商測試報告歷史紀錄

(如 WEEE、RoHS、Packaging 等對我輸出產品之影響)。特引進此一系統，以收集並管理綠色環保法規相關資料。

上傳物料調查表清單

搜尋條件(針對查詢狀態為OK)

回GSM首頁

料號:	<input type="text"/>	供應商料號:	<input type="text"/>
承辦商:	不區分	品名規格:	<input type="text"/>
物料調查表:	不區分	綠色承辦商狀態:	不區分
查詢			

料號 供應商料號 供應商名稱 品名規格 物料調查表 保證函狀態 綠色承認 選修 系列名稱 總上填寫 檢驗MCD 審核紀錄

 Total 0 Records 50 Records/Page 1 / 1 Page [First](#) [Previous](#) [Next](#) [Last](#)

物料調查表

回GSM首頁

供應商物料調查表

供應商Site:	e.PAK Resources (S) Pte Ltd.	電子郵件:	Jennifer.Tseng@epak.com
聯絡人姓名:	Jennifer Tseng	填表日期:	20140109
聯絡電話:	0229149591	填表人:	103029_6639
傳真:	0229149597	品類:	一般
分類:		IR Reflow Max Temperature:	0.0
IR Reflow Max Duration:		保證函狀態:	<input type="checkbox"/>
MSDS或成份表:	20130514092411.zip	物料調查表狀態:	已上傳
總重量 (g):	200.0		
備註:			
刪除			

料號	供應商料號	供應商名稱	品名規格						
P03.04161.1E	P03.04161.1E	e.PAK Resources (S) Pte Ltd.	軸片(C), 旋轉蓋蓋.Reel.T16-13/04/A1-BK.4"×16MM. 品.SKYWORKS						
Rohs檢測規範	有害物質含量(PPM)	PB	Cd	Hg	Cr(+VI)	PBB	PBDE	Packing Part Pb+Cd+Hg+Cr(+VI)	總重量 (g) (Total Weight)
	Rohs標準含量(PPM)	1000	100	1000	1000	1000	1000	100	100
	最大限(PPM)	2.0	2.0	2.0	2.0	5.0	0.0	8.0	

零件(材料)中文名稱	零件(材料)英文名稱	重量(g)	應用/目的	有害物質組名稱	有害物質名稱(金屬轉換率)	檢測方法	N.D.	含有量(ppm)	測試報告	測試日期	報告編號	送規除外條款	備註
旋轉蓋	Plastic Reel	200.0	包裝材料	Cadmium/Cadmium Compounds鎘及其化合物	Cadmium/Cadmium Compounds鎘及其化合物	IEC62321	N.D.	<=2.0	cd_pb-test_s28_HIPS(Black)(2014-01).pdf	20140102	CANEC1112639607		
				Hexavalent Chromium/Hexavalent Chromium Compounds六價鉻及其化合物	Hexavalent Chromium/Hexavalent Chromium Compounds六價鉻及其化合物	IEC62321	N.D.	<=2.0					
				Lead/Lead Compounds鉛及其化合物	Lead/Lead Compounds鉛及其化合物	IEC62321	N.D.	<=2.0					
				Mercury/Mercury Compounds汞及其化合物	Mercury/Mercury Compounds汞及其化合物	IEC62321	N.D.	<=2.0					
				Polybrominated Biphenyls (PBBs)多溴聯苯類 (PBB類)	Polybrominated Biphenyls (PBBs)多溴聯苯類 (PBB類)	IEC62321	N.D.	<=5.0					

• Quality Management

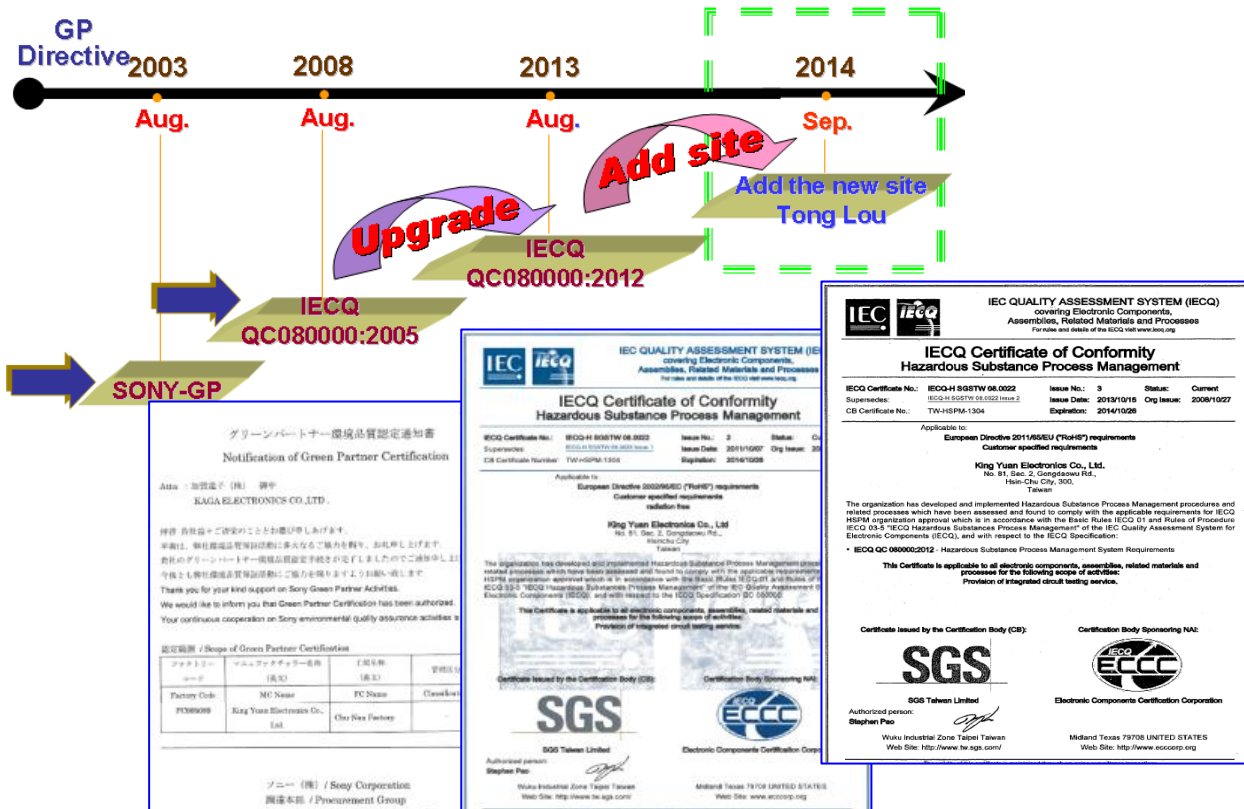
KYEC also routinely conducts internal audit and management review to assure conformance to international regulatory requirement and meeting customer demand for package material hazardous substance. KYEC collects related regulatory requirement for hazardous substance in every half year, i.e.: REACH SVHC、SONY SS00259、RoHS 2.0, in addition to notifying the suppliers by requesting them to sign letter of guarantee for the assurance of conformance to hazardous substance related regulatory requirement.

2014-1 Internal Quality /HSF / Environment, Safety and Health Audit Member

2014-1 Internal Quality /HSF / Environment, Safety and Health Audit Member																
Audit team/Group	Audited	Auditor leader	BU													
BU1 (一)	BU1 (一) 部門品質	陳佳吉	HQ	PQ A	蔡麗波	PQ A	陳漢霖	PP1	林若庭	TE1	曾士斌	TE1	林月娥	PD1	李明龍	PD1
			CH	PQ A	林麗珊			PP2	柯宏強	TE2	林思好	TE2	張亦鳴	PD1	賴怡純	PD2
			※	※	蔡榮智	※	楊德芝	SG M	曾美婷							
	BU1	* 巫煥慶		*	張慧芝	*	張坤司	*	張榮華	*	蔡漢傑	*	黃竹勇			
BU2 (二)	BU2 (二) 部門品質	吳世華	AS Y	PQ A	曾祥強			PP	郭政鈴	PE	李明順	PE	陳怡若	PD2	鄭銘月	PD2
			CP	PQ A	徐顯芬			PP	劉旭輝	TE	潘展斌	TE	彭文輝	PD1	林智輝	PD1
			※	※	郭富美	※	彭靜瑜	SG M	李碧華							
	BU2	* 李寶儀		*	李惠雅	*	彭巧莉	*	蔡嘉彭	*	張世宗					
BU3 (三)	BU3 (三) 部門品質	王純潔		PQ A	林儀真	PQ A	歐敏吟	PP	陳嘉明	TE	謝永宏	PD1	羅冠廷	PD1	蔡麗芳	PD2
				PQ A	李淑玲			PP	蔡瑞芬	TE	黃智強	PD1	陳俊偉	PD2	方紹欽	PD2
			※	※	張淑儀	※	林巧蘭	SG M	吳秋雅							
	BU3	* 郭明松		*	陳冠博	*	羅文強	*	林慧嫻	*	洪偉森					
BU5 (四)	BU5 (四) 部門品質	楊達斯		PQ A	董安齡			PP	魏序	TE	翁智誠	TE	羅志昇	PD	謝志堂	AE
				PQ A	謝坤成			PP	王銘洋	TE	林慧銘	PD	蔡明明	PD	徐銘鴻	AE
			※	※	彭耀廷	※	沈靜裕	SG M	徐煥若							
	BU5	* 魏麗珍		*	陳美華	*	黃詠貞	*	羅惠若	*	楊冠顯					

Green Hazardous Substance Certification Evolution

In 2003, KYEC acquired SONY green partner management system certification, certified by QC080000(IECQ 2005) hazardous substance process management system standards in 2008, QC080000(IECQ 2012) revised certification in 2013, and the new plant (Tongluo) certification in 2014.



Environmental Management

Environmental Indicator

KYEC upholds to the philosophy of “sustainability” by taking positive actions in environmental protection, energy saving and waste reduction, and resource recycling and reuse. We believe that environmental issues are the responsibility of enterprises. For this reason, the environmental objective of KYEC not only lies on meeting regulatory standards but emphasizes on international eco-friendly trends by constantly acquiring the various environmental management system certification while integrating with upstream/downstream suppliers, sustaining the resources through the philosophy of “Green Production,” using low pollution, energy saving and less waste to constantly invest in the manufacturing of technology and productivity, providing customer with higher quality services and fulfilling corporate efforts in social responsibilities, in attempt to become the best paradigm of corporate sustainable management.

Energy Consumption and Management

1. Energy Management and Check System Implementation

- Establish integrated “waste reduction and energy saving” structure to incorporate purchase, sales, quality management, and other departments for more comprehensive management level.
- Using corporate environmental policy as direction to establish various waste reduction and energy saving, incorporating “waste reduction and energy saving” as company wide obligations.
- Coordinate weekly energy control meeting to control project follow-up and progress.
- Establish routine check system to constantly follow up and review the factory energy usage.
- Set up computer monitoring system to control energy usage. Dispatch personnel for handling anomaly and review reason.
- In addition to the general routine maintenance and repair for equipment, KYEC applies IR-Scan to discover potential anomaly energy consumption and immediately follow up for improvement.
- Approve ISO14001, ISO14064, QC080000 and related environmental certification so that the system standards will be integrated into factory operation to improve management system.
- Introduce excellent factory and expert participation for evaluation and improvement, using experience to upgrade energy saving effectiveness of the factory.

2. Energy Use

- 2013 direct energy and indirect energy use is described below, mainly consisting of power use, where diesel is used mainly for emergency generator and only activated or use during routine maintenance and testing.

Power	Diesel	Gasoline	Natural Gas	LPG
5643MWh/year	538L/year	0	0	0

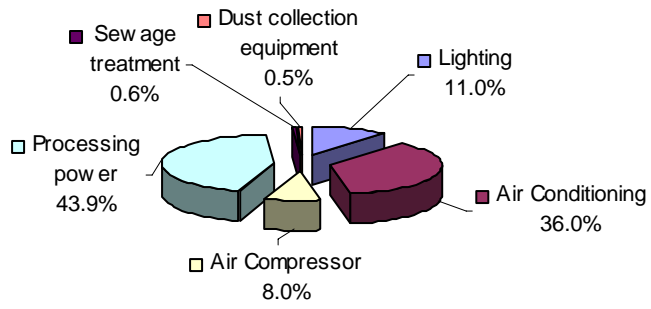
- 2013 power consumption distribution is described below:

Unit(1000 kWh/Year)

Factory \ Type	Lighting	Air Conditioning	Air Compressor	Processing power	Sewage treatment	Dust collection equipment	Total
Chunan Factor	39,273.20	128,530.40	28,562.30	156,735.60	2,142.20	1,785.10	357,028.80
Hsinchu Headquart	1,510.3	9,968.2	4,833.1	13,593.1	302.1	0.0	30,206.84
Total	40,783.5	138,498.6	33,395.4	170,328.7	2,444.3	1,785.1	387,235.6
Percentage	10.5%	35.8%	8.6%	44.0%	0.6%	0.5%	100%



2013 Factory Wide Power Use Distribution



3. Energy Saving Plan and Effectiveness

Nearly 90% of greenhouse gas emitted by KYEC Group comes from power consumption. Hence, KYEC focuses on power saving and management improvement project as its annual implementation objectives. We continue to study and upgrade equipment performance by promoting in-depth factor affairs and process equipment energy-saving project. By 2013, the promotion of energy saving project has reduced 3,002.6 tons of carbon emission in total, reducing 5,643 MWh of power use.

Specific Approach	Environmental Effectiveness		Economic benefit (NT1000/Y)
	Energy saving (hWH/Y)	Carbon reduction (tons CO ₂ /Y)	
Clean Room 5Ft T8 changed to energy-saving LED	5,077,000.0	2,701.0	13,200.0
MDF Computer Room air-conditioning changed to energy-saving VRF	171,000.0	91.0	333.0
Information material warehouse 4ft T8 changed to energy saving LED	88,000.0	46.8	369.0
CH2-3 Clean Room T8 changed to energy saving LED	307,000.0	163.3	797.0
AHU air-conditioning box installation changed to VRF control	900.0	0.5	89.7
Total	5,643,900.0	3,002.6	14,788.7

Water Resource and Impact on Water

1. Water Conservation Policy and Management

- Establish water conservation promotion organization to develop guidelines of implementation each year for all employees to follow.
- Establish operation procedure routine review as ground for water equipment operation management.
- Assure stable water use using monitoring system, routine meter check, routine maintenance and spot check.
- Routine check and review water use balance diagram to understand change of water use.
- Process recycled water and reuse plan to increase water resource recycling and reduce tap water use.
- Routine posting of water conservation, energy saving promotional poster, and remind employees of energy saving information via training, gather and various promotional channels.
- Cooperating with performance assessment and proposal improvement system to encourage employees.
- New plant planning give priority use of excellent energy-saving equipment and system in addition to flooring bricks on the plant for rainwater to directly permeate into ground.
- Positively participating in water conservation consoling projects from Industrial Development Bureau and constantly exchange water conservation experience with peer industries.
- Seeking new equipment and technology that can upgrade the ratio of factory water resource recycle and reuse.
- Validate performance on factory equipment and replace equipment with high water consumption to avoid waste.



Environmental Policy

- Effectively use energy resource, promote waste reduction, classification and resource recycling for reuse.
- Constantly improve to enhance environmental protection performance. Commit to pollution prevention to conform to environmental laws and customer requirement
- The promotion of environmental protection is the responsibility of everyone. Such philosophy should be promoted and educated.
- Establish "green supply chain" management system to reduce impact from product, process and related services on the environment.

Energy Conservation Strategy

Management Policy

- Develop energy resource control procedure.
- Control waste use through monitoring system and routine meter check.
- Assure stable waste use through routine maintenance and check on relevant equipment.
- Check water use monthly to avoid irregular water use.
- Review water balance routinely to understand changes in water use.
- Increase waster resource recycling to reduce tap water use.
- Recycle process water and reuse with continuous planning.

Promotion Strategy

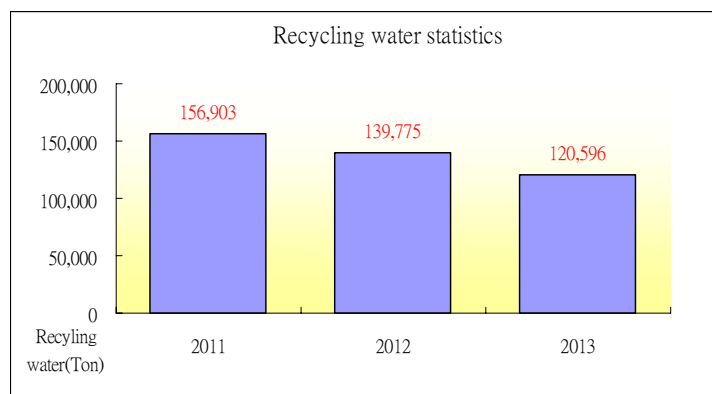
- Routinely post water conservation and energy saving posters.
- Education employee with correct energy saving knowledge through training or meeting.
- Strengthen personnel energy knowledge through eco-friendly e-newsletter.
- Cooperate with performance appraisal and proposal improvement system to encourage employees.
- New factory will be designed with superior energy-saving equipment and system as priority of use.

2. Water Resource Management Indicator

- KYEC constantly promotes various wate conservation projects each year. The project content includes processing waste water that can be recycled, reused and undergoes water treatment for improvement, water treatment recycling rate and re-utilization rate for performance upgrade, which effectively recycles resources.

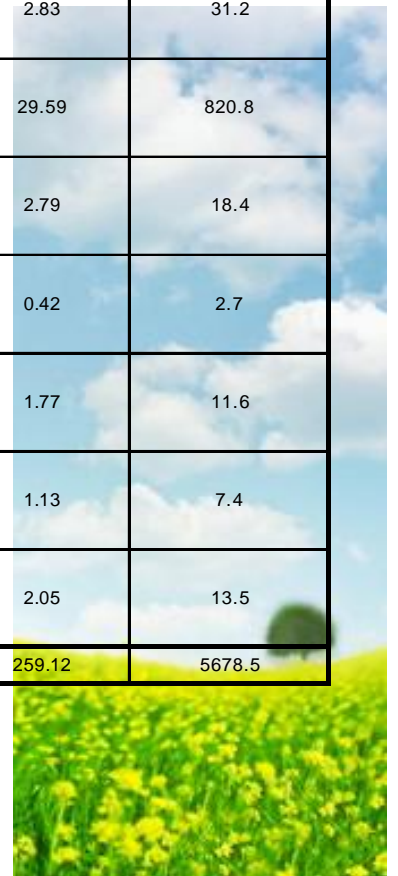
- 2013 water resource recycle and usage below:

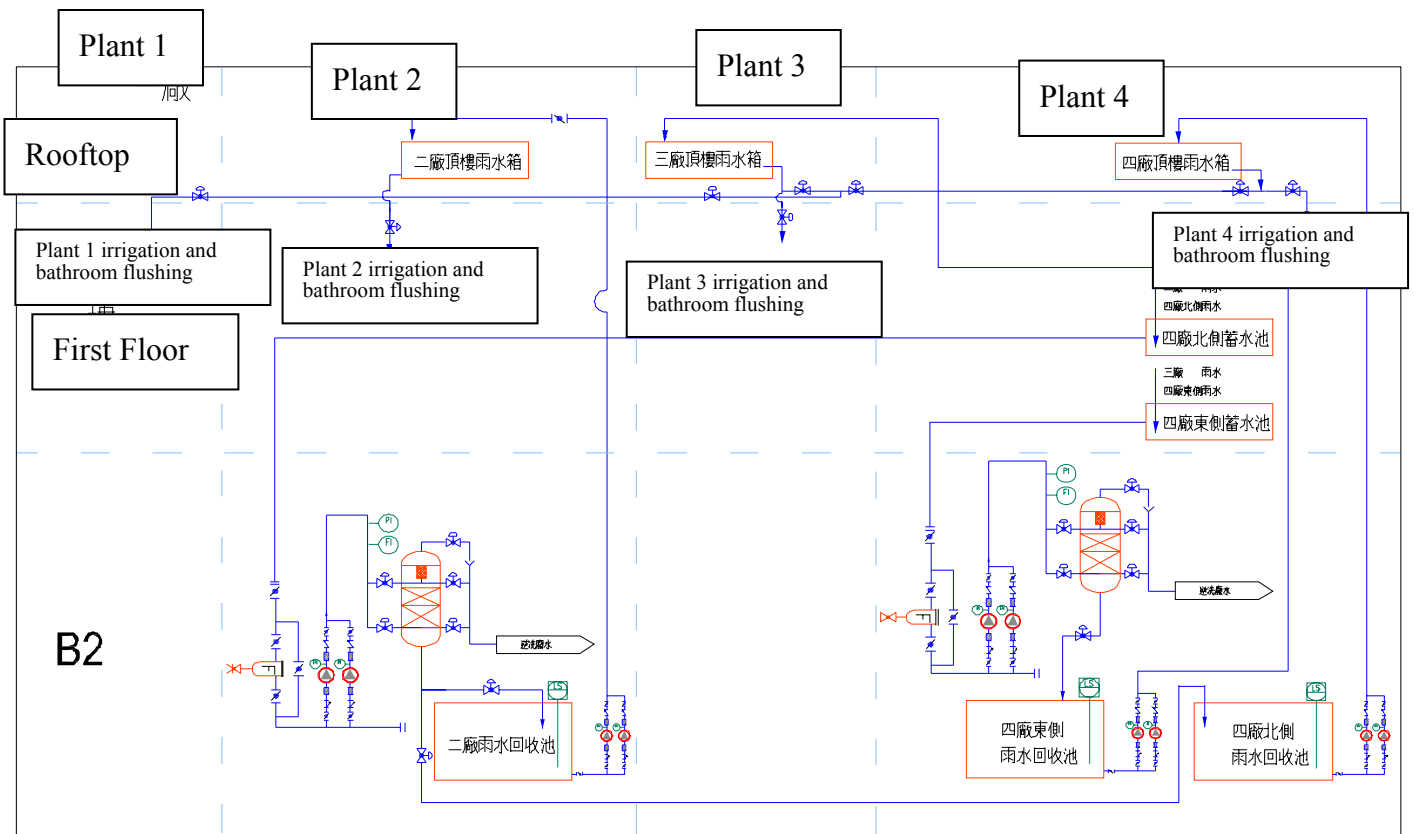
Intake Water (IW) (10K-Ton/Year)	Recycling Water (RCW) (10K-Ton/Year)	Reuse Water (RUW) (10K-Ton/Year)	Gross Water (GW) (10K-Ton/Year)
125	12731	35	12890



– Water Conservation Project with Implementation Effectiveness:

I t e m	Implementation	Environmental Benefits			Economic Benefits
		Water Amount Saved	Amount of sludge saved	Carbon reduction	Amount saved
		(10K tons/year)	(tons/Year)	(ton/year)	(NT10,000/Year)
1	The waste water from cutting and grinding wafter in the process is recycled to pure water system for supply to site processing.	64	883.1	124.16	3336.9
2	The vacuum cooling water during the grinding process is changed from the discharged to recycled and reuse water.	11	151.8	21.34	571.5
3	The rinsing water for sludge dehydrator in waste water field is changed from tap water to discharged water.	14.6	0	28.32	186.1
4	The ROR recycled water produced from the ultra pure water system RO tube is supplied to cooling tower use.	14.6	201.48	28.32	469.3
5	Soft water system cleaning water in reserve for recycle to the sediment pool, then supply for soft water system use.	1.46	201.48	2.83	93.7
6	Pure waster system in mixed bed trial water recycled to soft water pool for RO water use.	1.3	17.94	2.52	41.5
7	Re-disrtibute the pipe for toilette flushing and bathroom from faucet water to ROR recycled water.	1.8	0	3.49	23.2
8	Adopting sensor faucet and adjust the amount of water flow	3.9	0	7.56	50.7
9	Replace traditional sludge dehydrator with plate frame based filter	1.46	0	2.83	31.2
10	The recycling tube for cutting and grinding water water replaced with DOWEX tube	15.257	235.98	29.59	820.8
11	Plant 4 rain water recycling system established	1.44	0	2.79	18.4
12	Full bottled water placed in toilette water tank or adjust the water level on water tank to reduce the amount of water for flushing.	0.215	0	0.42	2.7
13	Recyling condensed water from the external air-conditioning box	0.912	0	1.77	11.6
14	Plant 2 and Plant 4 Rain water storage tank added with piping	0.582	0	1.13	7.4
15	Zhunan Factory Rain water recycling system integration	1.059	0	2.05	13.5
Total		133.585	1691.78	259.12	5678.5





Factory Rainwater Recycling System



Pure water system in mixed bed recycling to supply RO water from soft water area



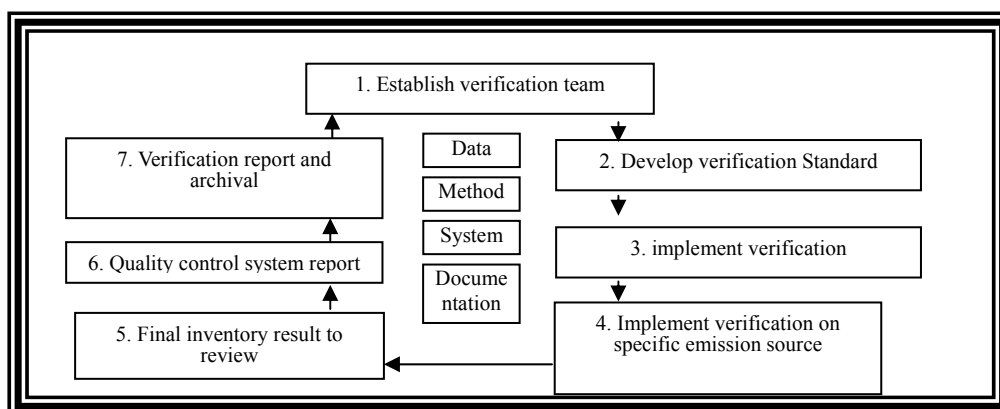
Cutting and grinding waste water classification and tubing for collection and recycling

Greenhouse Gas Inventory

Fighting against climate change and global warming is one of the most important eco-friendly issues faced by enterprises today. KYEC has established greenhouse gas inventory system since 2006 and applies energy saving measures through annual inventory to reduce greenhouse gas reduction.

1. To effectively administer the sources of greenhouse gas emissions, KYEC Group follows the suggestions specified in ISO14064 and Greenhouse Gas Protocol, to define operating related greenhouse gas emission into direct and indirect categories, identify the types and sources of any possible greenhouse gas within the scope of operation, in addition to receive certification by external inspection institute (SGS).





2. The inventory and calculation in 2013 shows that the greenhouse gas emission under 2013 inventory result scope 1 is 1922.747 tons CO₂e per year, accounting for 1.06%. The main attribute of sources comes from the R-134a refrigerant that fills water chiller. The greenhouse gas emission under scope 2 is 179373.742 tons CO₂e per year, accounting for 98.94%, which mostly consists of outsourced power. In terms of percentage, KYEC's main source of emission comes from external purchased power. The 2013 inventory results are shown below:

Factory	Scope 1	Scope 2	Scope 3	Total
Hsinchu Headquarters	383.642	15767.95	0	16151.592
Zhunan Factor	1570.902	163605.792	0	165176.694
Total Emission (tons CO ₂ e/year)	1954.544	179373.742	0	181328.286
Percentage (%)	1.08%	98.92%	0.00%	100.00%



◎ Description:

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

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

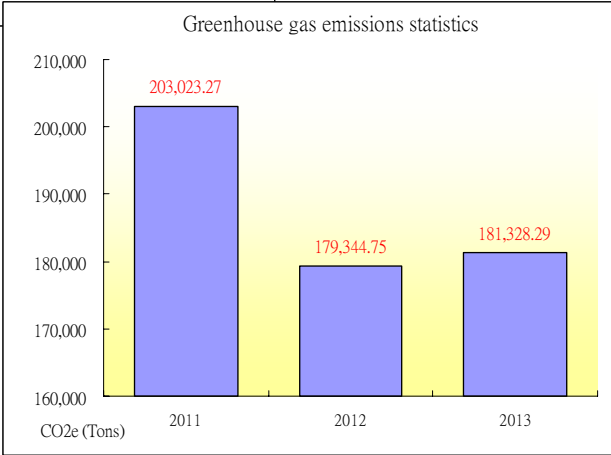
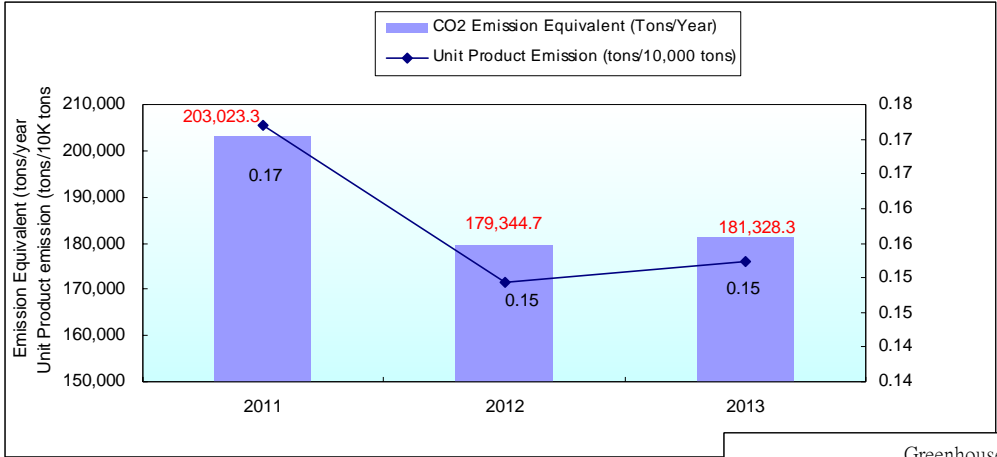
Scope 3: Employee commute, contractors, customer vehicle, and general waste treatment

3. 2013 various greenhouse gas emission

Factory	CO ₂	CH ₄	N ₂ O	HFC	PFCs	SF ₆	Total
Hsinchu Headquarters	15771.934	36.448	0.01	343.20	0	0	16151.592
Zhunan Factor	163904.561	323.640	4.69	943.80	0	0	165176.695
Total Emission (tons CO ₂ e/year)	179676.495	360.088	4.70	1287.00	0	0	181328.287
Percentage (%)	99.1%	0.2%	0.0%	0.7%	0.0%	0.0%	100.0%



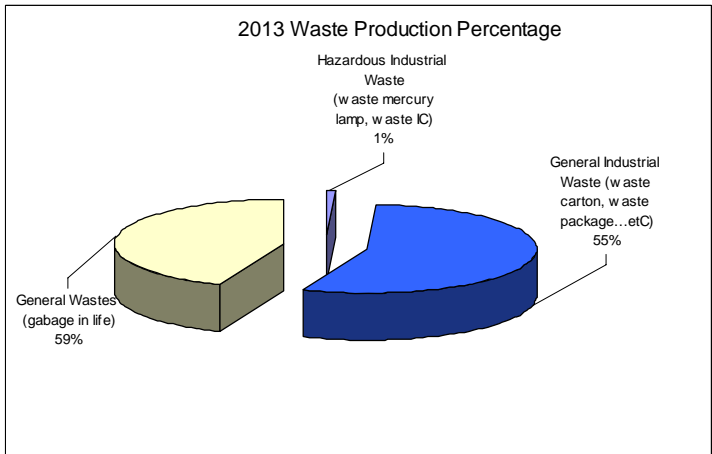
4. The list of greenhouse gas emission shows that power use is the main greenhouse gas emission source for the company, and hence energy saving on power will become the most effective reduction proposal. Apart from adopting administrative measures for energy reduction but also needs to conduct energy consumption evaluation on the overall power use equipment such as air-conditioning system. Adopt energy saving device to reduces power use and reduce greenhouse gas.



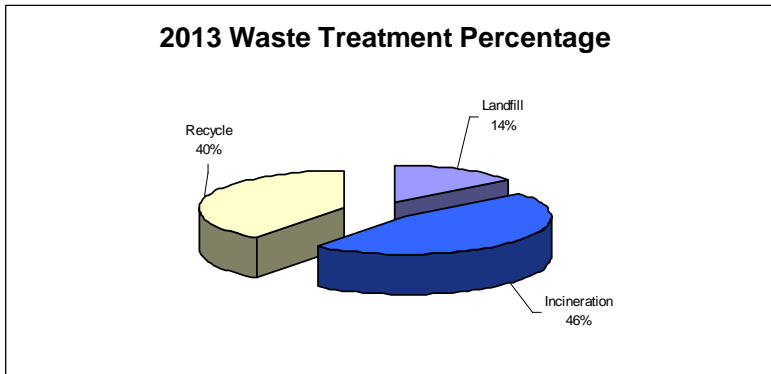
• **Waste Management and Reuse**

1. KYEC specializes in semiconductor testing process using non-toxic substance and does not involve in air pollution emission in the testing process but only waste water treatment and waste. The wastes are commissioned to certified suppliers for handling without transporting outside of Taiwan. The total wastes produced in 2013 are shown below:

Total waste types	Hazardous industrial waste	General industrial wastes	General wastes	Total
Amount of production (tons/year)	11.6751	912.535	722.86	1,647.07



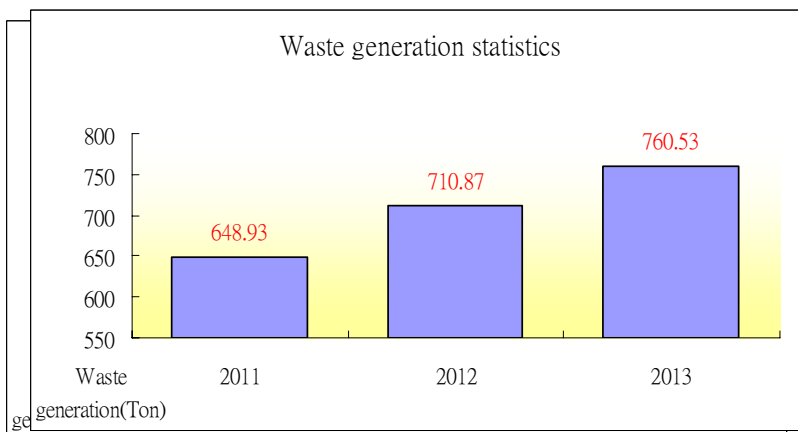
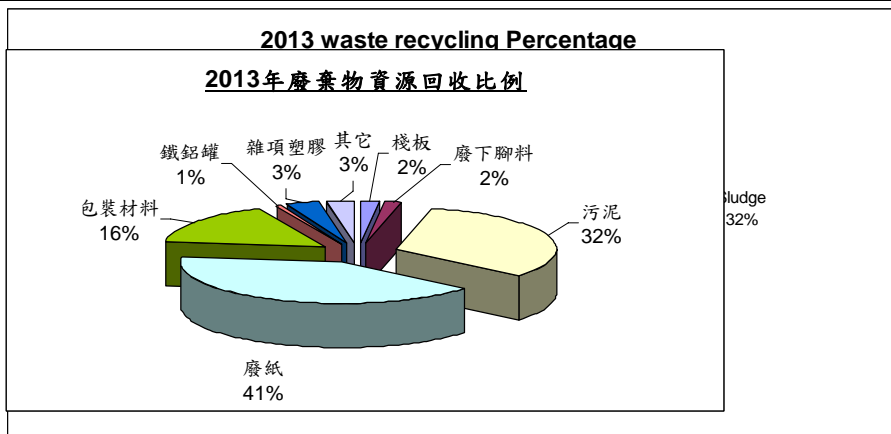
Treatment	Landfill	Incineration	Recycle	Total
Amount of Treatment (Tons/Year)	233.9	760.53	652.6401	1,647.07



2. 2013 waste reduction and recycling effectiveness:

- 2013 total sludge production was 445.32 tons, among which 211.42 tons were recycled. Due to the sludge treatment supplier suspending collection due to environmental issues in July 2013, the second half year of sludge 233.9 tons were commissioned to qualified supplier for landfill treatment. KYEC will seek for qualified recycling supplier for treatment.
- 2013 waste resource reuse was 652.64 tons, accounting for 40% of total waste. The various waste recycling and specific methods are described:

Pallet	Waster feed	Sludge	Waste paper	Package material	Metal and aluminum can	Miscellaneous plastic	Others	Total
12.8	11.5177	211.42	266.638	107.182	3.566	22.165	17.3513	652.64



- 2013 waste resource reduction and recycling performance

Type	Solution	Specific Approach	Performance (Tons/Year)
Hazardous Wastes	Defect (IC, Wafer)	Handed to recycling supplier for crashing and extraction of expensive metals	11.517
	UV Lamp	Commissioned to recycling factory for classification and reproduction into recycled lamp	0.1574
General Wastes	Wooden Pallet	1. Recycled on site for repeated use 2. damaged units will be recycled and crushed into wood chips for use as fuel additives	12.8
	Empty Chemical Barrel	Recycling supplier will clean and reuse.	3.05
	Inorganic sludge	Recycled for reuse and processed into brick additives	211.42
	Waste paper package	made into materials for use as recycle paper	264.36
	Waste metal	Recycled, dismantled, classified and reproduced into metal material.	4.864
	Waste metal and Aluminium can	Recycled to use as supporting materials for metal and aluminum products	3.52
	Waste plastic bottle	Given to plastic factory for material remaking	2.67
	PS Wrapping tape .PP Conveyor belt .PE Plastic wrap	Given to plastic factory for material remaking	47.365
	PVC Gloves	Given to plastic factory for material remaking	5.212
	Foaming package	Waste Styrofoam, foam, sponge...etc. an other foaming material. Recycled for packing, furniture and shoe filling.	22.78
	Cassette	1. Personnel at site shall classify, recycle, and reuse 2. Damaged units will be recycled and made into material	22.683
	Fixing rubber fabric for Wafer cutting	Fixing rubber fabric for wafer cutting, to be recycled and reproduced	4.05
	IC tube	1. Storage staff classifies, recycles and reuse 2. Damaged pieces will be recycled and made into material	32.6
	IC tray	1. Storage staff classifies, recycles and reuse 2. Damaged pieces will be recycled and made into material	3.582
	Wrapping tape paper roll	Return to wrapping tape supplier for repeated use	Recycling 3,650 PC/Year
Waste Information product	Recycled, dismantled, classified and reproduced into supporting material	Recycling 128 Units /Year	





Temporary Waste Resource Site



Production wire and package recycling

• Compliance with Environmental Regulations

There was no violation against environmental regulations in 2013.

• Overall environmental expenditure

Category	Expenditure (NTD)
Operating cost (waste treatment cost, waste factory cost, waste factory operating cost)	26,630,771
Management costs (Personnel cost)	4,320,000
Management cost	-
Environmental protection and pollution prevention	-
Social activity cost	-
Damage and remedy costs	-
Environmental R&D costs	-
Total cost	30,950,771

• Environmental Education

The promotion of environmental protection is the responsibility of everyone. To enhance employee awareness to environmental protection, KYEC offers e-newsletters, environmental safety and health corridor, educational training, and collaborates with employee welfare committee and relevant community institutions to jointly design the environmental education activities and to fulfill corporate responsibilities.

Form	Content
Environmental education promotion	<ul style="list-style-type: none"> * Establish internal information network for environmental safety and health. * New employees taking 3 hours of environmental safety and health educational training * Contractor implemented with 2 hours of environmental safety and education training before entering the site * Cooperating with factory space for designing the environmental safety and health promotion corridor. * Environmental safety and health e-newsletter issued every month * Cooperating with E-school knowledge platform to incorporate environmental protection teaching materials into reading.
Environmental protection promotion and implementation	<ul style="list-style-type: none"> * Employee café cancelling disposable utensils. * Café and convenience stores offering self-provided container with discount. * The factory is posted with small slogan for energy saving and waste reduction to remind employees of cleaning the environment at all.

	<ul style="list-style-type: none"> * Set up paper recycling box to promote dual-side printing and reduce paper use.
Agency activity participation	<ul style="list-style-type: none"> * Inviting semiconductor peer (TSMC) for experience sharing on energy saving and carbon reduction through s seminar * Participating in Industrial Development Bureau clean production outcome presentation. * Cooperating with Ministry of Economic Affairs Energy Bureau for “Energy Saving and Carbon Reduction Internship observation”
Organizing Welfare Committee Activity	<ul style="list-style-type: none"> * Organize environmental creative DIY activity. Employees participated with enthusiasm and each piece shows their full efforts. * Organize night time movie, carbon reduction cycling, and other outdoor activities for employees to implement “resource recycle and reuse, carbon reduction policy.”



Environmental Safety and health promotion corridor



Environmental energy saving promotion slogan



Environmental protection creative DIY



Energy saving and carbon reduction experience sharing seminar



Clean production outcome and experience sharing seminar



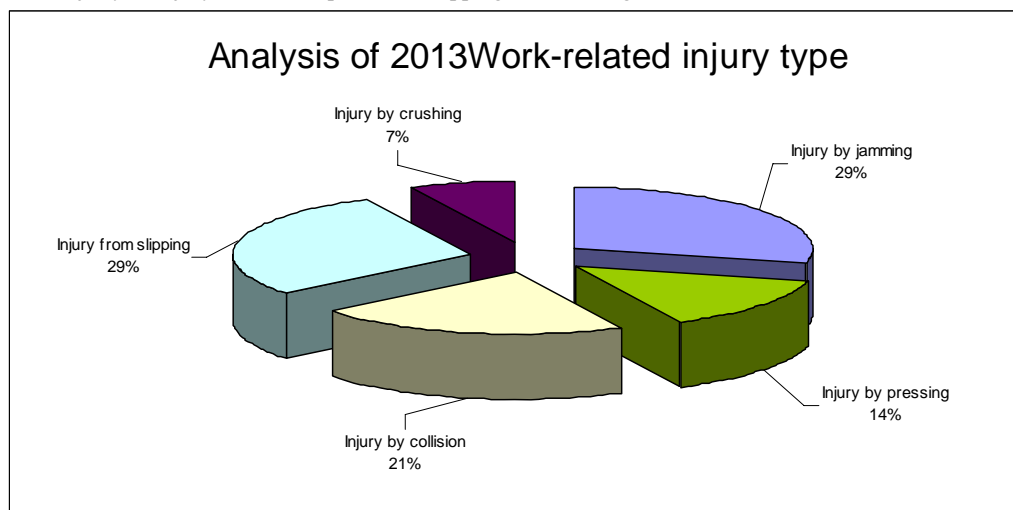
Occupational Safety and Health

Safety Health Policy and Organizational Operation

1. Develop comprehensive safety health policy. The General Manager shall announce to execute with all employees and supervisor. The policy shall expound KYEC' s principle on implementing occupational safety and health to improve life as well as commitment to the overall safety and health objecgives and improvement on safety and health performance.
2. Develop "System and organizational management procedure" by specifying the function of each layer in terms of safety and healthy, establishing labor safety committee and safety health promotion organization to call for quarterly meeting and to review safety and health issues, implementing entry-level communication mechanism.
3. The labor safety and health committee is established to call for quarterly meeting in discussion of safety and health relater matters. The Committee members include General Manager, Labor Safety and Health personnel and medical personnel, departmental supervisors, and technicians related to safety and health. Currnetly the committee consists of 58 people and 28 labor representative account for one third.

Occupational Disaster Statistics and Analysis

1. There were totally 13 cases of work related injuries in the factory in 2013, accumulative to 87 days of loss and dysfunctional injury frequency reaching 1.56 and severe dysfunctional injury rate of 8. The total injury index is 0.06, without mortality or fully dysfunctional injury. The majoriory of injury consists of personnel slipping and crashing.



2. KYEC requires department with the highest rate of work related injuries to promote and enhance supervisor' s safety awareness to personnel.
3. The factory launches "Zero Disaster Cumulative Work Hours Reward Activity" to calculate departments without injury each month, followed by announcement and award presentation.
4. Department responsible for work related injury shall analyze the root case and propose improvmenet strategy. The improvement report will be placed on the monthly e-newsletter and promoted through the environmental safety and health epromotion corridor.
5. The injury statistics will be compared with historical data to propose strategy that can reduce the percentage.
6. Employee traffic accident is more frequency, accounting for more than 85% of all injuries. The following improvement measures are offered:
 - To prevent U-turn in rush hours in the morning and at night, KYEC will attempt to remove the pedestrian island, install traffic lifht and increase safety.
 - Conduct educational training on new employoes on the main section of traffic accidents. When turning on/off off the screen, remind and promote.
 - Organize traffic safety courses to employees to increase concept of safe driving.
 - Email employee of road peripheral construction.



各單位零災害工時統計表

目的
為提升同仁注意工作及上下班交通安全之意識，101年10/1起實施『無災害累積工時獎勵活動』。

實施方式

1. 紀錄起始日期以無災害工時紀錄表載日期為準。
2. 每月依公佈提議表情形進行統計。
3. 專業單位發生職業災害損失日數超過一日以上，無災害工時紀錄歸零並重新計算。
4. 達累計部距之單位，依獎勵標準給予獎金。

紀錄時間 2012/10/01~2013/02/28止

事業處	實際標準(天)	一次獎金(元)	二次獎金(元)	101年累計	102年累計	公假發生日	紀錄起始日	累計天數	
測試一處	150	10,000	20,000	18	31	28	101/11/15 101/12/11	101/12/12	77
測試二處	180	10,000	20,000	92	31	28		101/10/01	151
測試三處	100	10,000	20,000	80	31	28	101/10/02	101/10/03	148
測試四處	250	10,000	20,000	92	31	28		101/10/01	151
測試五處	180	10,000	20,000	61	18	23	101/10/26 102/01/11 102/01/13 102/02/05	102/02/06	23
品質保證處	250	10,000	20,000	92	11	28	102/01/20	102/01/21	39
營業中心	300	5,000	10,000	92	31	28		101/10/01	151
行銷中心	250	10,000	20,000	81	31	28	101/10/12	101/10/13	120
研發中心	250	10,000	20,000	92	31	28		101/10/01	151
企劃處	365	5,000	10,000	92	31	28		101/10/01	151
財務處	365	5,000	10,000	92	31	28		101/10/01	151
會計處	365	5,000	10,000	92	31	28		101/10/01	151
測試一處	180	10,000	20,000	92	21	28	102/01/10	102/01/11	49
測試二處	90	10,000	20,000	92	31	28		101/10/01	151
測試三處	90	10,000	20,000	37	31	28	101/11/22	101/11/23	86
測試四處	180	10,000	20,000	92	31	28		101/10/01	151
測試五處	90	10,000	20,000	92	10	28	102/01/21	102/01/22	38
品質保證處	365	5,000	10,000	92	31	28		101/10/01	151
營業中心	365	5,000	10,000	92	31	28		101/10/01	151
行銷中心	365	5,000	10,000	92	31	28		101/10/01	151
研發中心	365	5,000	10,000	92	31	28		101/10/01	151
企劃處	365	5,000	10,000	92	31	28		101/10/01	151
財務處	365	5,000	10,000	92	31	28		101/10/01	151
會計處	365	5,000	10,000	92	31	28		101/10/01	151

第一次累計目標，榮獲1萬元獎勵金！

測試三處達成工作傷害、交通事故
第一次累計目標，榮獲1萬元獎勵金！

品質管理處/ 工安環保部製

Monthly zero-injury work hours statistics

京元電子股份有限公司 The Testing Industry Benchmark

2013年度優秀榮譽榜

• 頒獎日期：2013/02/20(三)

• 頒獎獎項：榮獲 其他獎勵

獲獎事業處

為期起各單位能注重工作與交通安全，工安環保部於2012/10/01起通過實施『無災害工時累計獎勵活動』，測試二處、測試五處於2012/12/31止已達成第一次累計目標。

測試二處_獎勵金額：10,000元
測試五處_獎勵金額：10,000元

Award given to department for zero-injury work hours



Scooter Safety Riding Seminar.

測試三成人員壓傷案例宣導

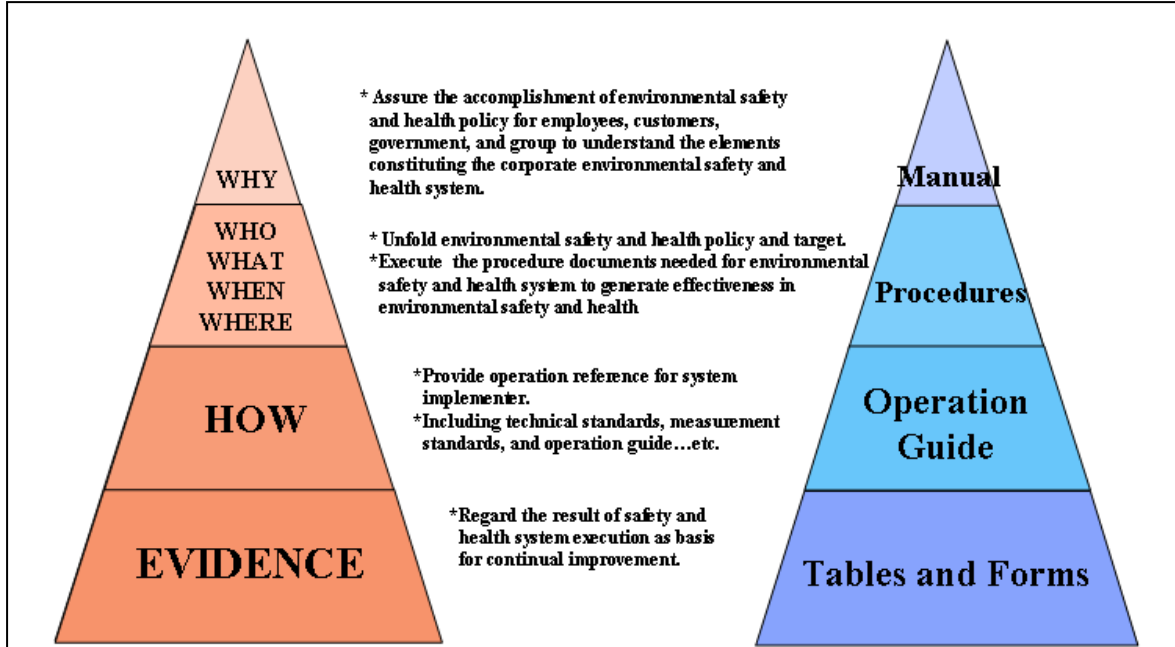
- 發生經過：**
102/09/06 PM17:00生產一部/生產支援五課人員潘承鴻，於中華一廠2樓產線欲將機台(NS-6040分類機)移至A區，在移機過程中不慎右腳被機台輪子壓到，造成右腳大拇趾指甲斷裂，整片剝落。
- 直接原因：**
腳趾被輪子壓到
- 間接原因：**
不安全狀況：未著用符合其作業環境之安全鞋。
- 基本原因：**
作業程序不完整(未提供符合作業環境之安全鞋)。
- 災害防止對策：**
1.搬運作業前向所有人員實施作業前注意事項安全宣講
2.購置安全鞋供移機人員使用。
3.工安環保部作成案例向其他部門宣導。

Work-Related Injury Promotional Poster

Develop Safety and Health Conduct and Management Procedure

The contractor construction control, dangerous goods and hazardous substance as well as other safety and health management procedures are developed according to the operation activities that not only reduce occupational disaster occurrence but minimum the impact and damage on property, personnel and environment.

Safety and health document management framework



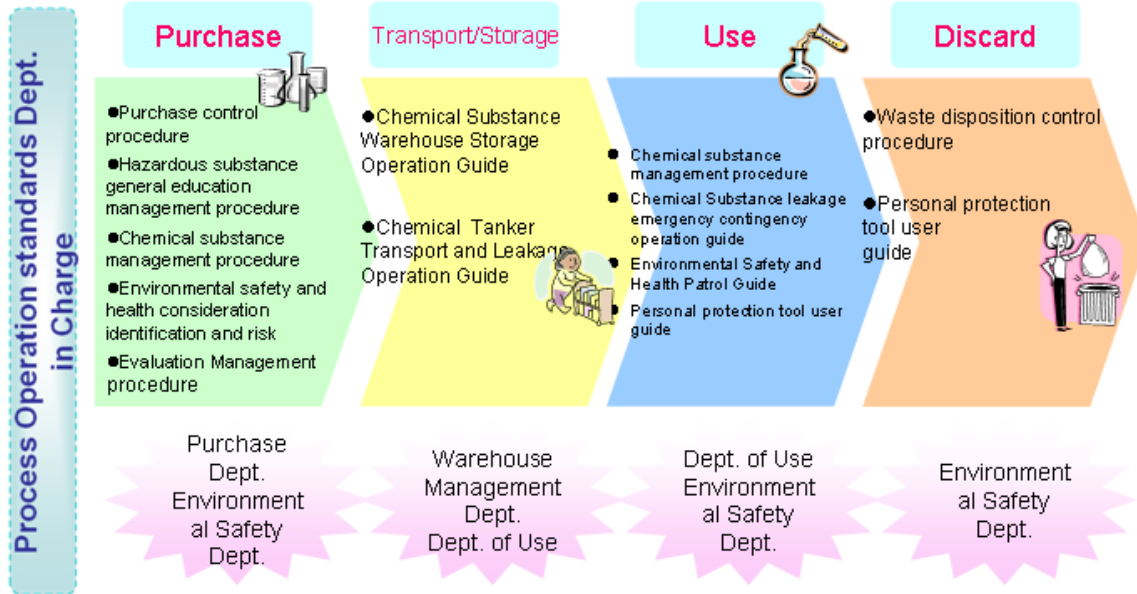
Chemical Substance and Safety Health Management

KYEC follows the occupational safety and health management system framework and regulations to administer the chemical substance control in the factory through the following approach:








1. Develop chemical substance management operation procedure, chemical substance warehouse procedure, and chemical tank loading/unloading operation procedure, requirement for chemical substance purchase, storage, use, and label.
2. Production line only stores small amount of chemical products. Each floor is installed with chemical substance anti-explosive cabinet for collective management. Please MSDS on visible area and specialist will routinely update to maintain data accuracy.
3. Set up chemical substance database plus leak handling cart, anti-spillage pallet, and firefighting equipment to reduce the risk of personnel material acquisition.
4. Establishing “Chemical Substance Database” on company website for employees to check at all time.
5. All departments shall develop hazardous substance list and upgrade quarterly.
6. Chemical storage area will be installed with emergency contingency equipment according to the needs. The waste water plant, tank storage area should be installed with anti-spillage and emergency showering equipment for rescue during leakage.
7. Organize “hazardous general education training” to provide routine training to personnel in use, strengthen he knowledge and prevent accidents.



Dangerous Goods and Hazardous Substance Control Procedure



Chemical Substance Database

Index	Chemical/Article Name	Label Content	Hazard Classification	Dept. of Use /Storage
KYEC-01	sodium hypochlorite (NaOCl)		Acute toxic substance category 3 (inhaling), metallic corrosion substance category 1, corrosion/skin irritating substance category 1, severe damage/eye irritating substance category 1, water environment hazardous substance (acute toxicity)	Factory Affairs and Environmental Safety Office
KYEC-02	Hydrochloric acid		Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance	Factory Affairs and Environmental Safety Office
KYEC-03	sulphuric acid		Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance	Factory Affairs and Environmental Safety Office
KYEC-04	Sodium hydroxide (liquid)		Metallic corrosion substance category 1, corrosion/skin irritation category 1, severe damage/eye irritation category 1, environmentally hazardous substance	Factory Affairs and Environmental Safety Office
KYEC-05	amhydrous ferric chloride		Corrosion/skin irritation category 1A	Factory Affairs and Environmental Safety Office
KYEC-06	high-molecular coagulant(+)	無	Not classified as dangerous or hazardous substance	Factory Affairs and Environmental Safety Office (Cancelled for use)
KYEC-07	high-molecular coagulant(-)	無	Not classified as dangerous or hazardous substance	Factory Affairs and Environmental Safety Office
KYEC-08	Premium Diesel		flammable liquid category 3, inhaling hazardous substance category 1, carcinogen category 2, specific organ system toxic substance - single exposure category 3	Factory Affairs and Environmental Safety Office
KYEC-09	Closed-system microbial control agent		Acute toxic substance category 4 (swallow), acute toxic substance category 4 (skin), corrosion/skin irritating substance category 2, severe damage/eye irritating substance (acute) category 3	Factory Affairs and Environmental Safety Office

Safety and Health Risk Assessment and Change Management

Routinely conduct hazard identification and risk assessment. Establish “Risk Assessment Table” for hazard identification and risk evaluation in addition to making improvement according to risk classification. Finally follow up routinely during Committee meeting for the environmental safety and health objectives, target and management solutions.

1. KYEC shall conduct risk assessment control over the operation, technology, engineering, design and environment upon introducing changes in processing, raw materials, machine equipment, plant, and fire equipment in order to discover the potential risks.
2. The department of change must carry out hazard identification and risk assessment. In case of high risk items, the department shall propose hazard control measures and improvement plans to assure the possibly significant risks derived from before, during and after the changes can be well controlled. Additionally, the consulting opinions of person involved should be taken into consideration while conducting training on the operators. Continue to monitor if the risk is under control after change.



Emergency Contingency and Disaster Rescue

All factories shall set up emergency contingency processing center. In the event of personnel on duty and receives irregular report, report and broadcast according to accidental procedure..

1. Strengthen personnel contingency capacity for emergency situations by clarifying correct processing procedures. Meanwhile familiarize with the application for using the safety protection equipment to assure personnel safety and normal factory operation by developing the various emergency contingency procedures.
2. All units shall establish emergency contingency team by routinely update and train.
3. Design the rehearsal theme by arranging the emergency contingency play for each unit. Each session will follow the plan for rehearsal.
4. Discuss emergency contingency appropriateness prior to rehearsal. Implement the audit and evaluation during rehearsal, followed by review and improve matters as well as proposing relevant suggestions.
5. Strengthen emergency contingency equipment and support disaster via emergency accidents.
6. Participate in "Toufen Zhunan Industrial Park Regional Alliance Organization" to exchange experience in environmental safety and health management in addition to support each other.



Office personnel evacuation rehearsal



Production line personnel evacuation rehearsal



Personnel rescue rehearsal



Chemical substance leakage rehearsal





Fire rescue rehearsal



SCBA Training



Contractor Safety and Health Management

The contractors play one important role in the operating nature of contractor during environmental safety and health management, which comes with considerable proportion and high risks. In case the operation not only causes personnel injury but also causes corporate operation interruption, the contractor will build complete contractor management system for contractor construction management in order to reach “zero accidents, zero injury” goal.

1. Develop contractor management and purchase management guidelines, contractor evaluation system, and sign environmental safety and health statement before contracting for compliance with factory environmental safety and health standards and various construction conducts during the construction period.
2. Implement contractor pre-educational training in advance and enter for construction after passing the test.
3. Build e-construction applications system and contractor card-punch system. Implement factory access with card requirement in order to effectively control the number of workers entering the factory and the operating nature.
4. For permission system over operation with high risks, the department will dispatch and implement construction patrol and audit. Routinely call for contractor negotiation meeting, review and promote safety health management guidelines.
5. Promote safety health family and utilize the care system of business entities for downstream contractor.
6. Safety environmental family will be called by routine meeting to allow more interaction between contractors.

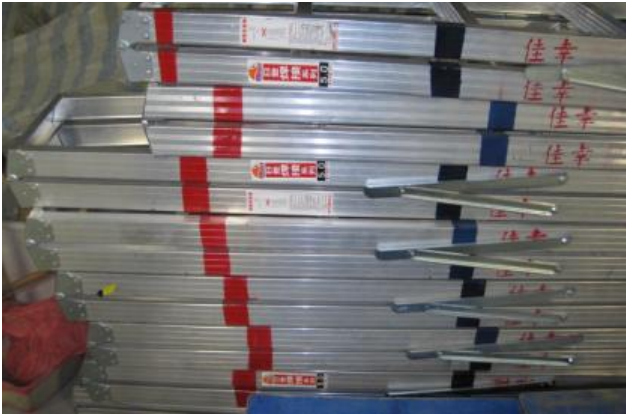




Appliance equipment performs power leakage test and is immediately quailed.



Fork lift truck labled cross as speeding monitoring basis.



Stairs labled with height indication to increase managerial identification

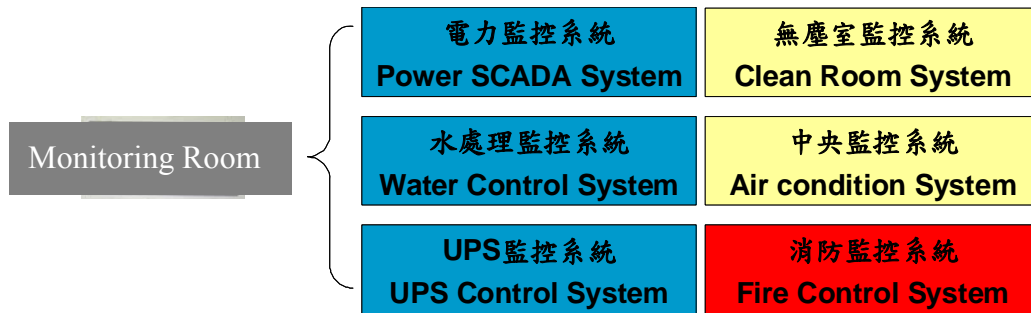


Promote safety health family



Fire Safety and Signs

1. Fire equipment will be checked and operated by factory personnel quarterly. Qualified fire equipment technician will examine the fire equipment in every half year and review the declaration result each year.
2. Implement operation control for operation mistakenly triggering fire facility action.
3. Carbon dioxide releasing system, central monitoring system for fire alarm to prevent fire alarm incidents.
4. The entire area is installed with various fire detector, fire division, fire alarm automatic report equipment, 100 pounds of fire equipment, and fireproof filling on the tunnels passing through the walls, in order to lower damage rate to personnel and property brought by fire.
5. Fire equipment (box) is not only marked accordingly but also added with 3D sign to expand the visual angle and enhance fire equipment and fire box identification.
6. Each year the power equipment undergoes infrared thermal scanning to discover anomaly equipment early and avoid fire.
7. Each escape floor gate is installed with smoke escape bag, escape guidance equipment for emergency use.
8. To help personnel familiarize with the emergency contingency equipment and fire equipment use, in addition to strengthen personnel emergency rescue capacity. The factory staff can complete fire equipment practice training 100%.



Fire hydrant with protruding signs for reminder.



Air Condition Center





Firefight Operation Training



Rescue team dispatched for receiving professional training at Hinchu Fire Department Fire Base

Machinery Equipment Safety and Management

The different machinery equipment purchased for the factory can be introduced, installed and accepted at purchase before conducting safety health hazard identification operation. The machine should be identified with emergency stop, safety lock, and other protective installation. There are Chinese and English signs for warning. Incorporate the various safety protections into the checklist during railway maintenance safety projection



Equipment machine emergency Stop with Chinese and English sign



Equipment hazardous sign in Chinese and English



Employees' Rights

Human Resource management

KYEC Group upholds to “Appointment based on talents and acquisition of local materials” by providing a diversity of employment channels and emphasizing on local economic prosperity to create more employment opportunities for Hsinchu and Miaoli area on the concept of protection and feedback. KYEC Group selects local employees as the priority and has retained over 70% of employees consisting from Hsinchu and Miaoli County residents. At the same time, we firmly believe the excellent employees are the assets to KYEC Group and we are committed in providing recruitment process in compliance with regulatory standards and human rights. We do not employ children labor and we will not have preferential treatment on employees due to different races, social ranking, nationality, religion, disability, sexual orientation, union qualification, political parties, or age. KYEC Group also emphasizes on the versatile educational training system, safe and humanistic workplace environment, competitive salary welfare system and public promotion channels, employees' physical and mental health by promoting health to assure the physical and mental state of employees are health. In addition to establishing special physician and cooperating with the psychologists of large hospitals for factory-visit services, the company also establishes “Employee Care Network” to allow employees to relax physically and mentally through a diversity of activity designs or to through proper entertainment. The above complete “selection, incubation, appointment, and retention” related human resource management policies drive employees to bring their talents into full play and to cooperate with KYEC Group hand in hand and to create win-win situation in the future.

KYEC Group introduced Electronics Industry Coalition Code of Conduct (EICC) in 2010. The conduct consists of five parts, including labor, health and safety, environment, corporate morals, and management system. The company completely complies with the regulations and ordinance of the country and area of business operation as well as EICC. KYEC also requests the suppliers to understand the to implement the conducts in order to assure that the company and suppliers will offer safe work environment with respect and dignity for the workers in addition to making commitment for the company to fulfill environmental responsibility in management and abide by moral conducts.

Human Right Protection Polity

KYEC follows Labor Standard Act and Act of Gender Equality in Employment to protect labor rights, and KYEC will not provide differential treatment due to the race, social ranking, nationality, religion, disability, sexual orientation, union qualification, political party or age difference of the employees. Moreover, KYEC is committed to implement Electronic Industry Code of Conduct (EICC) for on labor for the health and safety, environmental protection, commercial moral conducts and management system as well as other related labor policies, including (1) prohibited use of child labor, which is explicitly declared in personnel laws and implemented through a prevention mechanism during recruitment and appointment. KYEC positively develops child labor remedies measures to exclude the misuse and assure subsequent matters. (2) Free Chosen Employment, assuring voluntary choice by employees without using cohesion or compulsory criteria for employment. Employees are entitled to the right of terminating the labor contract under the resignation declaration period in compliance with provisions stated in Labor Standard Act.

In case employees voluntarily resign during labor affair change or the company or factory are closed or transferred, suffering loss or facing business trimming, or the company suspending work for one month or more due to force majeure, change of business nature that lead to the need to reduce employees but without proper position for relocation, or employees incompetent to the work assigned, both parties shall abide by the principle below:

- 一. Continuous working for more than 3 months but less than 1 year shall be pre-announced in 10 days in advance.
- 二. Continuous working for more than 1 year but less than 10 years shall be pre-announced in 20 days in advance.
- 三. Continuous working for more than 3 years shall be pre-announced in 20 days in advance.



Human Right Protection Polity and Training

KYEC highly values work health and safety, environmental protection, and employee compliance of moral conducts. The Human Resource Office will arrange training for all new employees, which content includes corporate culture and core value, personnel management rules, quality policy (including 6S), legal knowledge & intellectual right education, information safety and promotion, employee health education, and labor safety education. In 2013, KYEC has held 50 sessions of new employee training with a total of 1,394 people completed the training. Moreover, the new employees were arranged for EICC General Education with content covering labor, health and safety, environmental protection, moral conducts and management system, during the same year, with 4,506 people trained and 100% training completion rate.

Security Personnel Training

The safety control system of KYEC Group includes access control, traffic guidance, insurance and anti-theft, gate access control, patrol, emergency contingency, all are managed by government registered and qualified security company. To implement the current safety protection policy, KYEC cooperates with security personnel who not only undergo rigorous selection and complete fundamental education and training (including security theory, anti-theft and anti-robbery practice, disaster rescue and protection training), as well as non-routine professional occupational training (such as CPR, disaster prevention, firefighting certificate class and other training) to assure the professional competency of factory stationed security and their conformance to execute relevant business related requirement.

Manpower Development Strategy

In the commitment to become the more competitive enterprise worldwide, talent cultivation has long been the objective which KYEC Group values. In the annual strategic guidelines developed by the General Manager, human resource capital is listed as one of the major 6 indicators of annual management, where the development of human resource development strategies acts as the key management performance. KYEC requires the direction of human resource development to closely connect with the corporate objectives and management strategies in order to strengthen corporate management system and sustainability, thereby to achieve talent cultivation. The company is committed to establishing a complete educational training system for employee learning and development.



• Training by Ranking

KYEC Group follows employee personal duty and ranking as well as individual career development in the company to develop objective plans by phase for employee learning and development plan. KYEC systematically helps employee learn and grow, in addition to gradually fulfill occupational competency needed for their professional knowledge and skills, thereby promote accomplishment of training objectives, upgrade the overall competitiveness and combine knowledge, skills, behaviors, and attitude in framework to help the individual upgrade work effectiveness and thereby drive to corporate impact and competitiveness on the economy.

- 一. New Employee Training: Plan for systematic training, instruct new employees to speed up learning of knowledge for their work, shorten adaptability to duty and blend in work environment.
- 二. Professional Training/Professional Advancement: Accomplish departmental function and various work objectives of the organization, thereby to upgrade employee with professional knowledge and skills needed for work execution.
- 三. Promotional Training: Develop different management level with relevant managerial competency: employee development, team leadership that will effectively execute the managerial work for different levels.



• Diversified Learning Environment and Abundant Learning Resources

KYEC offers a diversity of employee training methods, where each employee can use different method to acquire the rich training resource and promote self-learning and growth.

一. E-learning

Apart from on-the-job training, the company promotes educational training through KYEC e-School with content covering engineering management, environmental management, equipment management, production management, quality management, managerial capability, legal and intellectual rights as well as other categories of courses. Employees can arrange learning progress according to their needs without the limitation of



time and space, which can effectively strengthen employee educational effectiveness. In 2013, KYEC organized 48 sessions of online courses with total training hours reaching 28,646 hours and 31,246 participants.



KM System

KYEC e-School is established to encourage employees to share professional knowledge, technical experience and work experience skills, which will expand employee learning paths and knowledge base. New employees also receive counseling and each department shall select new employees to read KM articles in order to quickly study the basic knowledge needed for their workplace. Moreover, the monthly released knowledge management e-newsletter implements KM promotion and improvement of employee learning. In 2013, 6,013 KM articles were produced and the number of readers on KM stage reached 187,538 people.



三. Self Enlightenment

KYEC is committed to promote the improvement on employees' language proficiency by routinely holding English conversation and Japanese courses, providing employees with English self-proficiency testing system and non-routine organization of health education and nutrition seminars. There were 299 employees participating in language courses in 2013 with cumulative 2,880 hours. Moreover, personnel can choose to participate in various external training to enhance their professional competency and self competitiveness. In 2013, a total of 182 employees participate in external training with a total training house of 6,569 hours.

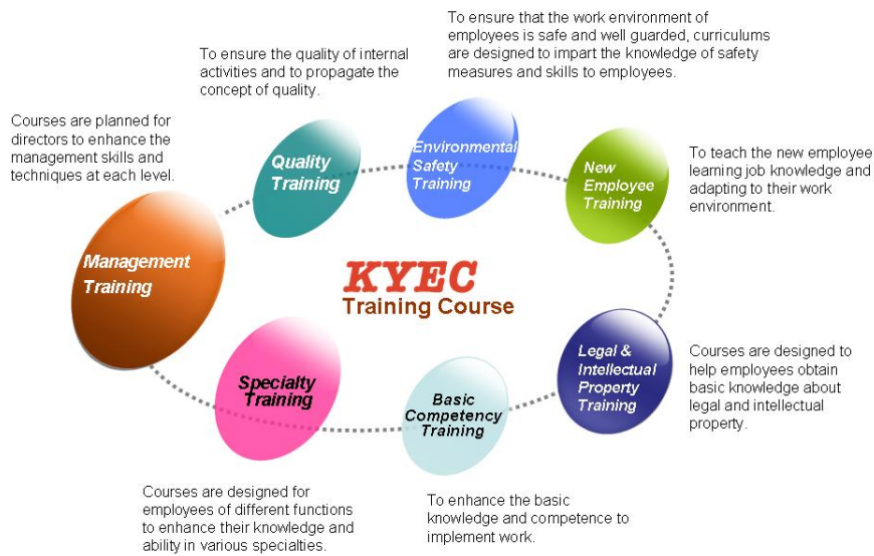


External Institution Assessment and Recognition

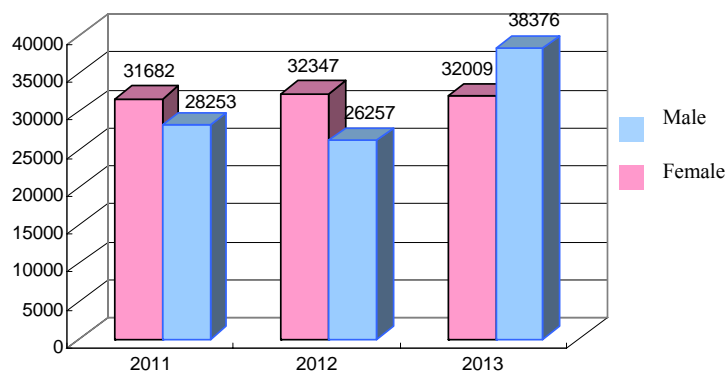
The cultivation of talents and educational training are the fundamental development of corporate upgrade. KYEC highly values talent cultivation and the effectiveness of training quality and continual improvement. KYEC has introduced TTQS operation process and philosophy since 2010, which allows KYEC to more systematically organize educational training. During the training process, KYEC designs courses meeting employee needs and course objectives through the review and correction on the five dimensions in PDDO according to the various indicators for actual execution. The training has been awarded by the Ministry of Labor, Executive Yuan of Taiwan with recognition of gold Medal in Training Quality System Evaluation.

Additionally, the establishment of educational training system, overall organizational performance, employee quality and competency of training personnel, show significantly positive upgrade and improvement that will improve corporate competitiveness.

- 一. Plan: Develop training key according to different ranking and cultivate various ranknign managerial capacity in order to develop annual training plan, summarize couese plan and submit to the General Manager for approval before announcement for implementation.
- 二. Design: Combine training design and objective according to the training plan for courses design.
- 三. Do: Execution of pre-class, during lclass and post class assignment development traing SOP, following internal training to process flowchart and regulations in order to assure the quality of course execution.
- 四. Review: Post-class routine review on the execution outcome and develop course plan an objectives. The training course will be monitored and returned to “Training plan, course design, training execution, and course outcome” cycle for continuous improvement and accomplishment of training quality.
- 五. Outcomes: The courses undergo diversified evalaution according to the nature, summarizing the training effectiveness integrated with teaching outcome, student suggestions and feedback, seminar course effectiveness evaluation and KPI.



Total number of training hours for employees





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Personnel Recruitment and Retention

Following the increasing expansion of KYEC operating factories, the traditional passive direct personnel interview on visit and recruitment via human resource bank no longer cope with the growing demand for human resources in recent years. Hence, more diversified recruitment channels are added, including proactive phone invitation, positive participation in employment recruitment held by government agencies, pamphlet issuance, dynamic advertising, newspaper fliers, and organization of large employment recruitment with townships, as well as joint development of industry-academic internship with colleges and universities in northern, central and southern Taiwan and even Kinmen area. The aforementioned are the key resources of existing human resources.



Recruitment and appointment process



Participating in joint talent recruitment

Employee Distribution

The number of employees for all factories in 2013 reached 4m488 people (including foreign workers and dispatchers), where Taiwan nationality accounts for 85.4% and foreign nationality accounts for 14.6%. The number of supervisors accounts for 9%, engineers account for 46%, administrative personnel accounts for 5%, and technical staff accounts for 40%.

Labor intense is one of the characteristics of package and test factories. KYEC distinguishes from other industries that proactively strive for more foreign worker quota but upholds to give “priority to Taiwan and homeland.” Chairman Chin-Kung Lee believes that the excellent quality and high identification of Taiwanese employees contribute to such priority when employees of Taiwan nationality are willing to join. Hence, the number of KYEC employees account for 68% of total employees where foreign workers account for less than 15% of the total human resource, who primarily work for night shift.

Employee Distribution		Male		Female		Total	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
Title	Supervisor	312	78.8%	84	21.2%	396	8.8%
	Engineer	1653	80.0%	412	20.0%	2065	46.0%
	Administrator	71	30.2%	164	69.8%	235	5.2%
	Technician	451	25.2%	1341	74.8%	1792	39.9%
Work Location	Zhunan Factory	2238	55.7%	1777	44.3%	4015	89.5%
	Headquarters	241	52.1%	222	47.9%	463	10.3%
	Tongluo Factory	8	80.0%	2	20.0%	10	0.2%
Age	30 years old and younger	899	61.7%	557	38.3%	1456	32.4%
	30 (inclusive) to 50 years old	1551	52.6%	1400	47.4%	2951	65.8%
	50 (inclusive) years old or older	37	45.7%	44	54.3%	81	1.8%
Employment	Self	2438	55.9%	1925	44.1%	4363	97.2%



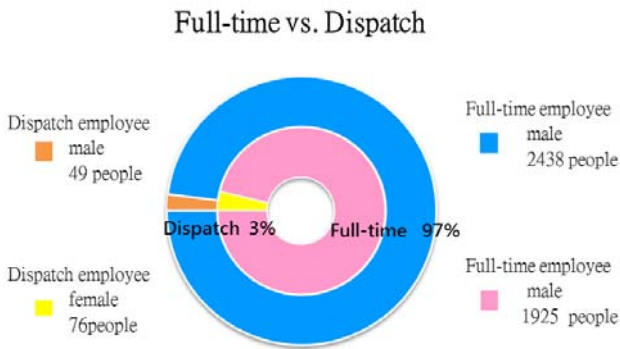
Model	Dispatch	49	1.1%	76	1.7%	125	2.8%
Nationality	Taiwan	2250	51.6%	1583	36.3%	3833	85.4%
	Foreign	237	5.4%	418	9.6%	655	14.6%
Gender Subtotal		2487	55%	2001	45%	4488	-

Note¹: Supervisor: Supervisors or higher. Administrators: human resource, general affairs, financial, purchase.

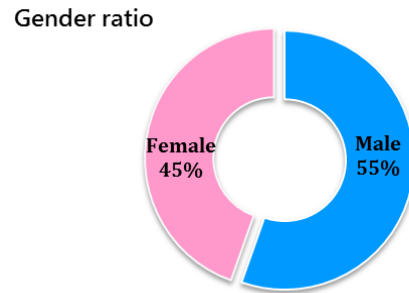
Technician: Production line technician (including foreign). Engineers: General engineers, RD and salespersons.

Note²: Data as of 1/1/2014

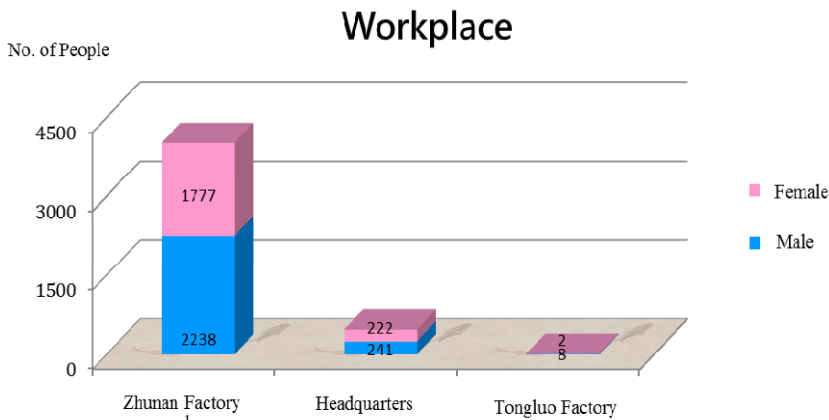
Ratio between Full-Time and Dispatch employees



Sexual Distribution

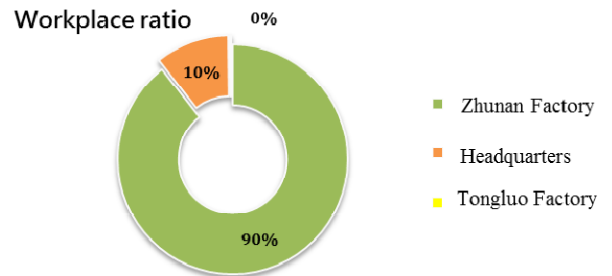


Regional Distribution



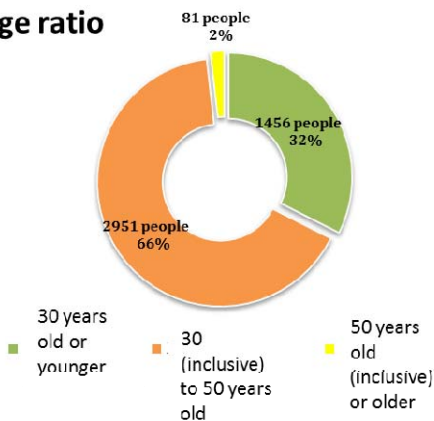
Note¹: Data as of 1/1/2014

² Full-time employees including foreign workers.

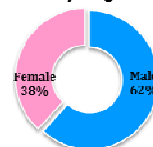


Age Distribution

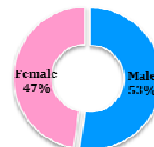
Age ratio



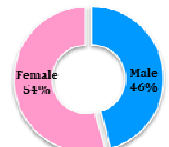
30 years old or younger



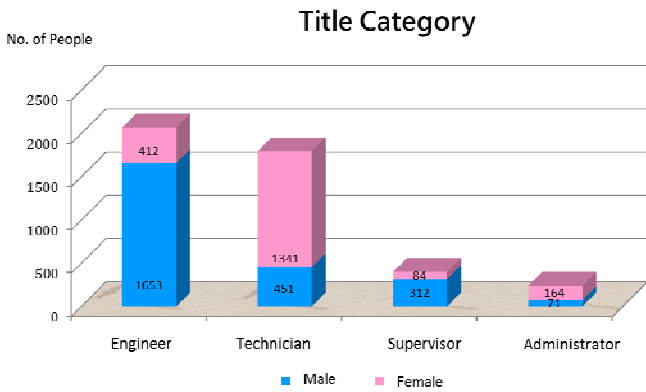
30 (inclusive) to 50 years old



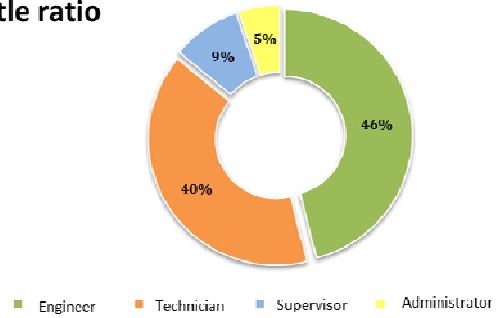
50 years old (inclusive) or older



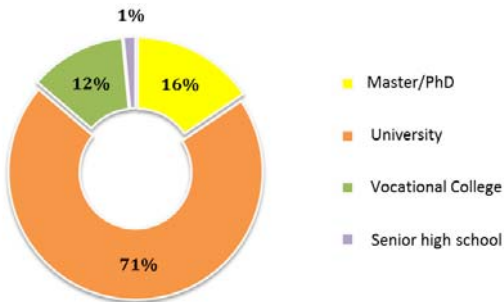
Title Distribution



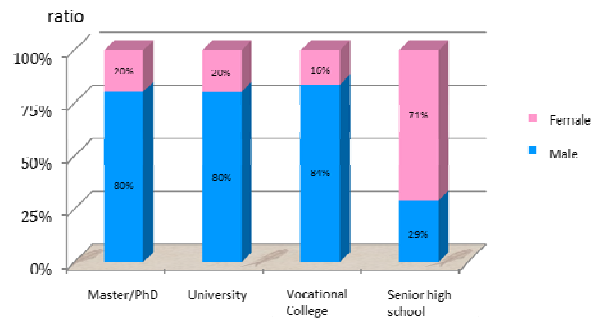
Title ratio



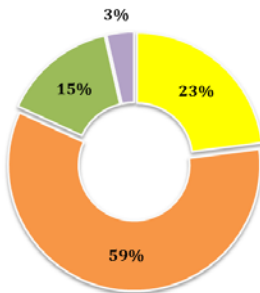
Engineer



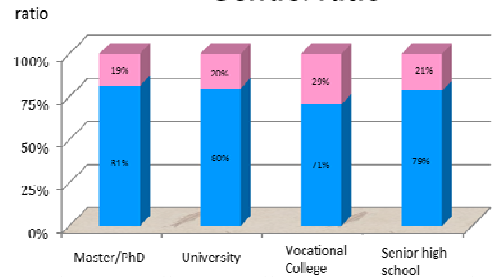
Gender ratio



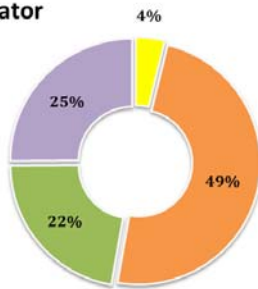
Supervisor



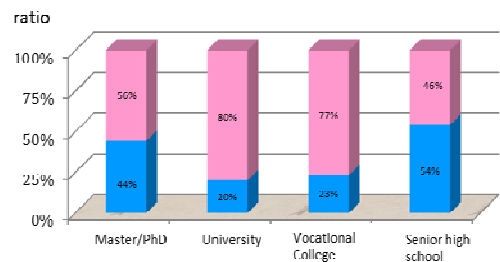
Gender ratio



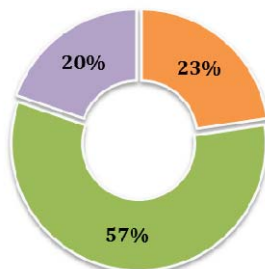
Administrator



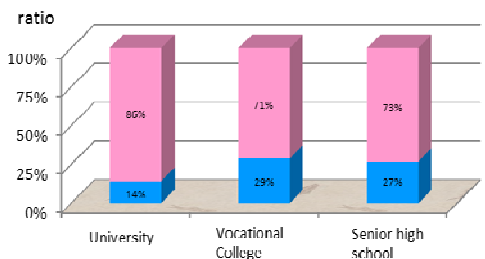
Gender ratio



Technician



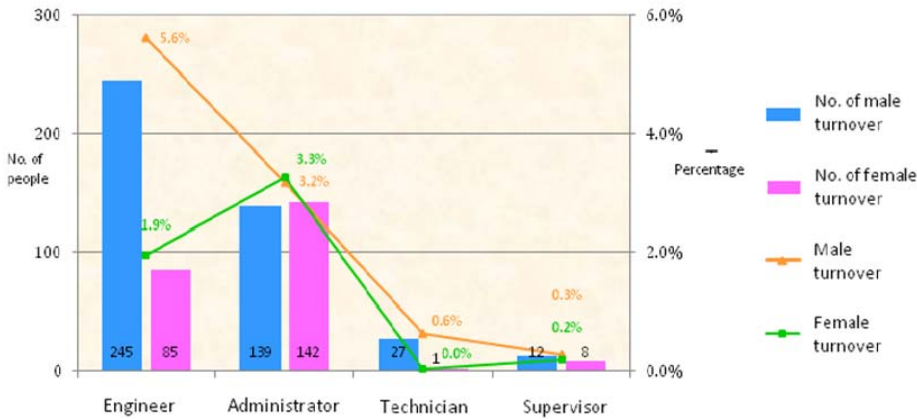
Gender ratio



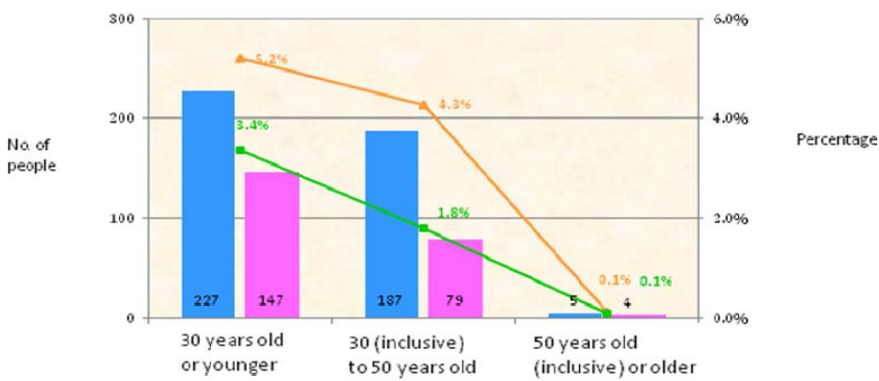
Turnover Rate Analysis

Note: The calculation of turnover does not include foreign workers, dispatch, short-term worker and parental leave personnel.

By Title

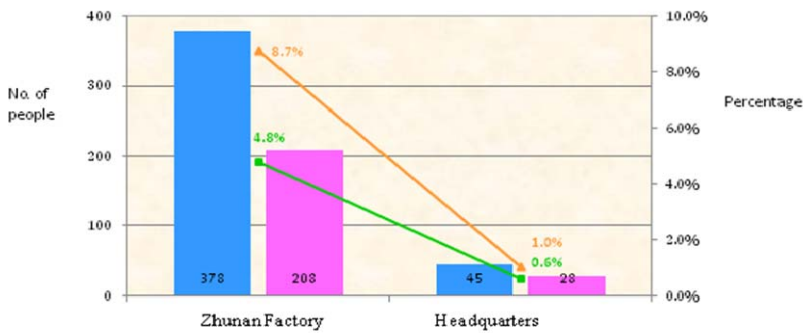


By Age

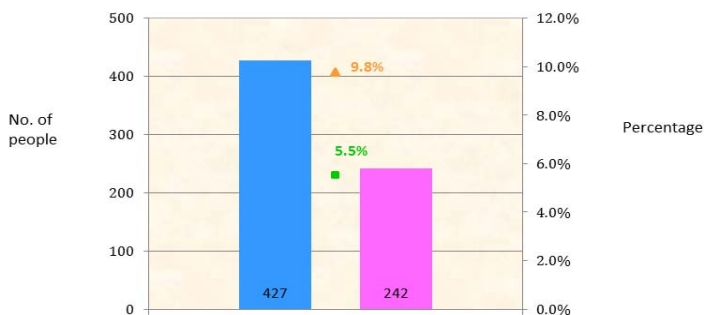


Note: 2013 No personnel has resigned from Tungluo factory

By Factory



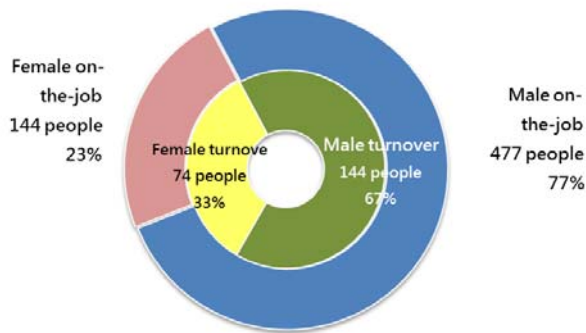
By gender



2013 New Employee On-the-Job and Resignation

To cope with productivity expansion, KYEC has recruited 839 employees (excluding foreign, dispatch and short-term workers) in 2013, in particular the male accounted for 74% and female accounted for 26%. By the end of the year, a total of 74 female employees resigned and the new employee turnover rate of 8.8%^(Note) and the 144 male employees resigned, resulting in 13.6% turnover. A further study analyzes the reason of new employee turnover shows that personal related reason accounted for the majority (62%), including caring for family, advanced study, and traffic, followed by work related (28%) and finally company related(10%)^(Note). It is apparent that the main reason for new employees to resign comes from personal factors and can be deemed as normal circulation.

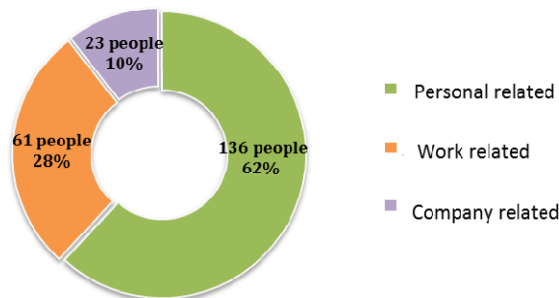
New personnel turnover rate —age



Note ¹ Date as of 1/1/2014

² New employee turnover rate = 2013 new employees resigned / 2013 total reported number

Analysis of cause of turnover



Note : ¹ Personal related: Care for family, advanced study, poor health state, inheritance of family business
 Work related: Discrepancy between work and expectation, work overload, inadaptability to work distribution
 Company related: transfer of workplace, departmental training issues.

Health Retirement Plan

According to “Labor Standard Act” and “Labor Pension Act,” KYEC develops employee retirement guidelines to appropriate pension funds for each employee. Employees reporting to work before June 30, 2005 (inclusive) shall be entitled to the old system of pension fund seniority*, and employees will be withheld of 2% of employee’s total salary each month for submission to the Labor Pension Fund Financial Supervisory Committee. Such fund will be saved into the special account with Bank of Taiwan under the name of the Committee. Employees reporting to work after July 1st, 2005 (inclusive) shall be appropriated with 6% from the monthly salary into the individual pension fund account under Bureau of Labor Insurance. The company shall calculate pension reserves for employees meeting the prerequisites of retirement in order to confirm adequate amount for release and to protect the retirement rights of employees. The pension fund appropriated in 2013 reached NT19,150,007.

*Employees entitled to old system of pension fund seniority may be entitled to new system of pension fund seniority after the employees chooses new system of pension fund qualification with free choice.



***Competitive Salary**

The salary standard of employees is determined by education and professional skills and experience, which will not differ due to gender, race, religion, political stance, marital status, unions and association difference. The standard starting salary all exceeds the minimum wage specified by Labor Standard Act. The overalls structure includes base salary, meals, allowance, bonus, and dividends. KYEC also routinely participates in and holds IC package and testing parties to understand the practical salary level of the industry through the interaction with peer industries, in addition to positively participating in salary related survey to assure the company offers overall salary that meet market standard. Moreover, the company offers salary raise and differentiated bonus/dividend system according to the corporate operation, personal performance and contribution of work function, in order to encourage the employee's diligence, efforts and even drive employees to pursue excellence. Apart from offering the regular 3 festival bonuses in 2013, KYEC also released quarterly bonus and dividends in Q3 an A4 with the forecast of the continuous rise in the operating performance in the coming year.

***Comprehensive Insurance System**

The company insures employees with labor and health insurance on the day of reporting to work according to the law. The company also pays for the full premium for all employees with additional group insurance (including life insurance, injury insurance, medical insurance, accident insurance, cancer insurance, and occupational disaster insurance) in addition to offering free group insurance to spouses, thereby to expand the protection to all family members. Meanwhile, the company also offers travel insurance for traveling and business trips overseas by arranging weekly insurance company stationing in all factories to provide relevant consulting services to the employees.

***Complete Leave System and Welfare**

The company prepare leave categories according to Labor Standard Act, Labor Leave Regulations and Act of Gender Equality in Employment, including marriage leave, funeral leave, menstruation leave, maternity leave, paternity leave, and annual leave according to the laws and regulations in addition to offering compensation leave for government regulated holiday with commemoration only without days off. Additionally, other than the statutory leave categories (including parental leave and military service leave), KYEC even offers leave for major family incidents and leave for pursuing advanced studies to employees in order to retrain the work for excellent employees so they can work without concerns.

Welfare Overview:

- 一. Marriage, funeral allowance.
- 二. Injury allowance
- 三. Festivity benefit
- 四. Activity allowance
- 五. Travel allowance

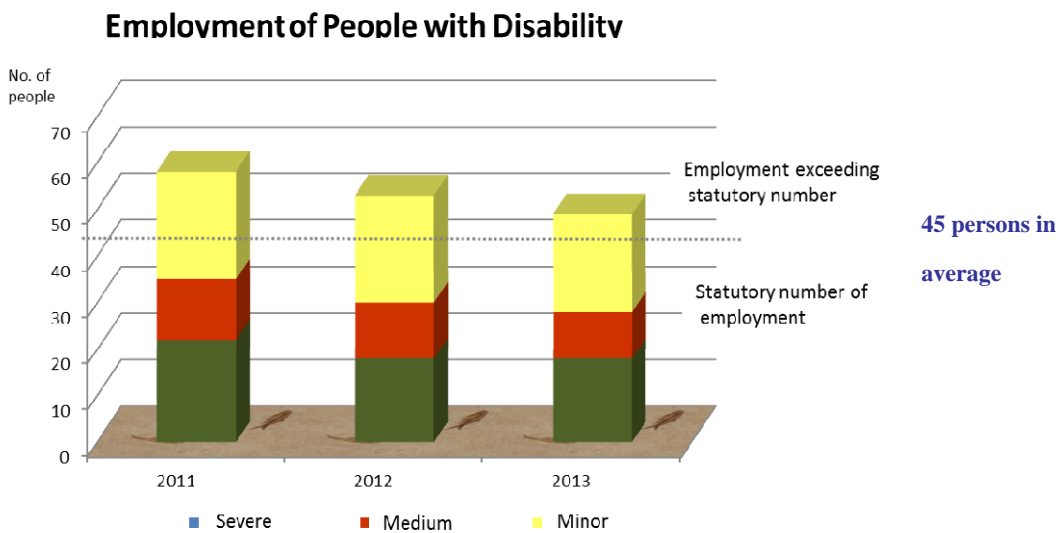


Legal Physical and Mental Disability Promotion Plan

KYEC strictly abides by the provisions under “People with Disabilities Rights Protection Act” to employ people with disabilities and employment capability, which number of people employed may not stay lower than 1% of the total number of employees in all business divisions. The Salary Welfare Office examines the number of employees with disabilities monthly and estimates the number of future turnover. Once the total number of employees with disability falls below the statutory number, a recruitment project will be launched while the regional employment agency and the Miaoli County Welfare Association for the Blind becomes the major channel of cooperation. In recent years, the number of people with disabilities in the company falls between 49~58 people and each year the number of people with disabilities employed exceeds the statutory number by 8%~28% (Note 1). According to the regulation of employing one person with disability for every 100 employees, the Company Act set up the statutory number as 45 people in 2013 with 4 people exceeding the number of employment. In particular, 36% of them are with minor disability, 17% with medium disability, and 31% with severe disability (note 2). It is apparent that the company fulfills its responsibility in the promotion of employment for personnel with disability while deploying some accessible environment and parking lot for persons with disability. Some employees are protected with living quality and mobility convenience through the number of working hours as specified by Labor Standard Act.

Note1: Number of people exceeding employment number /statutory number of people (45 people in average)

Note2: The number of deductible people for people with severe disability is double. Ratio = Number of people at different level / Number of annual employment

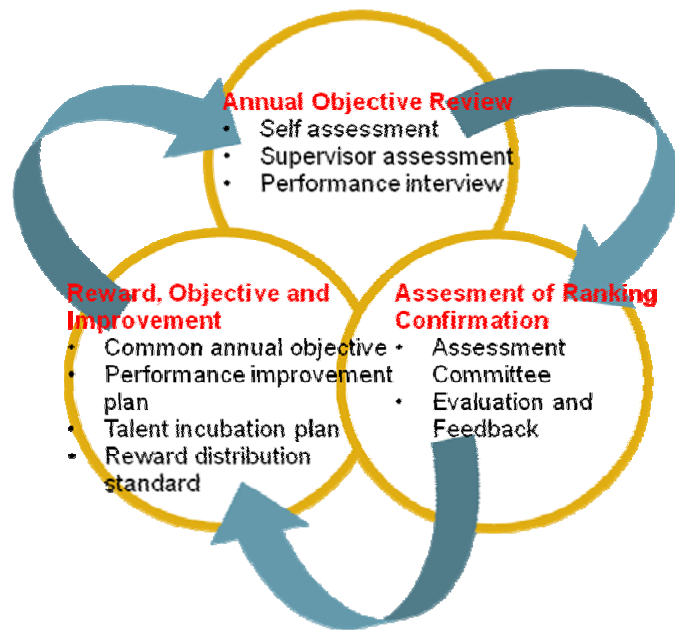


Note: Calculated with the basis of doubling the number of persons with severe disability.



Public Performance Assessment and Development

KYEC's performance management and development system not only evaluates employee's performance in specific period as the basis of promotion, bonus distribution and talent incubation channel but also positively acts as the effective path for employee development. At the end of each year, KYEC review the objective completion rate for the previous year through self evaluation and supervisor evaluation, in addition to accomplishing output consensus through the effective communication such as performance interview. The objective discussion made by the Assessment Committee will resolve the final performance ranking to grant actual feedback to the individual. Finally, the ranking will be used as reference for reward distribution and talent incubation for the following year in addition to helping employees falling behind in performance to propose improvement project and to develop new objectives for the coming year, thereby encouraging employees with continual improvement through this cycle. KYEC will also attain openness and transparency in the process of assessing employee performance, preventing the subjective bias caused from single evaluation sources. In case the employees hold opposition to the performance outcome, employees can apply for re-review from the Human Resource Office. Meanwhile, KYEC also offers opportunity for personnel falling behind in performance to improve and will not throttle a year of efforts of the employee due to one outcome. The retention rate of personnel after improvement is considerably high.



Parental Leave Measures

KYEC Group values employee concerns for daycare and breastfeeding by granting parental leave according to Labor Standard Act. As long as employees meet the condition of “having worked for one full year” “having children under the age of 3” and “employment certificate of spouses,” they can apply for parental leave (no more than 2 years). To protect employee rights, KYEC offers services to apply for parental leave allowance from the Bureau of Labor Insurance in addition to paying for the labor and health insurance premium and retaining the position for the employee during the parental leave period. KYEC will only employ short-term worker as substitute agent of the employee’s duties. The employees will be guaranteed to return to work after the parental leave without arbitrarily transferring or discharging the employees. Furthermore, KYEC offers advanced or deferred reinstatement solutions which not only offers guarantee for employees with need for parental leave but also opens door to employees who intend to return to the workplace early. Under such complete supporting measures, the total number of employees applying for parental leave in 2013 was 40 people and the average reinstatement rate was greater than 50%. Moreover, the number of employees retaining in KYEC for more than 1 year after reinstatement each reaches as high as 83%.

Item	Male		Female		Subtotal
	No. of people	Ratio	No. of people	Ratio	
2013 actual number of people applying for parental leave	6	15%	34	85%	40
2013 Expected number of people applying for reinstatement from parental leave	12	18%	53	82%	65
2013 actual application for reinstatement from parental leave	7	21%	26	79%	33
2012 Number of people on parental leave filing for reinstatement	1	6%	17	94%	18
2012 Number of people on parental leave filing for reinstatement with 1 continuous year of working	1	6%	15	94%	16
Reinstatement Rate	58%		49%		54%
Retention Rate	100%		65%		83%

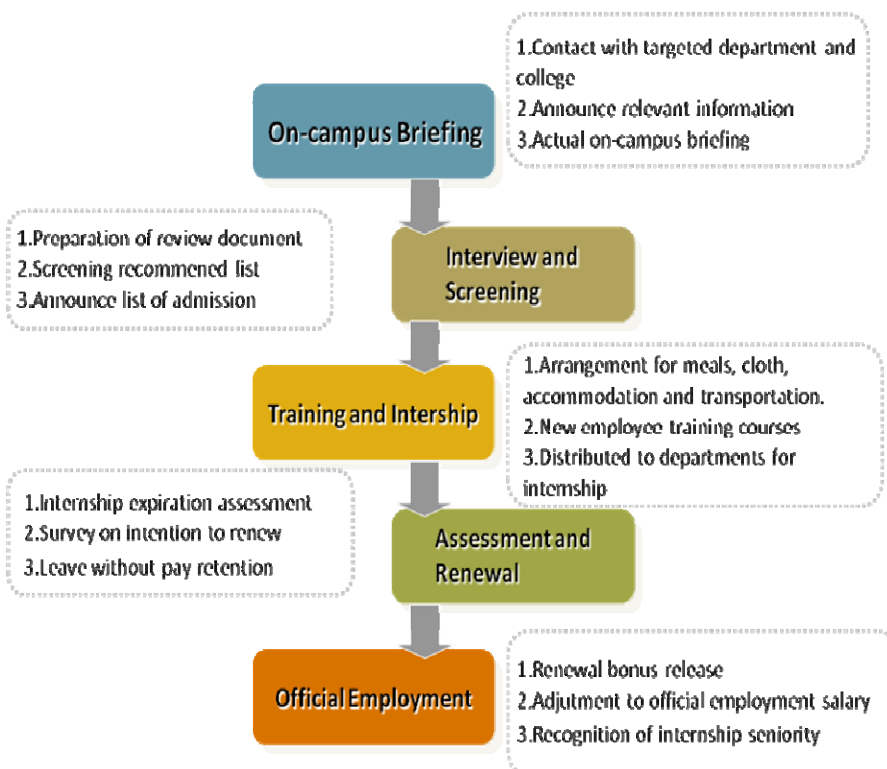
- Reinstatement calculation formula: 2013 Number of people filing for reinstatement / 2013 Expected number of people reinstating*100%
- Retention Rate calculation formula: 2012 Number of people on parental leave filing for reinstatement with 1 continuous year of working / 2012 Number of parental leave filing for reinstatement * 100%
- Data as of 1/1/2014.



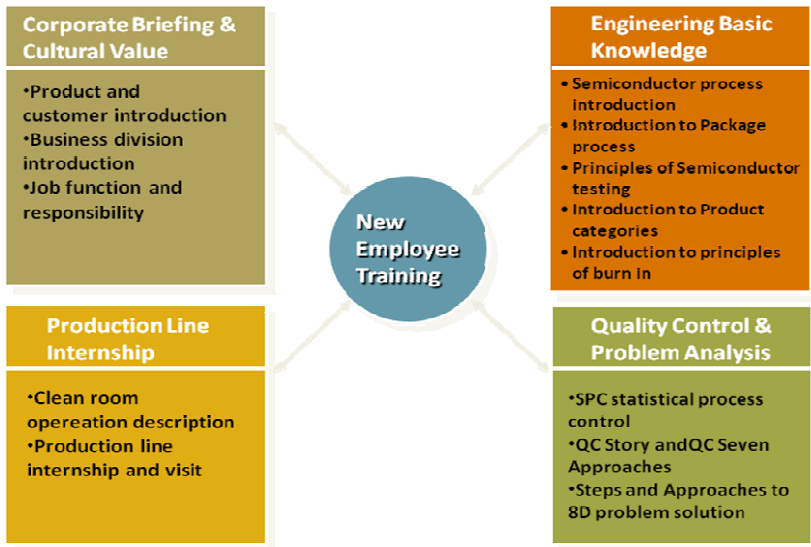
Industry-Academic Cooperation for Talents

KYEC has been devoted in the seamless connection between the academia and the industry for years while seeking and incubating excellent talents, positively implementing the industry-academic training program from the Ministry of Education by developing internship projects with multiple schools, covering northern, central, southern Taiwan and even offshore islands. In particular, students from National Kaohsiung University of Applied Sciences, National United University and National Yunlin University of Science and Technology account for the majority, namely 42%, 15% and 12% respectively, followed by National Changhua University of Education, National Formosa University. KYEC also gives feedback to the society for what it has acquired by building solid foundation in talent incubation and cooperates with local Asia-Pacific University of Creativity, Yu-Da University of Science and Technology, and Minghsin University of Science and Technology through a 4-year credited internship.* KYEC also donated equipment worth of NT10 million to carry out training for fundamental technical operators in semiconductor industry in order to increase student competitiveness. It shows that KYEC spares no efforts in the close connection with industry-academic cooperation and human resources, and the investment and incubation of vocational talents.

From campus seminar, interview and screening, training and official employment, KYEC offers a set of schedule that not only screens students with strong intention with qualification but also offers professional practice training (including introduction to semiconductor process, introduction to package and processing and job function and responsibilities), which not only helps student quickly blend into workplace environment but also applies acquired knowledge to practice, thereby searching for position and direction of future. Moreover, KYEC offers rewarding retention solution for students performing with excellence during internship, including renewal bonus, salary raise, and military service reinstatement. KYEC even includes the one year of internship as seniority in attempt to reduce the employment costs for students entering the society while training for the future reserve talents of the company. Moreover the industry-academic cooperation channel transfers the academic energy of R&D into the enterprise, driving the corporate development in core technology to accomplish the win-win cooperation mechanism between the enterprise and the students.



Framework of Training Courses for New Employees Under Internship Program



Employee Care

The management layer supports health promotion to advocate polity and formulation of promotion plan and solutions, where comprehensive safety and health policies will be formulated and announced by the General Manager after signing. It is clear that “Health Promotion” and “Employee Health Assurance” will be included in the following policy content:

- 一. Effective reuse of energy resource, promote waste reduction, classification, resource recycling and reuse.
- 二. Continuous improvement, promotion of environmental safety and health performance, and commitment to pollution and injury prevention that will conform to environmental protection and safety.
- 三. Health regulations and customer specification.
- 四. Environmental protection and safe health promotion is the responsibility of everyone. Continue to promote and education this concept.
- 五. Implement risk assessment and promote health to pursue “zero disaster” and “zero injury.”
- 六. Establish “Green Supply Chain” Management system to assure work environment and employee health, as well as reduction of impact from product, process and related services on the environment.



The Management signs for approval and implements the annual health management promotion plans developed. The 2013 execution of plans is described below:

Activity Title	Photo	Activity Effectiveness
Blood Donation	<p>1、主辦單位：人力資源處/員工關係發展處 合辦單位：新竹捐血中心</p> <p>2、活動時間地點： 中華一廠 1月18日(三) 09:00-16:00 警備室旁小花園 科技總部 1月18日(三) 09:00-12:00 警備室前方</p> <p>3、活動流程 填寫站表(請攜帶照片及身份證字號之證件)→量血壓、血色素、體溫→領取血袋、紀念品→開始捐血</p> <p>4、相關疑問請洽醫務室 中環線：18119 杏樹 / 8106 文竹 科技總部：8103 醫務</p>	<ol style="list-style-type: none"> 1. A total of 227 bags of blood donated from two factories 2. There were 6 employs donating more than 6 times between 2011 and 2013.

<p>Hepatobiliary intestinal ultrasound</p>		<p>A total of 85 people participated</p>
<p>Flu Vaccination</p>		<p>A total of 17 people participated</p>
<p>Various Seminars</p>		
<p>A total of 23 people participated</p>	<p>A total of 37 people participated Overall Satisfaction 89%</p>	<p>A total of 38 people participated</p>

Promoting Health Management and Promotion Plan

KYEC establishes qualified medical staff and stationed physician according to Labor Health Protection Act to facilitate health promotion operation and provide services on prevention of chronic diseases and medical health transfer. The annual health check is conducted and the analytical outcome after check will be used to formulate the annual health promotion plan and the actual execution of health promotion activities. The persons with anomaly results from physical check and health check will be provided of professional health education and consulting from stationed physician. Meanwhile the factory will offer the statistics on injury care and injury/disease categories.

- Employee Health Management Operation: Employees aged 45 years or older shall participate in health check every year. Employees aged below 45 years old shall participate in health check in every 2 years. The general items examination surpassed the statutory items, including special check items (noise operation: one test of operating environment in every half year, using employees working in area with 85 decibels), cancer screening items (scheduled for oral cancer, colorectal cancer, breast cancer, cervix cancer). In the event of anomaly case, the nurses will prepare anomaly health education consulting /secondary review notice to make appointment with the employees for health education.

- 二. New employee health management operation: In the event of anomaly case, the nurse would prepare anomaly health education consulting/secondary check notice to make appointment with employees for health education. In case the check outcome is severe, the employees will pay attention to work while closely following the secondary check outcome from the anomaly items. The employees will be listed as special injury/disease cases and shall be followed by and cared for health by stationed physician and the company.
- 三. Foreign workers health management operation: After arriving to Taiwan and having reported to work by the 6th m month, 18th month and 30th month, employees will conduct health check and in case of any anomaly, the employees will undergo a two-week health autonomous management (self measurement of heat beat and blood pressure). Employees will need to make appointment for health education. Additionally, their work patterns will be monitored and the employees will be listed under special injury/disease cases and shall be followed by and cared for health by stationed physician and the company.

Stationed physician shall develop data standards for check items and divides the level of severity into severe, medium and minor. In the example between 2012 and 2013, the health management on Taiwanese workers shows that 15% of employees were discovered with severe degree according to the top three major anomalies of severity, namely cholesterol accounting for 23% (237/518), GOT accounting for 22% and blood sugar accounting for 16%. In terms of gender analysis, 32% were male and 14% were female classified under severe and are listed in the cases for indicator promotion management.

The factory nurses will organizes secondary check notice and secondary outcome follow-up for physical and health check anomaly according to employee requirement and annual health promotion plan. Stationed physician health education offers consulting and transfer services. Chronic disease prevention seminar and high risk group health management. Fitness test. Anti-smoking prevention and classes opened for quitting smoking, acquaintance to infant and toddler infectious disease. Nutrition seminar, four cancer screening, epidemic and infectious disease prevention as well as other related workplace health promotion activities.

	
<p>Health Promotion Activity- Anti-Hepatitis Seminar</p>	<p>Health Promotion Activity – Fitness testing</p>
	
<p>Health Promotion Activity – BMI Testing</p>	<p>Anti-Smoking Seminar</p>





Health Check

In 2013, the medical team was responsible for administering the health management execution and health promotion plant to 2497 in total in 2013. At the end of each year the medical team undergoes rigorous

auditing on the execution of “Health Management Plant” and “Health Promotion Plant” from SGS, TOSMS and other external audit unit.



Smoke-Free workplace – Tobacco Prevention Award



Certified by 2012 Healthy Workplace Self-Certification and Secondary Assessment

Will participate in secondary evaluation certification in 2015

Physical and Mental Health of Employees

The physical and mental health of employees is the key factors that drive corporate operation to progress. In addition to establishing cooperative factory clinical service with physicians and the department of psychiatry of large hospitals, KYEC takes initiative in establishing “Employee Care Network” to care for the health of employees attending day, night and holiday shifts. The company intends to inform the goodwill from the company to the employee by promoting employees to seek help during emergency situations. KYEC thus establishes the 24-Hour employee emergency rescue hotline (KYEC 119) where specialists will handle the calls; provide information and resource for assistance.



Employee Communication

24小時員工緊急救助專線 京元119



	駐廠醫師	臨廠諮詢師
CH	星期一 13:30-14:00 星期三 13:10-13:30	星期五 15:30-17:30
HQ	星期五 13:30-14:00	

江秀媛：128119 (CH)
方雅怡：28119 (HQ)
陳姿吟：28196 (CH)

備註：1.醫師及諮詢師皆採電話預約制。
2.諮詢師需有人預約才會到廠。



KYEC regulates relevant laws to protect employee rights according to government laws and regulations. Employees have the right to form union and association and the company will not intervene or interfere, nor will the company form any preferential treatment in any way regardless of race, gender, nationality, religion, and political stance. The company is committed in establishing smooth communication channel with employees and offers complete internal communication channel for effective solution. Employees can fully express their views and immediate communication to establish an employee-employee harmonic work environment. There are employee-employer meetings, seminars, employee board, and various complaint channels for all employees to express their opinions. The matters given in feedback from the employees will receive replies to maintain excellent bilateral communication. In 2013 the HR unit has received 197 incidents in feedback.



一. Channels of Complaint Mechanism:

- Employees Board: <http://webmis01/portal/Dept/hr/admin.htm>
- 8160 Mailbox: 8160service@kyec.com.tw
- Human Resource Office Special Service Number (Sexual Harassment): Ext.128120, 28192
- 24 Hour Employee Emergency Rescue Hotline: Ext. 128119

二. Communication Channel:

- Employee Seminar	- Industry-Academic Cooperation Seminar
- New Employee Seminar	- R&D Alternative Civilian Seminar
- Team Seminar	- Employee-Employer Meeting

三. Human Right Complaint: There were no complaint cases in violation of discrimination in 2013.

Feedback Channel	Handling Department	Content	2013 effectiveness
- Immediate feedback	HR	- System	197 cases, 100% handling and reply
- Service hotline		- Welfare Measures	
- Employee board		- Public Affairs	
- Email		- Public Safety	



***Valuation on Female Employees**

KYEC offers complete support and care for pregnant female employees. The factories do not employ any child labor in any operation. KYEC develops certain operation protection regulations for female employees:

- 一. Developing heavy objects moving standards.
- 二. Pregnant female employees are prohibited from processing harmful, explosive and fire inductive substance work.
- 三. Pregnant female employees are prohibited from engaging in nighttime operation.
- 四. Female employs are prohibited from engaging in dangerous or harmful work according to the Safety and Health Act.

*Organizing Mom Room seminar, women’s cancer screening test and other health promotion activities to take care of female employees’ health.

* Providing better breastfeeding environment to female employees. 100/5 Designers have been invited to design the breastfeeding room in accordance with excellence breastfeeding room, using green material for construction, non-toxic and fireproof to build a comfortable, private and ergonomic environment.

*Female dormitories are installed with surveillance system to protect female employee’s safety in dormitory with routine security and health audit.

* Offer maternity leave to women giving labor and welfare grant to newborn children.



LOHAS KYEC

To establish team cohesion and build excellent organizational climate, KYEC offers a diversity of activities for employees to relax physically and mentally or develop proper habits after work. In 2013, KYEC held multiple static and dynamic activities, including Ukulele teaching, paintball battle, bowling games, indoor movie watching, sponsorship for Cai Jin’s concert, and photography competition. Each year the number of participants in the most popular family day event hit records high, and in 2013 more than 12,000 people have taken part in the event.

		
<p>Family Day Event</p>	<p>Ukulele Teaching</p>	<p>Paintball Battle</p>

The selection of excellent employees is aimed to encourage outstanding employees, establish internal example and promote the mutual inspiration and learning in employees by selecting. KYEC holds one annual selection and develops guidelines for incentives.

Senior employees, employees with 5 and 10 years of seniority are presented with incentives in acknowledgement of their long-term contribution to the company.

KYEC is also committed in employee relationship with expansion to the spouses and dependents of the employees. On family day event, spouses and dependents of employees are invited to outdoor activities while health check is also open to registration by spouses and dependents. KYEC also offers group insurance to the spouses and children of employees.

	
<p>Presentation to Paradigm Employee Representative</p>	<p>Presentation to Senior Employee Representative</p>



Quality Workplace

It is KYEC's foremost important objective in creating quality workplace by setting up many recreational areas on higher floors with excellent views, including the table tennis area, employee café, 24-hour convenience stores, and coffee shops, where employees can appreciate the outdoor sceneries during exercise and dining.

	
<p>Multifunction Creation Room</p>	
	
<p>Table Tennis Area</p>	<p>Blood Pressure gauge and weighing scale</p>

- 一. There is weighing scale and electrical blood pressure gauge in the public area for all employees to use, allowing employees to conduct self measurement and health management.
- 二. There is a multifunction recreation room including reading room and massage room. The reading room offers books, magazines and newspapers, with 1989 books of collection. The masseurs with visual impairment offer services to employees at the massage room. KYEC signs contract with Miaoli County Love Association for the Blind to provide employees with services on stress release and fatigue removal. There were 6409 people participating in 2013.
- 三. Create friendly breastfeeding environment with comfortable couch, refrigerator for storing mother's milk, and information on baby care. There were 30 visits per month in average in 2013.
- 四. The consulting room appeals in privacy and safety. The company may invite professional consultant to offer free consulting services to employees who have the need for career, family life, social relationship and physical and mental state. There were 13 visits in 2013.
- 五. For legal consulting services: In case employees need have any doubts and require any legal consultation in life or work, KYEC arranges lawyers to visit its Legal Affairs Department once a month to solve legal questions for employees, and publish the case (under alias) on the internal network to share with employees. There were 56 visits in 2013.
- 六. Routinely promote health promotion information and hold workplace health promotion related activities.



- 127020 人次。Set up “KYECC Employee Care Network” on homepage to announce weekly key healthcare news and health promotion activities. There are 951 articles as of now and there are totally 127,020 visits.



- The factory sets up a safety environmental corridor that routinely replaces health promotion themed posters.
- The medical office offers promotion pamphlets and health related books for self reading.
- The internal reading room of the company also offers medical health care magazines and books for employees to borrow.
- The internal announcement system promotes at least 2 posters at the beginning of each month and mid-month with a total of 24 posters.
- There is an outdoor smoking area at plant. KYECC also sets regulation over employee and supplier smoking behaviors and the environment by routinely promoting anti-smoking related posters on the environmental safety corridor area.



Social Participation

KYEC Group has long spared no efforts in community care and art sponsorship. Apart from corporate sponsorship, KYEC Group also positively encourages employees to participate in social charity activities. Employees will work with the company to provide services to people, give feedback to the community and thereby fulfill its corporate social responsibility.

Category	Objects of Assistance	Approach /Content	Effectiveness
Social Charity	Miaoli County Organic Farmers	1. Inviting organic farmers to sell organic vegetables and fruit in the factory 2. Arranging half-day farmer experience activity in employees	Half-year promotion and sales in the factory between 2012 and 2013
	Miaoli County Shelter	Orders annual cards from the Shelter	
Social participation	Corporate Activity Participation	Inviting children from foster homes to take part in large outdoor activities held by the company	Arranging 80 employees to participate in the activity since 2012.
	Industry-Academic Cooperation	Dispatching internal excellent teachers from the company and donates testing equipment to schools, providing young students with excellent practice environment.	Cooperates with multiple schools in recent year and has successfully counseled many students with immediate employment after graduation. – National Chiao Tung University: “KYEC Joint Diamond Laboratory.” – Asia Pacific Institute of Creativity: “Industry-Academic Strategic Alliance and Donation Cooperation Memorandum” – National United University: “Industry-Academic Cooperation and Semiconductor Test Instrument Donation”
Art sponsorship	Cai Qin Concert	Sponsored art performance for feedback to the township.	Sold all 4,000 tickets
	Hsinchu Wind Orchestra	Chairman Chin-Kung Lee serves as the director of Hsinchu Wind Orchestra and has been supporting various performance events of the orchestra.	Sponsoring multiple performances of the orchestra, including Hakka music concert, and prenatal interaction music concert that offer free admission to the public, sparing no efforts in the promotion of art activities.

Moreover, the activities integrating community and charity groups include the follows:

- 一. Cooperating with Township Office to carry out peripheral road cleaning and adoption to maintain friendly relationship with neighborhood.
- 二. Cooperating with Foster centers for the organization of flea market environmental charity sales, where the company not only helps the disadvantaged with charity sales but also recycles the items.
- 三. Cooperating with the Society of Wilderness for beach cleaning on Earth Day.





Industry-Academic Strategic Alliance and Donation Cooperation Memorandum



Cai Qin Concert, the first person to hold concert in Miaoli in the past 50 years



Annex



• GRI Tables of Correlation

● indicates full disclosure
 ○ indicates partial disclosure

GRI 3.1		Items of Disclosure	Corresponding Chapters	Degree of Disclosure	Page No.
Strategy and Analysis	1.1	Statement related to the sustainability of organization and strategy made by the highest decision-making of the company.	Words from General Manager	●	4
	1.2	Description of major impact, risk and opportunities.	Business Performance, Risk Assessment	●	21, 23
Introduction to the company	2.1	Name of Company	KYEC Overview	●	9
	2.2	Major brand, product and/or service.	KYEC Overview	●	9
	2.3	Operating framework of the company.	Corporate Governance	●	14
	2.4	Headquarter location of the company.	KYEC Overview	●	9
	2.5	Country where the company operates	KYEC Overview	●	9
	2.6	Nature and legal form of ownership.	Corporate Governance	●	14
	2.7	Market supplied by the company.	KYEC Overview	●	10
	2.8	Scale of reporting company.	KYEC Overview, Business Performance	●	9, 21
	2.9	Major changes to company scale, framework or ownership during report period.			First publishing
	2.10	Award received during report period.	KYEC Overview	●	12
Report Parameters	3.1	Period of information report.	About Report	●	3
	3.2	Date of last report			First publishing
	3.3	Report cycle	About Report	●	3
	3.4	Contact information for query on report or content of report.	About Report	●	3
	3.5	Process of defining report content.	Stakeholders and Issues of concerns	●	6
	3.6	Border of report.	About Report	●	3
	3.7	Any limitation suggesting the scope and border of report.	About Report	●	3
	3.8	Report on joint venture company, affiliated company and leasing facilities that could possibly and seriously affect the report.	About Report	●	3
	3.9	Data measurement techniques and calculation base	All Chapters	●	Please refer to the instruction on all chapters.
	3.10	Explain the effect and reason for restating the information indicated on the old report.		●	First publishing
	3.11	The major difference between the scopes, border or calculation method of report from past report.		●	First publishing
	3.12	The table shows the position of various standard disclosures on the report.	Annex: GRI Correspondence Table	●	93
	3.13	Externally supported policy and current measures.	About Report	●	3
Governance, Commitment and Negotiation	4.1	Corporate framework of the company.	Corporate Governance	●	14
	4.2	Suggesting whether if the chairman of the highest corporate governing company also holds administrative position.	Corporate Governance	●	15
	4.3	The number of medium independent of Board of Directors and/or non-executing member.	Corporate Governance	●	15
	4.4	Shareholders and employees proposing suggestion or management direction mechanism to highest governing body.	Stakeholders and Issues of concerns, Employee' s Interests	●	6、84
	4.5	Relationship between compensation and company performance on senior management.	Corporate Governance	●	16
	4.6	Procedure of avoiding conflicts of interests in highest governing body.	Corporate Governance	●	15
	4.7	Procedure of determining the sustainable professionalism between BOD members.	Corporate Governance	●	14
	4.8	The mission or value inside the company, conducts and implementation.	Corporate Governance	●	15



	4.9	The supervisory procedure and frequency of economic, environmental and social performance for Board of Director management.	Corporate Governance	•	14
	4.10	Procedure of the BOD evaluating economic, environmental and social performance.	Corporate Governance	•	14
	4.11	Explanation of whether if the company follow warning guidelines or principles.	Risk Assessment	•	23
	4.12	Chapters, principles or other advocate participation or support launched by the company to the others.	Supplier Management, Employee' s Interests	•	27, 61
Governance, Commitment and Negotiation	4.13	The association or advocating organization which the company joins.	KYEC Overview	•	12
	4.14	List of stakeholder groups of company negotiation.	Stakeholders and Issues of concerns	•	7
	4.15	Basis of identifying and choose the stakeholder of negotiation.	Stakeholders and Issues of concerns	•	7
	4.16	Method of stakeholder negotiation, including negotiation frequency.	Stakeholders and Issues of concerns	•	7
	4.17	Key topics proposed by stakeholders during the negotiation process and how the company responds.	Stakeholders and Issues of concerns	•	7

Economic Indicator		Management Guidelines	Corporate Governance	•	14
Economic Performance	EC1	Direct economic value of output and distribution.	Business Performance	•	21
	EC2	Financial impact caused by climate change and other risk and opportunities.	Risk Assessment	•	25
	EC3	Whether if the pension plan drafted by the company is complete.	Employee' s Interests	•	73
	EC4	Major financial support from the government.	Business Performance	•	22
Market Position	EC5	Ratio between standard salary and local minimum wage.	Employee' s Interests	•	73
	EC6	Policy, measure and expenditure ratio to local suppliers.	Supply Chain Management	•	27
	EC7	Procedure of employing local personnel in all major operating sites.	Employee' s Interests	•	68
Indirect Economic Impact	EC8	The infrastructure investment and services provided for public interests, the development and impact.	Social Participation	•	90
	EC9	Understand and explain major indirect economic impact and degree of impact.	Business Performance, Risk Assessment	•	21、24

Environmental Indicator		Management Guidelines	Environmental Management	•	39
Raw Material	EN1	Weight or amount of material used.	Clean Production	•	32
	EN2	Ratio of using recycled raw materials as production materials.	Clean Production	•	32
Energy	EN3	Direct energy consumption divided based on major sources.	Environmental Management	•	39
	EN4	Indirect energy consumption divided based on major sources.	Environmental Management	•	39
	EN5	Energy saved through environmental conservation and enhancement of effectiveness.	Environmental Management	•	38
	EN6	Providing energy effectiveness or renewable energy based plan	Environmental Management	•	41
	EN7	Plan of reducing indirect energy consumption and plan effectiveness.	Environmental Management	•	39
Water	EN8	The total waste discharge divided by source.	Environmental Management	•	42
	EN9	Water resource seriously affected due to discharge.	Environmental Management	•	42
	EN10	Total amount of recycled and reused water.	Environmental Management	•	42
Biodiversity	EN11	Asset in environmental protection area or biodiversity.	Clean Production, Green Package Management	•	32, 34



	EN12	Major impact of company activities, products and services on biodiversity.	Clean Production, Green Package Management	•	32, 34
	EN13	Protected or restored habitat.	Clean Production, Green Package Management	•	32, 34
	EN14	Biodiversity strategy	Clean Production, Green Package Management	•	32, 34
	EN15	Quantity of distinct species, which habitat is affected by the company operations.	Clean Production, Green Package Management	•	32, 34
Emissions, Sewage and Waste	EN16	Total direct and indirect greenhouse gas emission by weight.	Environmental Management	•	45
	EN17	Other total greenhouse gas emission by weight.	Environmental Management	•	45
	EN18	Reduce greenhouse gas emission plan and effectiveness.	Environmental Management	•	45
	EN19	Ozone substance emission.		•	KYEC adopting eco-friendly refrigerant
	EN20	Emission of nitrogen oxide, sulfur oxide and other important gas	Environmental Management	•	45
	EN21	Total water discharge by quality and destination.	Environmental Management	•	42
	EN22	Total waste weight by weight and disposition.	Environmental Management	•	47
	EN23	Total number and spillage amount from severe spillage.		•	No union organization during report period
	EN24	Toxic waste weight disposed according to Basel Convention.		•	KYEC handles in Taiwan in compliance to laws and regulations.
Product and Service	EN25	Discharged by the company while water source and relevant habitat.	Clean Production, Green Package Management	•	32, 34
	EN26	The plan and effectiveness of reducing environmental impact on product and service.	Environmental Management	•	46 47
	EN27	Package material	Green Package Management	•	39
Compliance with Regulations	EN28	Total amount and number of heavy fines in violation of environmental laws the regulations.	Environmental Management	•	49
Traffic Transport	EN29	Major environmental impact produced from product transport and employee commute.	Supplier Management, Environmental Management	•	30, 45
Overall Situation	EN30	Total environmental expenditure and investment by total categories.	Environmental Management	•	49

Labor Indicator		Management Guidelines	Employees' Rights	•	68
Employment	LA1	Total number of employees by employment model, contract and region, in addition to dividing into sub-category by gender.	Employees' Rights	•	68
	LA2	The employee total turnover and ratio by age group, gender and area; additionally the total number of turnover rate in new employees.	Employees' Rights	•	71
	LA3	The offices only provide welfare to full-time employees only (excluding temporary or Part-Time Employees)	Employees' Rights	•	73
Employer-Employee Relationship	LA4	The employee percentage under the protection of Collective Bargaining Agreement.			No union organization during report period
	LA5	About the shortest notice period for specific work change, including whether if specified in Collective Agreement.	Employees' Rights	•	61
Occupational Health	LA6	In formal health and safety committee, the percentage of labor assisting the supervisor and consulting occupational health and safety plan (noted in %).	Occupational Safety and Health	•	51
	LA7	Work injury, occupational sickness, loss of work days, and absenteeism, by region and gender as well as work related worker death.	Occupational Safety and Health	•	51
	LA8	Promote the education, training, counseling, prevention of severe diseases and risk monitoring related plan to help employers, employee family or community members.	Occupational Safety and Health, Employees' Rights	•	53, 79
	LA9	Topic related to health safety in the formal agreement with the union.			No union organization during report period
Training and Education	LA10	Calculate the average training hours for each employee according to the ranking and gender of them.	Employees' Rights	•	66



	LA11	Strengthen employee' s continuous employment capacity, assist employees with the technical management and the lifetime learning project or courses.	Employees' Rights	●	66
	LA12	Percentage of employees accepting routine evaluation and occupational development review by gender.	Employees' Rights	●	65, 74
Multicultural and Equality Opportunity	LA13	Division of seniors and some employees by gender, age, few ethnic group members, and other diverse indicator.	Employees' Rights	●	68, 73
	LA14	The basic salary rate and rewards (ratio) is identified by male and female according to the operating office, employee type and occupation.	Employees' Rights	●	72
	LA15	Work recovery rate and retention rate after parental leave by gender.	Employees' Rights	●	74

Human Right Indicator		Management Guidelines	Employees' Rights	●	61
Investment and Purchase	HR1	Quantity and percentage of important investment agreement and contract indicated any attention to human right clauses or passed human right review.		●	N/A during report period
	HR2	Percentage of key suppliers, contractors and business partners has passed human right review.	Supplier Management	⊖	27
	HR3	Human right training of employees	Supplier Management, Employees' Rights	●	27, 61
Anti-discrimination	HR4	Total number of discrimination cases, and the action jeopardizing or violating employee taken by the company, and the identification of key supplier gathering freedom of association, and collective coordination model.	Employees' Rights	●	85
Freedom of Association and Collective Bargaining	HR5	Protect freedom of union and price negotiation with the labor.			No union organization during report period
Child' s Labor	HR6	Identify the operating model, possibly affecting young children, and measure and eliminate contribution from young labor.	Employees' Rights	●	61
Coerced Labor	HR7	The operating model that could form compulsory labor between the company and important suppliers, in addition to evaluating the elimination of contribution to all forms of compulsory labor.	Employees' Rights	●	61
Safety Security	HR8	Human right training for securities.	Employees' Rights	●	88
Local employees	HR9	Total number of cases involving infringement of local employee rights.	Employees' Rights	●	84
Evaluation	HR10	The total quantity and ratio of operating activities accepting human right review and (or) evaluation impact.	Employees' Rights	●	84
Corrective Measures	HR11	The number of complaints, processing and solution related to human rights through former complaint mechanism.	Employees' Rights	●	84

Social Indicator		Management Guidelines	Social Participation	●	90
Community	SO1	The rate for executing "Negotiating conservation, impact evaluation and development plant."	Social Participation	⊖	90
	SO9	Which operating activities could bring major potential or actual negative impact?	Social Participation	●	90
	SO10	Prevention of local communities with major potential or actual negative impact, and the alleviating measures.	Social Participation	●	90
Bribery	SO2	The total quantity and percentage of sales department having conducted bribery risk analysis.		●	N/A during report period
	SO3	The percentage of employees already accepting the anti-bribery policy and procedure training from the company.		●	N/A during report period
	SO4	Action taken in response to bribery case.		●	N/A during report period
Public Policy	SO5	Stance and lobbying against public policy	Environmental Management, Employees' Rights	●	42, 66
	SO6	Political contribution	Social Participation	⊖	90
Anti-Competitive Practice	SO7	The total quantity and outcome of involving in anti-competitive practice, anti-monopoly measure litigation.		●	N/A during report period
Compliance with Regulations	SO8	The total amount of heavy fines in violation of laws and regulations.		●	N/A during report period



Product Indicator		Management Guidelines	Green Package Management	•	34
Customer Health and Safety	PR1	The impact of product and service on the safety and health of cycles.	Green Package Management	•	34
	PR2	Number of violation to product specification and service health and safety.		•	N/A during report period
Product and Service Indicator	PR3	Information types marked on products and services.	Green Package Management	•	34
	PR4	Number of violations to product and service information mark.		•	N/A during report period
	PR5	Meet customer satisfaction for requirement, including customer satisfaction survey result.	Customer Management	•	26
Marketing Promotion and Communication	PR6	Meeting marketing promotion related laws, standards and voluntarily laws.		•	KYEC offers OEM services without products for public sales
	PR7	Number of violating to marketing promotion related laws, standards and voluntary regulations.		•	N/A during report period
Customers' Privacy	PR8	The actual total number of infringement to customer privacy and loss of customer data.		•	N/A during report period
Compliance with Regulations	PR9	The total amount of fines for product or service violating the laws.		•	N/A during report period



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