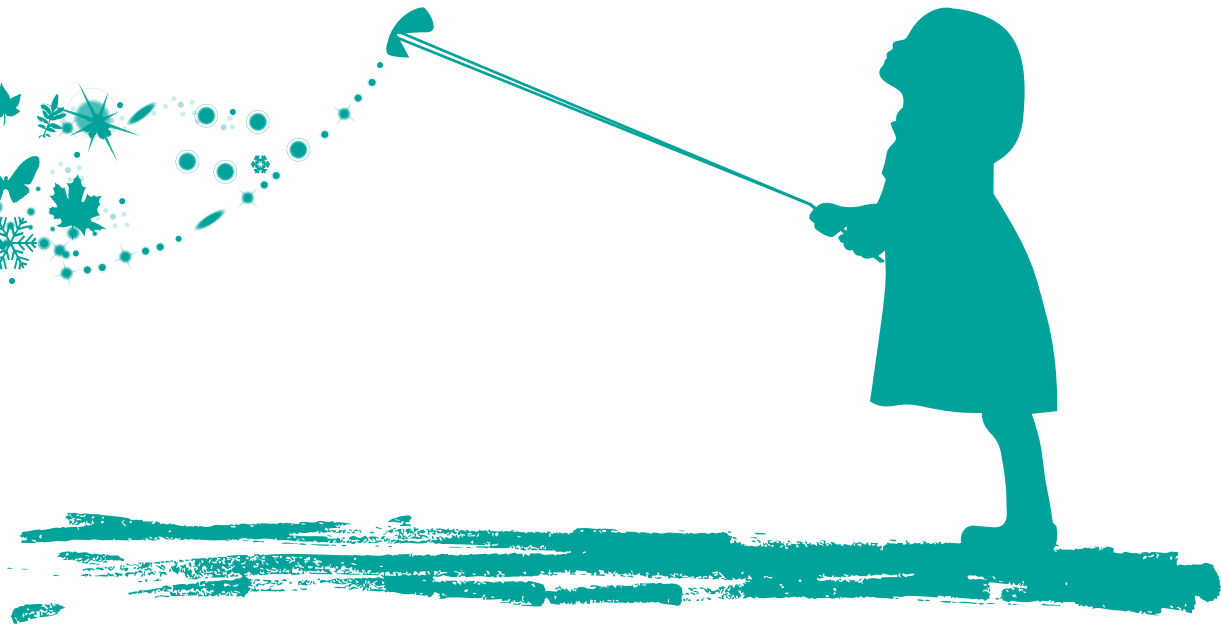


2015

CORPORATE
SOCIAL RESPONSIBILITY
REPORT



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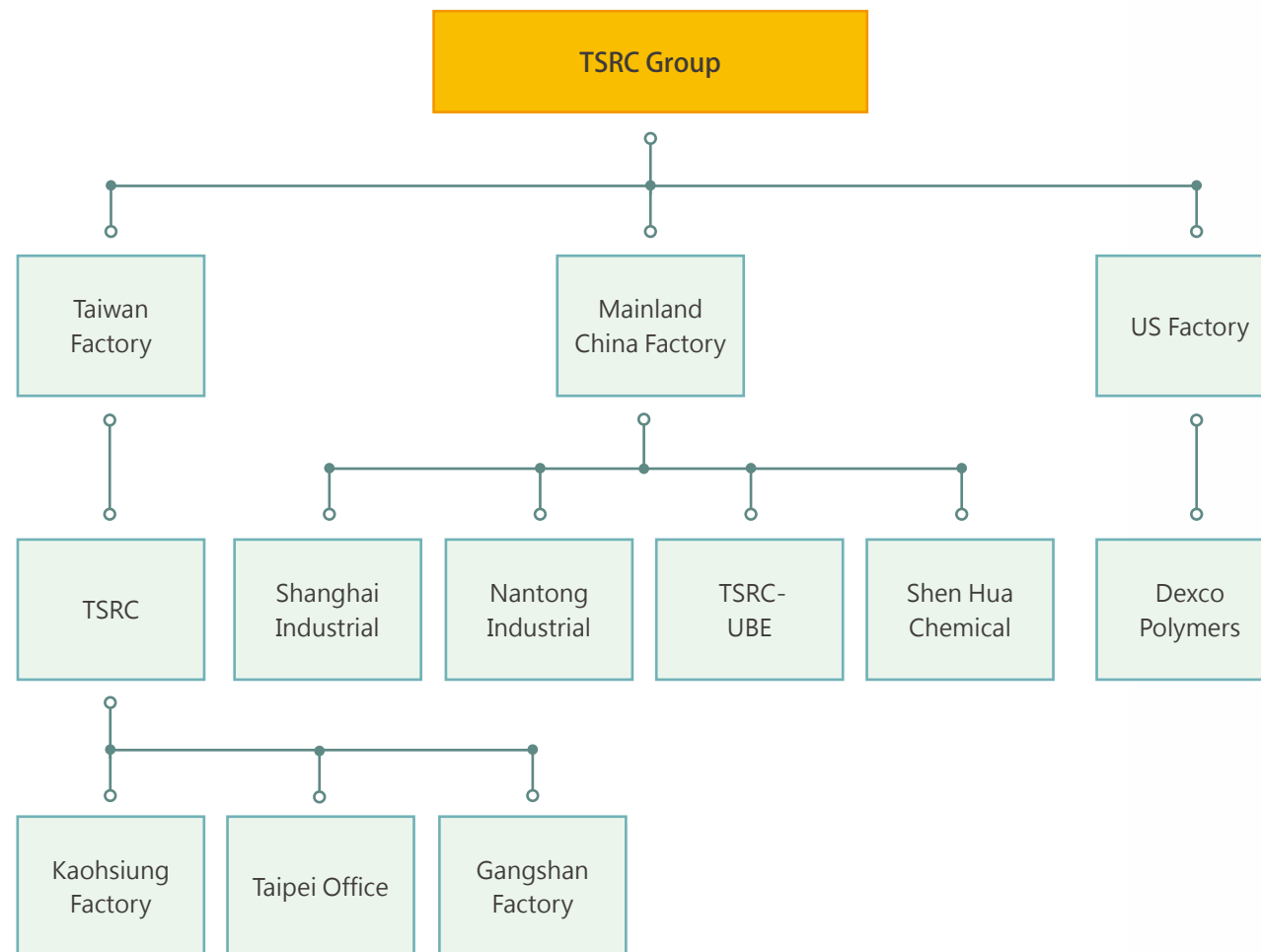
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This is the fourth Corporate Social Responsibility Report (CSR Report) published by TSRC. The report is compiled in accordance with the GRI G4 guidelines in the economic, environmental and social aspects, to disclose all key issues, actions and responding performance information of all CSR management policies to the stakeholders, through the topic of sustainability, relevant strategies, objectives and measures to expand the communication and engagement with all stakeholders.

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Scope and Boundaries of the Report

The boundaries of this year's CSR Report discloses TSRC Corporation in Taiwan (including Taipei Headquarter office, Kaohsiung Factory and Gangshan Factory) and four subsidiaries in China (including Shen Hua Chemical, TSRC (Nantong), TSRC-UBE, TSRC (Shanghai)) and the subsidiaries, Dexco Polymers in the USA, as the primary coverage of report performance.

→ The main difference of this report from the previous version, in addition to disclosing the subsidiaries, Dexco Polymers, in the USA, business of the TSRC (Jinan) ended in 2015, and therefore it will not be disclosed in the report.

Report Period

Year 2015 (January 1, 2015 ~ December 31, 2015). Facts that occurred before or after this report period, and future policies, goals and plans will be partially disclosed in this Report.

Report Guidelines

This report is compiled in accordance with the Core Option of Global Reporting Initiative (GRI) Report Guidelines G4 to disclose the strategy, concept, measures and performance in the business social responsibility aspect of TSRC.

Figures in financial statement in this report are expressed in New Taiwan Dollar (NTD). Relevant performance of environmental protection, safety and health are expressed in international indicators. Estimates or assumptions will be noted in each relevant chapter. Compared to the last version of report, this report does not have descriptions from the corrections of the previous report that may mislead readers.

Report Assurance

In order to provide the readers with reliable open information, this Report has received the external verification by the independent third party organization TUV NORD and complied with the AA1000AS^{Note 1} Standard. The Statement is in the Attachment of this Report.

Report Cycle - To be published annually.

Current Report: June 2016

Previous Report: June 2015

Next report: scheduled for June 2017

Report Publication

1. On-line Version <http://www.tsrc.com.tw>
2. Printed Version

Note 1: AA1000AS: AA1000 Assurance Standard of Accountable, Responsible and Sustainable Principles Published by the Accountability Organization of UK, is one of the international verification standard on business CSR Report.

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1 VISION AND MISSION

VISION AND MISSION

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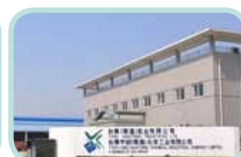
TSRC Milestones

2000

- Received OHSAS 18001 certifications.
- Applied Material Business Division Gangshan Factory officially started production
- TSRC (Shanghai) Industries Ltd., TSRC (Jinan), TSRC (Nantong), TSRC-UBE (Nantong) officially started mass production.



TSRC-UBE



TSRC (Nantong)



Gangshan Factory



TSRC (Jinan)



Shanghai Industrial Ltd.

1980

- Completed TPE Factory construction and started ordering material for trial run.
- Completed BR Factory construction and started production.



BR Factory



TPE Factory

2010~NOW

- TSRC's Indian affiliated ISRL Company completed ESBR product trial run and officially started mass production
- LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd. officially started mass production
- TSRC(Nantong) completed SEBS product expansion construction
- Acquired 100% stake in Dexco Polymers of USA
- Received QC 080000 & ISO 50001 certifications.
- Completed Joint Venture with CPC and Fubon Financial to Establish Taiwan Advanced Materials Corporation



LANXESS-TSRC



Indian affiliated ISRL Company



Dexco Polymers LP

1990

- Shen Hua Chemical Industrial Co. Ltd officially started mass production.
- Received ISO 14001 & ISO 9001 Certifications.
- Developed TPE new products and expanded production.



Shen Hua Chemical

1970

- Established in Taiwan
- Completed the construction of SBR Factory and started production.



Headquarter Office



Kaohsiung Factory

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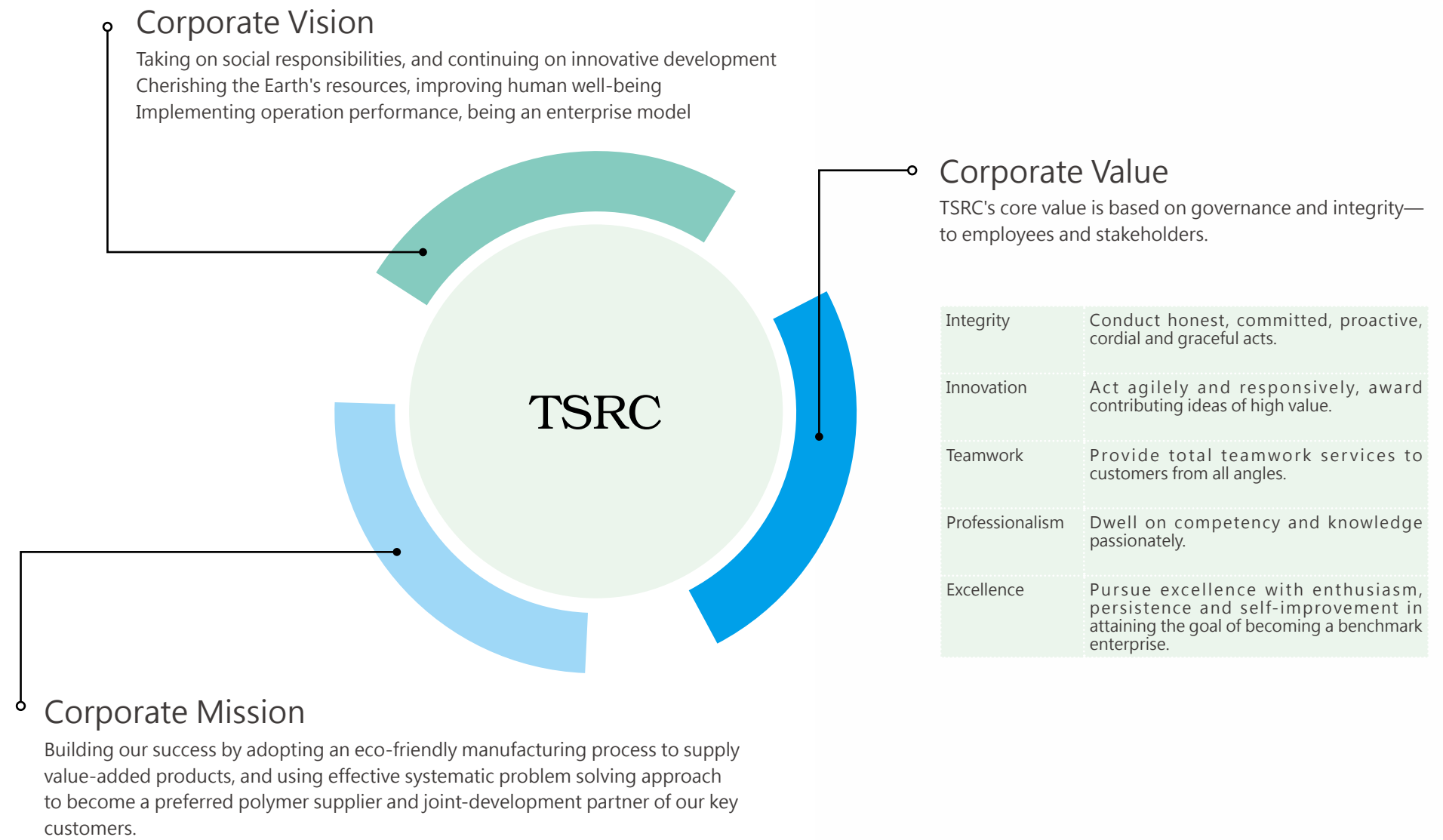
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To All Stakeholders

To all our TSRC partners, TSRC continues to focus our efforts in every economic, environmental, and social aspect to fulfill our corporate responsibilities, with expectation of being a sustainable business. We are pleased to share with the communities and our stakeholders about the efforts and achievements in implementing our sustainable business development through this "2015 Corporate Social Responsibility Report".

Due to a weaker Chinese economy, lower demand of the automobile market in 2015, the Chinese tire industry suffered anti-dumping and countervailing sanction from the US, the operating rates decline. The synthetic rubber production capacity continued to expand and caused a large increase in market supply and worsened the demand imbalance. In addition, the sharp drop in oil prices led to lower prices in the raw material butadiene, synthetic rubber prices have fallen sharply, and profit of the rubber industry was significantly impacted.

In order to break through this difficult business environment and ensure a profit margin, in addition to promoting new revenue stream and cut cost, TSRC also strengthened the flexibility of production line management, and establish a market strategy of price and volume stability with long-term customer, and changed a Kaohsiung SBS production line to SEBS, to improve high-margin, high-quality TPE product sales percentage, committed to the development of differentiated products, including the rubber products used for high-performance and energy-saving tires, and providing excellent wet grip and handling performance, while providing customers with a full range of technical services, to meet the demand of tire customers. In order to compete in the high end TPE market and meet the demands of international manufacturers, TSRC is actively moving toward the development of applied material market with special niche, including the development of high-end shoe materials, special adhesives, printed thin films, high-end medical materials and others, and continue to enhance TPE product quality and process technology improvement, and establish a global product technology service network, become the supplier trusted by the global customers to enable the Company maintaining stable growth and implementing the objective of business sustainable operation in this highly competitive environment.

In the environmental aspect, in addition to the original areas of Taiwan and the

Mainland China, we have further expanded the scope to the US subsidiary Dexco Polymers in jointly disclosing the information on Greenhouse Gas/Environmental Safety and Health Management, Labor Equal Rights, and other topics in 2015.

In light of Kaohsiung 81 gas explosion incident, TSRC established the "Underground Pipeline Management Operating Practices", and in cooperation with CPC and neighboring factories of Dashe District, built the butadiene pipeline feeding monitor, patrol inspection and maintain system, actively worked with the "Kaohsiung Existing Industrial Pipeline Self-Management Regulations" published by the Kaohsiung City Government in 2015, and Pipeline Bundle Joint Protection Drill" with the Pipeline Bundle Joint Protection Emergency Response Plan, actively implemented the area joint protection emergency response mechanism and toxic chemical substances joint protection operating management with significant performance, and won the award specially recognized by the Industrial Development Bureau, Ministry of Economic Affairs. In the light of operation sustainability risks caused by the climate change, TSRC also actively promote water saving measures with an accumulated 35% waste water recycle rate in 2015 by the production process of Kaohsiung Factory and 37% by Nantong Factory, and 17.27% of reduction in water consumption by Gangshan Factory, moreover, Nangtong Factory won the Water-Saving Enterprise Operation Award.

In the promotion of energy saving, Kaohsiung Factory implemented of ISO50001 Energy Management System in 2013 and gradually extended to the subsidiaries in Nangtong, Shen Hua Chemical also passed the external certification in 2015. Through effective division of work in the management team, TSRC has been gradually decreasing its energy use, and greenhouse gas emissions also show a decreasing trend at the same time. TSRC is expecting to achieve a balance of economic development and environmental protection through all these positive actions.

In the social aspect, TSRC provides employees with an optimum salary system and incentive programs over the provisions specified by the laws and regulations, pays attention to the business responsibility of local hiring, and hired more than 200 new employees in 2015 with overall salary and benefits better than average level of the industry, actively creates challenging, continuous learning as well as comfortable and safe working environment, promotes the balance of work and life in every

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effort. Taking from society and giving back to society, TSRC also participates in the society and the local community caring, with local Factory area as the base, gradually implements the TSRC Social Caring Map, in addition to all community caring activities, also participates in Chemistry Education to Local Community Plan and with our cooperation manufacturers to utilize the products in social caring, expecting to fulfill our Corporate Social Responsibility through all kinds of social welfare activities.

Looking forward to the future, TSRC will actively promote the transformation and upgrading, will expand the TPE business proportion, move toward a more specific niche with special chemical products and applied materials market area, to enhance the high-end technology and customized development capabilities. As well as continue to uphold the sustainable operating philosophy of cherishing the earth's resources, implementing the corporate social responsibility and sustainable business philosophy, fully engaged in the development of energy-saving materials, creating operational success, also expecting march steadily forward on the road of business sustainability, continue to create value for the stakeholders and all society.



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

Shao-yu Wang, Chairman



A handwritten signature in black ink, appearing to read 'Joseph Chai'.

Joseph Chai, President & CEO

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CSR
Corporate Social Responsibility

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2 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY ISSUES MANAGEMENT

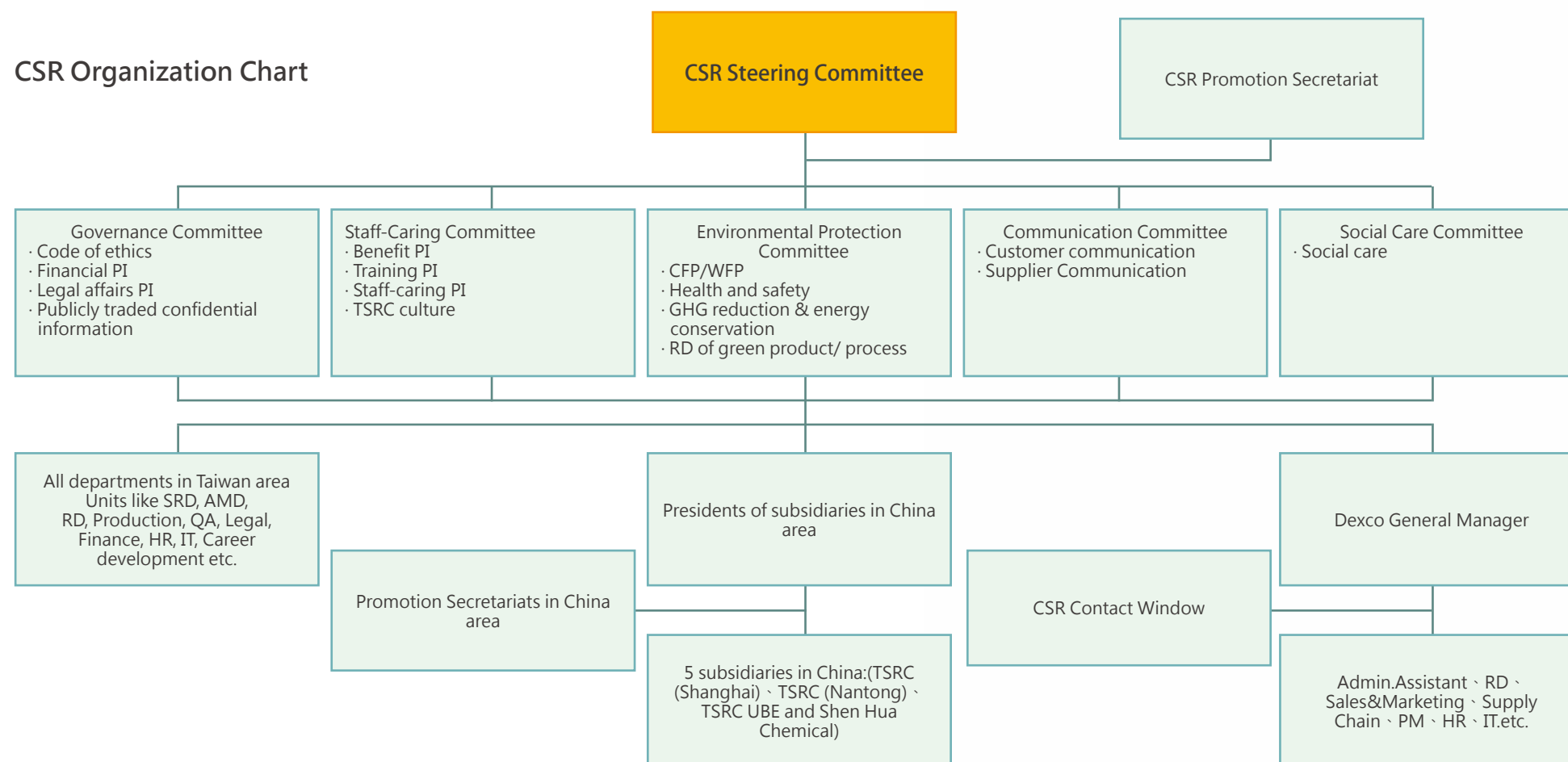


Corporate Social Responsibility Initiation and Organization

TSRC CSR Project Organization - The Corporate Social Responsibility Steering Committee, led by the President and CEO, and hold regular meetings to confirm and review CSR promotion status and strategy. Under the Steering Committee, there is "Promotion Secretary Office" and a total of five subcommittees "Corporate Governance Committee", "Employees Caring Committee", "Environmental Protection Energy Saving Committee", "External Communication Committee", "Social Caring Committee", to

guide three Corporate Social Responsibility aspects of managements of economic, environmental, and social indicators. Under the active cooperation in operating CSR activities, the General Managers of all subsidiaries and the CSR Committee Members smoothly completed the plan, combined the economic, environmental and social performance management indicators with daily operations into routine works, and converted the previously collected concerned issues into activities to promote the topics and continue to improve.

CSR Organization Chart



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The CSR Promotion Secretary Office follows the "P-D-C-A" (Plan - Do - Check - Action) management model to perform regular identification of stakeholders, collect and inspect the concerned issues of stakeholders and report in the annual meeting held in the first season, to make sure all the material aspects are covered and start action plan after confirmed by the Committee, and report the progress of all relevant business of Corporate Social Responsibility to the Committee, and then the results and future strategies shall be reported by the CEO to the Board of Directors.

Screening of Stakeholders and Major topic

1. Identify Stakeholders

Communication and screening of stakeholders and major topic are the most important part of Corporate Social Responsibility; understand the relevant issues concerned by the stakeholders through the disclosure of Corporate Social Responsibility Report revelations, to let the stakeholders understand the efforts and performance achieved by TSRC in 2015.

The Secretary Office of CSR Promotion Small Group, based on the daily operation and external business communication conducted by the TSRC relevant departments, in accordance with the practical topic selection mechanism, convenes each department personnel to search for the stakeholders using the organizational operation communication and the stakeholder tolerance level to identify the stakeholders, selects the prioritized communication targets and responds to their concerned issues, determines the primary stakeholders and their concerned issues. There are total of seven categories of stakeholders including Customer, Employees / Labor union, Investor, Media, Supplier, Community and Government NGO.

2. Stakeholder Engagement

Stakeholder engagement is an important part of TSRC Sustainability Issue Management. In addition to maintain all types of interaction with stakeholders

through daily business, we also utilize different channels, including telephone communication, meeting, satisfaction survey, visit, participation in associations and other ways. We respond to the concerned issues raised by the stakeholders identified as issues of material aspects through this report.

Responding to the activation of organization sustainable management, in addition to the "Corporate Social Responsibility Mailbox" (csr.admin@tsrc-global.com), to communicate and feedback with all stakeholders, we also set up a special Stakeholder Web Page on the Company's official web site to communicate and respond by dedicated responsible personnel. The 2015 Concerned Level Analysis of Major Issues is based on the annual questionnaire survey focused on the primary stakeholders' concerned level of the issue, analyze two factors of the Company's economic, environmental, social high and low impacts, to identify the concerned, highly concerned and highly impacted major issues of the stakeholders and disclose those issues in the relevant chapters of the report.



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Stakeholders, Concerned Issues and Communication Channels are as follows:

Stakeholders	Concerned Issues	Communication Channels	Responding Chapters
Customer	<ul style="list-style-type: none"> ● Product Laws and Regulations Compliance ● Customer Privacy Management ● Customer Health and Safety ● Marketing Communication ● Product and Service Labeling 	<ul style="list-style-type: none"> ● Annual Customer Satisfaction Survey ● Annual Interactive Seminar ● Visit (Email, Telephone, Questionnaire, etc) ● Irregular Technical or Industrial Seminar ● Domestic and International Exhibition ● Customer CSR Audit ● Web Site Information Disclosure of Corporate Social Responsibility Report 	CH1. Vision and Mission CH3. Corporate Social Responsibility - Economic CH5. Corporate Social Responsibility - Social
Employees / Labor Union	<ul style="list-style-type: none"> ● Occupational Health and Safety ● Forced or Compulsory Labor ● Education and Training ● Economic Performance ● Employment 	<ul style="list-style-type: none"> ● Employees Welfare Committee ● Responsible Care Committee ● Health Promotion Forum (if Required) ● Internal Web Page with Employee Complain Mailbox ● Industrial Safety Bulletin ● Labor Union Representatives Conference 	CH4. Corporate Social Responsibility - Environmental CH5. Corporate Social Responsibility - Social
Investor	<ul style="list-style-type: none"> ● Economic Performance ● Customer Health and Safety ● Market Presence ● Customer Privacy ● Product and Service Labeling 	<ul style="list-style-type: none"> ● Web Site Information Disclosure of Corporate Social Responsibility Report ● Investor Service Mailbox in the Company's Web Site ● Public Information Observation Post ● Shareholder's Meeting 	CH2. Corporate Social Responsibility and Sustainability Issues Management CH3. Corporate Social Responsibility - Economic CH4. Corporate Social Responsibility - Environmental
Media	<ul style="list-style-type: none"> ● Water Resource Management ● Occupational Health and Safety ● Effluents and Waste ● Biodiversity ● Local Community 	<ul style="list-style-type: none"> ● Corporate Social Responsibility Report ● CSR Mailbox in Company Web Site ● Irregular Telephone Communication ● Irregular Visits ● Web Site Information Disclosure of Corporate Social Responsibility Report 	CH4. Corporate Social Responsibility - Environmental CH5. Corporate Social Responsibility - Social
Supplier	<ul style="list-style-type: none"> ● Procurement Practice ● Laws and Regulations Compliance ● Product and Service Labeling ● Customer Health and Safety ● Supplier Assessment for Impacts on Society 	<ul style="list-style-type: none"> ● Supplier CSR Evaluation ● CSR Mailbox in Company Web Site ● Supplier CSR Publicity ● Supplier Environmental Protection Evaluation ● Web Site Information Disclosure of Corporate Social Responsibility Report ● Annual Supplier Evaluation 	CH2. Corporate Social Responsibility and Sustainability Issues Management CH3. Corporate Social Responsibility - Economic

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Stakeholders	Concerned Issues	Communication Channels	Responding Chapters
Community	<ul style="list-style-type: none">● Emission● Effluents and Waste● Local Community● Biodiversity● Environmental Protection Laws and Regulations Compliance	<ul style="list-style-type: none">● Irregular Visit● Industrial Park Manufacturers Association● Industrial Park Service Center● Set up CSR Mailbox on the Company Web Site● Web Site Information Disclosure of Corporate Social Responsibility Report● Irregular Visit● Industrial Park Manufacturers Association● Industrial Park Service Center	CH 2. Corporate Social Responsibility and Sustainability Issues Management CH4. Corporate Social Responsibility - Environmental
Government / NGO	<ul style="list-style-type: none">● Environmental Protection Laws and Regulations Compliance● Effluents and Waste● Emission● Biodiversity● Occupational Health and Safety	<ul style="list-style-type: none">● Corporate Social Responsibility Report● Government Laws and Regulations Publicity● Government Official Documents	CH3. Corporate Social Responsibility - Economic CH4. Corporate Social Responsibility - Environmental

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Material Aspect responded in this Report

Environmental Aspect

1. Environmental Protection Laws and Regulations Compliance
2. Effluents and Waste
3. Emission
4. Energy
5. Overall Environmental Protection Condition
6. Water Resource Management
7. Biodiversity
8. Supplier Environmental Assessment※

Economic Aspect

1. Economic Performance
2. Market Presence
3. Indirect Economic Impacts

Social Aspect

1. Occupational Health and Safety
2. Product Laws and Regulations Compliance
3. Employment
4. Customer Health and Safety
5. Abolition of child labor
6. Labor / Management Relations
7. Product and Service Labeling
8. Education and Training
9. Forced or Compulsory Labor
10. Anti-corruption
11. Marketing Communication
12. Customer Privacy
13. Supplier Assessment for Impacts on Society※
14. Local Community

Note: ※ represents self-disclosure

Material Aspect Analysis Result

2015 Concerned Issues Prioritization



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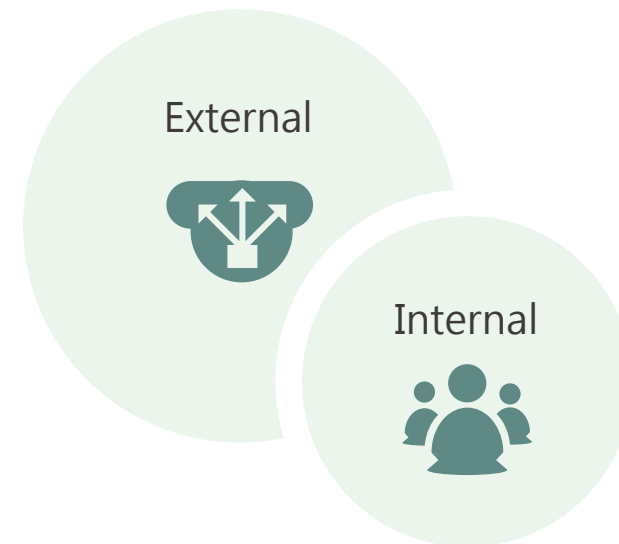
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Identify Material Aspects and Boundaries

Source of the TSRC Sustainability Issues

The Company identifies the Material Aspects process based on the principles and definitions of report content guidelines in the GRI G4 Sustainability Report Framework, due to the wide coverage of Sustainability Issues; we collect the organization related issues through the following sources.

The Material Aspect Analysis Process



External

- ◆ GRI Aspect and Indicator, GRI Industrial Sustainability Topics
- ◆ Communication Procedure and Comment Feedback with Stakeholders

Internal

- ◆ The Company Sustainability Policy
- ◆ The Company Operation Strategy and Objective

This report uses the Material Aspects Analysis Process as the method to identify the sustainable issues concerned by the stakeholders, and uses it as the reference basis of information disclosure to achieve the objective of effective communication and the important basis of future planning for the Corporate Social Responsibility direction.

Material Issues Prioritization

TSRC performed this survey based on materialized issues evaluation mechanism, through 264 valid questionnaires received in 2015, organized concerned score and concerned level of every issue to understand the concerned level of the stakeholders. For the

economic, environmental and social impacts to TSRC of each issue, TSRC CSR Promotion Small Group scored the impact level individually based on the points of view from the management personnel within the organization. After organizing all the scores, we prioritize the material issues of TSRC sustainability development based on the stakeholders concerned level and impact to TSRC, and consider the coverage level to divide into the materiality threshold value; are selected as the Material Aspects to be responded in this Report.



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The Aspect Boundary within and outside for each Material Aspect

For every identified material issue, we assess its impact and determine whether the Aspect influenced the organization within or outside.

Aspects		Boundaries		Within the Organization						Outside the Organization		
				TSRC	Shen Hua Chemical	Nantong Industrial	TSRC-UBE	Shanghai Industrial	Dexco polymers	Supplier	Contractor	Customer
Environmental	1. Environmental Protection Laws and Regulations Compliance			●	●	●	●	●	●	◐	◐	-
	2. Effluents and Waste			●	●	●	●	●	●	◐	-	-
	3. Emission			●	●	●	●	●	●	○	-	-
	4. Energy			●	●	●	●	●	●	-	-	-
	5. Overall Environmental Protection Condition			●	●	●	●	●	●	-	-	-
	6. Water Resource Management			●	●	●	●	●	●	-	-	-
	7. Biodiversity			●	●	●	●	●	●	-	-	-
	8. Supplier Environmental Assessment※			●	◐	◐	◐	◐	◐	-	-	◐
Economic	1. Economic Performance			●	●	●	●	●	●	○	-	○
	2. Market Presence			●	●	●	●	●	●	-	-	-
	3. Indirect Economic Impacts			●	◐	◐	◐	◐	◐	◐	-	-
Social	1. Occupational Health and Safety			●	●	●	●	●	●	◐	◐	-
	2. Product Laws and Regulations Compliance			●	●	●	●	●	●	◐	-	-
	3. Labor Employment Relations			●	●	●	●	●	●	-	◐	-
	4. Customer Health and Safety			●	●	●	●	●	●	-	-	-
	5. Abolition of child labor			●	●	●	●	●	●	◐	●	-
	6. Labor / Management Relations			●	●	●	●	●	●	-	-	-
	7. Product and Service Labeling			●	●	●	●	●	●	●	-	-
	8. Education and Training			●	●	●	●	●	●	-	-	-
	9. Forced or Compulsory Labor			●	●	●	●	●	●	◐	◐	-
	10. Anti-corruption			●	●	●	●	●	●	◐	◐	○
	11. Marketing Communication			●	●	●	●	●	●	-	-	○
	12. Customer Privacy			●	●	●	●	●	●	○	-	-
	13. Supplier Assessment for Impacts on Society※			●	◐	◐	◐	◐	◐	◐	◐	◐
	14. Local Community			●	◐	◐	◐	◐	◐	-	-	-
	Material	-	Non-material	●	Fully disclosed in this Report.		◐	Partially disclosed in this Report		○	Unable to disclose due to lack of information	

Note: ※ Self Disclosure.

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3 CORPORATE SOCIAL RESPONSIBILITY – ECONOMIC

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Business Operation Review:

Market

In recent years, the price of bulk synthetic rubber collapsed because of a sharp rise of market supply. This sector was impacted by the market; therefore, TSRC actively develops toward high value product and application, which is advanced, specialty chemical field, then the operations and margins may breakthrough with room for growth.

Company Strategy

In response to global business awareness of "Corporate Social Responsibility (CSR)", in additional to continue to focus on advanced environmental process to develop high value-added new products and new technology to satisfy the customer with the Company's products and services, TSRC also will raise the revenue percentage of specialty high-end TPE products; and concentrate resources in expanding the high-end shoe parts market (develop world renown brand name), aggressively achieve the sales objective of application market, and continue to develop the high-end printed thin film, medical equipment material products to increase the weight of differentiated products.

Performance in 2015

TSRC consolidated revenue is NT\$25,982,000,000 , EPS NT\$0.64 Main sales regions

are Japan, Thailand, Mainland China, Malaysia, Vietnam, Indonesia, the USA, Portugal, Germany and India.

Prospects in 2016

In response to the global oversupply of synthetic rubber industry environment, we strived in developing differentiated products, including the rubber products used in high-performance and energy-saving tires, providing wet grip and handling performance, while providing customers with a full range of technical services to meet the requirements of tire customers.

In order to compete in the high end TPE market and meet the demands of international manufacturers, the Company is actively moving toward the development of applied material market with special niche, including the development of high-end shoe materials, special adhesives, printed thin films, high-end medical materials and other applications, and continue to enhance TPE product quality and process technology improvement, and establish a global product technology service network, and become a supplier trusted by global customers.



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Corporate Social Responsibility

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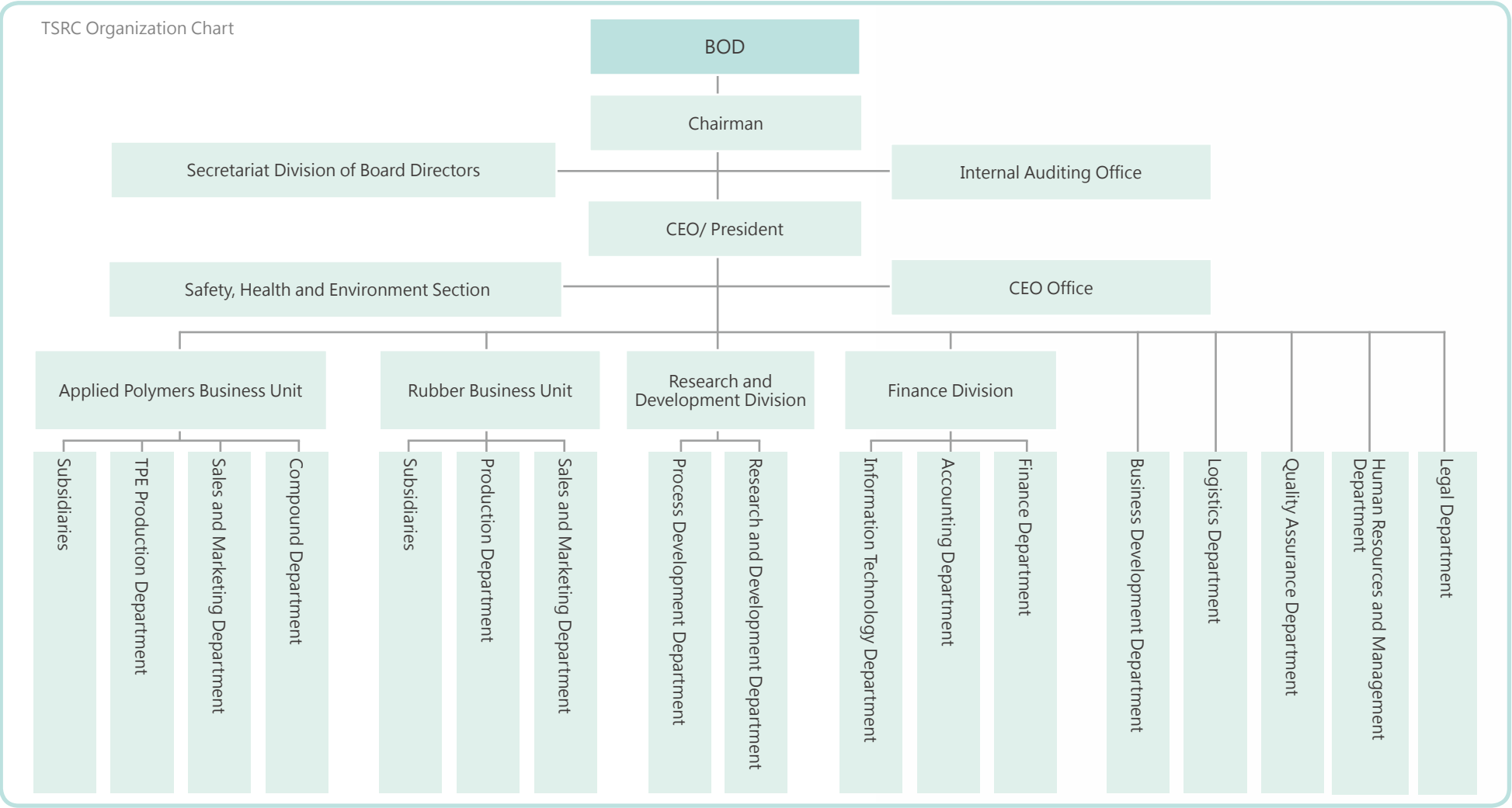
Company Profile

Group Performance Review

•TSRC is a publicly traded company in Taiwan with major shareholders comprising domestic and foreign operations and individuals, Stock Code

2103.

TSRC Corp. was founded in 1973 at Dashe Petrochemical Industrial Park in Kaohsiung, Taiwan, which is still one of the most important production bases today.



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The main business consists of a variety of manufacturing and sale of synthetic rubber; with brand names of TAIPOL, T-BLEND, VECTOR and other related brands, and main product lines are E-SBR, S-SBR, BR, TPE and TPR), etc., all are upstream raw materials for producing consumer products. Our rubber products customers are mostly the automobile industries, used in tires, engine tubing, airbag covers, and window trims. In addition, our products are also used in daily lives and industrial products, such as soles, toys, construction materials, daily necessities, industrial supplies and others. Among them, the sales percentage of synthetic rubber products is 97% with major markets in Southeast Asia, Mainland China, and the rest of the markets in Japan, the USA, Germany, India and other countries; the sales percentage of non-synthetic rubber products is 3% with major markets in Mainland China, Southeast Asia, Europe, and the United States.

New Products in 2016 Development Plan

01

Continue to develop high-performance, energy-saving SSBR rubber products for tire.

02

Develop high-end medical materials, high-end shoe material, printed thin film and special adhesives and other high value-added TPE products.

03

Enhance quality of TPE product quality and production process to meet the requirement of international customers.

From being the only synthetic rubber manufacturer in Taiwan 40 years ago, to today's important rubber industry leader in Asian market, TSRC has been actively internationalizing our business recently: R&D and technology focused on global planning, acquired Dexco in the USA, introduced the US Dexco advanced production process technology, developed high value-added products, and worked with the development of customized products to expand the scope of product applications,

increased sales of high value-added TPE products; established operation center and sales channels in Europe; the focus of production business is still in Asia with two production factories in Taiwan, and four subsidiaries and warehouse bases established in Mainland China, in addition, a joint venture of LANXESS-TSRC (Nantong) with the German Lanxess, based on the demand for rubber in India, the India Factory ISRL, in cooperation with Indian Petroleum Company, completed the trial run and started mass production as we also realize that only through continuous innovation in this ever-changing market in order to gain the competitive advantage. In additional to monthly financial report, TSRC holds Shareholders' Meeting every year. Shareholders may submit proposals in writing in annual shareholders' meeting in accordance with the Companies Act, moreover, Investor Relations Pages are set up in the Company's Web Site in Traditional Chinese, English and Simplified Chinese Editions, regularly updated financial information and Corporation conference presentations are available for the investors' reference. Shareholders and investors can also use the Investor Relations Mailbox to express their questions and suggestions, all relevant information can be queried in the TSRC Investor Relations Pages or Public Information Observation Post. We believe that all efforts will improve the transparencies of TSRC's operation and information, so that the investors may have access to more relevant information when making investment decisions.

Financial Numbers

Unit: NT\$ 1,000

Items		2013	2014	2015
Financial Ability	Sales	34,422,999	31,868,574	25,981,759
	Total Assets	33,372,364	33,156,653	29,993,985
Profitability	Net Profit after Tax	1,715,482	1,243,746	601,147
	Earnings Per Share after Tax (NTD)	1.9	1.38	0.64

* Information in this table is extracted from the consolidated financial statement of TSRC and subsidiaries.

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Technology Research and Development Overview / International Technology Cooperation

Unit: NT\$ 1,000

Items	2013	2014	2015
Net Sales	34,422,999	31,868,574	25,981,759
R&D Expenditure	389,147	363,035	328,614
R&D Expenditure/Net Sales (%)	1.1	1.1	1.3

* Information in this table is extracted from the 2015 consolidated financial statement of TSRC and subsidiaries.

TSRC 2015 Allocated Economic Value(% in Revenue)

Operating Cost %	Employees' Salary and Benefits %
88.1%	7.1%
Payments to Shareholders %	Payments to Government %
4.8%	0.2%

Note:

1: Operating Cost: The cost and expense of doing business (but does not including the employees' salary and benefits).

2: Employees' Salary and Benefits: including salary, labor and health insurance, retirement funds, and other expenses for benefits.

3: Payments to the government: Taxes (for example: sales tax, income tax, and property tax, others).

4: Please refer to TSRC Annual Report for detail information

In order to surpass the industry with better profits, the Research and Development Department is actively developing advanced, trendy designs in accordance with different customer's requirement to provide customers with all around services. Total of Research and Development expenses in 2015 is approximately NT\$.328,000,000 or as 1.3% of total sales.

TSRC actively applies for patent to protect the results of Research and Development, advance production process as differentiated tools against the competitors. In 2015, there were four patent applications and 28 patents awarded.

Memberships in Association and Organizations, Cooperation

1. Petrochemical Industry Association of Taiwan
2. Taiwan Rubber & Elastomeric Industries Association
3. Dashe Petrochemical Industrial Park Manufacturers Association
4. Interlibrary Cooperation Association
5. The Institute of Internal Auditors - Chinese Taiwan
6. Chinese Society for Quality
7. Industrial Safety and Health Association of the R.O.C.
8. Ren Da Industrial Park Association for Promoting Labor Safety and Health
9. Taiwan Responsible Care Association
10. International Institute of Synthetic Rubber Producers (IISRP)
11. Intellectual Property Rights Association of Chinese National Federation of Industries
12. Chinese National Association of Industry and Commerce, Taiwan
13. Safety & Health Association of Taiwan
14. Benjou Industrial Park Manufacturers' Association, Gangshan, Kaohsiung
15. China Rubber Industry Association
16. China Adhesives and Tape Industry Association
17. Nantong Standards Association
18. 2nd Board, Production Safety Management Network, Nantong Economic and Technology Development Area



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Corporate Governance

In order to implement high-quality corporate culture, maintain the Company's image and corporate ethics, the Company established "Business Execution Code of Conduct", "Guidelines of Ethics and Behaviors" in accordance with the "Company Act", "Securities and Exchanges Act" and "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to regulate all employees and directors and managers; to avoid taking advantage of their own job duties to seek improper profits for themselves and relatives, prohibit leaks of customer's privacy when they are handling business activities and procedural regulations. And at the same time, we also established whistle blowing, disciplinary and appeal procedures. We regularly review the Company's "Corporate Mission, Vision and Value" and "Core Competencies" and "Management Competencies", and request compliance from all relevant personnel, and implement those in the Annual Performance Review Form for employees. For the employees violate the relevant regulations shall be handled in accordance with the "Rewards and Disciplinary Operating Regulations".

The structure of Corporate Governance Organization is the Shareholders' Meeting of all Shareholders, which is the highest authority organization of TSRC. The Shareholders' Meeting elects Directors to form the board of directors, which is the company's business execution organization. The chairman of the board represents the company as the highest person in charge of the company, and does not assume of any executive position. The Board of Directors of the Company participates irregularly in the relevant governance education training organized by the Taiwan Securities and Futures Institute (SFI) and Corporate Governance Association (CGA).

Board of Directors^{Note 1}

TSRC Board of Directors, elected by the Shareholders, is the highest corporate governance authority, with the main responsibilities of setting and supervising the business operational objectives, determines and approves the Company's development strategies, ensures effective operations of the governance systems, verifies the internal financial, accounting and auditing systems, assesses the operation risks and among others tasks. Currently there are total of 18 Directors

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and Supervisors with 9 Directors on the TSRC BoD (among them, 3 are independent Directors), nine meeting were held this year. Under the Board of Directors, there are 2 functional Committees including Audit Committee and Compensation Committee. Members of the TSRC Board of Directors have the wealth of knowledge, business experiences and industrial judgments capable of executing their job duties, including: leadership, operating judgment, accounting and financial analysis capabilities, operation management capabilities, crisis management capabilities, industrial knowledge and international market perspectives, in order to achieve the ideal goals of the Corporation Governance.

Audit Committee

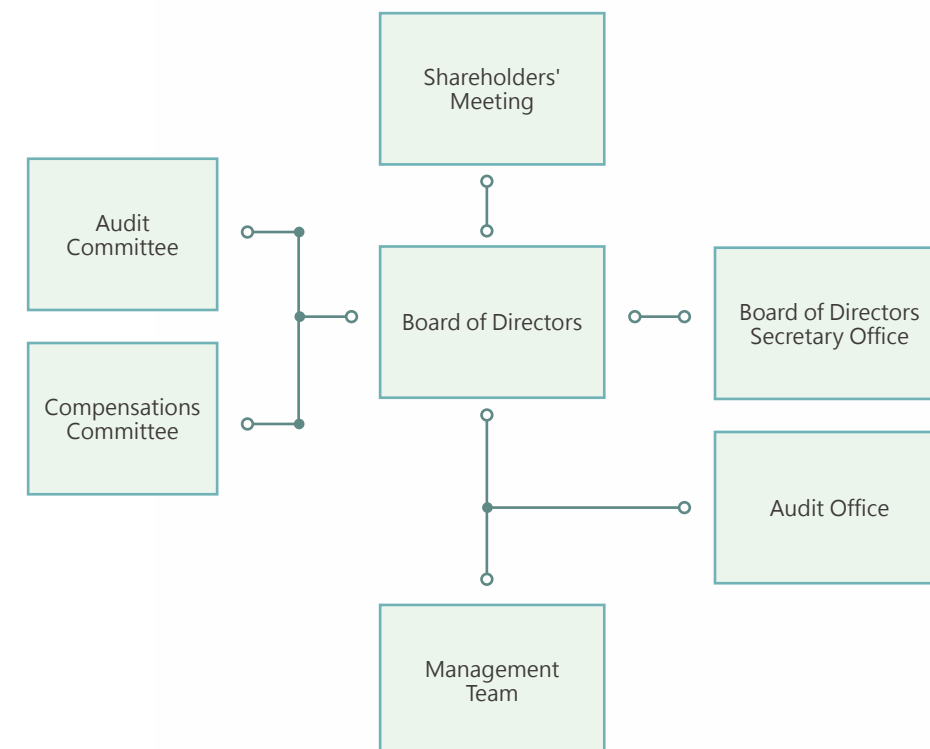
The Audit Committee works with Certified Public Accountants to audit the important accounts in the financial reports to ensure the legitimacy and adequacy of the financial statements with 6 meetings were held this year. The Audit Committee is also responsible for verifying the independence of the Certified Public Accountants, transactions with major business relationship parties and reasonably ensures the internal control system is effective in design and execution.

Compensations Committee

TSRC sets up the Compensation Committee, the composition, job duties and operations are as follows:

- The term of the Compensation Committee is from June 12, 2015 to June 9, 2018, with three members, all are independent Directors.
- Committee members must exercise the due care of administrators and perform the following duties, and are responsible to the Board of Directors, and submit recommendations to the BoD for discussion:
 - (1) Establish and regularly review the performance evaluation of the Directors and Managers as well as the compensations policies, systems, standards, and structures.
 - (2) Regularly assess and establish the compensations of the Directors and Managers.
 - (3) Other business items authorized by the Board of Directors.

TSRC Governance Organization Chart



According to the provisions in Article 29 of the TSRC By-Law, compensations of the Directors are directly related to the after tax profits and the net income allowable for distribution each year. The Board of Directors submits the plan to the Shareholders' Meeting for vote every year. Please refer to the "Compensation for the Directors" Section in the "Dividend Policy Description" of the TSRC Annual Report for detail compensations percentages for the Directors.

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Anti-Corruption, Confidential Non-Disclosure Policies

To provide guidelines for all employees to follow, TSRC established the "Confidential Information Management Regulations", "Personal Information Operation Management Regulations", and "Business Execution Code of Conduct", to protect the Company's intellectual property rights, confidential information and personal information of the customers and employees. To prevent insider trading and avoid a conflict of interest between the Company and individuals that benefits personal profit. Through the new employees training, electronic bulletin board and other publicity means to clearly regulate the employees shall not request, expect or promise, pay or receive bribes as the price of executing or violating job duties for themselves or others; shall not provide or accept inappropriate (such as cash, gift vouchers / gift certificates or other monetary papers) or inadequately valued gifts or hospitality. Any non-disclosure information that may potentially influence the Company's stock prices shall be kept in strict confidentiality.

In 2015, TSRC did not receive any customer complaint regarding privacy infringement, no violation of domestic and foreign financial and business policies and laws / regulations, also was not penalized by any monetary fines, and TSRC did not have any issues of corruption in 2015..

Internal Control and Establishment and Implementation of Internal Audit System

The Audit Office is directly under the Board of Directors, responsible for auditing the internal control system and tracking the discovered defects and abnormal activities until improved. Audit reports and self-evaluation results are submitted to the Board of Directors and Management Level for review. The internal control system includes the internal audit system, in addition to the annually scheduled self-evaluation of internal control system, also review, amend and establish or revise the important control operation at any time responding to the internal and external environmental changes, must be reviewed and approved by the Board of Directors. With internal audit and internal control system, TSRC manages and controls the malpractices and risks in Corporate Governance.

Supply Chain Management

Procurement Policy

- Corporate Social Responsibility: Set priority to select the supplier with promoting Corporate Social Responsibility.
- Environmental management: Guide the supplier to establish the environmental policy and environmental management system. Set priority to procure environmental protection certified, renewable materials, recyclable, low pollution, and energy-saving products.
- Local Procurement: Under the total cost beneficial consideration, set priority to procure from domestic suppliers.

Hazardous Substance Free Policy

- Conform to HSF related regulations and customers' environmental requirements.
- Continuously enhance products' environmental standard and manufacture HSF products.



ISO 9001 Quality Management System



QC080000 (HSPM) Hazardous Substance Process Management System

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TSRC's Operating Philosophy "Professionalism, Quality, Safety and Environmental Protection" expects to create a win-win situation for the suppliers and customers, to ensure the supply chain and production principles are in compliance with ethical and environmental standard. In addition to regular assessment on the supplier's product quality, delivery punctuality, cooperativeness, industrial safety management, and CSR management, we also communicate with them at all time. For suppliers with excellent cooperative results, the procurement department shall adequately adjust quota for the cooperation manufacturers based on the results to achieve a win-win situation for both parties.

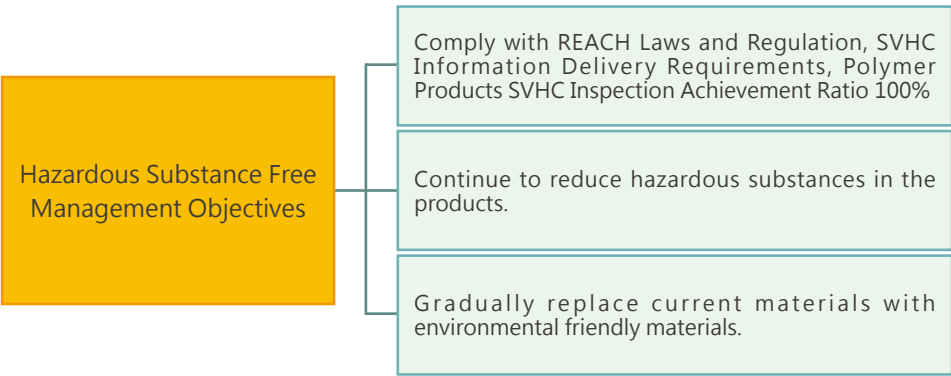
TSRC is not merely satisfied with penetrating into the supply chain of high-end specialty products, but also expecting to build a three-ways cooperation with the brand name manufacturers and their sub-contractors, so that the Company may cooperate directly with the name brand manufacturers in technical level to build a more stable supplier relationship for the future.

As the leading brand of rubber industry, TSRC's products, in additional to comply with the REACH/RoHS and the customer's HSF specification, in the area of selecting all types of material suppliers, TSRC has established "QC 080000 Hazardous Substance Process Management System" for them to follow. EU ECHA has amended the substances of very high concerned (SVHC) twice in 2015. One was 13th official announcement and its substances of very high concern (SVHCs) for authorization contained 163 substances. Another was in 14th official

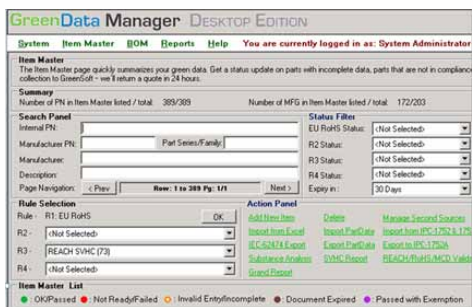
announcement, it contained 168 substances. TSRC has completed these chemical investigation. All substances requested for inspection by the customers in 2015 have been completed assessment in accordance with the management procedure, and responded with corresponding declarations.

TSRC continues to use "Green Data Manager System" to perform assessment management of supplier's raw materials HS information and each product's chemical substance database to ensure all raw materials can be in compliance with the RoHS and the latest EU Chemical (REACH), Substance of Very High Concern (SVHC) and other international environmental protection directives / specifications specified in the laws and regulations. In addition to establish the "Hazardous Substance Free Management Procedure" to ensure providing the customer with HSF products, TSRC also continue to manage the supplier's sustainability issues, furthermore to achieve "Hazardous Substance Free" or "Hazard Substance Reduction", to enable the chemical substances in the materials, packaging material, semi-finished product and finished product to be in compliance with the laws and regulations and the requirements of the customer's specification.

In 2015, TSRC totally evaluated 664 suppliers with three main evaluation items: product quality, delivery punctuality and cooperativeness. The evaluation result: 47% of suppliers were excellent grade, 53% of suppliers were in compliance grade, and no disqualified supplier.



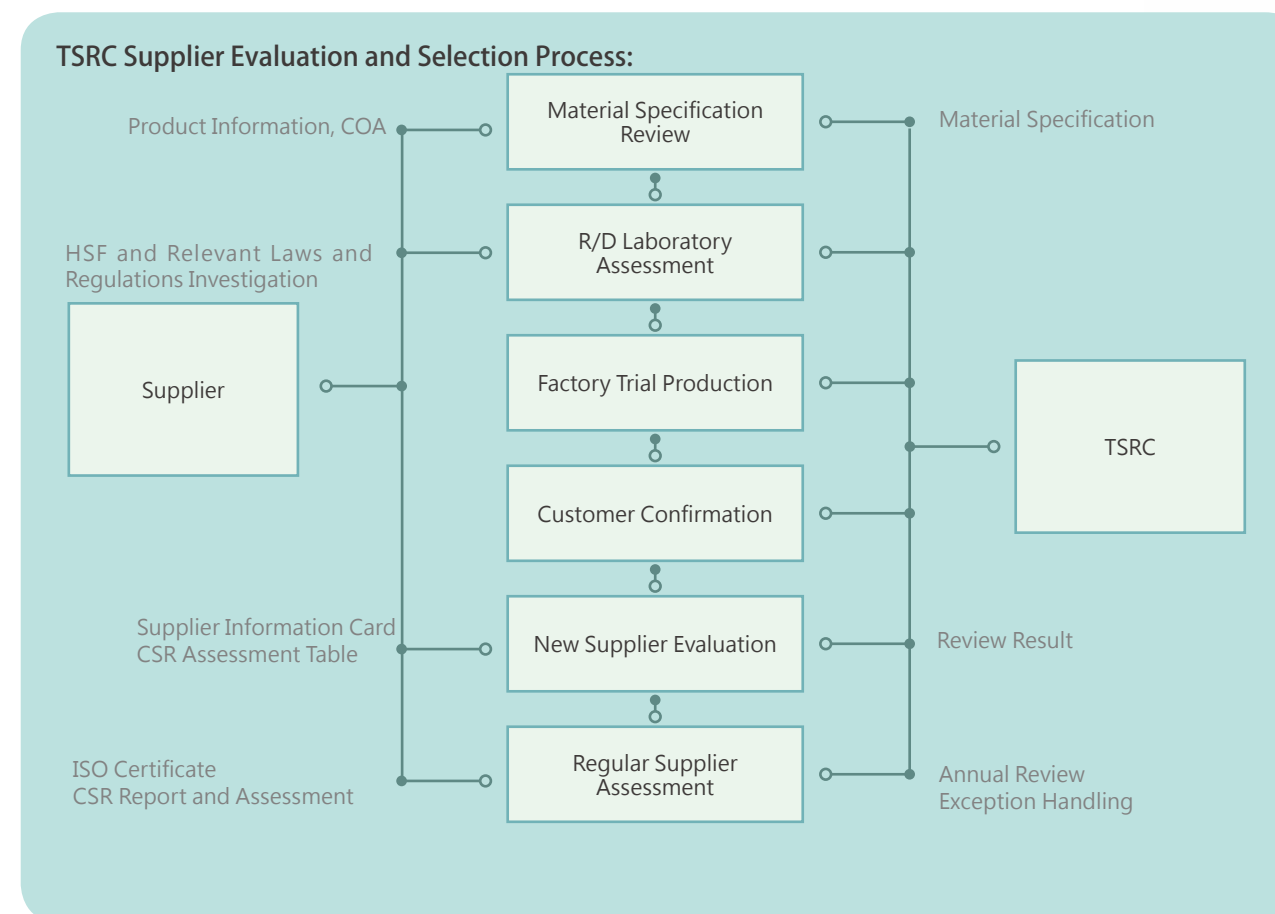
Customer Audit



(GDM : Green Data Manager System)

In the Procurement Management aspect, TSRC carefully selects the material supplier and considers the following four directions:

1. Supplier Selection: The Procurement Department implemented a "HSF Hazardous Substance Free" graded management and control measures for the supplier to provide chemical Material Safety Data Sheet, even with use of trial chemicals, to ensure the raw materials in the TSRC products are in compliance with the HSF specification. Starting 2015, all new suppliers are required to pass the CSR evaluation process in all three, environmental / economic / social, aspects.
2. Local procurement: In order to reduce transportation, lower carbon emission, we actively introduce local



procurement when purchasing raw materials, and encourage suppliers to set up factories in Taiwan, to reduce the costs of air and sea shipment and energy consumption, as well as shorten the delivery time.

3. Fair and unbiased procurement: When procuring materials, we select the suppliers based on the reasonable terms of product quality delivery punctuality, cooperativeness, industrial safety management, and CSR management of raw material suppliers to uphold the fair and unbiased procurement principles.
4. Product Corporate Social Responsibility: In the communication between the suppliers and TSRC, in addition to the routine communication between TSRC purchasing personnel and suppliers, we have established the SAP communication platform to communicate, such as amendment of the supplier data, purchase order inquiry, confirmation and other businesses. In recent years, while the fairness and reasonability of material sources are gaining more importance across the world, such as the Conflict Minerals Rule established by the US Securities and Exchange Commission (SEC) ^{Note 1} and other relevant specifications; therefore, after TSRC assess the material sources of suppliers in collaboration with customers to ensure all raw materials and TSRC products comply with the Conflict Minerals Free (CMF) specifications.

Note 1: Conflict Minerals: Part of the metal minerals have become the major financial resources for the Democratic Republic of Congo and various armed rebel groups in neighboring countries to trade armaments and fund continuous conflicts with their governments, ravage and devastate civilians, including forcing children to fight in the battle and work in the mines, which has initiated worldwide controversies, US President Obama signed the bill H.R. 4173 in July 2010 "Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)"

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In addition, TSRC established the "TSRC's Partner Code of Conduct (PCC)" in accordance with the spirit of CSR to request our partners to observe the local laws and regulations, ban forced/compulsory labor, and ensure legal work hours, wage, and benefits. Currently, TSRC has included ISO9001, QC 080000, ISO 14001, OHSAS 18001 and CNS 15506 important indicators of Corporate Social Responsibility in the evaluation and selection of all suppliers. The Company also requests our suppliers to observe the regulations of Freedom and Assembly and Association, Abolition of Child Labor and elimination of Forced/Compulsory Labor, to maintain basic human rights. The aforementioned indicators are also included in the key audit items in the "Supplier CSR Assessment Sheet".

In addition to strict abolition of child labor, TSRC will not work with any suppliers hiring child labor; and demand our cooperation partners to respect and encourage employees to develop and engage regarding overall employee welfare that in compliance with the local laws and regulations. If the supplier is found violating any of the aforementioned activities shall be managed in accordance with "TSRC's Partner Vendor Management Procedure".

In addition to evaluate and score the qualified suppliers by product quality, delivery punctuality, cooperativeness, and industrial safety management every year, TSRC also expects the supplier partners can participate in the relevant management mechanisms of labor, safety and health, environment, and ethic regulations, to provide the sustainable development of Cooperate Operation. In 2015, evaluations of all raw material suppliers are complied with TSRC's requirements in Environment / Human Rights / Social Impacts.

In the aspect of local procurement, the principle of TSRC's procurement is based on low carbon procurement. Under the conditions of all other terms are similar, local suppliers have the priority to establish long term sustainable cooperation and reduce the time, cost and energy wastes due to long distance shipment (air or sea), further to achieve the objective of carbon emission reduction. The TSRC's main material is to use butadiene and styrene from the petrochemical product series, mainly supplied by the local suppliers of the production factory as a priority, and the shortage of supply will be imported from foreign countries.



Shen Hua Chemical Quality Control Circle Presentation Activities



Skills Competition



台橡股份有限公司
TSRC CORPORATION

最新公告

公告編號	公告主旨	截止日期
ANN1503001	柴油車轉速加裝濾煙器	2015-12-31
ANN1502001	轉知仁大工業區服務中心對道路交通安全要求	2015-12-31
ANN1411001	採購單據製作說明	2015-12-31
ANN1312001	台橡供應商行為準則	2015-12-31

我想成為供應商

想加入成為供應商，相關業務諮詢，請 email 至 SupplierService@tsrc-global.com 或 [掛號成為供應商](#)。

若您對系統操作有任何一問，可於上班日來電洽詢：(07)3513811 #7364

明日橡膠，今天開始



關愛社會及環境，共創和諧



節能減廢，綠色製程



© Copyright 2013 TSRC Corporation. All Rights Reserved

TSRC Supplier Platform: <http://srm.tsrc-global.com>

Product Responsibility and Customer Relations



Adhere to the principles of “Do It Right the First Time” and “Let Deeds Match Words” and continuously improve quality to provide products and services that satisfy our customers.

All TSRC's products are required to be evaluated and controlled. When marketing products in this industrial trend, TSRC also evaluates the competitiveness of products in the perspectives of health and safety, and actively demonstrates the product advantages when contacting the customer in the product exhibition. Considering global environmental protection, and energy-saving awareness that also led to green development trend of synthetic rubber, TSRC also begin to develop environmental protection rubber materials and actively promote those to customers, communicate the efforts with them. The rubber products specification, performance and usage notes provided by the Company will be listed in the Certificate of Analysis (COA) and Safety Data Sheet, to let the customers understand the safety usage method, and the Q/A hotline to make every effort helping the customers to receive needed information.

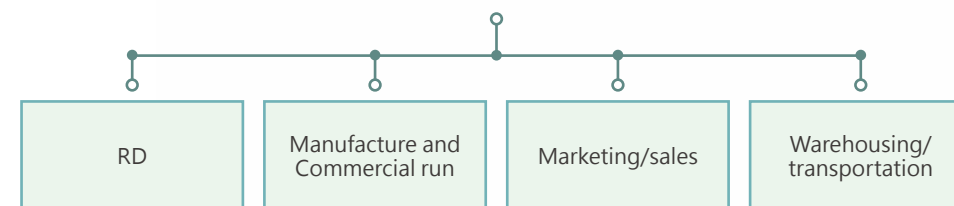
1. The TSRC SDS(Safety Data Sheet) is controlled in accordance with the "Product Safety Data Sheet Operating Management Regulations" to add, revise and apply for production of different language versions of the Safety Data Sheet.
2. For the first shipment to each customer must attach SDS, clearly marked with material information, waste treatment, conditions of use, SDS can also be provided to the customer at any time upon demand.
3. Conduct the HSF Quality Satisfaction Survey with customers at any time. Communicate with customers and emphasize our Company's sustainable product business philosophy through the website, customer visit or in public arena (such

as seminars, product presentations, etc.).

4. If the customer demands for HSF investigation, it will be compared and verified against the Chemical Substance (Product Safety Assessment) Database established by TSRC; and respond to the customer's demand in accordance with "Hazard Substance Free Management Operation Procedure".

Currently, all TSRC's products are using the aforementioned sustainable product description, and in 2015, there was no lawsuit punishments involving violation of product specification, voluntary guidelines and product labeling.

TSRC important stage in the following, are considering the impact on our health and safety, but also try to explain products and services marked sustainability message.



Customer On-Site Evaluation

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Customer Satisfaction

TSRC believes customer satisfaction affects customer loyalty, in order to understand whether the products and services meet the real needs of customers, whether there is any area needs improvement, TSRC performs annual customer satisfaction survey toward major customers and collects information from customer to perform classification, statistics, graphics and comparative analysis, study and plan for improvement measures toward the customer's dissatisfaction, and follow up the implementation of improvement measures to further improve the quality of products and services.

TSRC values our customers, we always uphold the concept of "Customer First", establish a close working relationship with customers, pursue better product quality continuously. For the comments and requests submitted by our customers auditing TSRC in person, we have achieved those through our teamwork execution to operate with a more precise / more stringent quality management system. In 2015, we have provided the customers with improvement reports for all non-compliance and suggested items in the audit, and all the improvement measures have been completely implemented.

To enhance customer satisfaction on our product quality, we try our best to meet customer's requirements. TSRC promotes Continuous Improvement Team, and created five Continuous Improvement Teams (including all subsidiaries) in 2015, use problem analysis / logic and statistics approaches with their expertise, continue to improve the quality, production process capability and related topics.

In 2015, customers gave TSRC "Satisfied" Grade in overall evaluation of Satisfaction in all aspects. In addition, Kaohsiung and Nantong Factories were executing TPM to improve the equipment's integrated efficiency and labor productivity, reduce customer complaints and minimize various losses.

Note

1. CIT : (Continuous Improvement Team)

2. TPM : (Total Productive Management)



CIT Award Presentation



CIT Education Training



TPM Award Presentation



CIT Annual Announcement

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4 CORPORATE SOCIAL RESPONSIBILITY – ENVIRONMENTAL



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Environmental and Energy Policies

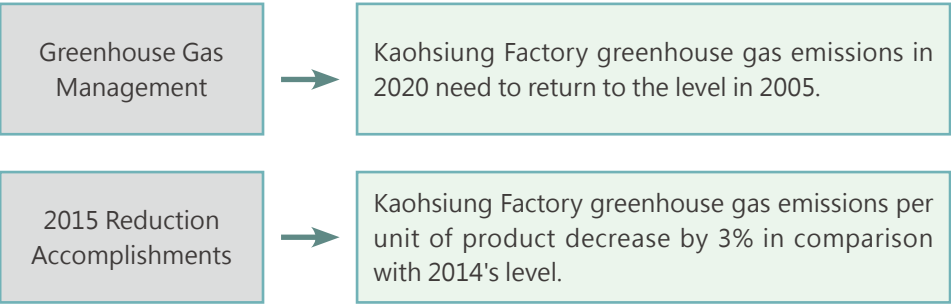



Environmental Policy

Cherish Earth's resources and fulfill environmental responsibility; Continuous improvement and sustainable operations

- Principles:**
- Reasonably use of resources, raw materials, products and production process development and improvement must go through safety, health and environmental protection assessment in order to reduce the impact on environment.
 - Set up energy-saving and waste reduction objectives and targets and through the production and environmental management system to continue improvement actively.
- Execution Practices:**
- Continue education publicity to let all employees understand and comply with industrial safety and environmental protection health laws and regulations and relevant requirements.
 - Business management must balance between product quality, environmental improvement and overall efficiency; any feasibility study must include environmental impact assessment.

Greenhouse Gas Management






Saving Water

64,000 Tons


Total Water Consumption reduced by 64,000 Tons in 2015.



Environmental Protection Investment

136,993,000

Total expenditure and investment in overall environmental protection were NTD 136,993,000 in 2015.



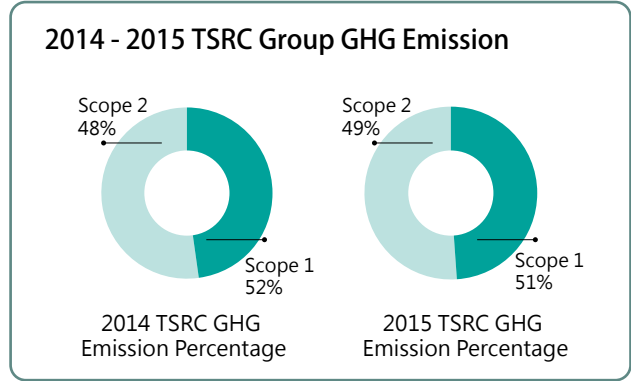
Energy Policy

Comply with laws and regulations, Implement energy inventory
Select high efficiency equipment, Improve energy-saving performance
Continue to improve, Reduce greenhouse gas emissions

Promote Greenhouse Gas Management and Reduction

TSRC's 2015 greenhouse gas (GHG) emission was 548,377 metric tons CO₂ (carbon dioxide equivalent), calculated with the internal CSR indicator management system; Scope 1 was 282,589 metric tons; Scope 2 was 265,990 metric tons and completed Scope 3 identification. Among them, the Scope 1 accounts for 51 % and the Scope 2 accounts for 49 %. TSRC understood that the majority of Scope 1 was from burning coal and fossil fuels; Scope 2 was from purchased electricity. Therefore the key point of GHG reduction is to use low-carbon fuels to replace black coal and save electricity. TSRC Kaohsiung Factory and Gangshan Factory have already completed 2005-2014 verification, with Kaohsiung inventory results have been registered in the "Environmental Protection Administration, Executive Yuan - National Greenhouse Gas (GHG) Registry ", especially Kaohsiung Factory saved 90% of fuel consumption in 2015 compared to the consumption in 2014.

For specific use of low-carbon fuels, in 2012, TSRC in cooperation with Foundation of Taiwan Industry Service conducted the "Project for GHG Reduction & Offset"; TSRC received the "Confirmatory Statement" issued by a third- party certification organization. And in 2013, the EPA passed our application for the "Re-designing the Fuel from dark Oil to Natural Gas for Public Plant No. 3 Boiler Offset Project". The Reduction Values of the Offset Project can be converted to economic value for upcoming domestic emission trading market transactions or credits for total emission amount controlled. For energy saving aspect, through production process improvement and integration, TSRC has replaced the old equipment with new and improved efficiency equipment as well as optimized the operating conditions, production line configuration; continue to strive for lower the energy consumption. Concluding all aforementioned measures, TSRC expects to effectively reduce greenhouse gas emissions and the load to the environment.



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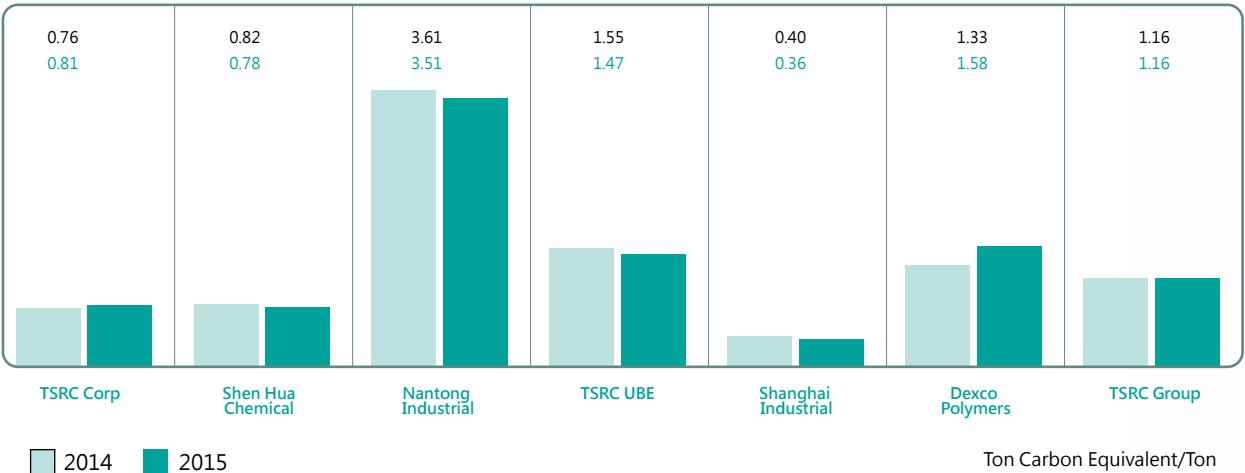
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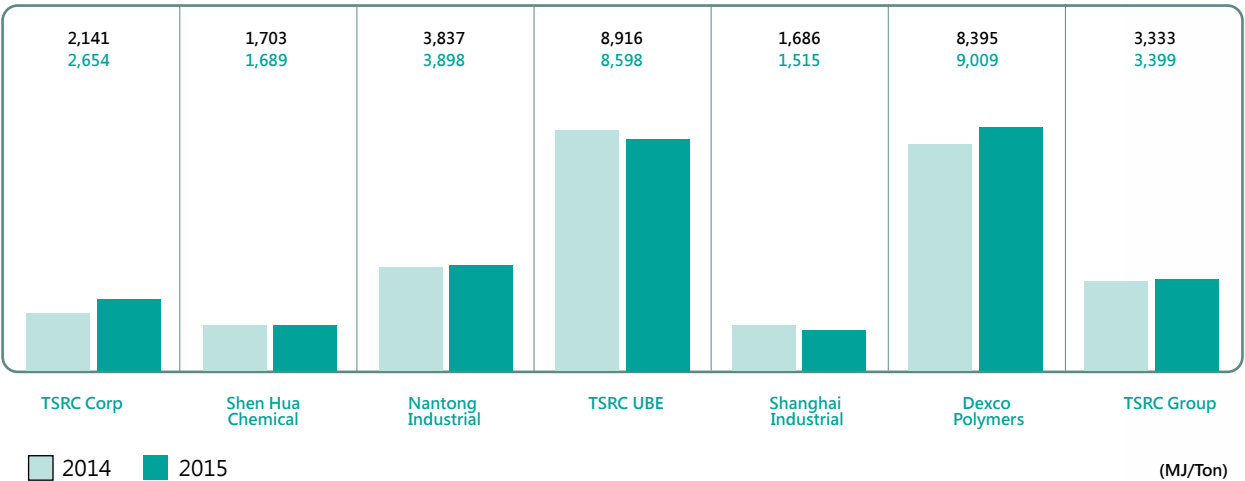
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◆ TSRC Group Unit Product GHG Emission Intensity



◆ TSRC Indirect Energy Intensity

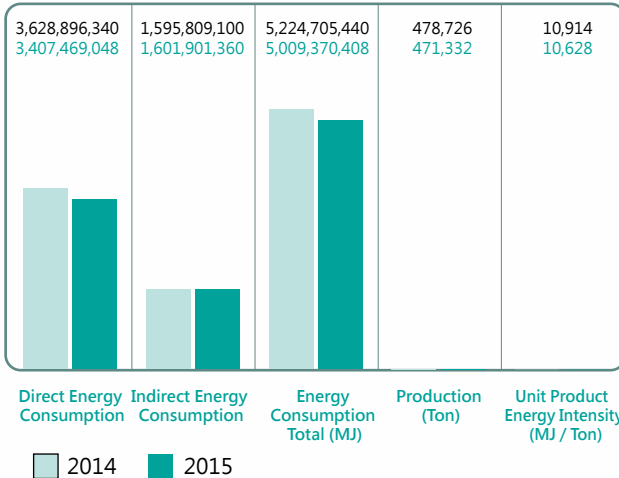


Note:

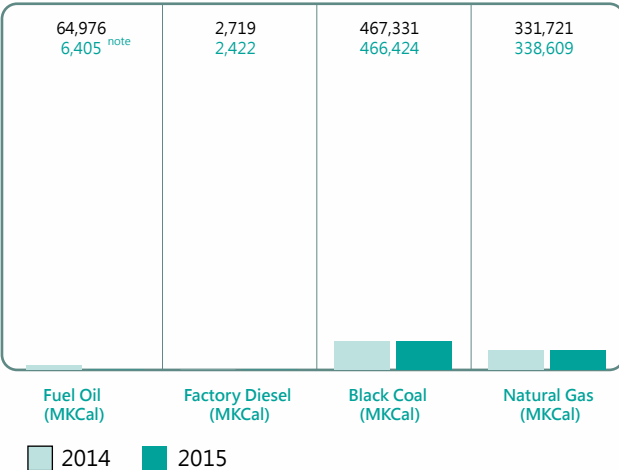
1. TSRC-UBE and Dexco Polymers purchase electricity and steam, therefore the indirect energy intensity was higher.

2. Higher TSRC Corporation indirect energy intensity was mainly caused by to increase of steam purchase in 2015.

◆ TSRC Group Energy Consumption



◆ Main direct energy consumption of TSRC Group are black coal and natural gas



note :

Fuel oil decrease was mainly purchased Kaohsiung plant vapor increases.

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Greenhouse Gas Reduction Plan and Results

TSRC is committed to promote energy conservation and carbon emission reduction. Since early years, energy conservation and waste reduction during research and development and production were classified as important goal, continue to invest in green production processing technology development. Since 2004, we signed up the "Voluntary Greenhouse Gas Emission Reduction Agreement" acted by the Ministry of Economic Affairs (MOEA), with capital investment to strengthen the production process improvement and equipment efficiency enhancement, promote energy conservation and carbon emission reduction relevant measures every year. We have also committed to reduce Greenhouse Gas Emission back to 2005 level by 2020, once again, demonstrated our determination to aggressively promote energy conservation and carbon emission reduction.

Greenhouse gas related topics are more important now than ever before. Since 2004, Kaohsiung Factory has signed up the "Volunteer Energy Conservation and Greenhouse Gas Emission Reduction" Project acted by the Ministry of Economic Affairs (MOEA), through production process improvement, equipment replacement and efficiency enhancement to enhance the effectiveness of Greenhouse Gas Reduction. In addition to implement greenhouse gas verification standard operating procedures, execute Greenhouse Gas Inventory. TSRC Kaohsiung Factory has completed the 2005-2014 Greenhouse Gas Inventory and external verification, since 2013, completed Greenhouse Gas Internal Inventory and Calculation using the Verified Method and TSRC CSR Indicator System. In 2015, TSRC Group has completed the Annual Greenhouse Gas Internal Calculation.

Implement Carbon Footprint and Water Footprint self-inventory system and capabilities to seek the opportunities for Carbon emission reduction.

Since 2012, TSRC implemented carbon, water foot prints calculation software and completed carbon, water footprints inventory and verification for three representative products, we also implemented self-inventory system and capabilities, in addition to manage the greenhouse gas emission percentages during each stage of product cycle to seek the opportunities for carbon emission reduction, also capable of selecting low carbon raw materials, parts during the product development or production to lower the loading to the environment. We again executed the

internal system inventory in 2015. TSRC Corporation Inventory Result is as follows:

Product Type	Carbon Footprint TCO ₂ e	Water Footprint m ³ water e
SBR	2.27	751.11
BR	2.39	942.90
SEBS	3.21	1981.34

Note: TCO₂e (Water Equivalent), m³ water e (Carbon Equivalent)

Energy Conservation

In the areas of energy conservation and carbon emission reduction, TSRC strived for enhance energy utilization efficiency to reduce energy consumption, continue to improve production process, upgrade equipment, recycle materials to achieve the objective of energy conservation and control every year. In the product development: in order to enhance the energy conservation during the tire usage period, continue to develop the high performance SSBR rubber material for the required features of energy conservation environmental protection tire.

Early in 2013, Taiwan Factory had worked with Environmental Protection Administration to register in the "Greenhouse Gas Inventory Registry". We were well prepared in advance on the corresponding measurements of the "Greenhouse Gases Reduction Management Regulations" published in 2015 and the subsequent published implementation guidelines.

TSRC strived for the areas of equipment improvement, on-site management, and office equipment to implement energy conservation measures, through the inventory of ISO 50001 Energy Management System to completely inventory of the equipment's with higher energy consumption, and establish the baseline information to establish the objective of energy conservation. Energy conservation and carbon emission reduction can only be accomplished after understanding our own GHG Emission and Energy Intensity, and recognize our position and future direction in the global trend of carbon emission reduction.

For the higher energy consumption factories in Kaohsiung and Nantong, TSRC will continue to organize energy performance work plan through energy review operating procedure, develop the objectives of energy conservation based on the

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existing energy baseline, and regularly review the effectiveness of operation. As we have been concerning the climate change and energy efficiency improvement topics over the years and the relevant measures and concepts of management operation, energy conservation and industrial waste reduction identified through ISO 50001 and ISO 14001 environmental Aspect have become the culture and routine of TSRC. TSRC implemented ISO 50001 Energy Management System, started with Kaohsiung Factory in 2013 and followed by Nantong area subsidiaries in Mainland China, to establish energy review, energy baseline, energy performance indicator, energy conservation project planning and set long term energy conservation objectives, identify and focus on new opportunities for improvement, and to achieve the objectives of continuous improvement in energy conservation and carbon reduction through systematic energy management model. TSRC has continued to achieve the production process energy conservation measures, equipment efficiency enhancement, waste heat and waste water recycle and optimization of operating condition, to fulfill the spirit of ISO-50001 Energy Management step by step.



ISO 14001 Environmental Management System



ISO 50001 Energy Management System



ISO 14064-1 Organization Level Greenhouse Gases Verification



ISO 14067 Carbon, Water Foot Prints Quantification

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2015 Energy Conservation Achievements are as follows:

Factories	Methods and Measures	Effectiveness Description	Effectiveness (GJ=10 ⁹ Joule)
TSRC Corp.	Replace the SBR plant ammonia compressor and adjust the production area machine operating mode.	Saved Electricity Consumption by 762 MHW	2,743
	Optimize the BR plant freezer and reaction tank temperature control to save electricity consumption.	Saved Electricity Consumption by 139 MHW	500
	Optimize the TPE plant production process control.	Saved Electricity Consumption by 683 MHW Saved Steam Consumption by 1,157 Tons	2,617
	Public plant high-pressure feed water pump blades, hydraulic coupler and the cooling tower windmill blades upgrade projects.	Saved Electricity Consumption by 1943 MHW	6,994
	Replace the SBR plant dark oil storage tank steam heating pipelines with steam condensate to replace recycle heat source and save steam.	Saved Steam Consumption by 10 Tons	23
	Replace the condensate recycle and medium-pressure steam ejector of BR plant mortar tank exhaust with high-pressure to reduce the steam consumption.	Saved Steam Consumption by 11,356 Tons	26,071
	Upgrade the Gangshan plant diesel forklift with electric forklift.	Saved approximately one kiloliter of diesel consumption	40
Shen Hua Chemical	Replace a total of 50 lights with energy conservation lightings.	Saved energy 44,900 KWH (16.10tce) in the entire year	162
	High efficient water pumps replacement (PP-1203C).	Saved electricity each day in operation approximately 600kwh	2
	Loop water tower fan blades replacement (fan power of 45.6kW before replacement, fan power of 33.5kW after replacement).	Saved energy 48,800 KWH (16.10tce) in the entire year	176
	PC-1502 rotor repair, air dryer rebuilt: change air compressor to automatic standby mode.	After Activation, saved electricity of 15,000 KWH each month	54
	Replace drying bed water trap: after water trap replaced.	After replacement, up to December 2015, saved approximately 230t of steam (28.06tce).	520
	Improve boiler body insulation.	In 2015, the boiler was in operation for about 14,241 hours. Saved a total of 12880J/s, conserved standard coal: 22,559 tons of standard coal.	660
TSRC-UBE	Maintain intermittent machine operation, approximately half year of operating and half year of suspending; operate with high speed during operation to save energy consumption.	In 2015, Saved electricity consumption 1,154,000 KWH; Saved steam consumption approximately 640 tons.	5,600
Nantong Industrial	Raise SEBS stripping glue concentration by 1% stripping system.	Reduced steam consumption 5,000 tons	11,300
	Stripping System DECANDER recycle water, use waste water in the stripping tank after preheat.	Saved Striping steam consumption 1,500 tons	3,390
	Change summer time SEBS loop cooling water pump operation from original 2 pumps to 1 pump.	Saved electricity 460,000 KWH	1,656
	Used SEBS Stripping leftover heat to heat the public boiler.	Saved standard coal approximately 350 tons, saved electricity approximately 59,000 KWH	8,418
	Added 3 inverter; PP-8147A, PP-8346A, PP-3902A changed to 3 small motor electrical machines.	Saved electricity 1,045,000 KWH	3,762
Shanghai Industrial	Gradually improve the equipment energy efficiency of on-site lighting.	Saved electricity of 50.18 KWH for each ton of product	0.18 / Ton of Product

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2016 Energy Conservation Plans are as follows:

Factories	Methods and Measures	Effectiveness Description	Effectiveness (GJ=10 ⁹ Joule)
TSRC Corp.	Continue to adjust the SBR plant production area machine operating mode.	To save electricity consumption by 830 MWH	2,988
	Continue to optimize the BR plant freezer and reaction tank temperature control to save electricity.	To save electricity consumption by 1,480 MWH	5,328
	Continue to optimize the TPE plant production process control.	To save electricity consumption by 540 MWH To save steam consumption by 1,000 tons	4,204
	Public plant continues to save electricity with boiler high-pressure electrical equipment.	To save electricity consumption by 1,680 MWH	6,048
	The SBR plant dark oil storage tank steam heating pipelines continue to use steam condensate to replace recycle heat source and save steam.	To save steam consumption by 20 tons	45
	Continue the replacements of condensate recycle & medium-pressure steam ejector of BR plant mortar tank exhaust with high-pressure to reduce the steam consumption.	To save steam consumption by 27,400 tons	61,924
Shen Hua Chemical	Replace the water tower fans with energy conservation fans (3 units).	To save electricity by 143,200 KWH, equivalent of 47.26tce	515
	Replace the warehouse lightings and factory street lightings with LED lightings.	To save electricity by 190,000 KWH, equivalent of 62.70tce	684
	Lead the water of D.W to AS402 as AS402 replenishment	To save water by 16,000 tons, equivalent of 1.37tce	15
	Install coal economizer and soot blower to lower the smoke exhaust temperature and improve boiler efficiency.	To save coal consumption by 225 tons, equivalent of 160.72tce	5,275
TSRC-UBE	Add a DCW Heat Exchanger to raise the Decanter Water temperature.	Estimate saving steam consumption approximately 2500 tons per year	5,650
Nantong Industrial	1. Install shell and tube heat exchanger at the outlet of SIS Production area PP-8402A/S to raise the return steam stripping production recycled water temperature, reduce steam consumption.	To save steam by 720 tons	1,627
	2. Integrate SIS Device area chilled water system to reduce GR-3902 / GR-3903 execution time and lower electricity consumption.	To save electricity consumption by 280 MWH	1,008
	Raise each grade reaction tank of SEBS net glue amount by 5%.	To save electricity consumption by 248 MWH	893
	Recycle recovery and reuse SEBS solvent tower heat energy.	To save steam by 3,000 tons	6,780
	Rebuild desulfurization ash conveyor chute (remove material return blower and electrical heater, change to auger conveyor).	To save electricity consumption by 633 MWH annually	2,278
Shanghai Factory	(By adjusting the screw configuration to reduce shear cut, gradually improve the machine room lighting systems and reduce the number of category changing clean-up, to reduce electricity consumption).	To save electricity consumption by 196 MWH	706

Note:

1. The heat absorption needed to vaporize a ton of water = 2,260 MJ

2. 1kW = 3.6 MJ

3. tce(ton of standard coal equivalent) is 1 ton of standard coal equivalent

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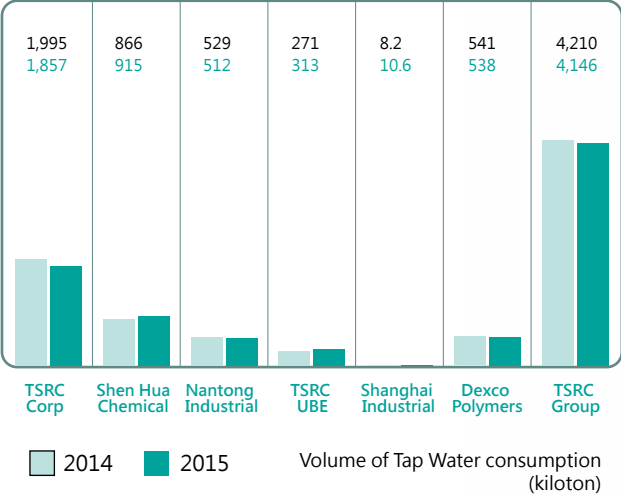
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Water Resource

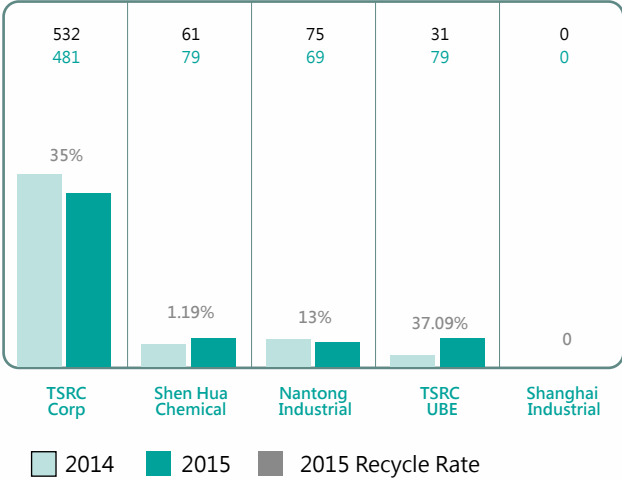
In 2015, total water consumption of TSRC Group was 4,150,000 metric tons. All TSRC production bases are striving for water recycle, Nantong Industrial was awarded the Water Conservation Corporate Award in 2015. With the event of Taiwan water restriction, Kaohsiung Factory proposed production capacity adjustments and various emergency response measures based on different water shortage conditions, other than effectively prevented the operational impact from water shortage, there were various internal procedures (such as crisis handling operations, product delivery contingency plans) to follow to ensure the Factory's continuous operation was maintained during the water shortage.



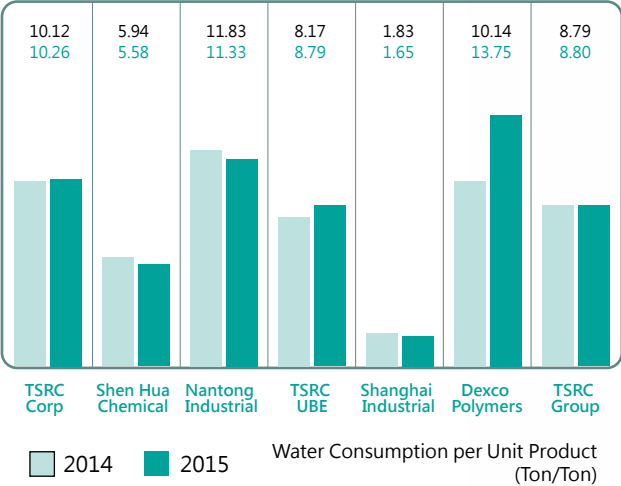
Water Consumption



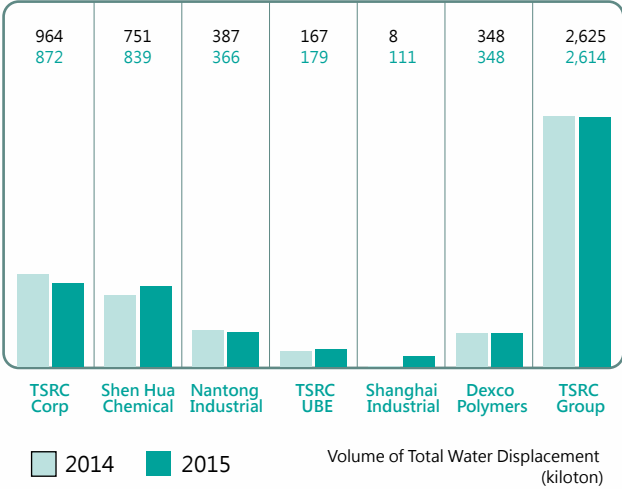
Volume of Recycled Water



Water Consumption Intensity



Volume of Total Water Displacement



Note: Dexco Polymers uses maximum allowable displacement volume calculation.

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TSRC strives for promoting and implementing clean production processes by strengthening our internal voluntary energy and resource efficiency enhancement, equipment efficiency enhancement, pollution source reduction, alternative material replacement, waste-to-resource and other projects. Tap water is the only source of water used by worldwide TSRC business locations.

In response to global climate change and the resulted water shortage crisis, through increasing process wastewater recovery and production capacity adjustment among other methods, TSRC actively promotes water conservation measures, In 2015, the accumulated Kaohsiung Factory production process wastewater recovery rate reached 35%, Nantong Factory wastewater recovery rate also reached 37%, and total water consumption by Gangshan Factory reduced by 17.27% compared with 2014 and increased water recovery by approximately 3%. All subsidiaries in the Group continue to implement all kinds of water conservation measures, focused on production process wastewater recovery and reuse (for example, Shen Hua Chemical improved cooling loop water tower and relevant measures to reduce tap water replenishment) and all Factories are committed to improve water treatment systems and production process water consumption. TSRC discharged 2,610,000 tons of water total in 2015, with components of wastewater were mainly CODNote1, SS. Wastewater from each subsidiaries was discharged directly to the dedicated wastewater treatment plant in the industrial park, and quality of the discharged water is monitored by the industrial park in compliance with the current laws and regulations and inspected regularly; for example,

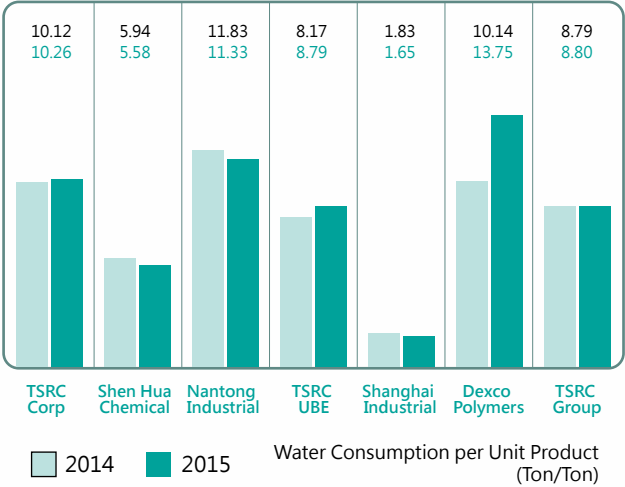
Shen Hua Chemical has been collecting the production process wastewater, pre-treating the wastewater to be in compliance with the Level 3 Discharge Standard provisioned in the official "Comprehensive Wastewater Discharge Standards" before transport to the Development Area Wastewater Treating Plant for further processing.



Note 1: COD (Chemical Oxygen Demand), SS (Suspended Solid)

Water Consumption Intensity of each Company within TSRC Group

◆ Water Consumption Intensity



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Other waste and pollution discharge management

The waste disposal is processed in accordance with the laws and regulations and received the Waste Disposal Plan approval. General business waste and hazardous business waste are systematically controlled by the management unit with secured storage management and tracking removal report, to prevent environmental pollution. Announce the recyclable and reusable waste and containers and establish a strict categorization system for recycling. In addition, reduce the impact on the environment through production process improvement and various technical integrations to recycle and reuse all kinds of materials when possible or direct those materials to different purpose of use.

The wastes of each TSRC subsidiaries are divided in three categories, general business waste, hazardous business waste and resources waste. All produced wastes are processed in accordance with laws and regulation, and the management unit systematically control general business waste and hazardous business waste and contracted lawful waste treatment companies to securely clean up and report to prevent pollutions on the environment. Resource waste includes rubber waste, metal waste, plastic waste, waste pallets and paper / cardboard, etc., after collected by categories and recycle by the local qualified recyclers. Announce internally on the recyclable and reusable waste and containers, and establish a strict categorization system for recycling. In addition, reduce the quantity of business waste and impact on environment through the improvement of production process.

Environmental Impact

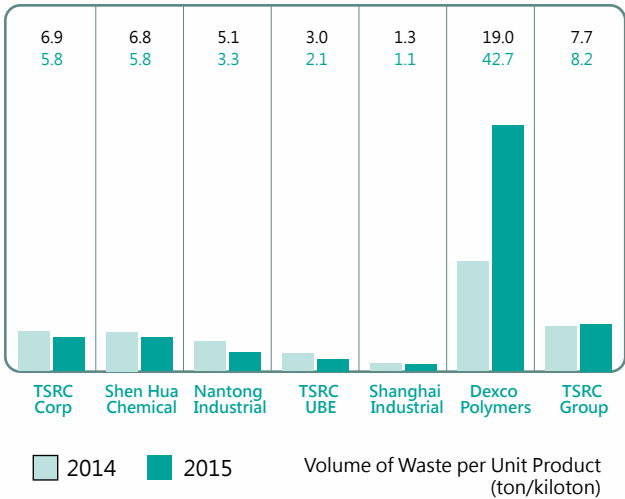
All TSRC Factories are located inside industrial parks away from residential communities, and the environmental impact of employee commutation is limited to the local communities and local residents.

Raw materials are shipped in and out of our factories by contractors travelling according to the designated industrial park route. Dangerous materials must be labeled and approved prior to shipping in, up to date there is not any significant environmental impact according to the assessment results. In addition, all contractors must be government-registered transportation companies and equipped with well-established emergency response capabilities and plans, as well as with emergency response trainings and drills every year. Transportation operation and transportation tank body shall be inspected periodically and certified with approval certificate by the labor inspection authority and the tanker drivers must hold relevant licenses and receive on-the-job professional training. Local communities may communicate their complaints, if any, to our Safety Environmental and Administration Units. In 2015, there was no complaint reported by the local community.

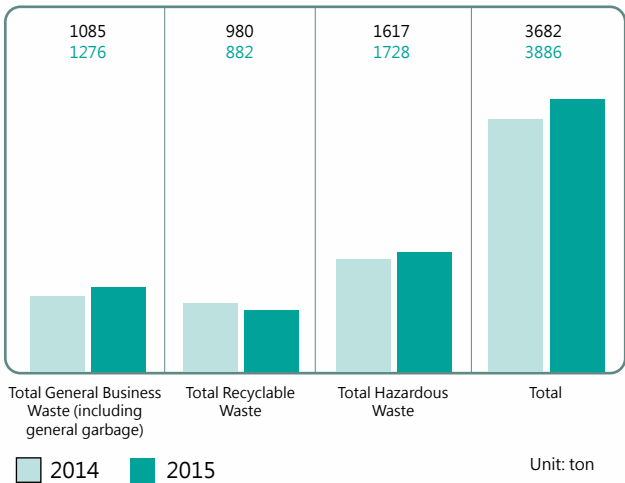
Other Air Pollutants Discharge Management

To protect the environmental impact on ambient air quality, TSRC have installed air pollution prevention

Volume of Waste per Unit Product



Weight of Wastes



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and control equipment, boiler chimney exhaust automatic monitoring systems in accordance with provisions by the law and regulations, and all have received permits for installation and operation and continue to monitor the air quality in the Factory site. We continue to monitor, analyze and track the inspection results to ensure all exhaust within the Factory complies with the provisions of laws and regulations. So far, the air pollutants discharged in all major operation bases include VOCs, NOx, and SOx.

Shen Hua Chemical regularly tests the air pollution control equipment in the Factory and Tank areas; hires contractors to test the exhaust gas burning furnace regularly in accordance with the laws, and the operators are licensed to ensure the furnace is operated safely; exhaust treatment facility has wet magnesia desulfurization dust removal equipment, denitrification system, etc., to meet the new regulatory requirements of NOx emission standards; install smoke on line detector and continue to monitor the test results to ensure exhaust discharge shall be complied with the laws and regulations.

TSRC Volume of Air Pollution Emitted (Unit: ton /KM ³)	2014	2015
Nox (ton)	310	284
Sox (ton)	143	73
VOC (Flare) Waste gas(KM ³)	3,742	2,134
VOC (RTO) Waste gas(KM ³)	223,022	473,833
VOC (Boiler) Waste gas(KM ³)	269	246

Note . Increase of TSRC RTO exhaust is because of adding the RTO equipment in Kaohsiung Factory that increased exhaust handling efficiency.

Environmental Laws and Regulations Compliance and Ecological Conservation

Environmental Laws and Regulations Compliance

TSRC is committed to environmental protection responsibility, acquires and identifies the relevant and compliant safety, health, environmental protection, fire protection and energy management related laws and regulations as well as other requirements,

and communicates the requirements to the relevant employees and for the personnel execute the work for the Company to follow, under the requirements of complying with laws and regulations to create the realistic environmental performance.

In response to the "12th Five-Year Plan" set by Mainland China on smog control, TSRC Nantong/ TSRC-UBE/Shen Hua Factories in Mainland China area are working in coordination to control coal burning. Among them, as of December 2015, Nantong Industrial has achieved energy conservation of 6.115 tons of standard coal, exceeding to objective of standard coal conservation of 6,000 tons for Nantong Industrial in the Mainland China "12th Five-Year Plan".

Shen Hua Chemical also complies with the environmental protection laws and regulations, with forecast of performing LDAR system installation and continues environmental protection improvement; ensure timely accomplishment of GB31571-2015 petrochemical industry pollution discharge standard requirements.

During 2015 reporting period, when the TSRC Kaohsiung Factory was randomly selected for testing by the EPA under the Air Pollution Equipment Component Project without warning, the test result exceeded the standard; all the aforementioned items were immediately rebuilt in the pipeline, equipment, warning sign as well as employees re-training and other improvement measures. This year, TSRC does not have any serious leaking incidents' and never import and export any hazardous industrial waste.

Note: LDAR Leak Detection And Repair System (LDAR)

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Ecological Conservation

The TSRC's production factories and offices are neither located in the protection required or restoration habitat, nor in the six categories of protected area or biological diverse area or genetic diverse area specified by IUCN (International Union for Conservation of Nature) World Conservation Union). Through the continuous maintenance of planting surrounding the Factory area and other techniques, TSRC indirectly implements the environment ecological conservation, as well as sponsors the disadvantaged groups, participates in farm activities, executes ecosystem commentary and other techniques in the future to improve the Company's ecological conservation results.

All TSRC Factories and offices are located in the legal industrial park and business office areas approved by the governments. The investigation of each subsidiary confirms that neither is in the protection required or restoration habitat, nor in the six categories of protected area or biological diverse area or genetic diverse area specified by IUCN (International Union for Conservation of Nature) World Conservation Union). None of the species in the industrial park is listed species in the "Red List" and "National List of Protected Species in Taiwan". All relevant environmental protections are implemented in accordance with local laws and regulations as premise of compliance. TSRC planted trees and turf in the Kaohsiung Factory area to actively green and beautify the environment to reduce impact on local species.



Equipment Inspection Tour



Meeting Discussion

Environmental Protection Investment

Currently, TSRC Group profits and competitiveness are not affected by environmental pollution. The Company is actively handling all environmental issues and complies with the laws and regulations to manage improvement works, dedicate our efforts in environmental protection to enhance the Company's image and strengthen our products competitiveness. The Company also advocates using video conference system or telephone call and E-mail communication to manage business activities whenever possible to minimize the gas-consuming physical travel between colleagues, customers and vendors, we also advocates implementing resource recycle, paper recycle reuse to save paper consumption and fulfill the responsibility of environmental protection. Garbage, resource recycle, kitchen waste also has dedicated personnel to handle recycle and statistics monitoring.

In 2015, TSRC's expenditures in overall Environmental Protection and Investments as NTD126,515,000 with items including: Environmental Management Activities Cost, Environmental Social Activities Cost, Environment Loss Compensation Cost, Environmental Fees, Taxes and other Expenses, Environmental Research and Development Cost. Take TSRC Corporation for example, we are prioritized to purchase energy-saving products with energy-saving certification such as: inverters, energy-efficient lightings, energy-saving certified air-conditioners, computer peripherals and consumables, etc., total procurement amount of green products was approximately NTD 68,280,000 in 2015, as well as the energy-saving products such as: high-efficiency motors, inverter, energy-efficient lightings, energy-saving certified air-conditioners, computer peripherals and consumables, and energy-saving equipment, etc., with annual procurement amount of NTD 3,540,000. In the future, TSRC will continue to actively promote and set priority to purchase products with energy-saving certification, environmental protection certification and recycle reuse products.

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4.3 Energy Saving

4.4 Water Resources

4.5 Waste and other Pollution Disposal Management

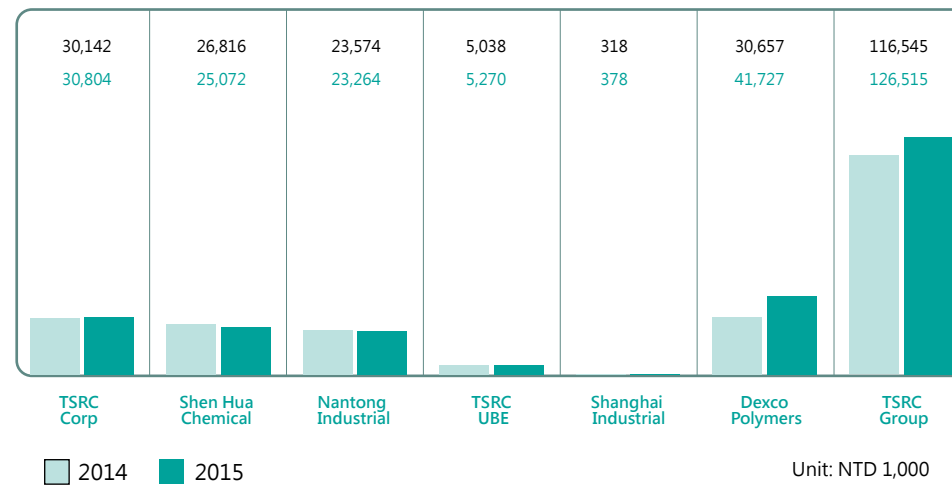
4.6 Compliance with Environmental Protection Laws Regulation and Ecological Conservation

4.7 Environmental Protection Investment

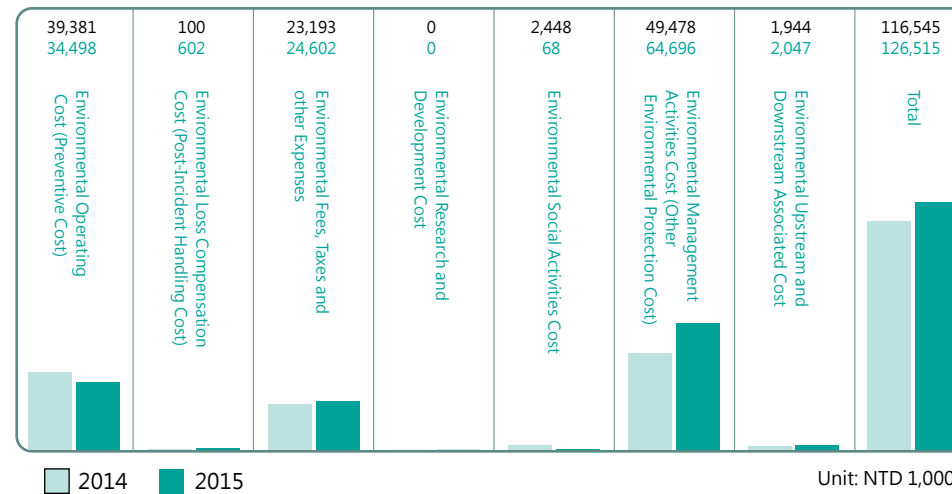
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◆ Expenditures of Environmental Accounting



◆ Each Expenditure Item of Environmental Accounting



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Employee Grievance Appeal Mailbox

Labor Structure, Employment and Rights

TSRC guarantees employees equal job opportunities and reasonable performance evaluation system, provides better salary and rewarding system than the provisions specified by the Laws and Regulations, and pays attention to local employment responsibility. We truthfully execute insurance and pension system for employees according to the law; maintain open and smooth communication channels between employers and employees, and employees can bring up any unfair incidents at any time. In addition to pursue the safe working environment for the employees' physical healthy, TSRC also pays attention to their mental health, providing all types of recreational venues to help employees' physical and mental health as well as relieve their stresses.

In addition to the announcement of "TSRC CSR Declaration" and through "Employees Grievance Appeal Management Regulations" and "Sexual Harassment Prevention Measures, Grievance Appeal and Punishment Regulations", TSRC also provides Employees Appeal Channels. All TSRC subsidiaries are required to comply with the local labor-related laws and regulations, implement the regulations of personal freedom protection and without discriminations, and TSRC always abolish child labor in compliance with the laws and regulation. For managing the labor employment relations of employee's transferring job duty is also in compliance with the requirements of Labor Safety Laws and Regulations in Taiwan / China / United States, and is subject to the supervision of each Factory's Labor Union.

To "Improve Human Quality" has always been the core of our human resource development at TSRC, cultivate talents and characters in all aspects. Talent means the professional skills and competencies and character is the ethical quality of a person, from the human heart, spirit and behavior to cultivate the employees' ethics and social caring.



TSRC Corporation Employee Tourism



TSRC-UBE and Nantong Industrial Welcome and Farewell Party



Shen Hua Chemical Employee Zhangjiajie Tourism

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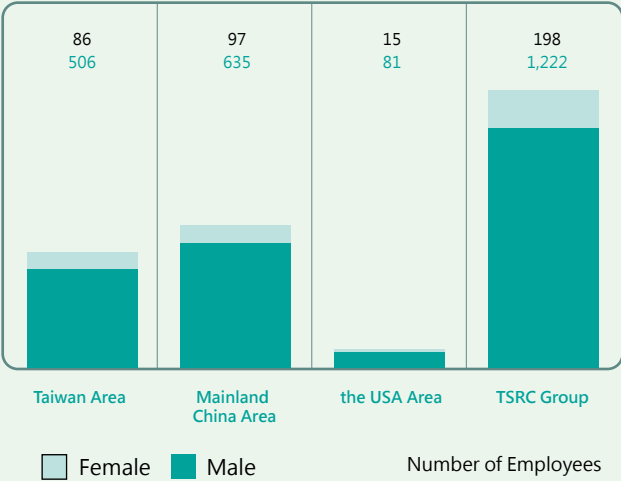
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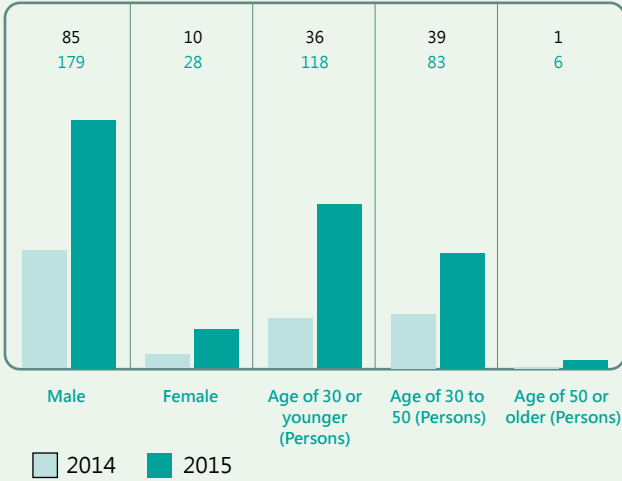
Employees count of TSRC in Taiwan Area / Mainland China Area and the USA Area is total of 1,420 (at the end of 2015), in terms of the work locations, approximately 52% of employees are in Mainland China Area, 7% are in the USA Area; in terms of gender, 14% of employees are female. Hiring at TSRC is based on their competency only and

the employees' benefits and compensations will not be affected because of their ethnic origin.

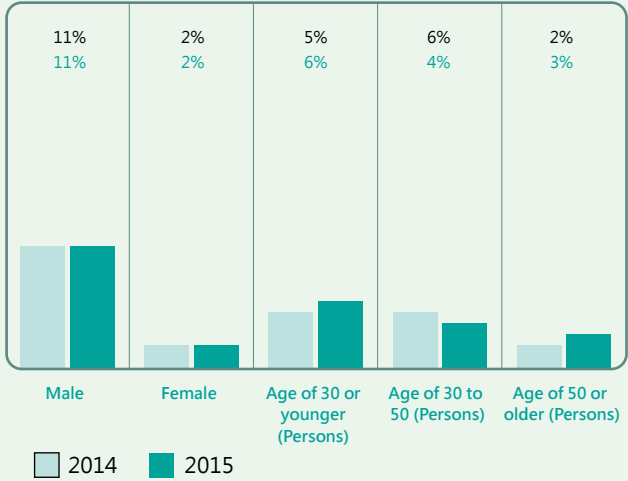
◆ Employees Count of all Areas - Gender



◆ New Employees Count- by Age



◆ Turnover Rate - by Gender - Age



Note: Turnover Rate: Turnover Employees Count (including retirement) / (Turnover Employees Count + Total Employees Count)



Shanghai Industrial Employees Birthday Party



Shanghai Industrial Outstanding Employees Award Presentation



Together

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New Employees Count- by Area

New Employees Count	Taiwan Area	Mainland China Area	the USA Area	New Employees Count by 2014	New Employees Count by 2015
Male	59	110	10	85	179
Female	15	11	2	10	28
Age of under30(Persons)	19	99	0	36	118
30-49(Persons)	53	22	8	39	83
Age of 50 and over(Persons)	2	0	4	1	6

Age, Gender and Area Structure of Employees

Age Categories	Gender	TSRC		Shen Hua Chemical		Nantong Industrial		TSRC-UBE		Shanghai Industrial		Dexco Polymers	
		Employees Percentage (%)	Senior Management ¹ Percentage(%)	Employees Percentage (%)	Senior Management ¹ Percentage(%)	Employees Percentage (%)	Senior Management ¹ Percentage(%)	Employees Percentage (%)	Senior Management ¹ Percentage(%)	Employees Percentage (%)	Senior Management ¹ Percentage(%)	Employees Percentage (%)	Senior Management ¹ Percentage(%)
Under30	Male	4.1	0	25	0	47.5	0	44	0	10	0	11	0
	Female	1.2	0	1.7	0	2.5	0	7.7	0	2.5	0	0	0
30-49	Male	52.5	6.3	58.2	100	41.8	0	37.1	0	62.5	0	42	40
	Female	11.0	6.3	9.6	0	7.4	0	9.9	0	21.3	0	37	0
50 and over	Male	28.9	68.7	5.9	0	0.8	0	0.9	0	3.8	0	47	60
	Female	2.4	18.7	0	0	0	0	0.9	0	0	0	63	0
Total	Male	85.5	75.0	88.7	100	90.2	0	81.9	0	76.3	0	81	100
	Female	14.5	25.0	11.3	0	9.8	0	18.1	0	23.8	0	19	0

Note:

1.Senior Management position is the position with job grade of 13 or higher, total of 16 persons.

2.All employees with disabilities in Taiwan are male in accordance with the law and number of hired personnel also comply with the requirements of laws and regulations.

3.The youngest employee of the Company is 23 years old.

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The wages offered by TSRC are better than the provisions of local labor laws and regulations. All salary adjustments of hiring, evaluation, promotion and transfer, and pay raise are determined by the competency and annual performance evaluation result of the employee, and will not be affected by the factors of their age, gender, area, religion, marital status, and sex orientation. All employees must accept the performance evaluation conducted twice a year in accordance with the "Employee Performance Evaluation Regulations". In addition, new employees are hired based on their professional competency and work experience required by job duty, and local residents will be hired with priority among all job applicants of identical qualifications. All TSRC business subsidiaries are located in the industrial parks or business areas approved by the local competent authorities after careful assessment of operational and employee hiring conditions and the impact of access safety without any adverse impact to the local communities.

On human rights protection and related training, TSRC Corporate Social Responsibility Declaration and all relevant internal regulations are executed in accordance with the relevant local laws and regulations. For example: we protect personal freedom, prohibit discrimination and forced labor.

TSRC has never hired child labor. After employees are reported to work or transferred, we define their job duty according to their position and allow them to resign on their own free will; hence, there has not been any case of forced or compulsory labor. In 2015, we have not had any violation of labor laws and regulations or offence of the rights of natives or minority groups (including aboriginal employees); employee discrimination, and zero grievance report on human rights case made through the Labor Union, Human Resources Department, Audit and other units.

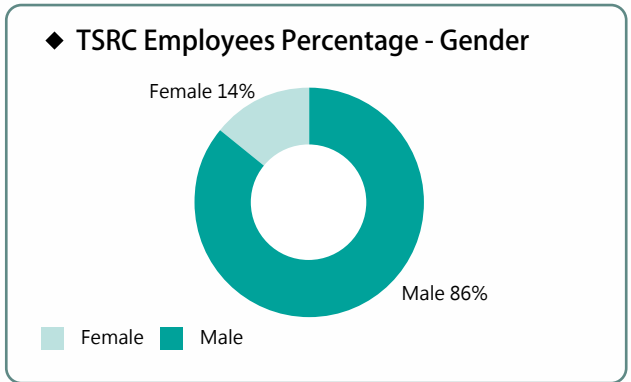
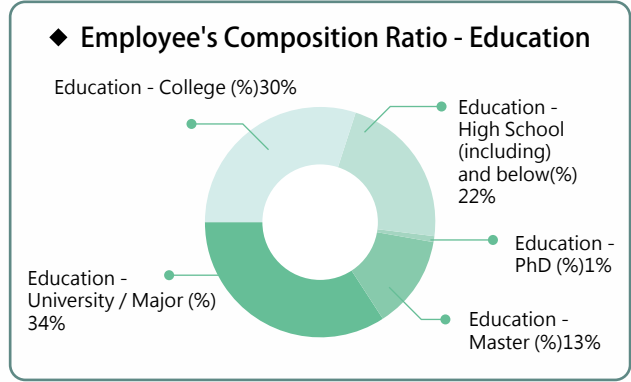
In addition, when there is an update or publication of Human Rights related laws and regulations (such as gender equality, sexual harassment prevention, and other Human Rights Acts), TSRC will take the initiative to publicize those updates to our employees.

TSRC has Labor Union and we hold labor/management meetings regularly and make discussions with employees through official meetings, including communication and coordination of freedom of speech and collective bargaining. All procedures and participation rate are complied with the requirements of laws and regulations. We have also completed the discussion of increasing meal allowance to facilitate increase of tax exempt amount, overtime pay adjustment and other topics. All subsidiaries in Mainland China also have open labor / management communication channels. Through these activities, all employees can enjoy the right of collective bargaining with management and their rights are protected.

Moreover, in consideration of the mental and physical health of our employees, when in response to the needs of working overtime for business promotion, the Person in Charge of the department may assign employees to work overtime for not more than the work hours specified in the provisions of applicable laws and regulations except for special or emergency situations with the authorization of the management. However, employees working overtime should be given adequate time for rest afterwards.



TSRC Labor Union Representatives Conference



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Employee Benefits

Based on the status of operations, market competitions, and the result of annual employee performance evaluation, TSRC designed encouraging compensation systems^{Note 1} for employees under the premises of complying with the local laws and regulation. All insurance and pensions are provided in accordance with the laws and the pension. TSRC sets aside 6% of employee's monthly salary as the pension fund in accordance with the "Labor Pension Act" and deposits into each personal pension account of the Bureau of Labor Insurance. In 2015, TSRC sets aside pension reserve with old pension system of NTD26,852,000 and new pension system of NTD18,881,000 . And, for the Mainland China subsidiaries, in accordance with relevant provisions of the Mainland China "Social Security Act", both the Company and employees are contributing basic retirement insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance according to the set percentage. After the retirement, the employee shall receive the pension distributed by the National Labor and Social Security Departments (TSRC has set aside full amount). In addition, for Dexco Polymers in the USA, TSRC also provides insurance and pension fund in accordance with the local Social Security Act, and provides 401(k)^{Note 2} Retirement Savings Plan.

In addition, TSRC has arranged other types of insurance better than those specified by the laws and regulations, such as group insurance with coverage of spouse to protect the work and daily life safety of employees. There are other employees' benefits such as meal allowance, New Year celebration; annual health examination, annual group travel, employee long service reward, and gifts for weddings, childbirth, injury and cash subsidies for disease, and funerals, and many benefits are provided. And, we also provide emergency assistance measures for employees with difficulties. For the Mainland China area, TSRC has also arranged the cooling subsidy for employees.

Note:

1: Employee reward programs are: Patent Application and Reward Regulations, Reward for Model Employees and Long Service Employees, and Total Production Management (TPM) Outstanding Team Performance Award.

2. 401(k): Retirement Savings Plan of the USA.



Shen Hua Chemical Kaisha Island Cycling Event



Shen Hua Chemical Recreational Activities



TSRC Recreation Room



Beach Volleyball Event



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Employees Interpersonal Interaction

Employees are the most important asset of TSRC. A recreation room is available in every factory site to provide complete recreation facility to promote interpersonal interaction among employees, and to allow employees expanding their interpersonal relationship after work and enhancing their good work relationship. For example, TSRC Corporation has established the Welfare Committee, provide various social activities to encourage employees participating in social and recreational activities to enhance productivity and boost morale of employees, and improve team spirit. So far, there are cycling club, charity club, bridge club and many other different kinds of social clubs.



Right to Collective Bargaining of Employees

At TSRC, we respect the freedom of association and the right to organize labor union for all employees and set up labor unions in accordance with the local applicable laws and regulations. Take TSRC Corporation for example, we signed a collective bargaining agreement with the labor union in accordance with the "Taiwan' s Collective Agreement Act" to protect the rights and benefits of both labor and management. In addition, the annual Labor Union representatives Conference invites the chairperson of the labor union of other factories in Renwu and Dashe Districts to attend the meeting every year to discuss specific topics on labor practices to reach a consensus. In Mainland China area for example, TSRC also organizes different kinds of communication meetings for the employees to express their opinions or give suggestions for work and daily life to the Human Resources Unit, and relevant departments and the Person in Charge shall answer their questions and propose improvement solutions.



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Safety and Health Policies and Occupational Health and Safety Management

Inheriting the spirit of Responsible Care Committee established by most companies within the chemical industry, TSRC strengthened out occupational safety system, implemented the strict compliance for each of the production facilities, never neglect workplace safety, discuss occupational hazard thoroughly internally, disease prevention and handling afterward --- from the ignition property of the product raw materials, safety of life of work environment during work activities, consider the health risks of local communities, and expand to "safety, health, environmental protection, green" and other core work to comply with the industry standards and community / social expectations.

Furthermore, TSRC also participates in the "Taiwan Safety and Education Academic Forum" and the "Taiwan Responsibility Care Association" (TRCA).

In order to effectively communicate occupational safety and health policies of the Company, labor representatives are assigned based on the organizational function to participate in the Occupational Safety and Health Committee meeting held on a regular basis with participation of each relevant Person in Charge and Labor Representatives through the entire meeting to discuss Occupational Safety and Health Plan, including education training, work environment improvement, hazard prevention and management, audit, contractor management, and health promotion.

Safety and Health Policies

Our Core Value is "Focus on Human", and we strive to pursue the objectives of

zero occupational accident and zero occupational injury through the following principles:

1. Technology: Develop management strategy and production technology based on employees' health and safety.
2. Safety & Health Culture: Continue to improve safety and health management performance and establish excellent safety and health culture through setting the goal and encouraging total participation in the organizational safety and health activities.
3. Responsibility: It is not only the Corporate Social Responsibility but also my responsibility to comply with the applicable safety and health laws and regulations and other requirements to prevent occupational accidents, occupational injury, and occupational disease.
4. Communication: Communicate the need for implementing occupational safety and health tasks to all employees under the authority and management of TSRC through education training and safety and health meetings.

Organization and Management System of Occupational Risks

TSRC spares no effort to provide employees with a safe work environment in addition to the Responsible Care Committee (with functions of managing and reviewing the OHSAS 18001 and CNS 15506 Occupational Safety and Health Management System) established with the industrial characteristics, each subsidiary also sets up dedicated committee responsible for labor safety and health business in accordance with the Occupational Safety Laws and Regulations, and calls labor safety and health meetings chaired by the Person in Charge of the Business Operation or designated



Assessment of safe production knowledge for all Shen Hua Chemical employees



Shen Hua Chemical Styrene autoagglutination table-top exercises



False alarm and abnormal experience training for employees



TSRC Corporation hazard identification and risk assessment education training



Shen Hua Chemical fire hose operation training



Teamwork between Co-workers

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representative (for example, both Nantong Industrial and TSRC-UBE established Industrial Safety and Safety Committees to study and review the Company's safety, occupational health relevant regulations, implement plans and hazard prevention measures and other safety and health management items, with four sub-committees established under the committee for Contractor Management, Planning and Procedural Safety, Production Risk Assessment, Safe Environmental Protection Audit). Percentage of labor representatives participation also complies with the provisions specified in the local laws and regulations (for example, TSRC Corporation complies with the provisions specified in Taiwan's laws, the percentage of labor representatives is more than one-third), to fulfill the requirements of communication and execution monitoring between the labor and management.

TSRC Occupational Safety System, from the ignition property of the product raw materials, safety of life of work environment during work activities, consider the health risks of local communities, and expand to "safety, health, environmental protection, green" and other core work to comply with the industry standards and community / social expectations. The Kaohsiung Factory also worked with "Ren Da Industrial Park Neighboring Community Residents Health Risk Evaluation Plan", through hazard confirmation, dose effect evaluation, exposure evaluation, risk characteristics description and other steps to integrate the analysis result and propose the Risk Management Measures and Environment Improvement Suggestions to maintain the health of residents surrounding the industrial park and eliminate the residents' suspicions.



TSRC Corporation Kaohsiung Factory, Nantong Industrial, TSRC-UBE, and Shen Hua Chemical have all passed Occupational Safety and Health Management System (OHSAS 18001) Certification, and TSRC Kaohsiung Factory has also passed CNS15506 Certification. In order to pursue the goals of zero occupational hazards and zero occupational injuries, we appointed professional consulting companies to provide guidance on the exposure condition of the operating personnel and actual condition of work environment, based on the large quantity of chemicals used in the petrochemical production processes in accordance with the laws and regulations. We also hire qualified environmental testing organizations to test our work environments in accordance with the industrial safety testing items and regulations. We also practice the concept of "Prevention Beforehand is better than Handling Afterwards", to focus on the safe environment education for the new employees and work-related employees, such as occupational hazards and first-aid training, training of using the emergency response equipment, health and health care publicity and other trainings.

Concerned Topics related to Occupational Safety and Health in 2015 are as follows:

Topics for Improvement at 2015 Occupational Health and Safety Meeting	
TSRC	Supplier
<ul style="list-style-type: none">◆ Continue all employees' safety education training, to increase Industrial Safety and Environmental Protection awareness to achieve the objective of zero accident for the year.◆ Continue to develop promotion of equipment integrity management, improve equipment repair and maintenance, reduce equipment safety risks◆ TSRC is cooperating with CPC and Dashe Neighboring Factories to install Butadiene Pipeline Material Monitoring, Touring Inspection and Maintenance System	<ul style="list-style-type: none">◆ Study and review Safety Management Matters to the Contractors◆ Continue to include "Industrial Safety and Health Management" in the annual supplier's evaluation.

In addition to performing Monthly Environmental Safety and Health Laws and Regulations compliance inventory, TSRC always pays attention at the domestic and international environmental safety and health accidents and disasters, to understand the causes and self-review, to learn from other's mistake and push the improvement of similar deficiencies within the factory in parallel, hence, on the powder dust explosion accident at the Taiwan water park and Kaohsiung Factory neighboring

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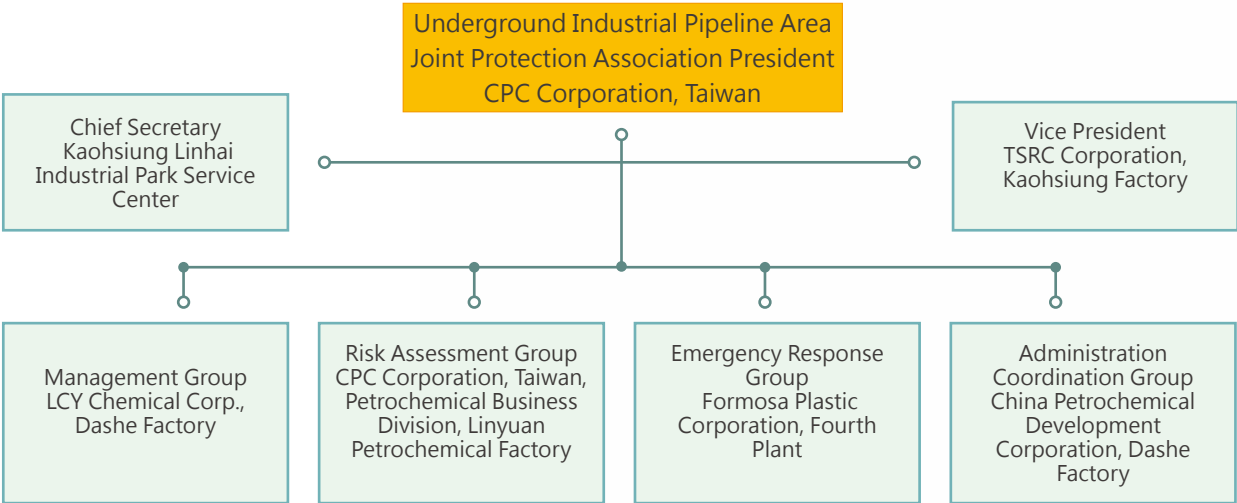


Shen Hua Chemical verbal pointers to search for safety risk activities



Fire extinguishing equipment fire fighting drill

factory drying equipment gas explosion accident, TSRC Factories immediately strengthened the powder dust operating risk assessment to prevent the accident. In response to the Kaohsiung Gas Explosions took place on August 1st, 2014, TSRC established "Underground Pipeline Management Operation Regulations", through regular inspection and newly added monitoring measures and other methods to strengthen the internal and external material transporting pipeline and perform effective management. In addition to accept the joint safety inspection supervision from the Industrial Development Bureau, we also actively work with the "Kaohsiung City Existing Industrial Pipeline Management Autonomous Ordinance" published by the Kaohsiung City Government in 2015, and participated in the "Kaohsiung City Underground Industrial Pipeline Disaster Accident Emergency Response and Controlled Joint Protection Drill" through the Pipeline Bundle Joint Protection Emergency Response Plan to improve the emergency accident handling capabilities for all levels of personnel, and capable of minimizing the impacts and losses on the environment, personnel, equipment and production activity caused by the accident with quickest and most effective way to integrate and mobilize existing manpower, equipment and outside support when major



PSMS Pipeline Safety Management System Promotion Items	Relevant Measures
Written commitment of pipeline safety management by management levels	Blend the underground pipeline safety into the Factory safety culture
Maintenance of stakeholders	Pipeline Bundle group communication, communication of industry, government and academia
Risk management	Risk assessment, high risk pipeline section integrity assessment, improvement management measures
Operational control	Operating instructions, real time monitoring system monitoring and control platform
Incident investigation, assessment and learning from experience	Initial report, incident investigation report, correction and prevention of reoccurrence and track and parallel movement
Safety guarantee	Effective and continuously improved risk management
Management review and continuous improvement	Included in the OHSAS 18001 continuous improvement
Emergency response plan and reaction	Pipeline bundle joint protection emergency response plan
Capability, understanding and training	Operation personnel education and training to learn the latest professional technology and knowledge of underground pipeline safety
File management and record maintenance	File format and archive period with timely update to ensure the accuracy of document and operation

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incident occurred during the work operations, furthermore, to protect the public safety of citizens in the surrounding underground industrial pipeline areas and the operation safety of the working personnel; and the material factory external pipelines of each Company in Nantong area are regularly inspected by dedicated personnel according to the regulations.

In 2015, TSRC actively promoted "PSMS Pipeline Safety Management System" to improve the capabilities of handling emergency incident for all levels of personnel through Pipeline Bundle Joint Protection Emergency Response Plan, and capable of minimizing the impacts and losses on the environment, personnel, equipment and production activity caused by the accident with quickest and most effective way to integrate and mobilize existing manpower, equipment and outside support when major incident occurred during the work operations, furthermore, to protect the public safety of citizens in the surrounding underground industrial pipeline areas and the operation safety of the working personnel. After continuous monitoring and investigation, enhancing equipment safety and reliability, and personnel training, there is not any adverse impact was detected in all business locations.



TSRC Corporation butadiene joint protection operation excellence in performance award



Shen Hua Chemical harbor pipeline leakage emergency response drill



TSRC Corporation confined space education training

Employee Education and Disease Prevention

To fulfill our responsibility of environment protection, ensure the occupational safety and health of employees, and maintain the rights and benefits of stakeholders, TSRC implemented the ISO-14001 Environmental Management System and the OHSAS 18001 and CNS15506 Occupational Safety and Health Management System in 1998 and 2009 respectively. Upholding the spirit of these Management Systems, we continue to improve the environmental protection works of "air pollution control, wastewater treatment and recycling, waste management and recycling, toxic chemical substance management, noise pollution control, energy conservation, and carbon emission reduction", and occupational safety and health management and fire prevention works of "approved operation control, safety observation and inspection tour, chemical management, self-inspection, emergency response, contractor management, work environment test, and safety education training", and to pursue the goals of zero accident and zero injury.

There were total 2 cases of employee occupational hazard injuries occurred in 2015, involved with a TSRC mail employee; there was no line of duty death event occurred.

Year	Injury Rate in 2015		
Gender	Total	Male	Female
Injury Rate IR	0.19	0.19	0
Occupational Disease Rate (ODR)	0	0	0
Lost Day Rate LDR	0.001	0.001	0
Line of Duty Deaths	0	0	0

Note:

1. Lost Day Rate (LDR): (Lost days/total work hours)*200000. Lost days: The number of "days" of "lost" work hours of the workers who are unable to work due to an occupational incident or occupational disease. The number of days of workers engaging in limited duty or alternative work in the same organization is not included.

2. Injury Rate (IR): (Total occupational injuries / Total Working Time)*200000

3. Occupational Disease Rate: The frequency of occupational diseases within the total working time during the report period.

4. Factor "200,000" is defined as 50 workweeks in a year of every 100 employees working 40 hours a week.

5. LDR and IR do not include traffic accidents and contractors. Not including the commute traffic accidents.

6: TSRC Corporation statistics is based on the Labor Safety and Health Act.

7: Mainland China area statistics is based on Injury Insurance Regulations of the State Council of People Republic of China.

Kaohsiung City Underground Industrial Pipeline Disaster Accident Emergency Response and Pipeline Bundle Joint Protection Drill



External Support reported to Commander



Pipeline leakage caused by road construction



Perform emergency operation in accordance with the designated area



Emergency medical evacuation of injured personnel



Reward the drill participants



Formed Joint Emergency Response Team

With reference to the OHSAS18001 management system and self-safety management, hazard factors of each TSRC Factories are as follows:

Companies	Occupational Disease Hazard Factors	Description
TSRC Corporation	Dust, Noise, Chemical	TSRC arranges for relevant health examinations for employees working with occupational disease hazards every year. The results of health examinations for the special hazardous operation employees throughout the years showed no occupational diseases related to work with such special hazards.
Nantong Industrial	Dust, Noise, Chemical	
TSRC-UBE	Noise, Chemical	
DEXCO polymer	Dust, Noise	
Shen Hua Chemical	Noise, Dust, Chemical	
Shanghai Industrial	Dust, Noise	

TSRC pays considerable attention to the physical and mental health of employees; all production factories implement all employees' health examinations in accordance with the laws and regulations. TSRC does it better than the laws and regulations to provide health examination once every year. Under the premises not affecting the personal privacy regulations and for the employees with major abnormal physical condition detected from the health examination, through the assistance from the medical personnel to track and manage, as well as reference to the top three abnormal physical conditions in the previous year health examination, as the reference basis for the series of health promotion activities in the following year, and



Pipeline was immediately inspected when abnormal pipe pressure was detected by the Factory



Present certificate of appreciation to the participating unit



Pipeline inspection by engineering personnel



TSRC-UBE emergency response drill



Shen Hua Chemical self-container breathing apparatus training



Shanghai Industrial fire equipment training

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Absence Rate

Companies	TSRC			Shen Hua Chemical			Nantong Industrial			TSRC-UBE			Shanghai Industrial			Dexco Polymers		
Gender	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Absence Rate	0.38	0.25	0.13	0.026	0.02	0.006	0.01	0.0093	0.0007	0.016	0.0156	0.0004	4.31	4.31	0	0.30	0.23	0.07

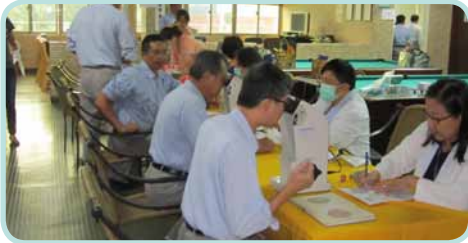
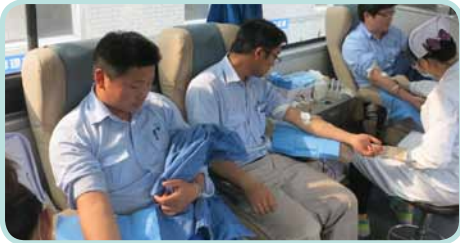
Note :

1. Absence Rate (AR): The percentage of the actual number of absence days in the total number of workdays in 2015. Absence: (injury leave + personal business leave + sick leave) hours / 2015 total work hours.

Absence: Employees are absent due to the loss of working ability, including but not limited to work-related injuries and diseases; but not including approved leave, such as festivals, holidays, training, maternity leave/paternity leave, and funeral leave.

provide health seminar and medical information on the SAP EIP - Human Resource Bulletin with listed activities as follows:

- Track the personnel with hypertension.
- Due to the employees of a Contractor were affected with low infectious tuberculosis, TSRC worked with the medical clinics to continue the tracking and the results were normal.
- Provide Health Information: MERS-CoV related health education information was published in the Medical Health Section of the SAP EIP Human Resources Bulletin for employees' reference. Provide health education information for maternity protection rules, health education for married female employees, when pregnant or plan for pregnancy, please notify the Manager and Human Resources Nurse in advance, Nantong Industrial compiles monthly "Health Knowledge", and distributes to each employee by e-mail, to achieve the objective of protecting employee's health promotion.
- Kaohsiung Factory works with the Medical Clinic to organize the Loss Weight with Nice Gift Activity: Total of 15 participants with total weight loss of 31.2 kg and waist size reduction of 43 cm.



TSRC has been educating our employees on the correct safety and health concepts regarding the specific occupational diseases, managing the professional occupational health training for employees, and developing the employees' good working habits, reducing human error, and arrange health examinations for employees working with special hazards in accordance with laws and regulation. Over the years, in addition to the mandatory work environment site testing, air pollution control equipment, ambient odor and noise around the factories and other special environment items, we have voluntarily reinforced the test of ionizing radiation and continued to monitor, analyze and track the test results, to reduce environmental load and impact on human health. The result of employee health examinations and work environment tests are fed back for further improvement of health management statistics analysis capability and effectively used for the reference of employee health management. Among them, the Kaohsiung Factory and Gangshan Factory even further installed AED in the Factory to protect the employees' health and handling of sudden incident. All tracking of special operating personnel special health examination results in 2015 for all factories are without significant abnormal condition

Based on the work environment testing results, TSRC determined three of the special health examination items are "benzene, dust, noise". Through the results of special health examinations, all items are second level health management and among them, the percentage of abnormal hearing is higher.

In order to effectively manage the health of employees working in noisy work environment, other than requiring them to use noise insulation and personal protective gears and maintaining record keeping every month, the employees working in a noisy specialty operation will be transferred out of the noisy work environment when they are diagnosed as the second level health management for

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two consecutive years and tracked with special noise health examination for two consecutive years to confirm their hearing does not deteriorate.

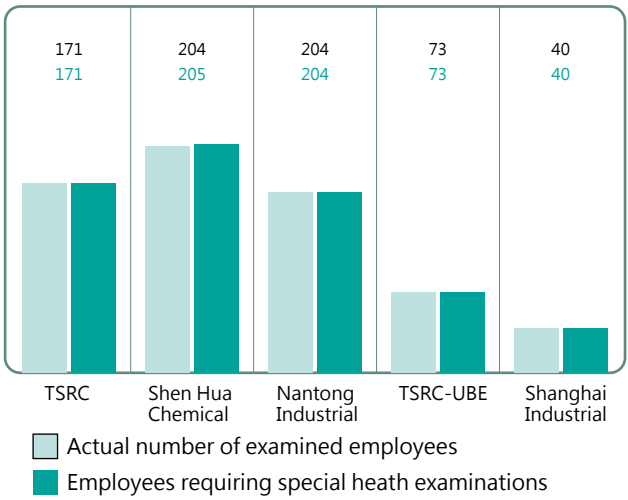


Note: AED: Automated External Defibrillator.

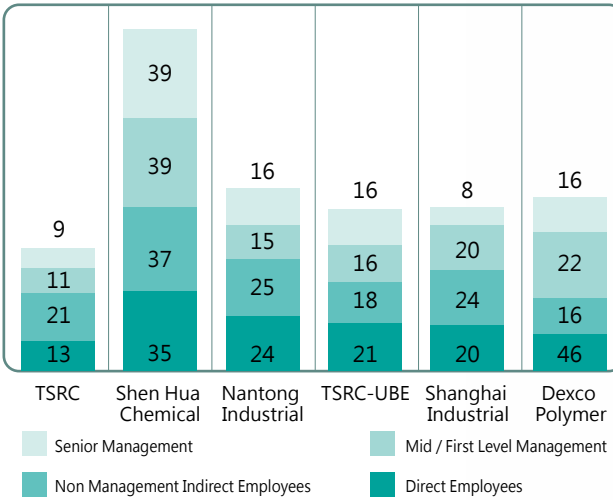
Professional and General Education for Employees

In response to continuous organizational internationalization, TSRC actively invests in employee training and multiple learning, expecting employees can grow together with TSRC in the aggressive global competitions. Policies and directions for education training aim to improve work skills of employees and the market competitiveness for coping with future market and environmental changes. Every year TSRC establishes the annual education training plan based on the internal employee training regulations, through the Company's annual business direction, department needs, relevant requirements of laws and regulations to organize various training courses for new and on-the-job employees, such as general education, professional skill development, management capabilities, and qualification certification. TSRC also realizes the goal of "Lifelong Learning" through internal and external training. In 2015, TSRC invested approximately NT\$ 6,049,000 on training for 9,311 person-times, with approximately NT\$ 4,200 and 25 hours for each employee in average.

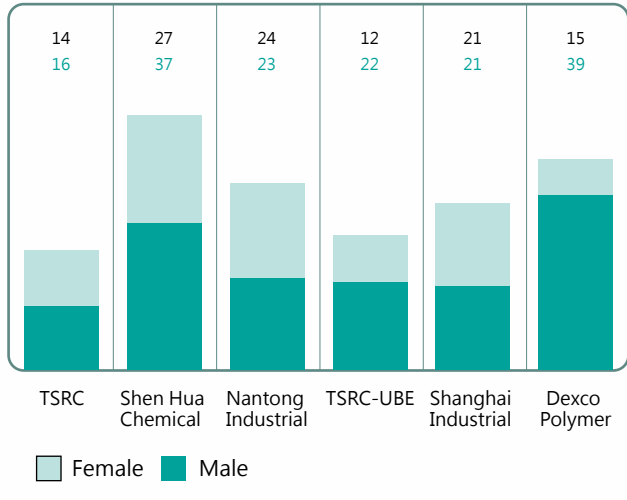
◆ Employees requiring special health examinations



◆ 2015 Average Training Hours-By Rank



◆ 2015 Average Training Hours



Note :

1. Senior Management includes the Senior Manager and Higher Level Management Personnel, Mid/First Level Management are the Deputy Manager to Manager Levels Management Personnel

2. Direct Employees are the personnel including operator, group leaders whom directly responsible for production line operations.

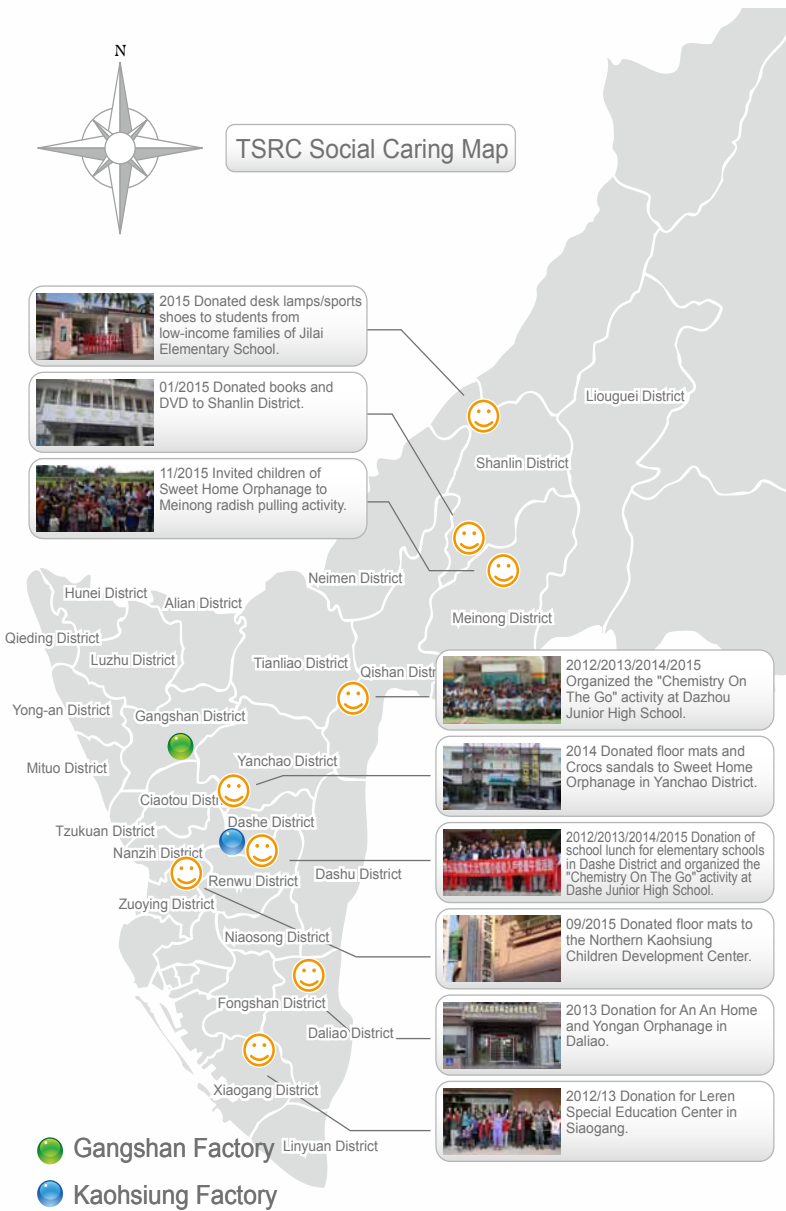
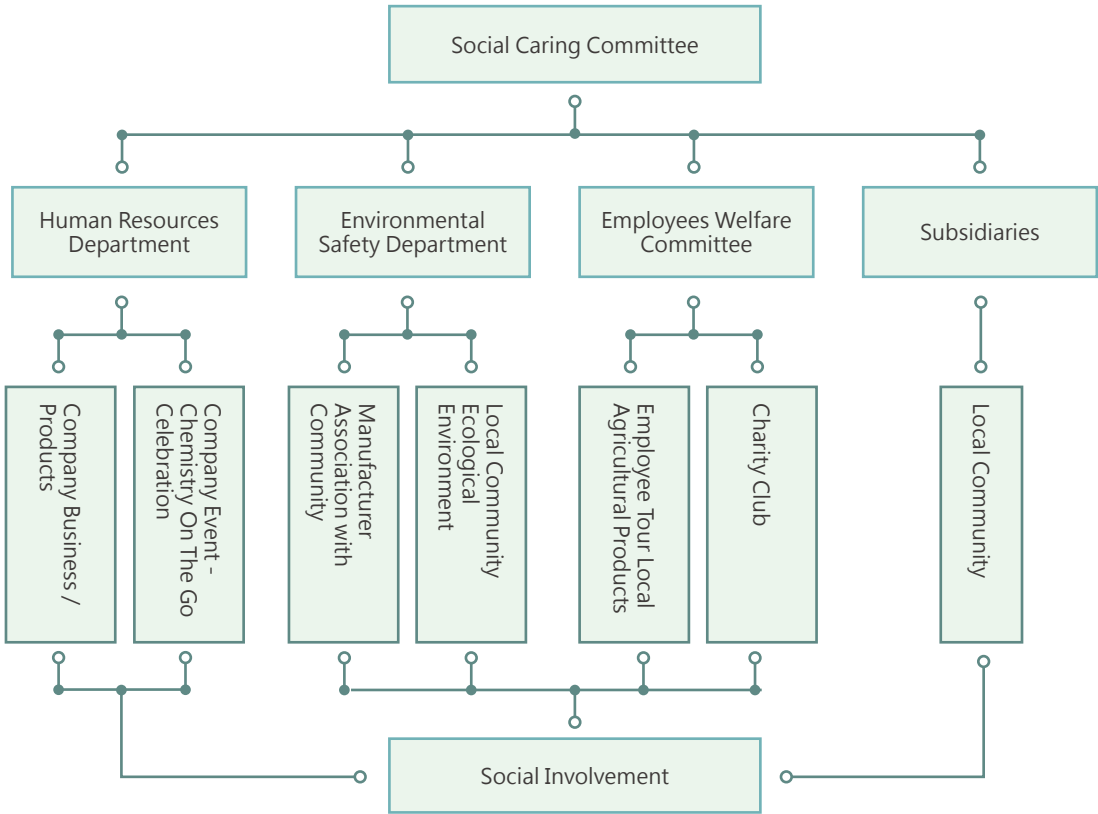
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Support for Society

Since promoting CSR Activities in 2012, TSRC reviews our social caring principles, operation direction and promotion methods every year through the Social Caring Committee and through relevant department to symmetrically communicate in depth with local stakeholders to understand and respond to the community points of view. TSRC understands the need to maximize the effect of limited resources, so we gradually construct the TSRC Social Caring Map based on our factory locations, not only donating money, but also combining the social welfare activities with the Company's business operation.

TSRC will use our product - rubber as material and work with cooperating manufacturers to produce appropriate products to help the disadvantaged organizations, support the organizations to protect, educate disadvantaged groups and enhance the stability of our society.

TSRC Social Caring Committee Operation Structure



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Social Caring Principles and Ratio of each Social Caring Category



Products used in Social Caring:

Floor Mats and Crocs Sandals

Ever since we donated shock-absorbent floor mats to Leren Special Education Center in 2012, TSRC has realized the risk of injury from falling of students; therefore, we

began production of anti-slip and shock-absorbent floor mats systematically in collaboration with cooperating manufacturer Long Future Co., Ltd. and to donate to the disadvantaged groups in TSRC Factory neighborhood. We also launched cooperation with another cooperating manufacturer "New Buffalo Brand" to donate Crocs sandals to students, so as the express social care with our products and thereby integrate the purpose of combining the public charity activities and the Company's business. In 2015, Social Caring Committee and the Charity Club invited Mr. Su of our cooperating manufacturer "New Buffalo Brand" through coordination of the CSR Administrator of Gangshan Factory to assist providing Crocs sandals and donate the products Jilai Elementary School.

This activity also received praises from the receiving organizations. Following the donation for Leren Special Education Center in 2012 and An An Home and Yongan Orphanage in 2013, Sweet Home Orphanage in 2014, and Northern Kaohsiung Children Development Center expressed their urgent needs when they learned about the donation of quality floor mats from TSRC because of TSRC Charity Club's caring activities to them back in 2014. In 2015, through the planning of Social Caring Committee, shock-absorbent floor mats are also provided for social caring to the Children Development Center to provide training use for their children.



Donated to Jilai Elementary School



Photos of donating floor mats



Donated Crocs sandals with cooperating manufacturers



For the teaching purpose for children



Director Chiu of Northern Kaohsiung Children Development Center presents certificate of appreciation to Assistant Senior Manager Kuo



Social Caring Committee accepted certificate of appreciation from Jilai Elementary School

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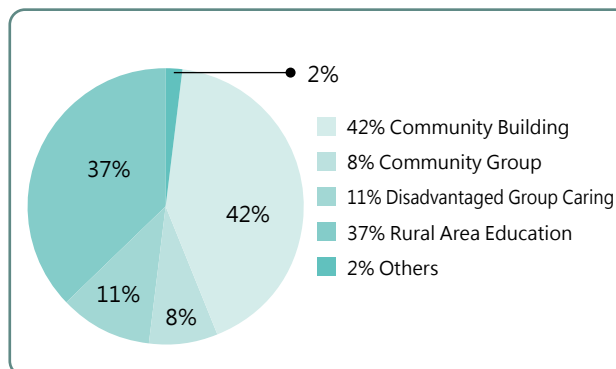
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TSRC Social Caring Involvement Ratio



Assistant Senior Manager Chai and Director Fang care for students



Tamkang University Dean Wang, Bochang humorous opening

Support for Chemistry Education

"Chemistry On The Go" was originated in 2011 to echo the events of International Chemistry Year, and has not finished yet and continue the tour the activities around Taiwan. In contrast to the large-scale chemistry competition designed for training elite students, the "Mobile Laboratory" in a 3.5 ton truck, loaded with lab instruments and a performance stage travels through remote areas in Taiwan, is considered more attractive to Dr. Gao's team from Tamkang University. Through performances, exhibitions, lectures and experiments, "Chemistry On The Go" stimulates students' interests in chemistry. For TSRC in the industry, we also appreciate and approve the objective of "Chemistry On The Go".

In addition to continue our sponsorship for the "Chemistry On The Go" for the rural areas, TSRC continued to sponsor the activity in 2015. At the Factory location - Dashe Junior High School / Dazhou Junior High School, the Social Caring Committee worked in coordination with the colleagues of Research and Development Department to assist the team from Tamkang University to guide the student to do experiments and introduce to them the current status of chemistry industry. In addition to closer understand the schools and students of the community, the activity stimulated chemistry learning motivation and interest, and lead the teachers and students together to fun Chemistry and further understand the chemistry industries around them and the TSRC products. The activity also enabled the local communities to better understand TSRC's efforts in fulfilling Corporate Social Responsibility. The Dashe Junior High School event is the 200th activity was "Chemistry On The Go" and the fourth year in a roll for the Tamkang and TSRC team to visit Dashe Junior High School. Since the content of the activity designed to complement the junior high school courses and combined with lively fun are well enjoyed by the teacher and students. Several officials of Kaohsiung City (Bureau of Education Director Fang and seven other officials) were invited to this activity and from the academic scholars (Chinese Chemical Society Chairman Tao and President Chang of Tamkang University and Dean Wang of College of Science and a dozen of scholars) to join the activity. The event was successfully completed under the warm southern sun with warm laughter and sweats!

In 2015, a total of 21 member-trips of TSRC Research and Development and Application Research Departments and relevant personnel as volunteers to support the activities for 168 hours to perform interactive chemistry education activities at Dashe and Dazhou junior high schools in Kaohsiung City and Shenkeng Junior High School in New Taipei City with total of 492 students participated.

Chemistry Fun Web Site: <http://chemotg.tku.edu.tw>

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TSRC Team



Everyone smiles with excellent performance on stage



Principal of Dazhou Junior School presents Certificate of Appreciation to TSRC

Local Community

Mainland China Area

The Association of Taiwan Enterprises in Nantong City founded Taiwan's Foundation for Poverty Alleviation in Nantong in 2009 to provide financial support for students, families and special groups with financial difficulty. Shen Hua Chemical, Nantong Industrial, and TSRC-UBE made monetary donations to the foundation together. In 2015, Nantong area subsidiaries also continue to donate RMB 12,000 Yen to Taiwan's Foundation used to alleviate poor and assist education. The Foundation donated grants of RMB 200,700 Yen to assist 87 students with financial difficulty. Shanghai Industrial donated RMB 50,000 Yen to community caring in 2015 and was presented with Certificate of Appreciation for Corporation with Love.

Taiwan Area

Every year, TSRC and other manufacturers in Dashe Industrial Park feed back to the citizens living in the neighborhood (Feed Back FundNote 1, through the Manufacturers' Association through the operation of the Dashe District Good Neighbor Feedback Fund Review Team, used for subsidizing the utility bills of local residents, providing grants and scholarships for students, and offering free lunch for elderly people living alone and from low-income families, and furthermore the fund is also used to subsidize books, insurance, tuition and fees, and after school club fee of elementary and junior high schools in the district, with emphasis on the English teaching of these schools). For the purpose of caring our employees, TSRC also continue to support the local fishing, agricultural products, purchase dates, lychee, mango, seafood and mushrooms through the TSRC Employees Welfare Committee as gift to all employees.

In 2015, TSR AMD Applied Material Division also cooperate with accadis Hochschule Bad Homburg, Germany, to let the student visiting the Company for observation and practice, also demonstrate the assistance of turning the school teaching into real practice.

TSRC continues to donate

1. Support school lunch for three elementary schools in Dashe District of Kaohsiung City.
2. Make donations to assist the Children Are Us Foundation.
3. Make donations The Association of Zhejiang Province for winter aids, scholarships and seminar teachings.
4. Invited the children from Sweet Home Orphanage to Meinong radish pulling activity sponsored by the Company.
5. TSRC Corporation donated total of more than NTD 1,090,000 for social caring in 2015.

Note 1: Dashe District, Kaohsiung City Good Neighbor Feedback Fund Web Page: http://www.dsrtg.gov.tw/p06_07.aspx?type=5



TSRC supports local agriculture



Ministry of Health and Welfare thanks TSRC for supporting public charity



Pulling radishes activity completed successfully



Communicate with Principal Lin of Jiacheng Elementary School



Donate to Guanyin Elementary School



Sweet Home Orphanage presents Certificate of Appreciation



Principal Wang of Dashe Elementary School

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CSR
Corporate Social Responsibility

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General Standard Disclosures

General Standard Disclosures		Page Number / Note	External Verification (Page Number)
◆ Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization	9	82
◆ Organizational Profile			
G4-3	Name of the Organization	Back Cover	82
G4-4	Primary brands, products, and services	23	82
G4-5	Location of organization, and services	Back Cover	82
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics in the report	Back Cover	82
G4-7	Nature of ownership and legal form	22	82
G4-8	Markets served by the organization	23	82
G4-9	Scale of the reporting organization	23	82
G4-10	Total number of workforce by employment type	49	82
G4-11	Percentage of employees covered by collective bargaining agreements	52	82
G4-12	Describe the organization's supply chain	27	82
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain chain	4	82
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	27	82
G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	55	82
G4-16	Memberships in associations (such as industrial associations) and the national or international advocacy organizations	24	82

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General Standard Disclosures		Page Number / Note	External Verification (Page Number)
◆ Identified Material Aspects and Boundaries			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	23	82
G4-18	Process for defining report content and the Aspect Boundaries	18	82
G4-19	List all the material Aspects identified in the process for defining report content	17	82
G4-20	For each material Aspect, report the Aspect Boundary within the organization	19	82
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	19	82
G4-22	Report the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	4	82
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	4	82
◆ Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization	49	82
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	19	82
G4-26	Approaches to stakeholder engagement	14	82
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	15	82

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◆ Report Profile			
G4-28	Reporting period for information provided	4	82
G4-29	Date of most recent previous report	4	82
G4-30	Reporting Cycle	4	82
G4-31	Provide the contact point for questions regarding the report or its contents	Back Cover	82
G4-32	Report the "in accordance" option, GRI Content Index, reference to the External Assurance Report	4,82	82
G4-33	Policy and current practice with regard to seeking external assurance/confirmation for the report by the organization	4	82
◆ Back Cover			
G4-34	Governance structure of the organization	22	82
◆ Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behavior	25,29	82

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Specific Standard Disclosures

Indicators Number	Descriptions	Report Content or Descriptions	Page Number	Material Aspect (Yes / No)	Certified by the Third Party Independent Organization (Yes / No)
Category: Economic					
Aspect: Economic Performance					
G4-DMA	Generic Disclosures on Management Approach		23	Yes	Yes
G4-EC1	Direct economic value generated and distributed by the organization		23	Yes	Yes
G4-EC3	Coverage of the organization’ s defined benefit plan obligations		53	Yes	Yes
Aspect: Market Presence					
G4-DMA	Generic Disclosures on Management Approach		52	Yes	Yes
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		52	Yes	Yes
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		51	Yes	Yes
Aspect: Indirect Economic Impacts					
G4-DMA	Generic Disclosures on Management Approach		62	Yes	Yes
G4-EC7	Development and impact of infrastructure investments and services supported		62-66	Yes	Yes

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Category: Environmental					
Aspect: Energy					
G4-DMA	Generic Disclosures on Management Approach		38	Yes	Yes
G4-EN3	Energy consumption within the organization		37	Yes	Yes
G4-EN5	Energy intensity		37	Yes	Yes
G4-EN6	Reduction of energy consumption		39,40	Yes	Yes
Aspect: Water					
G4-DMA	Generic Disclosures on Management Approach		42	Yes	Yes
G4-EN8	Total water withdrawal by source		42	Yes	Yes
G4-EN10	Percentage and total volume of water recycled and reused		42	Yes	Yes
Aspect: Biodiversity					
G4-DMA	Generic Disclosures on Management Approach		46	Yes	Yes
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		46	Yes	Yes
G4-EN13	Habitats protected or restored		46	Yes	Yes

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Category: Environmental					
Aspect: Emissions					
G4-DMA	Generic Disclosures on Management Approach		35	Yes	Yes
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		36	Yes	Yes
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		36	Yes	Yes
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		36	Yes	Yes
G4-EN18	Greenhouse gas (GHG) emissions intensity		37	Yes	Yes
G4-EN21	NOX, SOX, and other significant air emissions		45	Yes	Yes
Aspect: Effluents and Waste					
G4-DMA	Generic Disclosures on Management Approach		42	Yes	Yes
G4-EN22	Total water discharge by quality and destination		42	Yes	Yes
G4-EN23	Total weight of waste by type and disposal method		45	Yes	Yes
G4-EN24	Total number and volume of significant spills		46	Yes	Yes
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization' s discharges of water and runoff		46	Yes	Yes

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Category: Environmental					
Aspect: Compliance					
G4-DMA	Generic Disclosures on Management Approach		46	Yes	Yes
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		46	Yes	Yes
Aspect: Overall Environmental Condition					
G4-DMA	Generic Disclosures on Management Approach		47	Yes	Yes
G4-EN31	Total environmental protection expenditures and investments by type		47	Yes	Yes
Aspect: Supplier Environmental Assessment					
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		28	No - Self Disclosure	Yes

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Indicators Number	Descriptions	Report Content or Descriptions	Page Number	Material Aspect (Yes / No)	Certified by the Third Party Independent Organization (Yes / No)
Category: Social					
Aspect: Employment					
G4-DMA	Generic Disclosures on Management Approach		49	Yes	Yes
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		50	Yes	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		53	Yes	Yes
Aspect: Labor/Management Relations					
G4-DMA	Generic Disclosures on Management Approach		49	Yes	Yes
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		52	Yes	Yes
Occupational Health and Safety					
G4-DMA	Generic Disclosures on Management Approach		55	Yes	Yes
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		55	Yes	Yes
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work- related fatalities, by region and by gender		60	Yes	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		61	Yes	Yes

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Category: Social					
Aspect: Education and Training					
G4-DMA	Generic Disclosures on Management Approach		61	Yes	Yes
G4-LA9	Average hours of training per year per employee by gender, and by employee category		61	Yes	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		52	Yes	Yes
Sub-Category: Human Rights					
Aspect: Child Labor					
G4-DMA	Generic Disclosures on Management Approach		49	Yes	Yes
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		29,49	Yes	Yes
Forced Or Compulsory Labor					
G4-DMA	Generic Disclosures on Management Approach		52	Yes	Yes
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		52	Yes	Yes

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Indicators Number	Descriptions	Report Content or Descriptions	Page Number	Material Aspect (Yes / No)	Certified by the Third Party Independent Organization (Yes / No)
Sub-Category: Social: Society					
Aspect: Local Communities					
G4-DMA	Generic Disclosures on Management Approach		45	Yes	Yes
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		56	Yes	Yes
G4-SO2	Operations with significant actual and potential negative impacts on local communities		56	Yes	Yes
Aspect: Anti-Corruption					
G4-DMA	Generic Disclosures on Management Approach		26	Yes	Yes
G4-SO4	Communication and training on anti-corruption policies and procedures		26	Yes	Yes
G4-SO5	Confirmed incidents of corruption and actions taken		26	Yes	Yes
Aspect: Supplier Assessment for Impacts on Society					
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society		27	No - Self Disclosure	Yes

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Indicators Number	Descriptions	Report Content or Descriptions	Page Number	Material Aspect (Yes / No)	Certified by the Third Party Independent Organization (Yes / No)
Sub-Category: Social: Product Responsibility					
Aspect: Customer Health and Safety					
G4-DMA	Generic Disclosures on Management Approach		31	Yes	Yes
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No Relevant incidents Occurred in 2015.	---	Yes	Yes
Aspect: Product and Service Labeling					
G4-DMA	Generic Disclosures on Management Approach		31	Yes	Yes
G4-PR3	Type of product and service information required by the organization' s procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		31	Yes	Yes
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		32	Yes	Yes
Aspect: Marketing Communication					
G4-DMA	Generic Disclosures on Management Approach		32	Yes	Yes
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No Relevant incidents Occurred in 2015	---	Yes	Yes

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Indicators Number	Descriptions	Report Content or Descriptions	Page Number	Material Aspect (Yes / No)	Certified by the Third Party Independent Organization (Yes / No)
Sub-Category: Social: Product Responsibility					
Aspect: Customer Privacy					
G4-DMA	Generic Disclosures on Management Approach		25	Yes	Yes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		26	Yes	Yes
Aspect: Product Laws and Regulations Compliance					
G4-DMA	Generic Disclosures on Management Approach		31	Yes	Yes
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		32	Yes	Yes

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Third-Party Verification Certificate



Assurance Statement

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

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

The assurance engagement is based on the assumption that the data and information provided to in TSRC sustainability report is complete and true.

Nature and Scope the Assurance

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

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

The assurance of TSRC Sustainability report for the fiscal year 2015 related to its businesses [Taipei Head Office, Kaohsiung Factory, Gangshan Factory, and 5 Subsidiaries in China (TSRC (Shanghai) • TSRC-UBE (Nantong) • TSRC (Nantong) • Shen Hua Chemical)] • and subsidiary in U.S.A. Dexco Polymers includes the following:

- 1) Reporting of economic, environmental, and social indicators; the year of activities covered in the Sustainability Report is Jan.2015 to Dec.2015;
- 2) Information related to TSRC issues, responses, performance data, case studies and underlying systems to manage Sustainability related data and information;
- 3) Information related to TSRC adherence to inclusivity, materiality and responsiveness and stakeholder engagements;
- 4) Evaluation of the Accountability Principles (Type I) and specified performance information with a MODERATE level of Assurance, according to AA1000 AS (2008)
- 5) The report is "in accordance" with the G4 Sustainability Reporting Guidelines – CORE option.

Assurance Methodology

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

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

Our assurance involved the following activities:

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



Opinion Statement

The TSRC's Sustainability report provides an appropriate view of the TSRC's CSR programs and performances during fiscal year 2015.

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

Inclusivity: TSRC conducted the participation of all stakeholders with 264 effectiveness questionnaires. After consolidation each material impacts in Economic, Environment and social aspect by TSRC CSR committee, the effort has been showcased in. The reporting systems have been developed to gather the required information. For further report, it expected to closely link up all the material aspects related to supplier chain management subjects with TSRC's long-term strategies, risks and opportunities.

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

Responsiveness: TSRC has already built mid-term and long-term objectives and committed to implement the CSR practice and demonstrate related performance information to respond to the expectations and perceptions of its stakeholders as appropriate. However, the major objectives focused on Environmental aspect, for further reports could describe more effort on other aspects, (such as: supplier chain management) to show the responsiveness for all impacts not only on environment impacts but economic and social aspects.

Reliability and accuracy of performance information:

In accordance to Type I, Moderate level of assurance requirements, it can be concluded that the contents mentioned in the sustainability report is reliable. TSRC has a robust management system for obtaining objective evidences and data for the reporting in TSRC Sustainability Report.

Statement of Independence and Competence

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

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

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

Jack Yeh
General Manager
TUV Asia Pacific Ltd., Taiwan Branch
Issue Date : 2016.03.25
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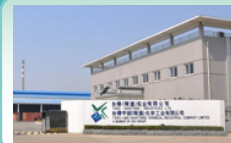
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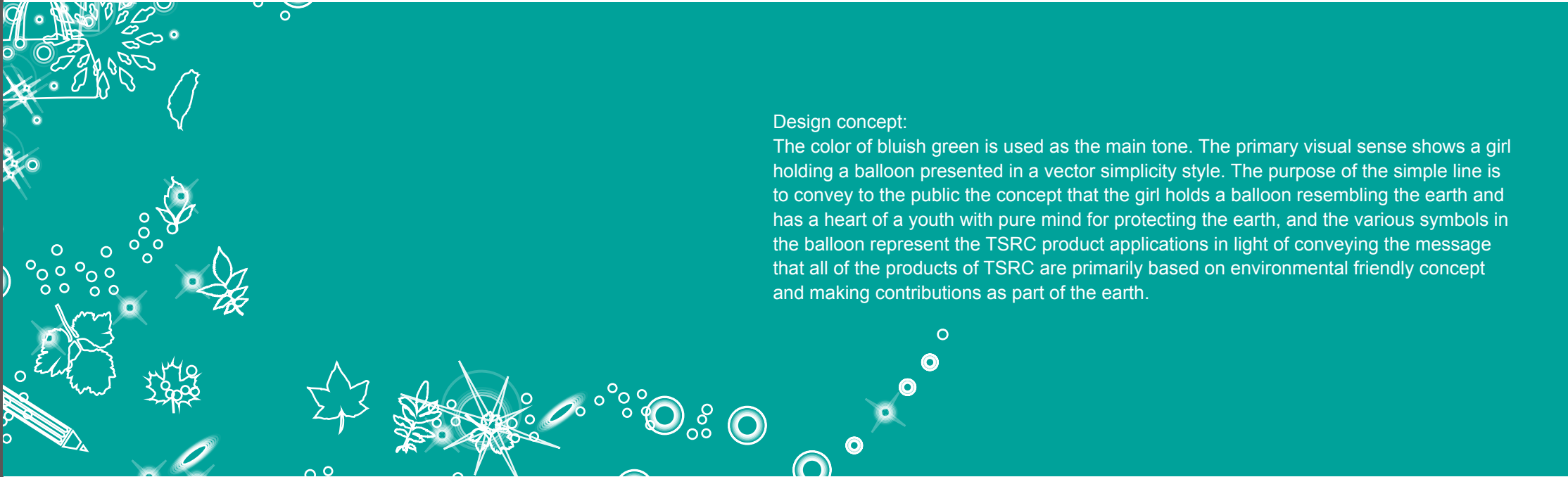
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Design concept:
The color of bluish green is used as the main tone. The primary visual sense shows a girl holding a balloon presented in a vector simplicity style. The purpose of the simple line is to convey to the public the concept that the girl holds a balloon resembling the earth and has a heart of a youth with pure mind for protecting the earth, and the various symbols in the balloon represent the TSRC product applications in light of conveying the message that all of the products of TSRC are primarily based on environmental friendly concept and making contributions as part of the earth.



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Company Website



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