

2015 亞洲水泥

ASIA CEMENT CORPORATION
Corporate Social Responsibility Report

2015 ASIA CEMENT Corporation Social Responsibility Report



2015
亞洲水泥股份有限公司
Asia Cement Corporation

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Happy Workplace, Taiwan High Salary 100

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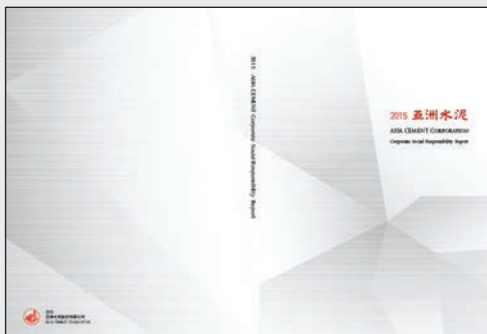
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Editing Guideline

Cover Story

Cement production is the business that Asia Cement was established for, it has been well-known worldwide for its excellent quality of cement. Furthermore, the cement manufacturing technology of Asia Cement continues to be advanced through the years. Hence, cement is selected as the theme on the cover of this edition. The abstractive fashion and high-tech elements are introduced in this series to break the cold and stereotype impression to cement, a product that Asia Cement is proud of. For years Asia Cement devotes itself to environmental protection. It built ecologically-enriched botanical garden and butterfly garden in which stick insects with ginseng smell were nurtured. Thus, the theme of this series is joined with stick insects by adopting the shape of them in the design of the shadows and lines (underneath the heading) that present the unique feeling of cement.



Contact Us

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Dear Readers,

The “2015 Asia Cement Corporate Social Responsibility Report” is elaborately prepared for the stakeholders to learn more about how Asia Cement is devoted to establish a complete sustainable corporate development.

The Corporate Social Responsibility Report used the framework of Global Reporting Initiative (GRI) G4- Sustainable reporting guideline and followed the report principles, standard disclosure, and implementation manual. Moreover, based on the engagement of the Asia Cement business and fulfilling the reporting principles, this report also responded to the topics concerned by all fields. It also presented the effort we have been putting in the economy, social, and environment aspects. Special events will be introduced in the form of special edition °

Report Scope

This report mainly provides the sustainable management and performances in major operation sites of Asia Cement from January 1 to December 31, 2015. The additional information of the domestic physical operating companies disclosed in 2015 includes:Ya Tung Ready-Mixed Concrete, Yuan Long Stainless Steel, Ya Li Precast Prestressed, Nanhwa Cement, Chiahui Power, Fu-Ming Transport, and Ya Li Transport. The financial statement is published after being audited by the certified public accountant. Parts of the figures are quoted from the Annual Report, government sectors, and the public information disclosed on the relevant websites and is presented in the conventional manner. Exceptions will be explained in the content of the report.

The content of this report is based on the “comprehensive” options of GRI G4 and complied with associated international guidelines and standards including the disclosure guideline index of mining and metal industry, Cement Sustainability Initiative (CSI) index, UN Sustainable Development Goals (SDGs) and ISO 26000 Social Responsibility Guideline. In addition, for the purpose of providing reliable public information to readers, this report has passed Taiwan SGS External Assurance Statement and complied with AA1000 AS 2008 standard.

The report is published once a year. This is the third year that it is published. The last report was published on June 30, 2015. The next one is planned to be published in June of 2017.

Operator Words

This is the third CSR report published by Asia Cement. The Company took the initiative to systematically study the issues including economy, environment and social sustainability. Aiming at various key issues, the Company started to prepare vision statement and strategic planning, to set goals and performance indexes, to assess the performance and to make the improvement continuously, with the hope to steadily move toward the goal of enterprise sustainable development. Reviewing the year of 2015, the performance of economy in Taiwan was not to the expectation due to the downturn of global economy. According to the data disclosed by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate of Taiwan in 2015 was merely 0.75%, the worst since 2009. Facing the

harsh challenges from the global environment, Asia Cement, through the col-



lective effort of its employees, was still able to achieve a recognizable results of operation. Its consolidated operating revenue summed up to NT\$ 66.3 billion, the earnings per share was NT\$1.55 and the cash dividend per share was NT\$1.10. With the policy of stable dividend distribution, the Company continuously creates values for the investors. Asia Cement always advocates the principle of “putting back to the society what we reap from the society”, hence, the economic performance is just one element of its corporate responsibility. Each year, the Company donates funds to support local community constructions, disadvantaged groups and charitable organizations including medical treatment, charity or culture and education foundations. In addition, it also continuously watches the trend of global sustainable development closely. In 2016, United Nations officially initiated the goals of sustainable development aiming at 17 goals and 169 detail targets. These are the references for governments, private sectors and NGOs in setting their long term goals and missions of sustainable development. Referring to the goals of SDGs, Asia Cement started to assess the originally determined key issues and linked with these goals. They will be the guidance of sustainable development for the Company. In addition to take the initiative to disclose the carbon data by submitting the CDP report in 2015, Asia Cement also received the TCSA Report Gold Award granted by Taiwan Sustainable Energy Research Foundation for its CSR report. This 2015 CSR Report, based on core options of GRI G4, will disclose even more complete information.

On April 22 of 2016, the Earth

Day 2016, leaders from various countries around the world signed the “Paris Agreement” to jointly strive for developing low carbon emission. As the climate change issue is worsening, our concept of “co-existence of industrial development and environmental protection without conflict” that we always insist on, has become more important. Currently, 1/3 of the total power consumed by the plants of Asia Cement is generated from recycled waste heat and the rate of water recycled is over 80%. The Company has repeatedly received the award for its internationally renowned mining land greening and recovery technique. It keeps introducing advanced equipment and engineering methods which have resulted outstanding energy saving and carbon reduction. The Company has reduced its carbon emission by 30,942.7 metric tons of CO₂e, an excellent model of energy saving and carbon emission reduction for the enterprises in Taiwan.

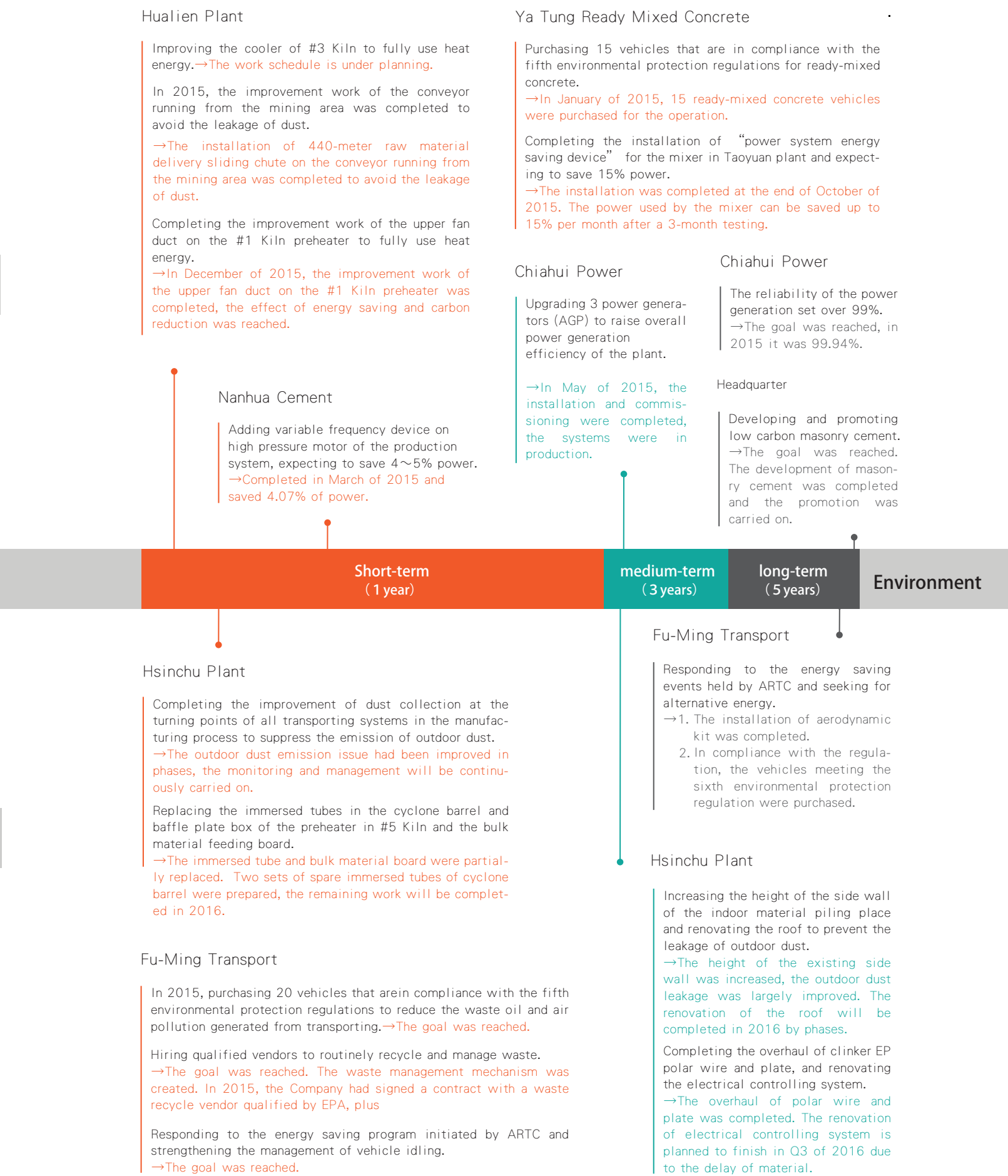
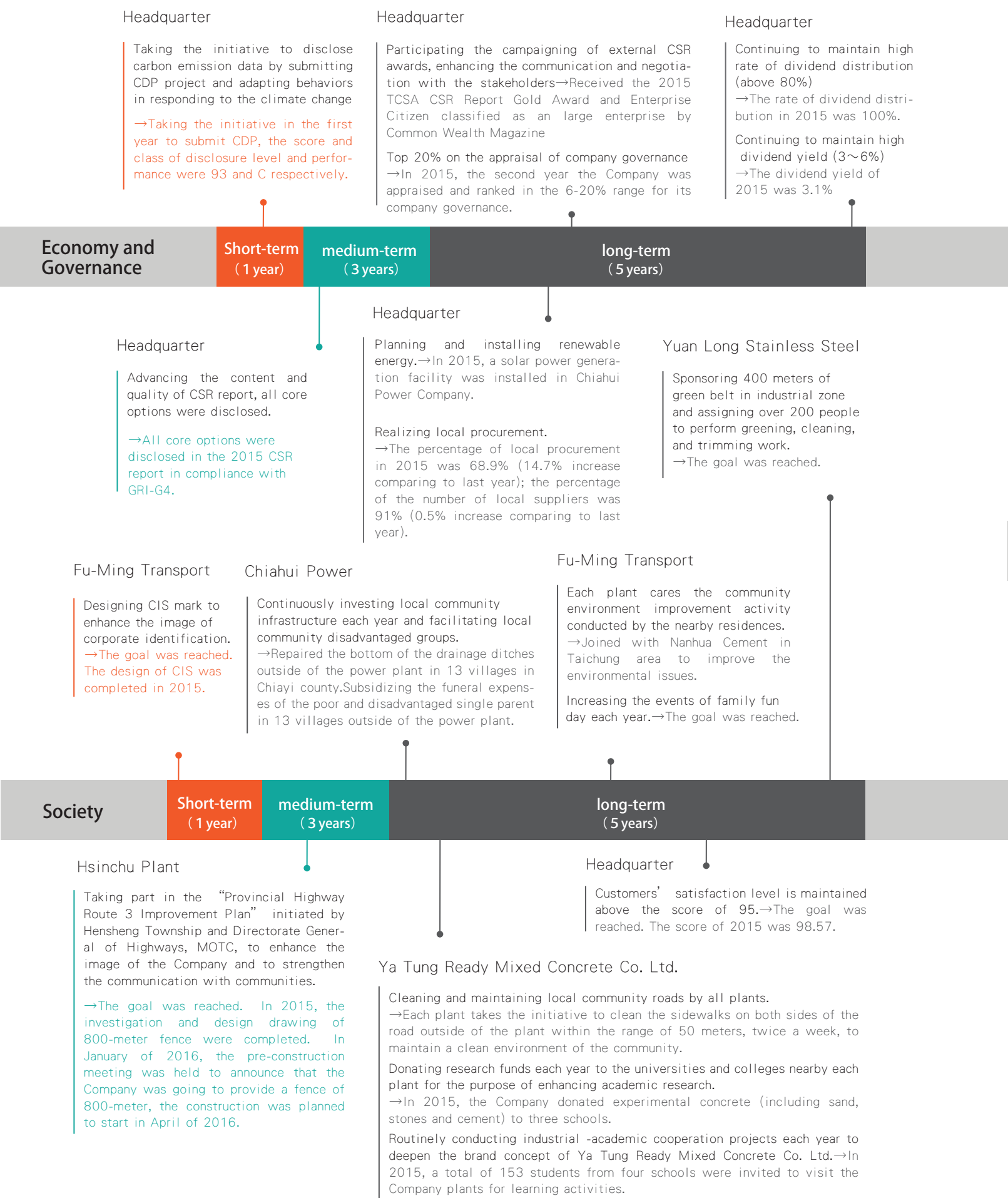
For many years Asia Cement has been pursuing high quality, stringent environmental protection and low cost. It has steadily become the benchmark for the cement industry. The Company will keep advancing its high-tech applications, starting from smart shipping, smart quality control and production, in order to realize “Industry 4.0” in the optimization of cement manufacturing process. With respect to the CSR, the Company will accept opinions and feedbacks from all walks with strict and serious attitude to strengthen the co-existence and co-prosperity with the eco-environment. Eventually it will be an important green partner of everyone in building a sustainable homeland.

Donglas Tong Hsu
Chairman Asia Cement Corporation

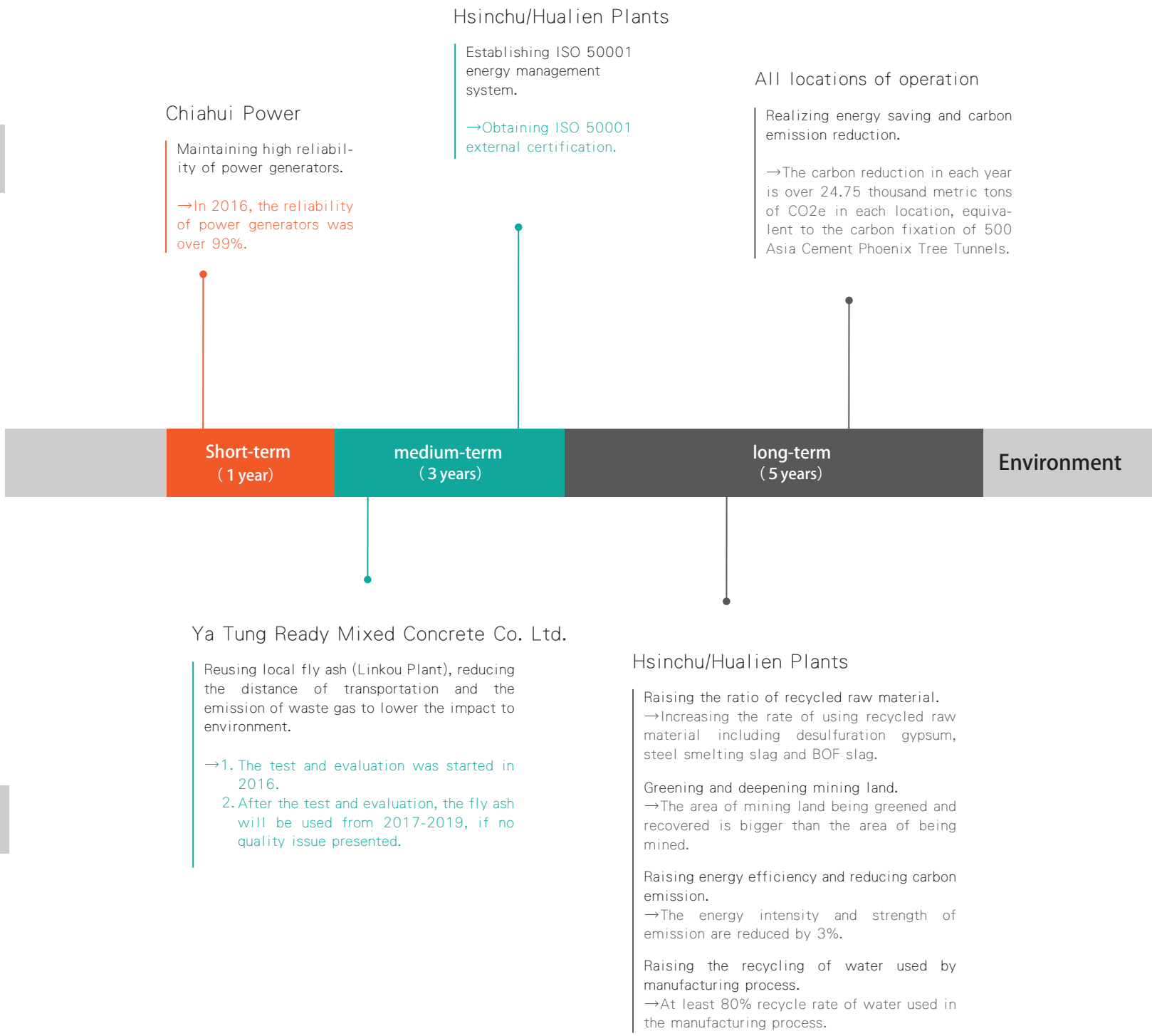
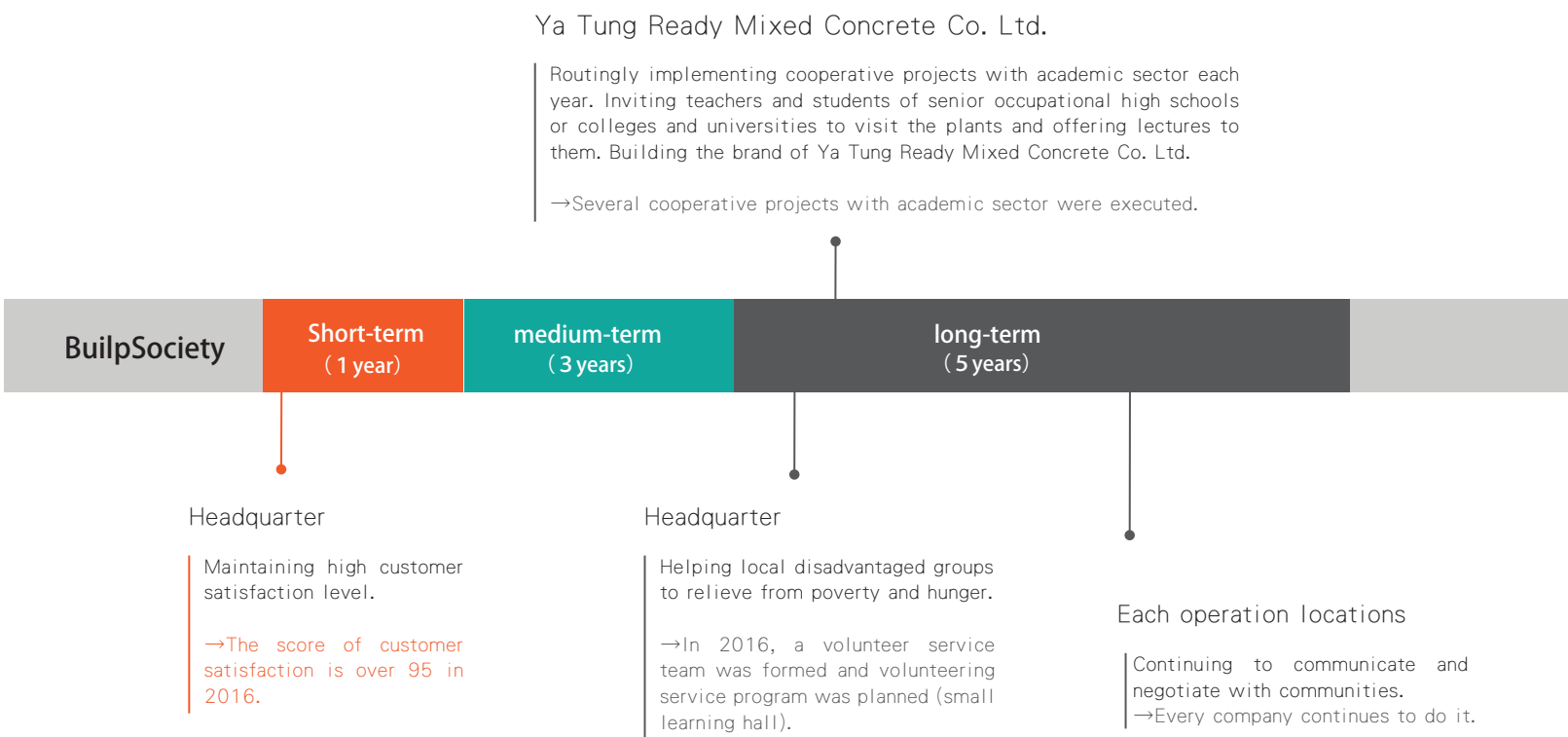
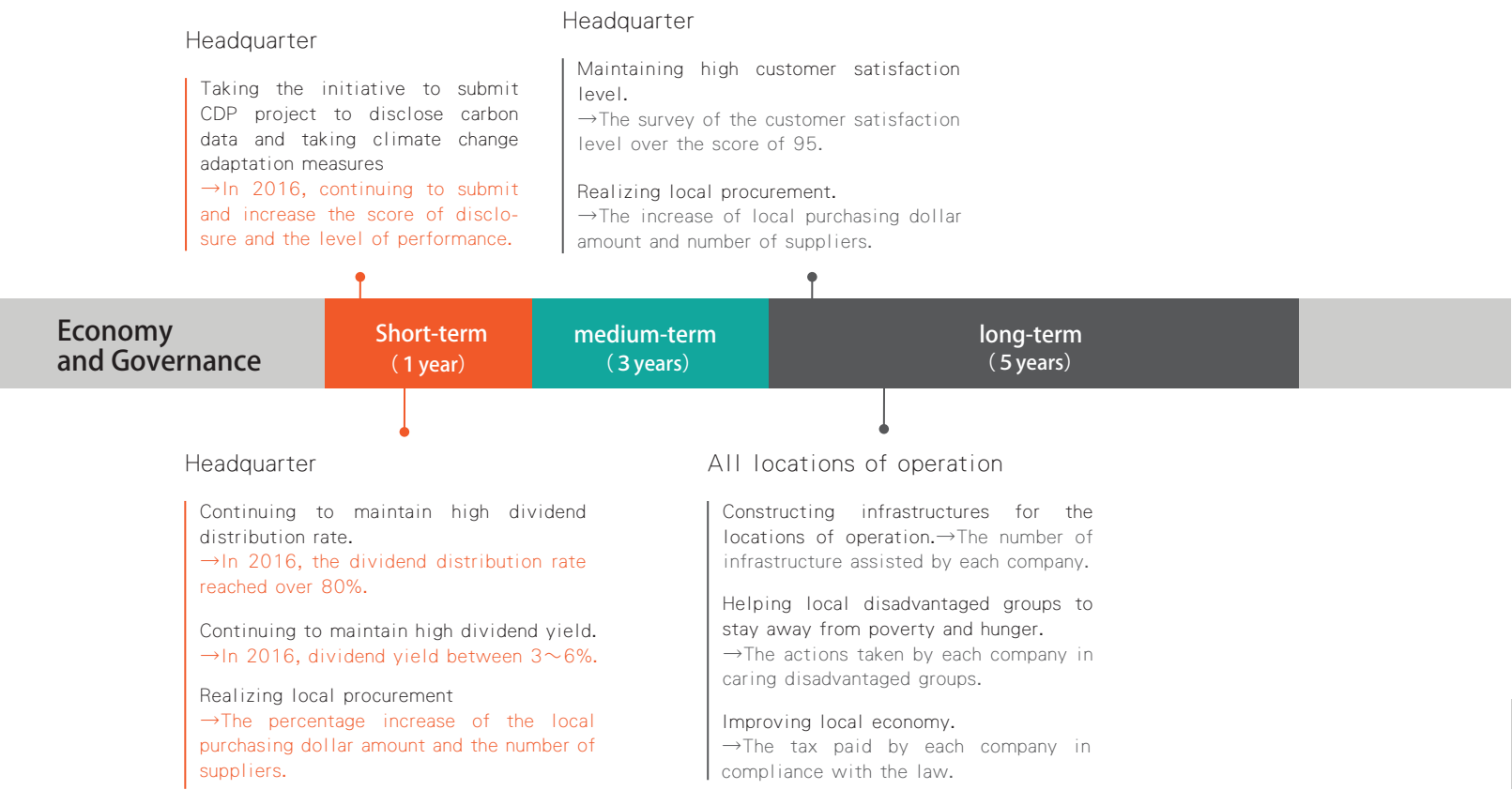
徐旭東



2015 Asia Cement Spotlight--2015 Asia Cement Goal scenario illustrates key issues



2015 Asia Cement Short and long-term commitment to the key issues and objectives of performance measures





Happy Corporate

About Asia Cement

With the operation concept of “high quality, high efficiency, high environmental protection, and low cost,” Asia Cement not only produces high quality products but also is proud of upholding the highest environmental standard and high efficient production. Besides the cement business, Asia Cement also involves in electricity, steel, and precast concrete businesses. Integrate relevant resources in the multi-angle operation to create the best value for the company and biggest interest for the shareholders. Asia Cement is your first choice partner for building sustainable green home.



1.1 Corporate Overview

Responding to the Taiwan government's second four-year economic development plan, Asia Cement Corporation (ACC) was founded on March 21, 1957 by Mr. Y.Z. Hsu and others. It built its first manufacturing plant in Hengshan Township, Hsinchu County. In 1973, in response to the government's call to develop eastern Taiwan, the Company established its second plant in Hsincheng Township, Hualien County. Asia Cement and its "Skyscraper" brand cement have always occupied the core position in Taiwan's cement business. For now, these two plants can produce 5 million MT of clinker annually.

The Company uses the most modern rotary kilns and introduces waste-heat recycling generators to transform waste heat and hot air into electricity. In addition, for lowering cement transportation costs, Asia Cement established storage and transportation facilities in the Keelung, Taichung, Kaohsiung, and Hualien harbor. It also invested in the Group's U-Ming Marine Transport Co., Ltd., and began using U-Ming's bulk carriers to transport cement around Taiwan. The Company's "Three Highs and One Low"

strategy high quality, high efficiency, high environmental protection, and low cost, along with its management capability, have given the Company the competitive edge to efficiently face challenges in the market.

The Company believes that economic growth and environmental protection can be achieved in parallel. The Company not only deployed eco-friendly equipment, but also made it a priority to restore vegetation in the mining areas. Now, with abundant foliage, the plant has been transformed into a beautiful park. In addition to the first certification of ISO-14001 Environmental Management System in Taiwan, the Hualien plant received three "Environmental Protection Award" for three consecutive years, and thus was awarded a special honor in 1998. This has set the benchmark in Taiwan's cement industry, this making Asia Cement a model business for both economic development and environmental protection.

Besides establishing its core business, it also diversified its investment by establishing Ya Tung Ready Mixed Concrete Co., Ltd. and Ya Li Precast & Prestressed Concrete Industries

Ltd. Together with Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Co., Inc., Asia Cement completed its vertical integration.

ACC's diversification strategic layout for the world not only includes the complete production and sales channels in Taiwan, it also has representative offices in Hong Kong and Singapore. Furthermore, it is also expanding into the world market, exporting cement to Southeast Asia, North America, Africa, and the Middle East Asia. Meanwhile, ACC began to invest in China since 1994. Currently, with the production and sale bases in Jiangxi, Sichuan, Hubei, Yangzhou, and Shanghai, the total cement production capacity in China reaches 35.5 million MT. Asia Cement (China) Holdings Corporation has listed on the Main Board of the Hong Kong Stock Exchange in 2008. Asia Cement (China) Holdings Corporation will continue expand capacity through self-build of new production line or merger & acquisition.

In the future, ACC will keep maintaining its deep roots in Taiwan and continue moving forward by expanding in China and worldwide.

2015 Significant Events

- Jan** Tainan Architecture Association visited Tainan plant of Ya Tung Ready Mixed Concrete Co. Ltd. It is the first time Tainan plant invited R&D engineer and delegates from Ya Li Ready Mixed Concrete to interchange the information of customized products.
- Feb**
 - 1. Ya Tung Ready Mixed Concrete Co. Ltd. established a new plant in Yong Kung district of Tainan City and successfully obtained the approval from Environmental Bureau of Tainan City to run the commissioning of the plant.
 - 2. Asia Cement received the award of Jing Fond (contribution to environmental protection) granted by Taiwan International Ports Co. Ltd.
- Mar** Professors from Japan Tohoku University and precast plant visited Ya Li Precast Prestressed Concrete Co. Ltd.
- May**
 - 1. Asia Cement was appraised as A++ class of the 12th year information disclosure by public listed companies.
 - 2. Hualien Plant of Asia Cement passed SGS external verification of 2014 greenhouse gas inventory and attained the certificate of reasonable guaranty.
- Jun**
 - 1. The "2014 CSR Report" of Asia Cement has passed the verification of SGS.
 - 2. Asia Cement was appraised by Taiwan Stock Exchange as the top 5% of the company governance in its first year appraisal.
 - 3. Asia Cement was selected as one of the stocks of Taiwan Corporate Governance 100 Index
 - 4. Fu-Ming Transport has invested a land development project covering 18,630 square meters located in the industrial development park (3) of Port of Taichung for the purpose of developing warehousing and logistics business as a part of the transformation of operation. A land leasing contract was signed with Port of Taichung, Taiwan International Ports Corp. The land was transferred to the Company. Currently it is in the process of designing by the Company with the concept of environmental protection and green building.
- Jul**
 - 1. Mr. Ming-chi Liao, former team leader of manufacturing industry team of Northern Region Inspection Office, Council of Labor Affairs, Executive Yuan, was invited to the "Training of Asia Cement and Subsidiaries Occupational Safety Management" to deliver a keynote speech.
 - 2. Hualien Plant of Asia Cement was awarded by the Health Bureau of Hualien County to be the first place in "downsizing a large scale workplace in the fastest fashion".
- Aug**
 - 1. Asia Cement participated the contest of Corporate Citizen Award held by Common Wealth Magazine and listed as the 39th place in the category of large enterprises.
 - 2. Occupational Safety and Health Administration, Ministry of Labor, held a "Demonstration of Improving Labor Safety and Health Facility and Work Environment for Ready-mixed Concrete Industry" in Mei Luin Plant of Ya Tung Ready Mixed Concrete Co. Ltd. A total of more than 50 companies participated this event.
- Sep** The Wu Zen branch plant was established by Ya Tung Ready Mixed Concrete Co. Ltd. and the ground breaking ceremony was held. All construction works were started.
- Oct**
 - 1. Ya Tung Ready Mixed Concrete Co. Ltd. started to construct a new plant in Jenwu District of Kaohsiung City.
 - 2. Yuan Long Stainless Steel consumer product brand "Fareazy" published the first product "Stainless Steel Get Fit Lunch Box". Fareazy will focus on innovation of stainless steel houseware.
 - 3. Chiahui Power participated a zero-disaster work hour record event held by Occupational Safety and Health Administration, Ministry of Labor and was granted a certificate of zero-disaster work hour cumulating to 809,602 hours.
 - 4. For the fourth time Asia Cement had been granted by Industrial Development Bureau of Ministry of Economic Affairs the award of excellent company on the voluntary reduction of greenhouse gas emission.
- Nov**
 - 1. The CSR report of Asia Cement participated the award contest held by Taiwan Sustainable Energy Research Foundation and was granted the gold award of Taiwan Top 50 Enterprise Sustainable Report.
 - 2. Fu-Ming Transport conducted contingency response drill and invited Yunlin Squad of Environmental Technique team of EPA to offer the guidance. The drill was assisted by Long Jin Fire Department of Taichung city, Chiun Beng Transportation Company and Fu-Ming Transport to take the necessary actions on the site of chemical disaster. It was highly recognized.
 - 3. Bureau of Energy, Ministry of Economic Affairs conducted an event of "Results of 2015 Greenhouse Gas Emission Reduction", Chiahui Power was recognized as a plant of good performance. On behalf of the plant, general manager Chuin Lai Chen received the award and delivered a presentation on power plant equipment upgrading work as well as benefit from reduction, he also led the guests to visit the plant equipment upgrading work.
- Dec** Tainan Architecture Association visited Tainan plant of Ya Tung Ready Mixed Concrete Co. Ltd. It is the first time Tainan plant invited R&D engineer and delegates from Ya Li Ready Mixed Concrete to interchange the information of customized products.

Basic Information

Information category	2015 Related information
Company	Asia Cement Corporation
Employees	Global: 6,512 employees ; Taiwan:1,788 employees
Paid-in capital	NT\$ 33.6 billion
Establish date	March 21, 1957
Listing date	1962 (Stock code: 1102)
Number of shareholders	88,617
Main product and service	Skyscraper cement and clinker
Chairman	Douglas Tong Hsu
President	K.Y. Lee
Headquarters	30~31F, No. 207, Sec. 2, Dunhua S. Rd., Da' an District, Taipei City
Main operation sites	Hsinchu Plant: No. 109, Sec. 2, Zhongfeng Rd.,Dadu Village, Hengshan Township, Hsinchu County Hualien Plant: No. 125, Xinxin Rd., Xinchen Village, Xinchen Township, Hualien County Ya Tung Ready-Mixed Concrete Corp. No. 139, Sec. 1, Datung Rd., Sichi District, New Taipei City Yuan Long Stainless Steel Corp.No. 28, Daye S. Rd., Xiaogang District, Kaohsiung City Ya Li Precast and Prestressed Concrete Industries Corp. No. 3, Sec 2, Chiayuan Rd., Shuling District, New Taipei City Nanhwa Cement Corp.No. 90, Sec 2, Lingang Rd, Longjing District,Taichung City Chiahui Power CorporationNo. 688, Shongzijiao, Neighborhood 4, Shongshan Village, Minghsiung Township,Chiayi County Fu Ming Transportation Co., Ltd. 23 F, 16 Station Road, New Taipei City Ya Li Transportation Corp.No. 51, Lane 117, Xinxin Rd, Hsinchen Township, Hualien County
Production lines and capacity	Hsinchu plant has one production line, with an annual output 1 million MT of clinker, or 1.05 million MT of cement. Hualien Plant has three production lines to produce 4.02 million MT of clinker, or 4.35 million MT of cement. Asia Cement (China) Holdings Corporation has 15 production lines in China, with an annual production capacity of 26 million MT of clinker, or 35.5 million MT of cement. Total capacity on both sides of the Taiwan Strait is 31.02 million MT of clinker, or 40.9 million MT of cement.
Net sales	Cement and clinker sales: 35,453 thousand MTworldwide; 5,170 thousand MT in Taiwan. Cement and clinker sales amount: NT \$ 40,341 million worldwide; NT \$ 10,889 million Taiwan.
Providing services market	Various types of domestic sales of cement and clinker covers Taiwan, Penghu, Kinmen and Matsu areas, while some are sold for export to Singapore, Malaysia, Philippines, Hong Kong, Guam and Hawaii.
Storage Station	Taiwan's four transportation stations: Keelung,Taichung, Kaohsiung and Hualien storage station.
Sales network	Five sale offi ces in Taiwan: Taipei, Hsinchu,Taichung, Kaohsiung, and Hualien. Number ofdealers in Taiwan: 90.
Main entities of the consolidated financial reports	Based on the size and the revenue of the domestic subsidiaries, this report revealed the following domestic operating companies: Headquarters, Hsinchu Plant, and Hualien Plant of Asia Cement Corporation, Ya Tung Ready-Mixed Concrete Corp., Yuan Long Stainless Steel Corp., Ya Li Precast and Prestressed Concrete Industries Corp., Nan Hwa Cement Corp., Chiahui Power Corp., Fu Ming TransportationCo., Ltd., and Ya Li Transportation Corp. (All entities listed in the consolidated financial reports may refer Asia Cement Annual Report Section eight-Basic Information of Affiliated Companies.)
Country and Region	Taiwan, China, Singapore, Hong Kong, India,Vietnam, Guam

Participate in Associations

Asia Cement participates in all kinds of organizations in order to connect with the industries and seek for cooperation development.

Entity	Association	Identity
Asia Cement	Chinese National Association of Industry and Commerce, Taiwan	General director, member
	Association of Industry for Environmental Protection	General director, director, member
	CNFI	Highest consultant, director, member
	Taiwan Cement Association	General director, director, supervisor, member
	Taiwan Cement Union Association	member
	Taiwan Marble and Stone Mining Association	member
	Taiwan Concrete Institute	Chairman, member
	International Chamber of Commerce	General director
	The Institute of Internal Auditors	member
	Member representative	
	The Chinese Institute of Mining and Metallurgical Engineers	Member
	The Third Wednesday Club	Member
	Chinese Arbitration Association, Taipei	Member
	Stock Affairs Association for Taiwanese Listed Company	Member
	CNS Mark Organization	Member
	Chinese Blood Donation Association	Member
	Climate Change Taiwan	Member
	China Productivity Center	Member
	New Taipei City Building Material Association	Member
	Taiwan Building Material Union	Member
	Hsinchu Taiwan Irrigation Association	Member
	Taiwan Arboriculture Society	Member
Ya Tung Ready-Mixed Concrete	Taiwan Ready-Mixed Concrete Industry Association	General director, supervisor
	Taiwan Concrete Institute	Chairman, supervisor, vice secretary
Ya Li Precast	Taiwan Cement Products Association	Member
Nanhwa Cement	Taiwan Cement Association	Member
	Taichung Commercial and Industrial Association	Member
Fu-Ming Transport	Taipei Freight Transport Trade Association	Member
	Taipei Freight Transport and Cargo Trade Association	Member
	Emergency Response Information Center	Member
Yuan Long Stainless Steel	Taiwan Steel and Iron Industries Association	Supervisor
	Kaohsiung Industrial Association	Member
Chiahui Power	Chiayi Chamber of Commerce	Member
	Chinese Association for Energy Economics	Member
	Taiwan Wind Energy Association	Member
	Taiwan Cogeneration Association	Director
Ya Li Transport	Hualien Freight Transport Association	Director

In addition to membership dues, Asia Cement contributed NT\$ 718,000 in 2015.

1.2 Mission, Vision, and Sustainability Strategies

Asia Cement Founding Spirit

誠
勤
樸
慎

徐有庫

Sincerity with faith, exert the spirit of teamwork.
Diligence with devotion, make efficient operation.
Thrift with humble attitude, execute the duty realistically.
Prudence with consideration, pay attention to the personnel and property safety.

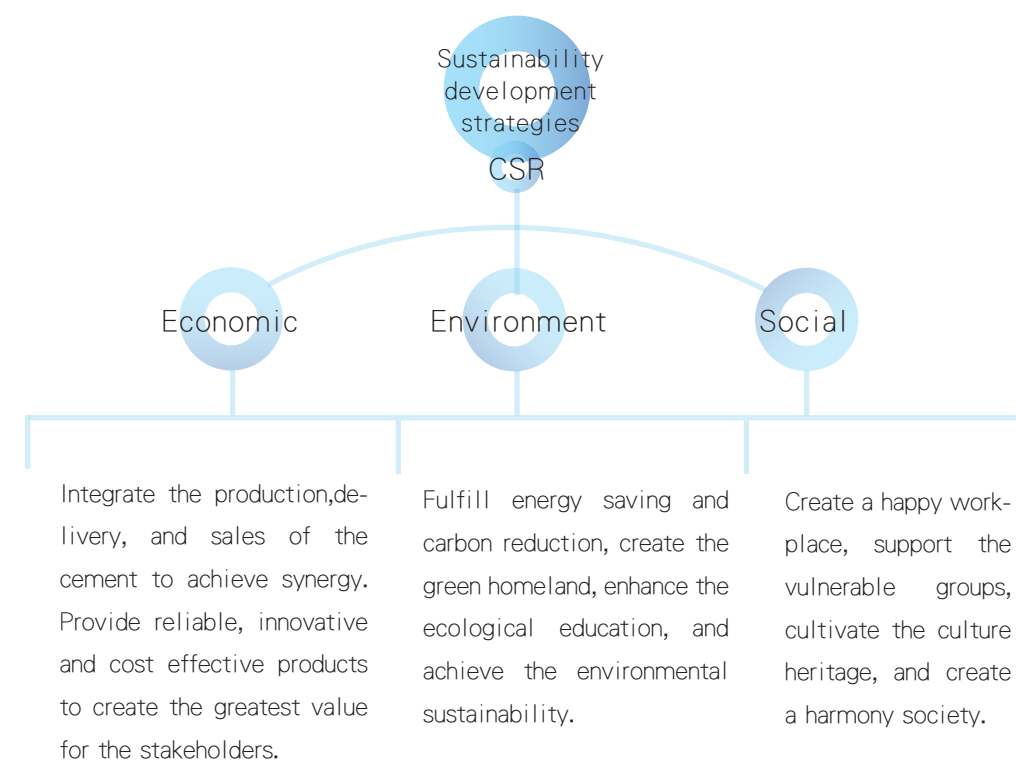
創新

**SINCERITY
DILIGENCE
THRIFT
PRUDENCE
INNOVATION**

For years, the employees follow this model. This has become the corporate spirit. President Hsu expects the employees to be clean and clear with final analysis until done. He also emphasizes to increase the service quality and emphasis on the efficiency so that Far Eastern Group may grow sustainably.

Mission, Vision and Sustainability development strategies

- Mission** — The first choice partner for building sustainable green home.
- Vision** — Continue to pursue high quality, high efficiency, high environmental protection, low cost, and innovative products to become the role model of the cement industry.



1.3 Products and Services

Main Brand

Sincerity with faith, exert the spirit of teamwork. Diligence with devotion, make efficient operation. Thrift with humble attitude, execute the duty realistically. Prudence with consideration, pay attention to the personnel and property safety.

For years, the employees follow this model. This has become the corporate spirit. President Hsu expects the employees to be clean and clear with final analysis until done. He also emphasizes to increase the service quality and emphasis on the efficiency so that Far Eastern Group may grow sustainably.



Skyscraper Cement

Asia Cement's operating philosophy, "high quality, high efficiency, high environmental protection, and low cost". This has shaped the brand of "Skyscraper Cement" image into excellence.

Products and Services

Cement, found in 1824, is a finely ground material, after adding the right amount of water to become a plastic paste, both hardened in the air, but also in the water hardening. It could be firmly bonded together with sand, stone and other materials to form a hydraulic binder sturdy stonelike body. It is the world's most important

building materials. Asia Cement's main products are the production and transportation of cement and clinker (91%), blast furnace slag powder (9%). The cement product packaging could be available in bulk and bagged in either marine shipping or land transport.



Bulk cement transport truck



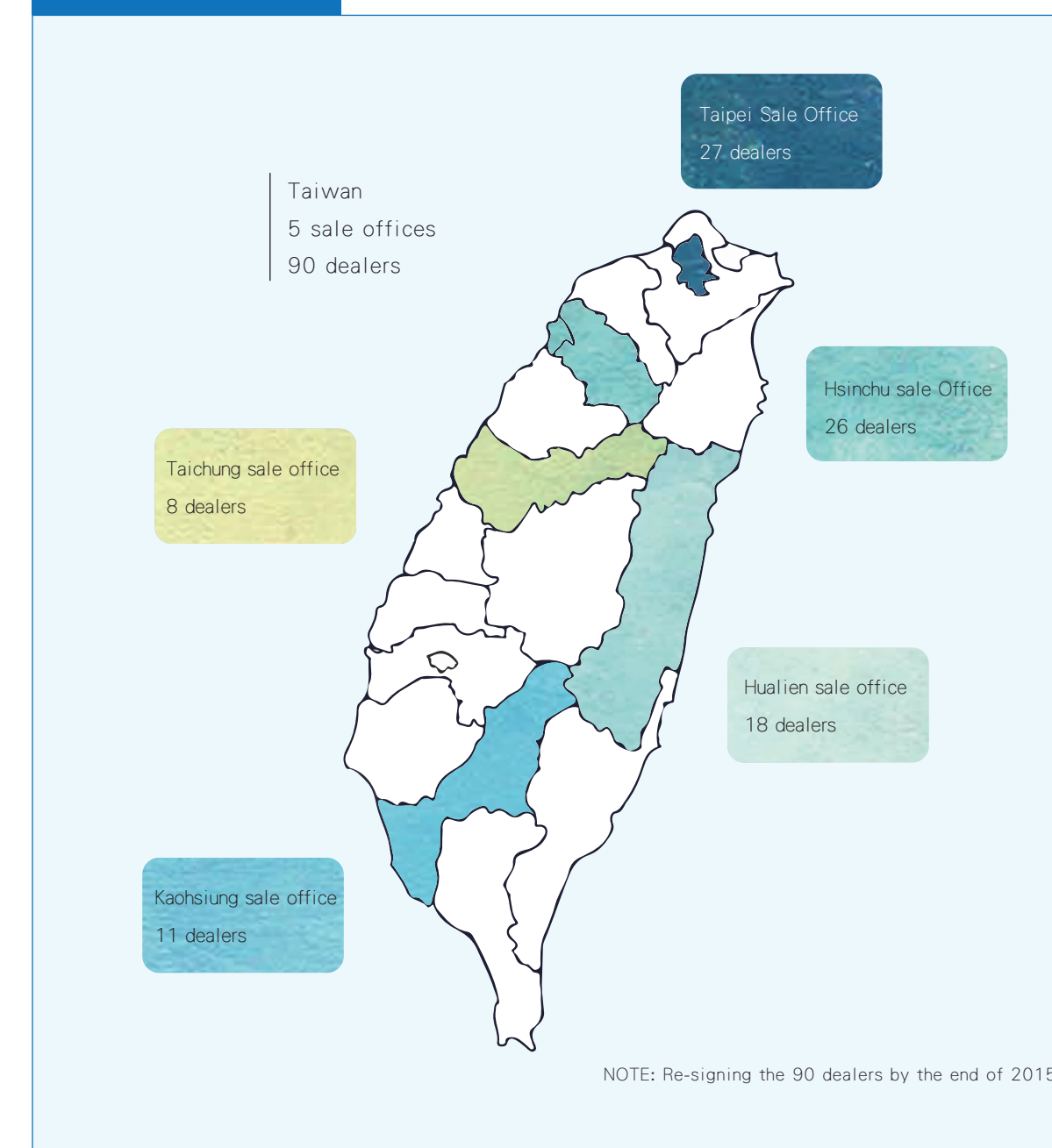
Bulk cement carriers

Asia Cement has five sale offices. Service area covers all over Taiwan, detailed as follows: Taipei Sale Office serves Taipei, Keelung area; the Hsinchu sale Office serves Taoyuan, Hsinchu

and Miaoli areas; the Taichung slae office serves Taichung, Changhua, Nantou areas; Kaohsiung sale office serves Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Penghu area; Hualien sale office

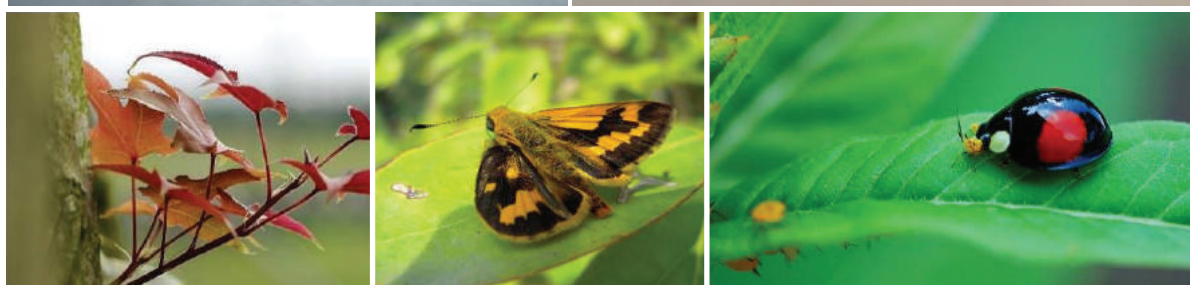
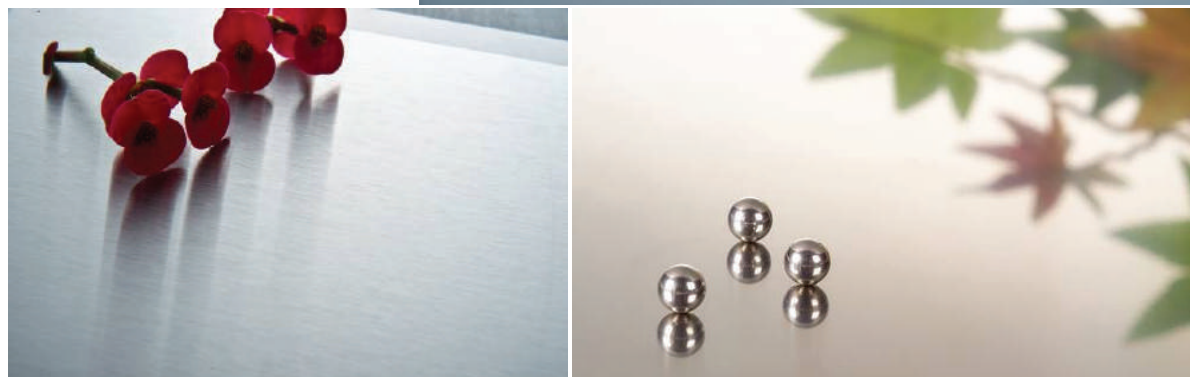
serves Yilan, Hualien, Taitung, Kinmen and Matsu. Customer could be catalogued as distributors, general users, affiliates, wholesale customers, slag customers, and clinker customers.

Sale Network in Taiwan



1.4 Affiliates of Asia Cement

Asia Cement fights for the best interests of shareholders, and therefore applies the diversification mode of operation. Subsidiaries include Asia Cement (China), Ya Tung Ready-Mixed Concrete, Yuan Long Stainless Steel, Ya Li Precast Prestressed, Nanhwa Cement, Chiahui Power, Fu-Ming Transport, and Ya Li Transport. In addition to Asia Cement (China) issued its own CSR report, the relevant material aspects of other subsidiaries were integrated in this report.



Information of the subsidiaries



Ya Tung Ready-Mixed Concrete Corp.

Establish date : 1999
Headquarters address : No. 139, Sec. 1, Datung Rd., Sichi District, New Taipei City
Main products and services : Ready-mixed concrete
Operational area : Taipei City, New Taipei City, Taoyuan City, Hsinchu, Taichung City, Tainan City, Kaohsiung City, Hualien



Yuan Long Stainless Steel Corp.

Establish date : 2005
Headquarters address : No. 28, Daye S. Rd., Xiaogang District, Kaohsiung City
Main products and services : 430 stainless steel, 304 stainless steel
Operational area : Kaohsiung City

Ya Li Transportation Corp.

Establish date : 1975
Headquarters address : No. 51, Lane 117, Xinxin Rd., Hsinchen Township, Hualien County
Main products and services : Transportation
Operational area : Hualien County



Ya Li Precast and Prestressed Concrete Industries Corp.

Establish date : 1990
Headquarters address : No. 3, Sec 2, Chiayuan Rd., Shuling District, New Taipei City
Main products and services : Compartment light engineering, shield tunnel ring piece, light-weight partition walls, fireproof coating
Operational area : New Taipei City



Nanhwa Cement Corp.

Establish date : 1979
Headquarters address : No. 90, Sec 2, Lingang Rd, Longjing District, Taichung City
Main products and services : Portland cement, blast furnace slag powder and cement, lime-stone powder
Operational area : Taichung City




Chiahui Power Corporation

Establish date : 1996
Headquarters address : No. 688, Shongzijiao, Neighborhood 4, Shongshan Village, Minghsien Township, Chiayi County
Main products and services : Electric power (nature gas combined cycle power plant)
Operational area : Chiayi County



Fu Ming Transportation Co., Ltd.

Establish date : 1980
Headquarters address : 23 F, 16 Station Road, New Taipei City
Main products and services : Transportation
Operational area : New Taipei City, Keelung Branch, Guanying Branch, Hsinpu Branch, Taichung Branch, Gas Branch, Kaohsiung Branch

A low-angle, wide shot of two middle-aged men shaking hands in a modern urban setting. The man on the left is wearing a light blue button-down shirt and light-colored trousers. The man on the right is wearing a white dress shirt, a red tie, and dark pinstriped trousers. They are standing on a dark, possibly metallic, surface. In the background, several tall, modern buildings with glass and stone facades rise into the sky. The lighting is bright, suggesting daytime.

The Company must create value from CSR and corporate governance is a reliable path. Change the employees' attitude and values through education training. Internalize the CSR spirit into all the departments and products then to the corporate culture. Stipulate KPIs to initiate the creativeness of each department for performance information management and analysis. Finally, fulfill integration and disclosure, execute performance review and re-stipulate the management goals.

Happy Corporate

Corporate Governance

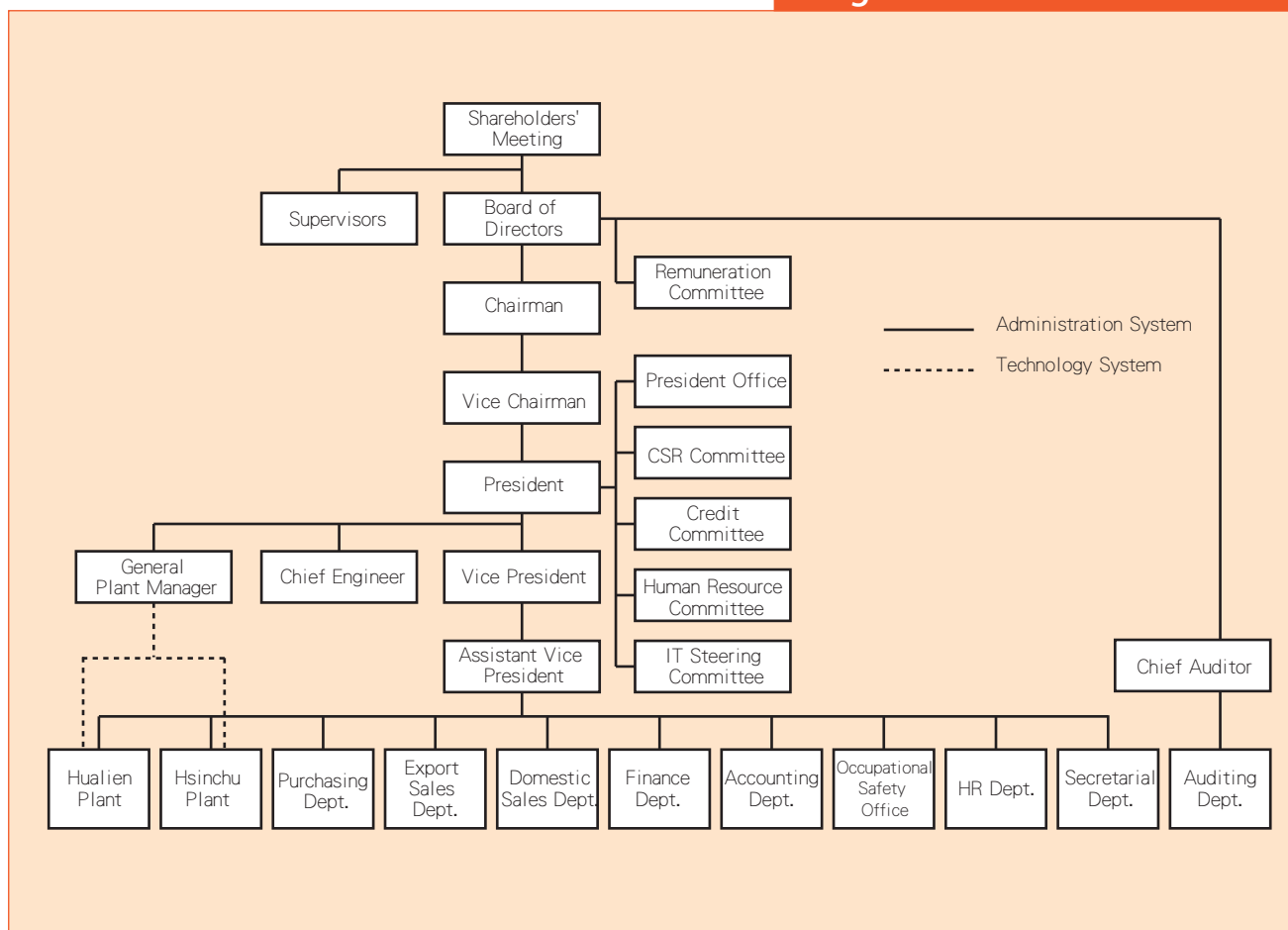


2.1 Governance Organization

Asia Cement operates the company with honest, which we believe is the root of a company. We work hard to increase the governance structure to fulfill the sustainable responsibility. Robust and efficient board of directors is the foundation of an excellent company. We have Remuneration Committee and internal auditing units to assist the supervising of the Board of Directors. To help the investors learn about the gover-

nance of Asia Cement, we have disclosed the execution situation of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" in the annual report. We have spokesperson system and company website as the channel of delivering information and communication. The shareholders can give advice and ask questions through the investor mailbox. A specialist will handle these questions.

Organization Chart^{G4-34}



Corporate Governance Highlight

Shareholders' Meeting

Asia Cement holds Shareholders' Meeting every year according to the regulations and stipulates complete rules of procedure. All the matters to be resolved by the Shareholders' Meeting are executed according to the procedure. The shareholders' also have the appropriate chance to speak.

Asia Cement adopts e-voting in the Shareholders' Meeting. In this way, after the meeting, the results of agree, object, or forfeit can be entered to the online information declaration system designated by the Security Exchange immediately. The minute is taken according to the procedure and disclosed on Asia Cement's website.

Board of Directors

Board of Directors is the highest governance unit and center of material operational decision. It is expressly stated in the Articles of Incorporation to use accumulated voting system and nominate system in the elections of directors and supervisors. The Board of Directors will review the candidates of the directors and the supervisors about their eligibility. The results will be provided to the shareholders for reference to elect the suitable directors and supervisors.

In 2014, the Board of Directors is consisted of 13 directors equipped with the knowledge, skills, and attainment for the duty. Except for President Douglas Tong Hsu, the rest of the directors include the juridical person of Far Eastern New Century, X.Z. Ying-Chai Memorial Foundation, Yue Ding Industry Co., Ltd., Y.Z. Hsu Science and Technology Memorial Foundation, Ta Chu Chemical Fiber Co., Ltd and Huey Kang Investment Corp.



Board of Directors

Title	Legal Delegates	Name	Tenure	Main CV
Chairman	—	Douglas Tong Hsu	103. 06. 16 ~106. 06. 16	Chairman of Far Eastern New Century Corporation Chairman of Far Eastone Telecommunication Co., Ltd. Chairman of Far Eastern Department Stores Co. Ltd.
Director	Far Eastern New Century Corporation	Tsai Hsiung Chang		Advisor of Asia Cement (China) Holdings Corp. Director of U-Ming Marine Transport Corp. Supervisor of Far Eastern New Century Corporation
Director		Johnny Shih		Vice Chairman of Far Eastern New Century Corporation Vice Chairman of Oriental Union Chemical Corp.
Director		C. V. Chen		Chairman and Senior Partner of Lee and Li Attorneys at Law Counsel of Executive Yuan Chairman of Taipei European School
Director	Huey Kang Investment Corp.	Connie Hsu (female)		Director of Oriental Institute of Technology Director of Y.Z.Hsu Science and Technology Memorial Foundation
Director	X.Z.Ying-Chai Memorial Foundation	Sui-Cheong Ying	105. 03. 02 ~106. 06. 16	Chairman of X.Z. Ying-Chai Memorial Foundation
Director	Y.Z.Hsu Science and Technology	Peter Hsu	103. 06. 16 ~106. 06. 16	Vice Chairman of Far Eastern New Century Corporation Director of Far Eastone Telecommunication Co., Ltd.
Director		Chen Kun Chang		Vice CEO of Asia Cement (China) Holdings Corp. General Manager of Jiang Xi Asia Cement
Director	Yue Ding Industry Co. Ltd.	Kun Yen Lee		General Manager of Asia Cement Director of U-Ming Marine Transport Corp.
Director	Ta Chu Chemical Fiber Corp.	Ruey Long Chen		Chairman of SINOCON Industrial Standards Foundation Chairman of Powerchip Technology Corp. Secretary-General of Cross-Strait Entrepreneur
Independent Director	—	Ta-Chou Huang		Honorary Professor of National Taiwan University Chairman of Association of Park Green Space
Independent Director		Chi Shive		Chair Professor of Shih Hsin University
Independent Director		Shoo Chen		Honorary Chair Professor of Department of Finance, Chung Yuan Christian University
Supervisor	Far Eastern Medical Foundation	Shaw Yi Wang		CEO of Far Eastern Philanthropic Organizations Director of Y.Z. Hsu Science and Technology Memorial Foundation
Supervisor		Champion Lee		Supervisor of Far Eastern New Century Corporation Director of U-Ming Marine Transport Corp.
Supervisor	Bai Yang Investment Holdings Corp.	Chin Der Ou		Director of Taiwan Construction Research Institute Senior Counsel of Century Development Corporation
Supervisor		Ting Yu Tung		President of Elite Material Co., Ltd. Supervisor of New Asia Construction Development Corp.
Supervisor	U-Ming Marine Transport Corp.	Kwan Tao Li		Chief of Counsel of Lee and Li Attorneys at Law Director of Far Eastern New Century Corporation Director of Y.Z. Hsu Science and Technology Memorial Foundation

We have elected 3 professional independent directors in the 2014 Shareholders' Meeting and an Audit Committee will be formed in 2017 by the entire independent directors according relevant regulations.

Duty of Board of Directors

Led by President Douglas Tong Hsu, the Board of Directors supervises and, through the Committees, increases the quality of supervision and decisions. The Board of Directors convenes one meeting at least once every quarter to listen to the operation report and understand the issues encountered during the operation through conversations with the managerial level. When necessary, it urges the team to make some adjustment. The managerial level and the Board of Directors maintain clear and good communications to execute the directions of the Board of Directors and business operation. Together, they create the biggest interest for the shareholders. In 2015, there were 4 Board of Directors Meetings.

Attendance of the Directors and Supervisors in 2015				
Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)
Chairman	Douglas Tong Hsu	4	-	100%
Director	Tsai Hsiung Chang	4	-	100%
Director	Johnny Shih	4	-	100%
Director	C. V. Chen	3	1	75%
Director	He Shan Ying	2	1	67%
Director	Kun Yen Lee	4	-	100%
Director	Peter Hsu	4	-	100%
Director	Chen Kun Chang	4	-	100%
Director	Connie Hsu	3	-	75%
Director	Ruey Long Chen	1	3	25%
Independent Director	Ta-Chou Huang	4	-	100%
Independent Director	Chi Shive	4	-	100%
Independent Director	Shoo Chen	2	-	50%
Supervisor	Shaw Yi Wang	4	-	100%
Supervisor	Champion Lee	3	-	75%
Supervisor	Chin Der Ou	3	-	75%
Supervisor	Kwan Tao Li	4	-	100%
Supervisor	Ting Yu Tung	3	-	75%

The Remuneration of Directors and Supervisors and Sustainable Performance System

The criteria of remuneration for the directors and supervisors of Asia Cement was stipulated by the Remuneration Committee referring to the standard of the same business and considering the personal performance, company operation performance and future risks. The distribution of employee remuneration was amended to comply with Article 235-1 of the Company Law. In the Articles of Incorporation, it specifies that in the event that the company has earned profit at the year end, it shall reserve not more than 2.5% as the remuneration for the directors and supervisors. Please refer to the annual report of Asia Cement for the actual dollar amount of appropriation (3. The report of company governance – the remuneration for directors and supervisors.)

Avoiding Conflict of Interesting

Asia Cement clearly specified in the “Meeting Rules of Board Directors” the article of Director’s recusal due to conflicts of interest: “if the director or the representing juridical person has interest regarding the matters that might affect the Company’s interest, such director may express the opinion and answer to the questions but shall not join in the discussion and vote. Also, such director shall sidestep the discussion and voting and shall not execute the voting by representing another director.”

The annual report issued each year also clearly states if a director actual sidesteps the motion with interest.

Remuneration Committee

For the purpose of improving the company governance of Asia Cement and strengthening the functions of Director’s meeting, the Director meeting held on August 24 of 2011 passed the resolution to establish a Remuneration Committee and stipulated “Regulations of Remuneration Committee” to implement performance appraisal and salary policy. The Committee is responsible for routinely prepare and review the performance appraisal for the directors and managers as well as the policy, system, criteria and structure of salary remuneration.

The remuneration structure for the top management level of Asia Cement is the same as the one for all employees. The salary standard was based on the market prevalent rate, the company financial status, the organization structure. There is not

Internal Material Information Processing Procedure

In order to establish good internal material information processing and disclosure mechanism, avoid inappropriate information leak, and assure the consistence and correctness of the information publicized, Asia Cement stipulates “Internal Material Information Processing Procedure,” which applies to the directors, supervisors, managers, and employees. It expressly states the three major principles of disclosing internal material information, which shall be handled by the spokesperson:

The disclosed information shall be correct, complete, and in time.

The information shall be disclosed by reference.

The information shall be fairly disclosed.



any difference of salary in terms of gender or ethnic groups. The ratio of basic salaries between male and female employees with the same position and level is 1:1.

The remunerations paid to the directors, supervisors and top management level of Asia Cement are disclosed in the annual report by law.

Asia Cement non-routinely invites salary consultant to help in finding the market positions of the salaries

of the employees in each level in order to ensure the competitiveness of the salary level in the market. The members of Remuneration Committee are Ms. Lee-Zhen Dong, Mr. Shi-Ying Su, and Ms. Mei-Xue Lin. Mr. Chi Schive is the convener. Remuneration Committee convenes meeting by regulations since established and is in good operation. In 2015, Remuneration Committee met twice and the attending members were as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)
Convener	Chi Schive	2	0	100
Member	Lee-Zhen Dong	1	1	50
Member	Shi-Ying Su	2	0	100
Member	Mei-Xue Lin	2	0	100

Note: The 2nd Remuneration Committee was formed in June 4, 2014 with the terms of office from June 4, 2014 to June 23, 2017. As of December 31, 2014, it has one meeting.



Outstanding Achievement on Corporate Governance Evaluation

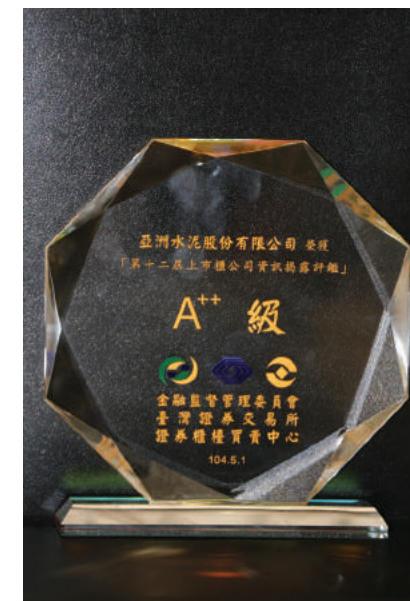
We work hard to increase the transparency of the company’s governance. Since 1993, Taiwan Stock Exchange has commissioned Securities and Futures Institute to perform “Information Disclosure Evaluation System.” Asia Cement has been evaluated as “A+” for three consecutive years since 2011 and “A++” for 2014 and 2015. Coordinating with “2013 Corporate Governance Roadmap” published by

Financial Supervisory Commission, Taiwan Stock Exchange and Taipei Exchange launched the corporate evaluation system through “Corporate Governance Center” in April, 2014, and conducted the overall evaluation in the beginning of 2015 and announced the top 20% listed companies. Asia Cement continues its enhancement of governance performance. In the first year of corporate governance evaluation, Asia

Cement was rated the honor of top 5% and included in one of the “shares of Taiwan Company Governance 100 index”. In the second year, Asia Cement was rated within top 6% to 20%. In the future, Asia Cement will continue the enhancement to meet the expectation of company governance and information transparency.

Principles of Corporate Governance

In order to strengthen the corporate governance system, Asia Cement stipulated and passed the “Corporate Governance Codes” on the third meeting of 25th Board of Directors held on November 11, 2014 by referring to “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”. The main content includes establishing an effective corporate governance structure, assuring shareholders’ rights, strengthening the duties of the Board of Directors, practicing supervisor functions, respecting the rights of all stakeholders, and increasing the transparency of the information.



2.2 Ethic and Honesty

Compliance of Ethic and Honesty and Anti-corruption

The operation concept of “sincerity, diligence, thrift, prudence, and innovation” has deeply rooted in the heart of the employees. Sincerity, open-hearted and zealous; diligence, hardworking and considerate; thrift, frugal and simple; prudence, cautious and accurate. In short, “be honest, clear, go to the bottom of things, and do the best” is part of the corporate culture.

In order to establish the honest corporate culture and robust the sustainable development, we stipulate “Asia Cement Principles for Ethical Management” according to “Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies” published by Taiwan Stock Exchange Corporation. The Principles apply to all the subsidiaries, juridical person with over 50% of

funds, directly or indirectly, and other institutes or juridical person with actual control authority. Article X (Prohibit bribery and accept bribery), when executing the business, the employees shall not, directly or indirectly, provide, promise, request, or accept inappropriate interest in any form, including rebate, commission, facilitation payment, or through other manner provide or accept inappropriate interest to or from the customers, agents, contractors, suppliers, government staff or other stakeholders.

There was not any corruption event occurred in 2015. Also, for the conduct of the directors, supervisors, managers, and all the employees to comply with the ethical standard, and for the stakeholders learn more about the companies ethical standard, we stipulated “Asia Cement Codes of

Ethical Conduct” according to “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies” published by Taiwan Stock Exchange Corporation. The content includes honest principles, conflict of interest prevention, confidentiality responsibility, fair trade, no seeking of personal interest. Article IV (Conflict of Interest Prevention), when the affiliates of the related person have capital loan or providing warranty, material assets transaction, purchasing (selling) commodities, the relevant employees must explain if there is potential conflict of interest and deal with it according to the company’s regulation to prevent conflict of interest.

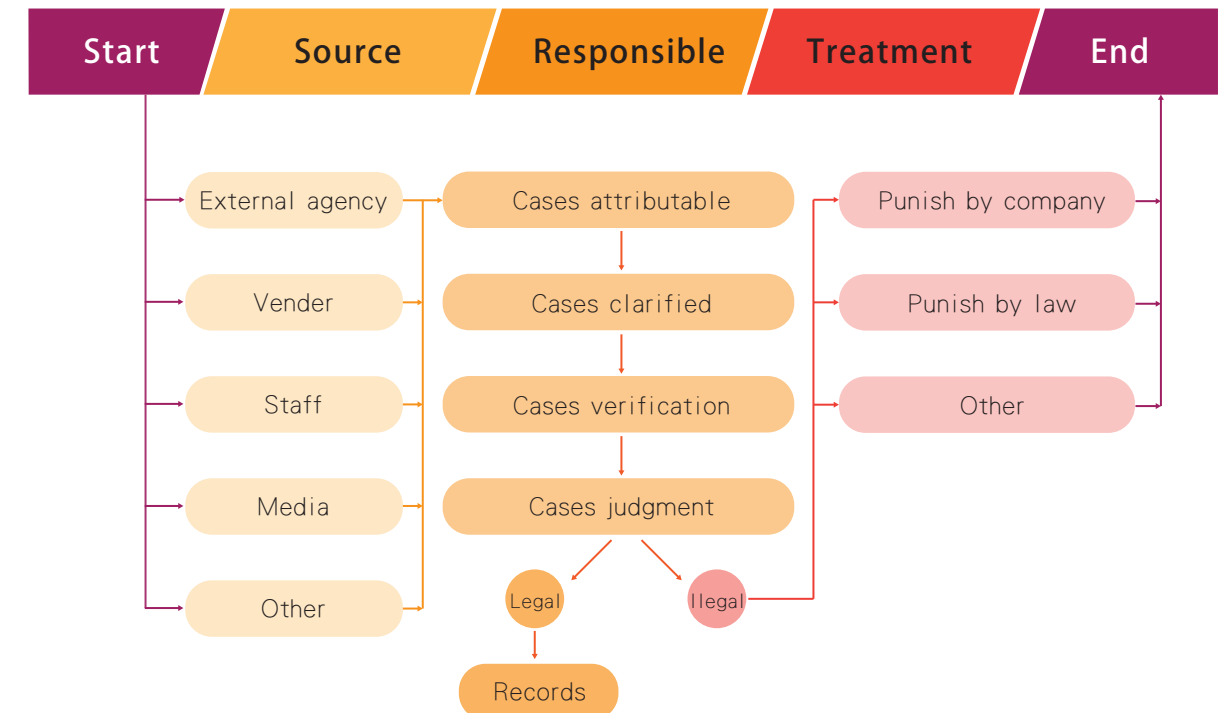
Practicing Management and Disciplines

Specific behavior guidelines are expressly stated in Chapter 4 “Services” and Chapter 7 “Evaluation, discipline, and promotion” of “Regulations for the Practitioners” stipulated by Asia Cement. In management, we emphasize employee self-restraint. Asia Cement assigned human resource division as the dedicated unit to promote the integrity of business operation. This division is responsible for forming and overseeing the policy of integrity operation and prevention programs, establishing internal and external reporting channels and handling measures, in order to realize

and implement the code of ethical conduct and the guidance of integrity operation, and to ensure the legal rights of reporter and person reported. A “measure of handling the cases of reporting illegal and unethical or dishonest conduct” was formulated and published on the website of the Company.

According to the measure, the parties accepting and handling the reports are :1. The spokesperson: accepting the reports from the stakeholders including shareholders and investors. 2. Auditing supervisor: accepting the reports from employees, customers, suppliers and contractors. The ways

of reporting include reporting in person, through phone calls and mails. The parties handling the reports clarify the subject and facts of the report, they will then process the reported cases confidentially and investigate through independent channels in order to protect the person reporting the case. In the event that the reported case is found to be true and significant, it will be handled based on the laws and company regulations, and disclosed on the public information observation platform. Meanwhile, the person reporting the case will receive an appropriate monetary award.



2.3 Financial Performance

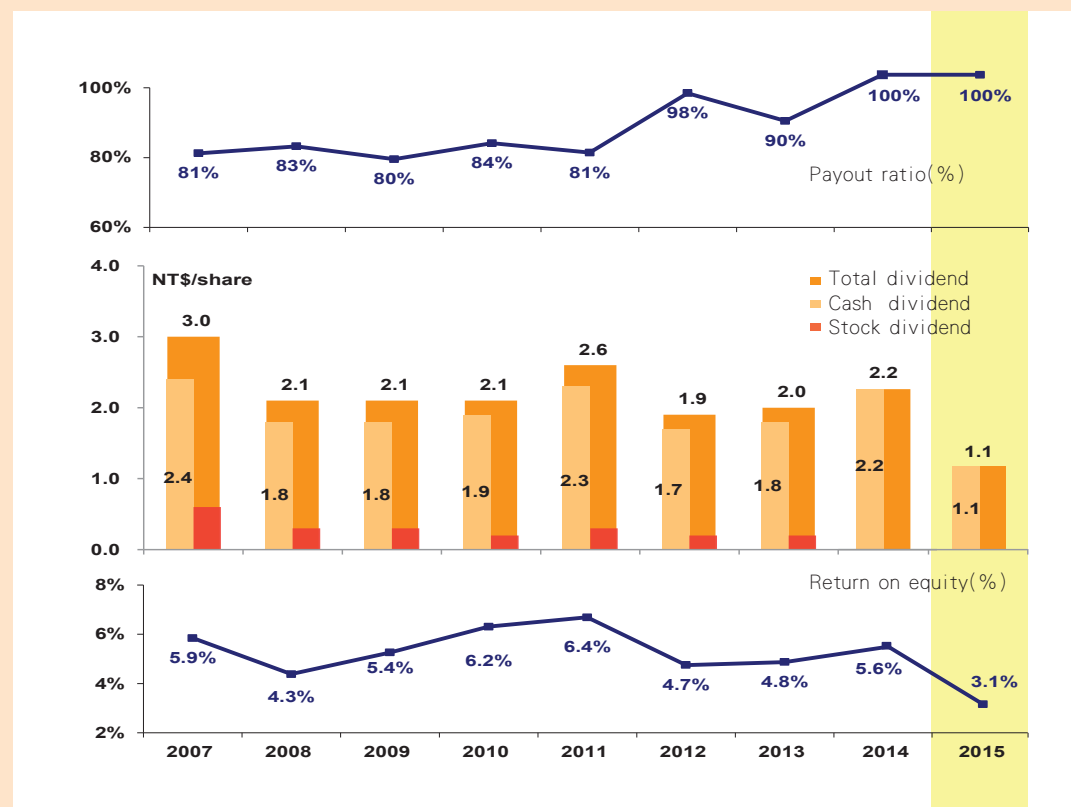
In 2015, the operating profit of cement business in Taiwan enjoyed a 30% yoy growth thanks to business process optimization and cost savings. The profit contribution from our IPP subsidiary also grew up to 40%. For Asia Cement China, the sales volumes stayed at a healthy level even as China's economy has shifted to a "new normal" and the property market remained lackluster. However, the margin fell due to heavy

slump in sales prices of cement products, and the net loss was primarily attributable to the FX loss from USD denominated debt. The equity investee, FENC and U-Ming Marine, were also negatively affected by the fragile macro economy.

Looking into the future, "Supply-Side Reform" is expected to drive the evolution of cement industry in China. With the enforcement of stricter regulations in qualities of the

products and higher requirements in energy efficiency and eco-friendly of the manufacturing process, further capacity phase out will be in place. The sector profitability could recover as the imbalance between supply and demand got alleviated. Together with the strategic business transforming of the equity investee, the consolidated profit of Asia Cement is expected to bottom out and enjoy a sustainable growth.

Financial Performance (based on consolidated financial statements)

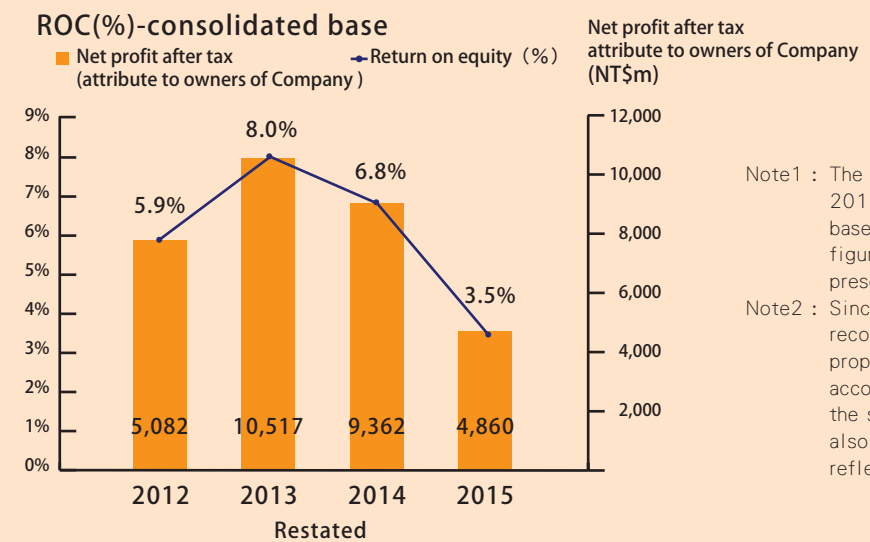


Note 1: Payout Ratio was calculated based on the distributable earnings of the year, in which the appraisal gain of the investment property is excluded.
 Note 2: Cash dividend yield = Cash dividend / average stock price of that fiscal year.

For 2015, Asia Cement is going to pay NT\$1.1 cash dividend per share, as of 100% payout ratio based on the distributable earnings. °

The dividend payout ratio remained above 80% for the last nine years, and the dividend yield stayed between 3%~6%. With the steady dividend policy, the Company generously share the profit with our valued shareholders.

Financial Performance (based on consolidated financial statements)



Note1 : The figures from 2009 to 2011 were presented based on ROC GAAP. The figures after 2012 were presented based on IFRS.
 Note2 : Since 2014, Asia Cement recognizes its investment property at fair value in accordance with IAS 40, the statistics of FY13 has also been restated to reflect the adoption.

Consolidated Financial Statement of Asia Cement

Item \ year	2013	2014	2015
Operating revenue	70,173	77,683	66,288
Operating costs	61,130	66,554	59,229
Gross profit	9,043	11,129	7,059
Profit from operations	6,672	8,249	4,040
Non-operating income and expenses	7,410	5,471	2,774
Income before income tax	14,082	13,720	6,814
Income tax expenses	1,918	2,814	1,880
Net profit for the year	12,164	10,906	4,934
Earnings per share	3.35	2.98	1.55
Total assets	262,403	282,819	270,077
Total liabilities	109,561	121,092	115,223
Total equity	152,842	161,727	154,854

Note: The measurement subsequent to initial recognition of investment properties was altered to fair value model from 1st January, 2014 and the consolidated financial information of 2013 included the effects of this amendments of accounting policy.

2.4 The Development of Innovative and Sustainable Products

In 2015, due to the slowing down of cement industry and economic condition, the earning of cement core business was declining. Insisting on the spirit of innovation and sustainability, Asia Cement has steadily developed sustainable products including low carbon masonry cement, installing solar energy power generation systems, high quality, low carbon emission and high safety precast construction method. The company has realized the mission of the best sustainable low carbon green partner.

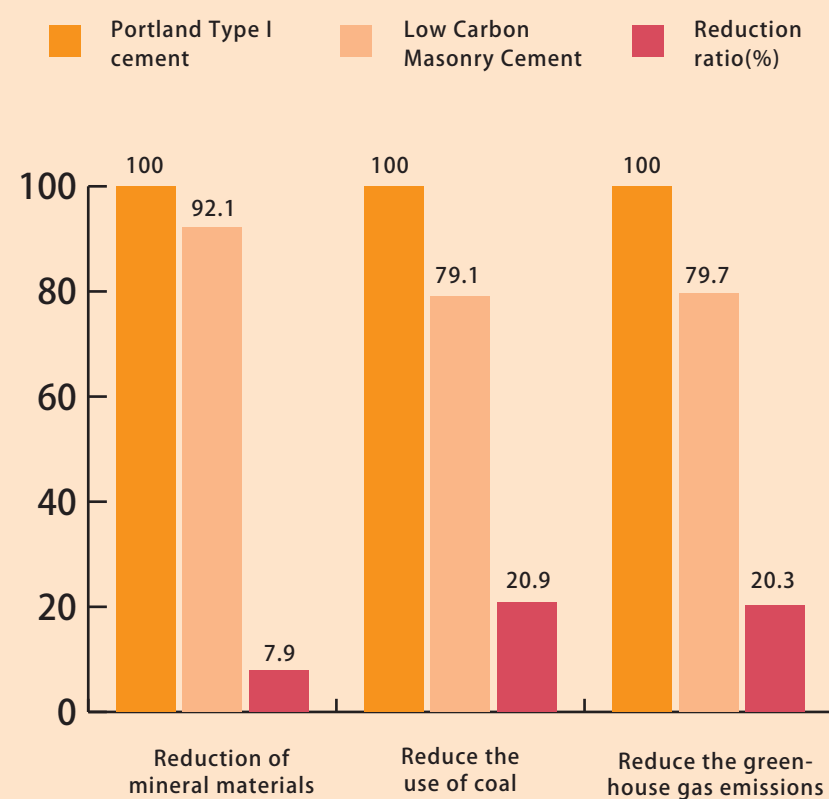
Low Carbon Masonry Cement

The masonry cement uniquely developed by Asia Cement is best suitable for wall polishing and finishing, brick stacking, tile flooring, and floor foundation laying, etc. In addition to provide better quality products and easy construction method, it also lowers the consumption of natural resources, energy and carbon emission.

Comparing to Portland Type I cement, for each ton of masonry cement, the mineral material and coal are reduced by 124.3 kg (7.9%) and 27.1 kg (20.9%) respectively, and the emission of greenhouse gas is reduced by 167.2 kg (20.3%). The result of energy saving and carbon reduction is obvious. Taking Portland Type I bag cement as an example,

it's annual consumption in Taiwan is 1.5 million tons in construction work, if replaced by masonry cement, the annual reductions of mineral material and coal used are 186,000 tons and 41,000 tons respectively, the reduction of GHS emission is 250,000 tons.

Low Carbon Masonry Cement Performance



Low Carbon and Safe Precast Construction Method and Product

Asia Cement is also insisting on high quality and safe construction. It steadily promotes precast construction method. The soft and outstanding precast construction method offers the

features of high quality, short construction time, energy saving and carbon reduction. The needed concrete components are precisely pre-casted in the factory first, then they are fixed

on the target locations of the construction. Thus, the construction time on site is largely shortened and the safety of the building is largely increased. Precast method is a trend of modern

Guaranteed Quality

Quality is guaranteed due to standardized and modular process in factory. Tiles and other façade material is possible.

Construction period easily controlled

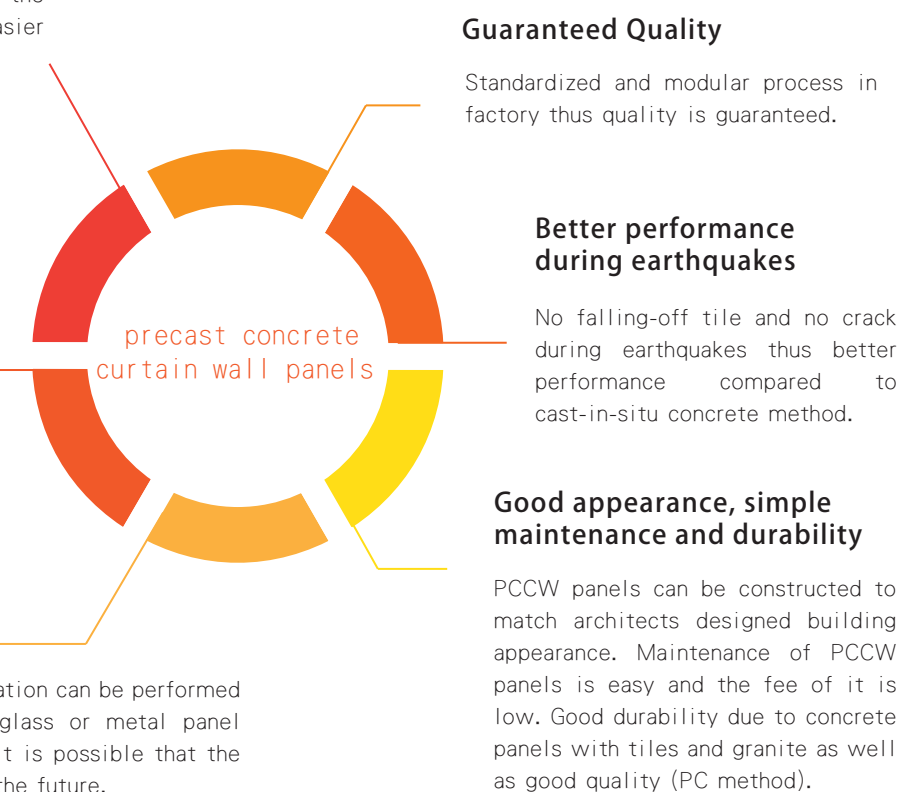
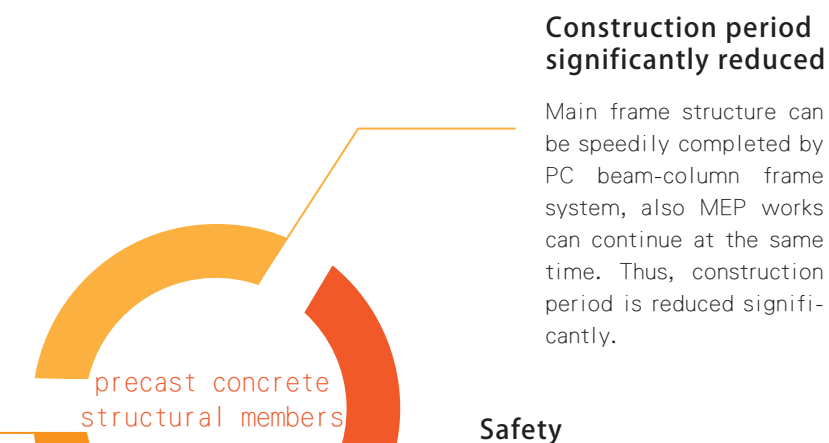
PCCW panels works is not counted in the construction period of critical path for a building project, thus the period is shorter and is easier to be controlled.

Safety

No facade scaffolding is needed thus on-site safety can be better performed.

Good serviceability

Acoustic and thermal insulation can be performed better than steel-framed glass or metal panel curtain wall. In addition, it is possible that the panels can be replaced in the future.



Planning and Installing of Renewable Energy Power Generation Systems

Asia Cement has a long term and complete planning of modern energy power generation system for the purpose of reaching the 7th goal of UN sustainable development: ensuring everyone capable of accessing affordable, reliable, sustainable and modern energy. According to the

plan, in the initial phase the renewable energy power generation systems will be installed step by step in all appropriate locations of operation. In the long run, the regions outside of the locations of operation will be evaluated. For the places evaluated to be appropriate, the Company will

invest large funds to investigate and install renewable energy power generation system.

In 2015, Asia Cement installed a 99.75kWp solar energy power generation system in the facility of Chiahui Power Company.



Financial Subsidy from Government

From 2011 to 2014, Asia Cement did not enjoy any taxation preferential treatment including tax exemption and deduction from investment. In 2015, it obtained the tax deduction of NTD 21million from the investment.

2.5 Risks and Opportunities

Asia Cement actively reviews all the risks and opportunities that the company encounters. With a complete risk management and appropriate crisis management, we can prevent the incident and take the opportunity to improve the operation mode. Also, we achieve long term risk management through practicing sustainability topics.

Risks Identification and Responding Strategies

Cement industry is a mature industry facing industrial relocation, rising environmental protection awareness, and emission limit on carbon dioxide. It is more difficult to promote major public constructions and private-sector's constructions. The demand of domestic cement is being influenced and hard to expand.

Ministry of Economic Affairs limits the exporting amount of cement according to the regulations of Trade

Law. Since 2011, the cement industry has gradually decreased the exporting ratio of domestic cement (including clinker) from approximately 50% to within 30% as of 2015. The kiln production of the same period decreased from 24 million MT to 19 million MT. The condition of oversupply would get worsen.

When facing the above mentioned risks, Asia Cement had responding strategies including the following.

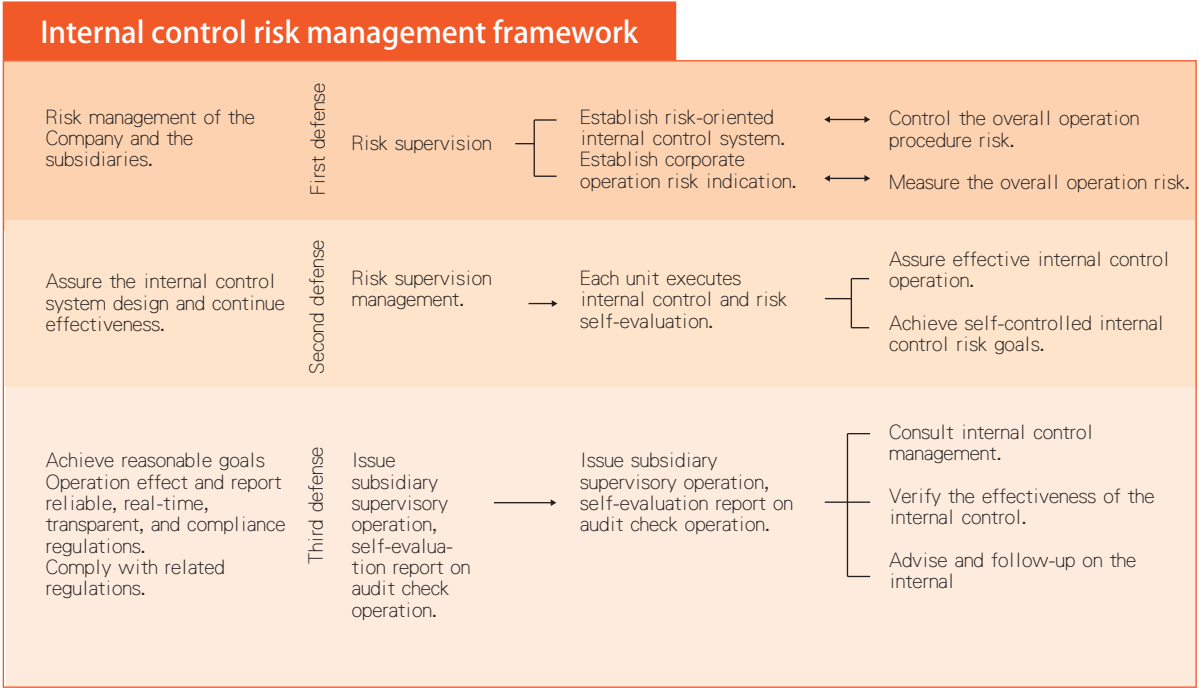
Domestically, we stabilized the market position, strengthened the operation efficiency of current production, shipping, and selling teams, and steadied the channels of mid-stream and downstream. In overseas market, we continued to select excellent target market, establish production and distribution bases, and exploit customers in emerging countries to achieve the goal of full production sale and stable profit.

Internal Control Risk Management System

In order to consolidate the risk management, Asia Cement's Board of Directors passed "Internal Control Risk Management System" for Board of Directors, managers, and employees to follow and execute. The purpose is to promote robust operation and achieve reasonable goals.

Goals of internal control risk management system

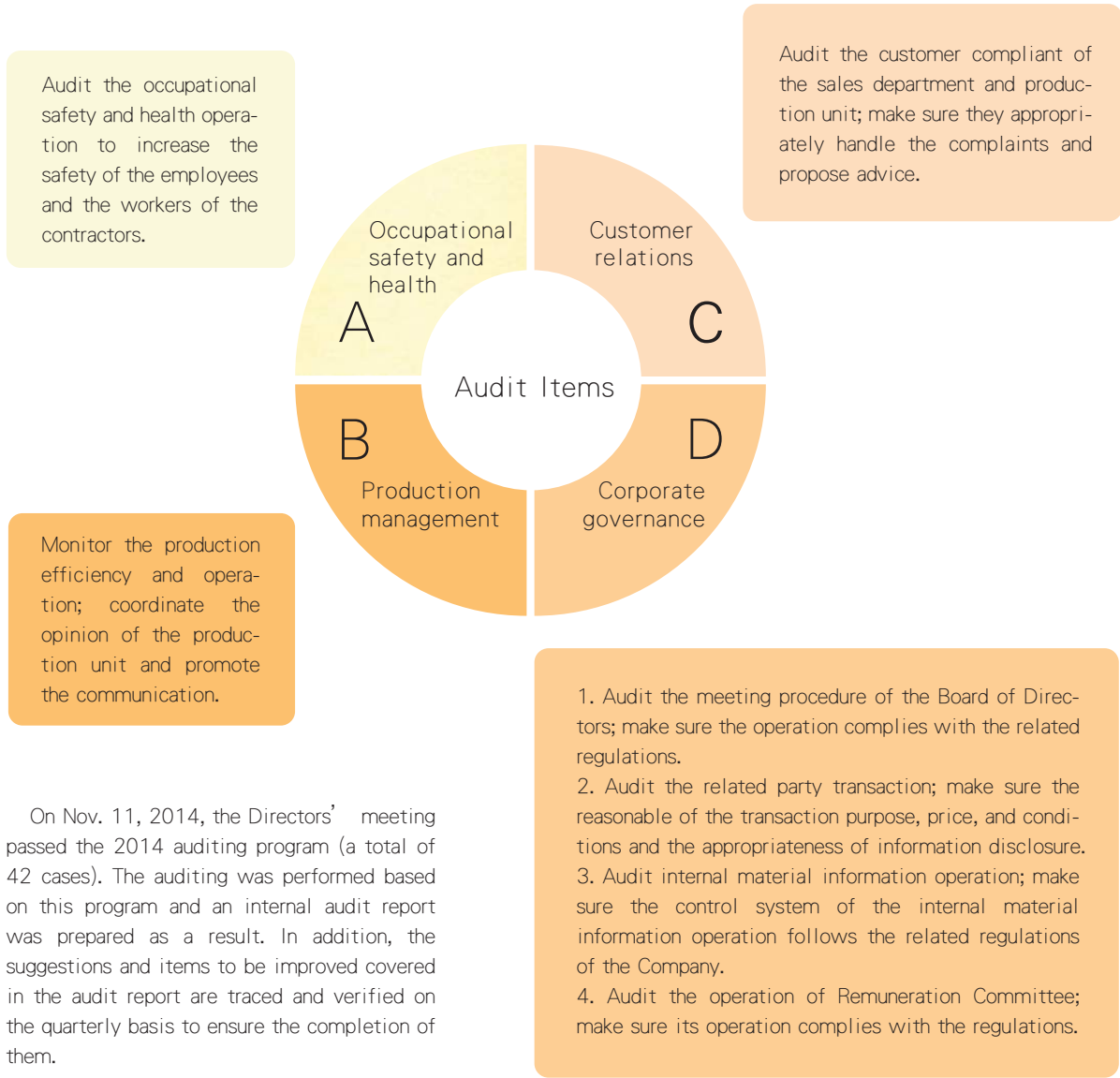
- 1 Operation effect and efficiency.
- 2 Report reliable, real-time, transparent, and compliance regulations.
- 3 Comply with related regulations.



Internal Control Risk Management System

Asia Cement has specific audit department in charge of stipulating and amending internal control system with the goal of effective risk management. We also established an internal control system electronic database for the employees to search for and follow to assure the internal control system design and continue effectiveness while maintaining and increasing the integral interest of the company. Each year, an annual audit plan and corporate sustainability topics will be presented to and passed by the Board of Directors.

Risk Identification Audit Items



Risk Management of Climate Change

Climate change is another issue that Asia Cement pays highly attention to; therefore, CSR Committee establishes three action steps for the climate change. They are recognition, action, and sustainability. Recognition means to identify the risks brought by climate change and take appropriate action plans to achieve the purpose of corporate sustainability.

Risk Management of Climate Change

Identifying the risk and opportunity of climate



Three aspects in evaluating the adaptation to climate changes



legal aspect

To a business, the risks caused by the laws and regulations in connection with climate changes are the biggest short term risks. They also affect the strategic decision of long term investment. In terms of disclosing the climate change information, it is vital to analyze the influence of current and future laws and regulations to the business and operation of the Company in terms of the legal and finance. Through examining current and predicting future national policies on responding to climate changes, including the constraints to the emission of GHG, the standard of energy efficiency, carbon tax, manufacturing process or product standards and mandatory participating trade mechanism, the analysis will cover the possible risks and opportunities to the business caused by various law and regulation scenarios. Such as the analysis of risks and opportunities resulted from carbon cost and the laws that cause the increase of energy cost.



physical aspect

Scientists and many other groups have observed and realized the effects of natural physics resulted from climate changes and further predicted the corresponding effect, including the type of climate, the rise of sea level, the variation of water resources and temperature. Hence, assessing the current and potential overall natural physics risks of the Company caused by seriously exposing in the direct and indirect climate changes, is a significant aspect in the disclosed content. Through reviewing the natural disasters experienced in the past and collecting the research results from the government and academic sector in terms of the evaluation on the climate changes in Taiwan, Asia Cement has analyzed the risk level resulted from future extreme climate (drought, rain storm, typhoon and high temperature), preparing an action plan based on the identified risks and finding the derived opportunities.



Other risks

If the Company had not taken the initiative to aggressively facing and responding the issues of climate changes, analyzing the risks which will impact the operation, and preparing the response measures, it will not only damage its external reputation, but also lower the faith of the investors, which may possibly cause loss. Furthermore, consumers' needs may also be changed by the change of climate, if the trend of market change is not captured, then the derived business opportunities from the climate change will not be attained.

The adaptation and mitigation measures in responding to the climate change

1. Continuous to participate the voluntary carbon reduction program initiated by the Industrial Development Bureau, Ministry of Economic Affairs. (Refer to Section 7.1 of the Report for the associated performance)
2. Energy saving labels in the headquarter building
3. Continuous Continuous to promote green energy saving ports. (Refer to Section 7.5 of the Report for the associated performance)
4. Planed the installation and verification of energy management system (ISO 50001). (Refer to Section 7.1 of the Report for the associated performance)
5. Implemented a carbon reduction pilot project and received a GHG reduction credit of approximately 2.56 million metric tons of CO₂e granted by EPA.
6. Continuous Continuous to promote energy saving and carbon reduction, creating the carbon sequestration of 500 flamboyant trees. (Refer to Section 7.5 of the Report for the associated performance)
7. Developing and promoting innovative and sustainable products, including low carbon masonry cement, low carbon and safe precast construction method and products. (Refer to Section 2.3 of the Report for the associated performance)

Mitigation

1. An "emergent events preparation and the responding operation procedure" was stipulated and followed.
2. Continuous to enforce water resource management, the targeted percentage of recycling the water used in the manufacturing process each year is 84%. (Refer to Section 7.3 of the Report for the associated performance)

Adaptation

Carbon Disclosure Project

In 2015, Asia Cement took the initiative for the first time to implement the carbon disclosure project. It collected, analyzed and compiled the data, and filed a CDP at the end. The score and grade of performance of the carbon disclosure in the first year were 93 and C respectively. In 2016, the Company will continuously improve the level of disclosure and the

Asia Cement Corp
Country: Taiwan
Sector: Materials

Year	Program	Status	Disclosure Score	Performance Band
2016	Climate Change 2016	Forthcoming	Not Scored	Not Scored
2015	Climate Change 2015	Submitted (not published)	93	C
2014	Climate Change 2014	No Response	Not Scored	Not Scored

Disaster Risk Management

Asia Cement establishes a disaster risk management mechanism in a prevention manner. We have "Procedures for Preparation and Response to Emergency Events" to avoid or lower the possible personnel injury, system equipment destruction, property loss, and loss on operation suspension. In addition to coordinate to the drills held by the competent authorities, Asia Cement performs disaster prevention and rescue drills from time to time. Each year, we mobilize the employees to participate in fire drill on a regular basis to strengthen the emergency responding ability and achieve the purpose of control the event and eliminate the disadvantages.



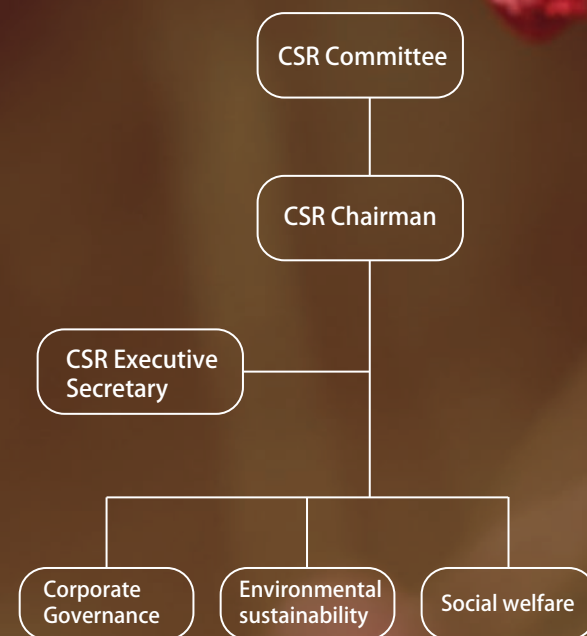
Happy Corporate

CSR Management

To ensure the realization of sustainable development, Asia Cement was authorized by the Board Meeting to form a Corporate Sustainability Committee (CSR Committee), general manager acted as the chairperson, secretariat acted as the staff and taking the responsibility to run the committee, to coordinate projects and to collect information. CSR Committee is the highest level of corporate sustainability organization in Asia Cement, its members include the department heads of the headquarter, Hsinchu plant and Hualien plant, plus the representatives of each subsidiary.

Asia Cement conducts surveys on sustainability topics, identify material aspects and boundaries through questionnaires and the CSR Committee operation. Also, we respond to the material aspects and the plea of the stakeholders through all kinds of channels and stakeholders engagement to fulfill Asia Cement's CSR management and operation goals.

Organization Structure of CSR Committee



3.1 Fulfill Sustainability Strategies

Corporate Social Responsibility Policy

In order to fulfill corporate social responsibility and promote the balance and the sustainable development of economic, social, and environment, Asia Cement stipulated “Corporate Social Responsibility Policy” by referring to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies on the third Board meeting of the 25th annual on November 1, 2014. The content includes fulfilling corporate governance, developing sustainable environment, maintaining social welfare, and strengthening corporate social responsibility disclosure.

Operation of Asia Cement CSR Committee

CSR is operated based on the management model of “P-D-C-A” (Plan-Do-Check-Action) to identify the stakeholders and to collect the issues concerned by stakeholders. In order to ensure the processing of various significant issues and to reach the targets, on the quarterly basis, CSR periodically discuss the significant issues including economy, society and environment, the status of reaching the target by each department and the planning of future directions. It also collects and compiles the information of achievements, results of negotiation with stakeholders and suggestions from discussions, and submits it to the Chairman of the Committee for approval. The approved information is submitted to the Board Meeting for confirmation.

3.2 Material Aspect Identification and Sustainability Topic Investigation

Material Aspect Identification Process

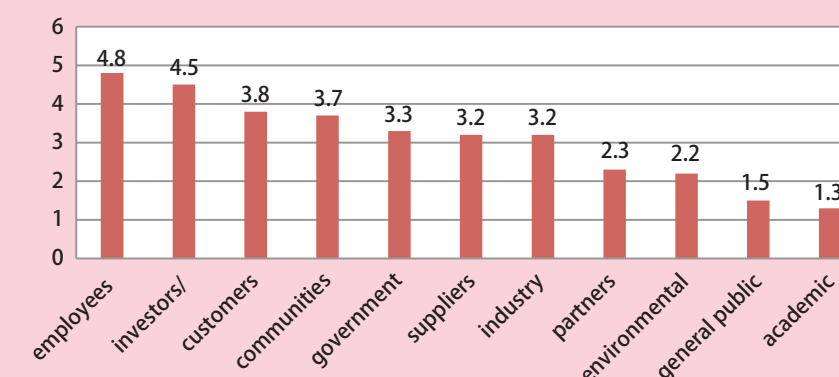
This report uses material aspect analysis process to identify the sustainability topics concerning the stakeholders. This will be the reference base for information disclosure to achieve the goal of effective communication.



Identify Stakeholders

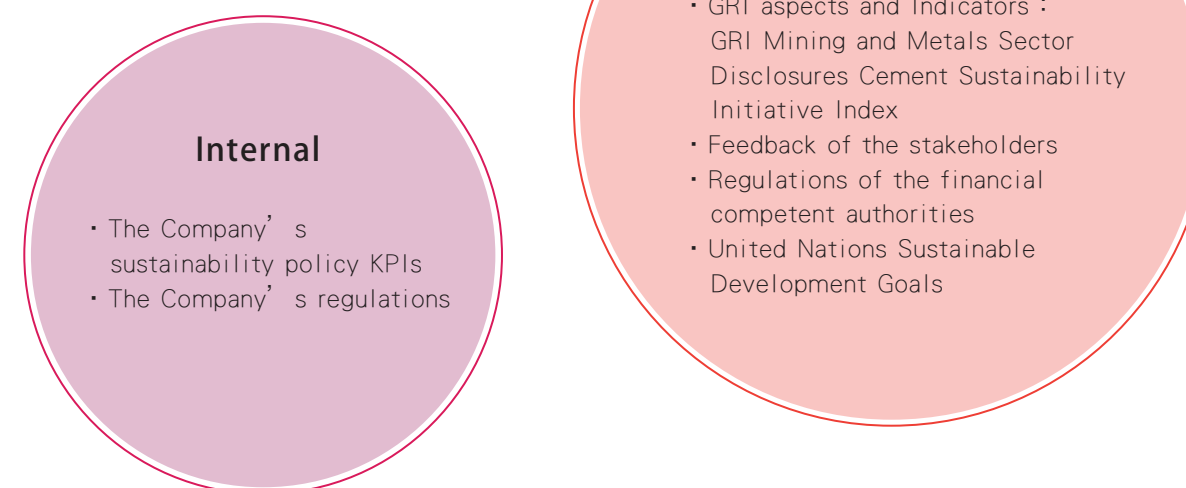
Through the staffs of each department, Asia Cement identifies the stakeholders by referring to the organizational operation and interchange, and the tolerance with the stakeholders. It then identifies the stakeholders based on the 6 principles including duty, influence, closeness, dependability, policy and strategic intention. After the identification, the stakeholders are employees, investors/shareholders, customers, communities, government authorities, suppliers, industry, partners, environmental protection NGOs, general public and academic institutes.

Asia Cement Stakeholders and Weights



Sustainability Topics Investigation

The process of identifying the material aspect of Asia Cement was based on the framework of GRI G4 Sustainability Reporting Guidelines. As the sustainability topics are extensive, we collected and organized the related issues by the following sources. Join the United Nations Sustainable Development Goals in 2015.



The Level of Concern by the Stakeholders

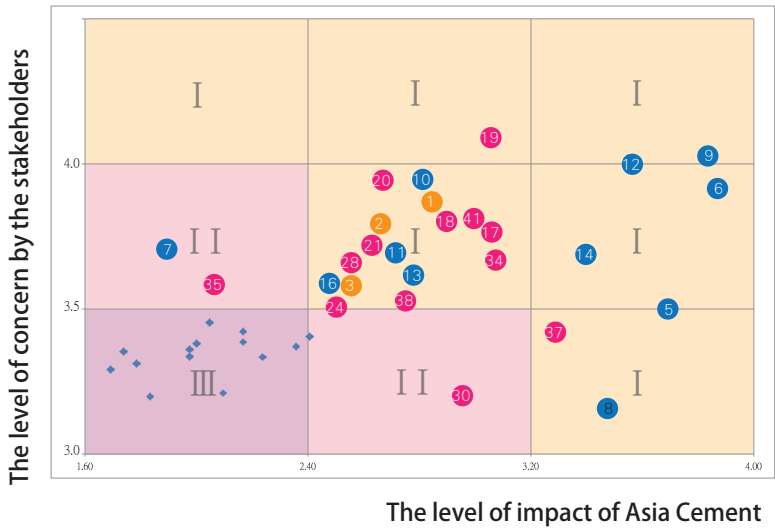
Aiming at the issues concerned by the stakeholders, Asia Cement collected the level of concern via questionnaires. It adopted AA 1000 SES guideline to assess the level of relationship between the stakeholders and Asia Cement and took the weighted average of the scores of concern to each issue and the level of relationship, in order to understand the level of concern of the stakeholders.

Identify the Level of Impact

From the view point of management level, Asia Cement CSR Committee gives the scores of the level of influence in terms of economy, environment and social impact. After collecting the scores, it identifies the level of impact in terms of the significant considerations in connection to its sustainable development.

Identify the Significant Considerations

In identifying the significant considerations, Asia Cement confirms the matrix of significant issues based on the level of concern by the stakeholders and the impact to the Company. Considering to cover the entire significant considerations, the Company directly defined the issues in the first and second quadrants are the significant issues and considerations. The issues in the third quadrant are the ordinary ones and will not be disclosed.



Economic Materiality Aspects

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

Environmental Materiality Aspects

5. Materials
6. Energy
7. Water
8. Biodiversity
9. Emissions
10. Effluents and Waste
11. Products and Services
12. Compliance
13. Transport
14. Overall
16. Environmental Grievance Mechanisms

Social Materiality Aspects

17. Employment
18. Labor/Management Relations
19. Occupational Health and Safety
20. Training and Education
21. Diversity and Equal Opportunity
24. Labor Practices Grievance Mechanisms
28. Forced or Compulsory Labor
30. Indigenous Rights
34. Local Communities
35. Anti-corruption
37. Anti-competitive Behavior
38. Society Compliance
41. Product Responsibility Compliance



Meaning of Material Aspect to Asia Cement and the Management Guidelines

Asia Cement listed the identified material aspects and issues as the highest principles of corporate governance and stipulated management performance index for each material aspect and conducts review

and check on a regular basis. We hope through the Report disclosure to actual respond to the stakeholders and inclusiveness and achieve the goal of corporate sustainability operation.

Asia Cement stipulates the specific management guideline according to the characteristics of the specific material aspect to make complete response and achieve the goal of stakeholders' communion.

Specific Material aspect	Asia Cement' s Management Guideline
Indirect economic impact and local communities	Interact with local communities from time to time.
Energy, emission	Follow the nation' s policies.
Biodiversity	Asia Cement views mine restoration as the core operation goal and input a lot of efforts. By integrating the long term study conducted by the specialists and scholars, we achieve the goal of mine restoration and biodiversity.
Environment and human right grievance mechanisms	Review and respond through the CSR Committee to confirm the effectiveness and availability of the complaint system and remedies.
Employment	Evaluate the labor relations within the supply chain according to the supply chain evaluation system. If there is any situation inconsistent with the system and the regulations, the supplier will be listed as the main follow-up subject. The contract will be terminated if there are too many unimproved incidents.
Occupational health and safety	According to the Company' s policy, the Occupational Safety Office will assist if employees, their family, or the community members have major diseases by cases.
Anti-corruption	Eliminate corruption incident according to "Codes of Ethical Conduct" and "Principles for Ethical Management" of Asia Cement.

After the significant considerations are identified, CSR Committee collects the related information and submits it to the chairperson for the approval to ensure the coverage of all issues and considerations.

3.3 Stakeholders Engagement and Material Aspect Boundary

Stakeholders Engagement

Stakeholders Engagement is quite an important constitution if Asia Cement wants to draw the governance strategies and manage the sustainability aspects. In addition to the daily interaction with the stakeholders through routine business, we take advantages of all channels including telephone communication, meetings, satisfaction survey, actual visit, and association participation. The concerned issues proposed by the stakeholders will be identified as the material aspect through the respond of this Report.

We set up a CSR mailbox (csr@acc.com.tw) in response to the sustainability management. Relevant departments are responsible for managing and responding, solving the concerned issues of the stakeholders.

Stakeholder	Aspect	Communication frequency and platform	Implementation	Response
Employees	Employees' welfare and rights Talent attraction and retaining Talent training and education Labor relations Occupational health and safety Confidential and no-competition obligation	Labor union meeting Interview new staff and make online nouncement from time to time Update employees working guidelines from time to time Annual manager interview and performances interview Annual industrial meeting Monthly occupational disaster online reporting Employees' education from time to time E-bulletin system Far Eastern Magazine	Taking the union as an example, each year there are five union meetings in Hsinchu and Hualien plants (including board director and supervisor' s meeting and meetings for delegates of union members). The meeting dates in Hualien plant are 1/20, 3/12, 4/23, 7/27, 9/23 The meeting dates in Hsinchu plant are 1/21, 4/23,8/19,10/28,12/14	6. Happy Workplace, Taiwan High Salary 100
Investors and stockholders	Financial performances Brand image Sustainable development strategies Corporate governance Risk management	Annual Stockholders' Meeting Investor conference Investors section on the Company' s website Market observation post system Telephone or email communication and feedback Credit evaluation	1.In 2015, a total of 43 company invitation meetings were held and participated by 136 investors. 2.Delegating Taiwan Ratings Corp. to be the third credit rating institute and obtaining the rating of bond issuing entity through annual credit rating. Current rating of Asia Cement: Long term: twA Short term: twA-1 Outlook: Stable	1.About Asia Cement 2.Corporate Governance 3.CSR Management
Customers/ partners	Customer service Product liability Products quality and technical development	Annual satisfactory investigation Regular/ irregular customer visit Telephone or email communication and feedback Quality certification Online opinion response and download Inspection report	In 2015, the lab in Hualien plant continuously received the certification from National Certification Foundation as the prove of the best quality. The latest inspection report is posted on the company' s website each month for customers to download.	1.2 Products and Services 5. Product Liability, Customer Service and Supply Chain Management

Stakeholder	Aspect	Communication frequency and platform	Implementation	Response
Community/ local groups	Community participation Social charity Communication channels Environmental management	Volunteer services and charity activities Promote environmental protection education Visit local groups Company' s website Participate in resident activities from time to time	Starting from 2015, the Company sponsors the after-class mentoring expenses to school kids of Fu-she Village, township of Shuo-lin, Hualien County.	7.1 Green Environment Sustainability 8. Social Care
Government sectors	Regulations compliance Transparent and timely information disclosure Green transportation policy	Official documents Compliance meeting or public hearing Seminars or symposiums Regular/irregular visit Market observation post system and company' s website	Whenever a significant information is occurred, the Company announces it by the regulation. In 2015, a total of 60 significant Chinese and English information were announced.	1.About Asia Cement 2.Corporate Governance
Suppliers	Company' s operation strategies Supply chain management Procurement	Suppliers evaluation Suppliers site audit or visit Telephone or email communication and feedback “Ecome” supplier management platform Suppliers opinion survey	For the items and results of assessing suppliers, please refer to the chapter of Supply Chain.	2. Corporate Governance 4. Product Liability, Customer Service, and Supply Chain Management
Non-profit organization	Environment investment Diverse and equal workplace Human right issues Green promises Climate change Greenhouse gases	Seminars Symposiums Participate in NGO activities CSR sector on the company' s website	Since 2013, the Company publishes CSR report and routinely responds the issues concerned by the stakeholders.	2.4 Risks and Opportunities 6. Happy Workplace, Taiwan High Salary 100 7. Green Environment Sustainability
Academic institution/ industry field	Environmental investment Diverse and equal workplace Human right issues Green promises Climate change Greenhouse gases	Seminars Academic-industry corporation projects Regular exchanging ideas Scholarship		1.2 Products and Services
General public/ other	Brand image Products and services quality Ethical moral and honesty	Press releases Symposiums, press conferences Company' s website		2.2 Ethic and Honesty

Materiality Aspect and Boundaries

We evaluate the impact of each identified material aspect and determine whether the aspect will influence the internal or external.

○ Important, disclose in this report.

Boundaries		Internal										External			
		headquarters	Hualien Plant	Hsinchu Plant	Ya Tung Ready-Mixed Concrete	Yuan Long Stainless	Ya Li Precast Prestressed	Nanhwa Cement	Chiahui Power	Fu-Ming	Ya Li Transport	contractors	customers	Local communities	NGO
Material aspects	1. Emissions	○	○	○	○	○	○	○	○	○	○			○	○
	2. Energy	○	○	○	○	○	○	○	○	○	○				○
	3. Materials		○	○	○	○	○	○							
	4. Overall	○	○	○										○	
	5. Effluents and Waste		○	○	○	○	○	○	○						
	6. Products and Services		○	○	○										
	7. Transport		○	○	○	○	○	○	○	○	○				
	8. Environmental Grievance Mechanisms		○	○	○	○	○	○	○	○	○				
	9. Compliance		○	○	○	○	○	○	○	○	○				
	10. Water		○	○					○						
	11. Biodiversity		○	○					○					○	○
Stakeholder	1. Economic performance	○	○	○	○	○	○	○	○	○	○				
	2. Market Presence	○	○	○	○	○	○	○	○	○	○			○	○
	3. Indirect Economic	○	○	○	○	○		○	○	○	○				
Stakeholder	1. Occupational Health and Safety	○	○	○	○	○	○	○	○	○	○	○			
	2. Training and Education	○	○	○	○	○	○	○	○	○	○				
	3. Employment	○	○	○	○	○	○	○	○	○	○				
	4. Labor/Management Relations	○	○	○	○	○	○	○	○	○	○				
	5. Diversity and Equal Opportunity	○	○	○	○	○	○	○	○	○	○				
	6. Labor Practices Grievance	○	○	○						○	○				
	7. Forced or Compulsory Labor	○	○	○	○	○	○	○	○	○	○	○			
	8. Local Communities	○	○	○	○	○	○	○	○	○	○			○	○
	9. Compliance	○	○	○	○	○	○	○	○	○	○				
	10. Indigenous Rights	○	○	○	○					○	○			○	○
	11. Anti-corruption	○	○	○	○	○	○	○	○	○	○				
	12. Anti-competitive Behavior	○							○						

3.4 Internal Audit of the Report

In order to have better content and quality of this report, Asia Cement has arranged to have at least one internal audit to the report each year, with the cross-departmental audit. An external expert is also hired to undertake the initial evaluation of TCSA award to the purpose of improvement. The internal audit of 2015 report was undertaken from May 16 to 19 of 2016.

In 2015, Asia Cement CSR internal audit plan



Happy Corporate

Occupation Safety and Health

Employees are the irreplaceable treasure of the Company. Asia Cement always upholds the idea that only healthy laborers in a safe working environment can produce safe and reliable products for the customers. In compliance with the goal of sustainability “Protecting the right of laborers, strengthening the safety of work environment, including migration type of laborers, especially women and laborers involved with dangerous work”, which is item 8.8 of the goal of sustainable development, UN, Asia Cement has set the goal and policy of safety and health management to take care of the health of the employees and to enhance the management. It also introduced a complete management system in compliance with the law of occupational safety and health, to evaluate the overall risk of the work place. Furthermore, it established various management systems and standards of safe operation. Safety is the intrinsic requirement. The Company actively improves the working environment and mechanical equipment in order to ensure safety.



4-1 Management Policy and Goal of Safety and Health

In terms of its management policy of safety and health, the Company has adopted the founding spirit of the Far Eastern Group "Sincerity, Diligence, Thrift, Prudence, and Innovation" to sincerely fulfill its social responsibility and to comply with the laws in creating a complete management organization and system. It carefully executed risk evaluation to each operation,

created a standard operation procedure and adopted safe construction method. All employees are required to be involved in the system and to receive the training in order to attain the habit of safety as the first priority. Through the way of walking management, the Company is able to learn and to take appropriate measures in order to prevent the disaster

from happening. It endlessly drives innovative R&D and improves safety measures to create a working environment of zero disaster in order to protect the safety and health of the laborers. A part of Asia Cement's organizational culture is to create a safe and healthy work place, thus, each employee can feel that it is a good and safe job working in the Company.

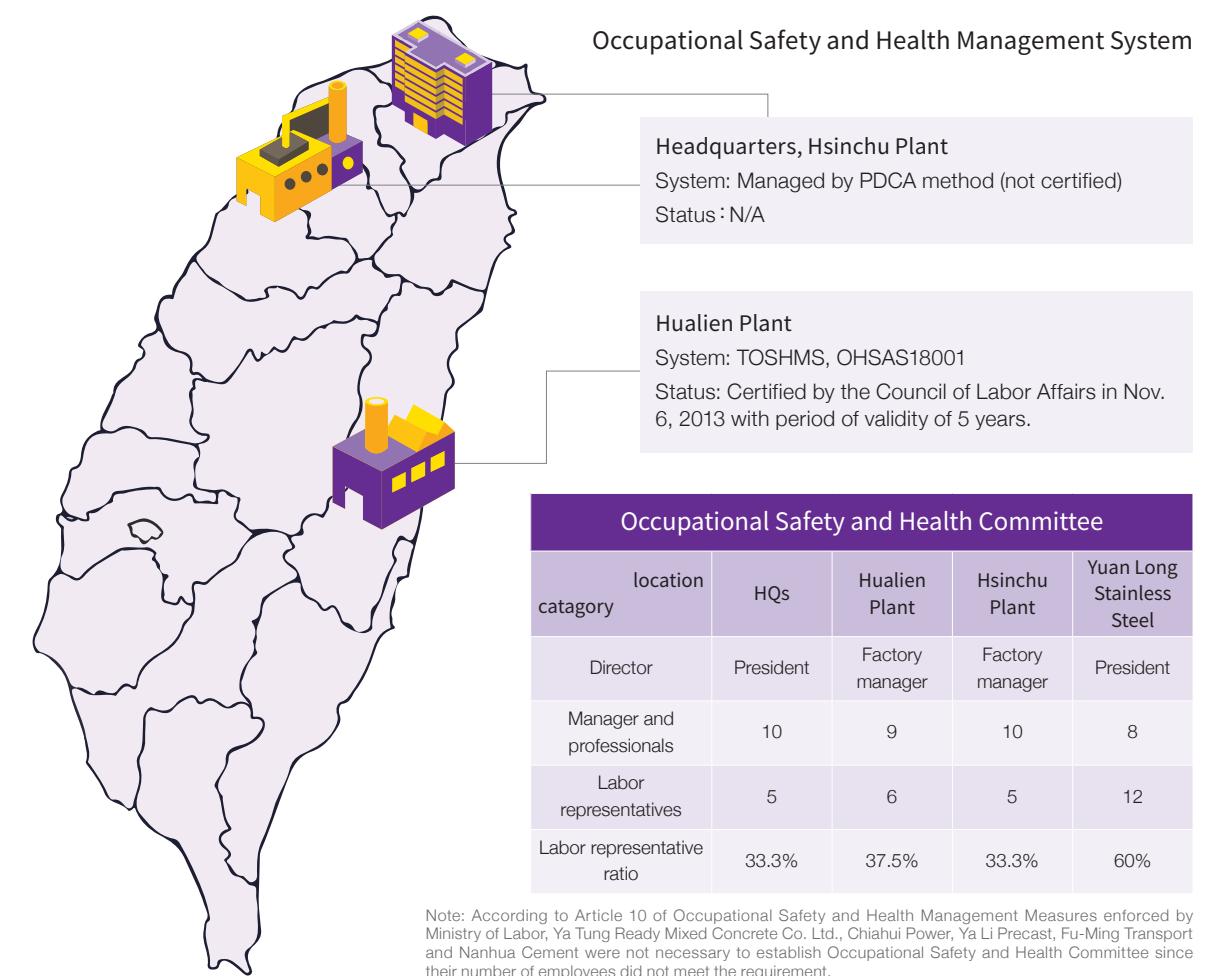
Policy of Asia Cement Occupational Safety and Health Management



4-2 A Complete Occupational Safety and Health Management Organization and System

The Organization of Occupational Safety and Health

The headquarter and each plant of Asia Cement have established the Occupational Safety and Health office and the staffs by law. Depending on the feature and number of employees of the business unit, an appropriate management system is introduced and implemented. Hualien plant had demonstrated an excellent performance, it passed the performance recognition on Nov. 6, 2013, by Ministry of Labor, with a valid period of five years. Furthermore, each business unit had established an Occupational Safety and Health Committee by law, the general manager (or the plant manager) of each business unit acted as the chairperson, the members included the department head, professionals and labor delegates who take one third of the seats. The committee holds a meeting at least once a quarter to propose suggestions to policies, and to review and coordinate associated matters.



Collective Agreement Incorporated in the Norm of Safety and Health

Articles 27 to 29 in the collective agreements of Hualien and Hsinchu plants had been incorporated in the norm of safety and health. It is 8.8% of the total collective agreement which has 34 articles. For the business units that were not entered collective agreement, their worker representatives were invited to formulate the work guideline of occupational safety and health. The guideline was submitted to the labor inspection authority as well. It is a safety and health guide for the group to obey.

4-3 Management Performance of Safety and Health

Management of Plans and Appraisal of Performance

The safety and health management performance is reviewed and the risk is evaluated by the Company each year and the occupational safety and health management plan is initiated. A routine and non-routine inspection to each business unit is conducted by the Occupational Safety and Health Section in the headquarter, and an appraisal is conducted each quarter (including active performance and passive performance) and the implementation performance of each business unit is reported in Occupational Safety and Health Committee.

The statistics of 2015 occupational safety and health management performance appraisal on each plant of Asia Cement								
Location	Average Score	Safety grade	Big occupational disasters	Ordinary occupational disasters	Total work hours	FR	SR	FSI
Hualien Plant	96.42	safe	0	3	681,367.35	4.40	26	0.34
Hsinchu Plant	97.42	safe	0	0	196,317.00	0	0	0
Total			0	3	877,684.35	3.42	15	0.26
Average of 3 years in the industry						4.48	779	1.87
Comparison						-1.06	-764	-1.61

Training of Occupational Safety and Health Management



An affiliated enterprises occupational safety and health management joint meeting is held each year and hosted by the general manager

Asia Cement possesses a complete team of occupational safety and health management. It provides such training routinely or by projects. In addition to lower the risks for itself, the Company also shares its enriched experiences to the subsidiaries, contractors and the industry.

In the subsidiaries: An affiliated enterprises occupational safety and health management joint meeting is held each year and hosted by the general manager. The meeting is attended by the high level supervisors and sales supervisors. They are informed the determination of the top management in implementing the policies. Meanwhile, the performance is reviewed and the experiences are exchanged in the meeting. The experts are also invited to offer the training during the meeting to enhance the management knowledge of each subsidiary.

Demonstration of Occupational Safety and Health Management

On Sep. 23, 2015, supervised by Northern Occupational Safety and Health Center of Occupational Safety and Health Administration, Ministry of Labor, in Hualien Mei Luin Plant Ya Tung Ready Mixed Concrete Co. Ltd. conducted a demonstration of occupational safety and health management and disaster prevention for the industry of ready mixed concrete. The plant was opened to the industry to observe the actual status of occupational safety and health management and the experience was shared as well.

The contractors: In 2008, Hualien Plant established a core-satellite system to manage safety and created a model of managing contractors. Through the effort of several years, the model had been internalized as a contractor management procedure in the management system. Contractors were vertically integrated to form a coordination organization, their laborers were treated as the laborers of the plant. In addition to the on-site auditing and mentoring, the contract laborers were also provided with related training to enhance their performance of safety and health in order to reduce occupational accidents and damages to health. In 2015, the Company achieved zero disaster and zero occupational disease (ODR=0).



Contractor toolbox meeting



Plant general manager hosted a meeting on contractor coordination organization



The status of observing the demonstration by the companies in the industry

Monitor and Improve Risk Operation Site and Health Hazardous Operation Site

Asia Cement has practiced the risk evaluation to stipulate related operation safety and health standard for the hazardous environment like noise, dust, ionizing radiation. We also stipulate an environment monitor plan by law and conduct environment monitor and staff health checkup on a regular basis. We hire occupational physicians to observe the operation environment and give safety and health evaluation and improvement. For operation sites like overhead, electric shock, scaffolding, and flying objects, we provide the necessary harness in addition to improving environment safety. Through education training and danger prediction, we build the safety awareness and reduce the unsafe behavior. Usually, we check and supervise from time to time to effectively avoid hazard. In 2015, there was no occupational disease determined by law. The occupational disease rate (ODR) was 0%.

Asia Cement 2015 special health check health hazards of labor statistics the number of jobs

Operation Sites	 Dust	 Noise	 Ionizing radiation
Headquarters	35	0	0
 Hualien Plant	12	29	23
Hsinchu Plant	40	22	12
 Ya Tung Ready-Mixed Concrete	0	0	0
 Yuan Long Stainless Steel	0	53	47
 Ya Li Precast and Prestressed Concrete Industries	0	0	0
 Nanhwa Cement	0	0	0
 Chiahui Power	0	45	0
 Fu Ming Transportation	0	0	0



Statistics of Occupational Disasters

Based on the important occupational disaster disabling statistics index announced by the Ministry of Labor and GRI G4, in the analysis of occupational hazard statistics, Asia Cement selected Disabling Frequency Rate (FR), Disabling Severity Rate (SR), Frequency-Severity Indicator (FSI) and Attendance Rate (AR) as the basis (the data does not include traffic accidents outside of the plant).

In 2015, a total of 3 employee disabling accidents occurred in Asia Cement, no any occupational disease and death caused by work. The type of disabling accident is mostly being rolled into the machine (66.7%), followed by slip and fall (33.3%). One injury disabling accident was related to the worker who was not hired by the Company but supervised by the work place. All indictors of the contractors were zero, no any occupational disease (ODR=0) and no any death due to work.

2015 Asia Cement Occupational Disaster and Attendance Statistics											
Operation Sites	FR			SR			FSI			AR	
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female
Headquarters	0.00	0.00	0	0	0	0	0.00	0.00	0.00	0.06%	0.11%
Hsinchu Plant	0.00	0.00	0	0	0	0	0.00	0.00	0.00	0.05%	0.00%
Hualien Plant	4.60	0.00	4.40	27	0	26	0.35	0.00	0.34	0.22%	0.00%
Subtotal	2.79	0.00	2.55	16	0	15	0.21	0.00	0.20	-	-
Total	2.55			15			0.20			-	
Same business	4.48			779			1.87			-	

2015 Asia Cement The Occupational Disaster and Attendance Statistics of the Laborers not Hired but Supervised by the Plant									
Operation Sites	FR			SR			FSI		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Headquarters	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
Hsinchu Plant	0.00	0.00	0.00	0	0	0	0.00	0.00	0.00
Hualien Plant	4.10	0.00	3.35	4	0	3	0.13	0.00	0.10
Subtotal	3.13	0.00	2.66	3	0	2	0.10	0.00	0.07
Total	2.66			2			0.07		

2015 Asia Cement The Occupational Disaster and Attendance Statistics of "Laborers of Contractors"									
Operation Sites	FR			SR			FSI		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Headquarters	0	0	0	0	0	0	0	0	0
Hsinchu Plant	0	0	0	0	0	0	0	0	0
Hualien Plant	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
Total	0			0			0		

Note 1: The Frequency-Severity Indicator of each industry: <http://www.osha-performance.org.tw/news/news145A.htm>
 Note 2: Absence rate formula: total sick leave hours + total occupational injury hours/ total work hours

Strengthening Subsidiaries Disaster Management

The subsidiaries of Asia Cement follow the existing occupational safety and health management system to strengthen disaster management and work toward the goal of zero disasters. In 2015, the subsidiaries reached zero disaster included Ya Li Precast Prestressed, Nanhwa Cement and Chiahui Power. Chiahui Power reached more than 800 thousand hours of work with zero disaster record from April 1, 2009 to the end of 2015. An excellent performance.

2015 Asia Cement subsidiaries Occupational disaster and attendance statistics								
Operation Sites	FR		SR		FSI		AR	
	male	female	male	female	male	female	male	female
 Ya Tung Ready-Mixed Concrete	1.05	0	15	0	0.13	0.00	0.21%	0.20%
 Yuan Long Stainless Steel	4.40	0	64	0	0.53	0.00	0.36%	0.20%
 Ya Li Precast and Prestressed Concrete Industries	0.00	0	0	0	0.00	0.00	0.00%	0.00%
 Nanhwa Cement	0.00	0	0	0	0.00	0.00	0.00%	0.00%
 Chiahui Power	0.00	0	0	0	0.00	0.00	0.28%	0.19%
 Fu Ming Transportation	8.99	0	681	0	2.47	0.00	0.54%	0.00%
 Ya-Li Transportation	0.00	0	0	0	0.00	0.00	0.00%	0.00%



專業人員諮詢

4-4 Employees' Health Promotion and Management

Laborers' Health Check and Management



Laborers' Health Check

According to the Occupational Safety and Health Act and the Labor Health Protection Rules, Asia Cement allocates works based on new employees' medical examination, and implements general regular health checks and special health check for laborers in hazardous working environment. Each plant will classify and make appropriate adjustments based on employees' health situation.

A health manual is published based on the results of health check and distributed to laborers for reference and the medical counseling service is also provided to them. The manual is kept by the occupational safety and health authority by law for the purpose of statistics and management by classification. For the laborers who did not passing the health check, they will be diagnosed by occupational physicians and provided the suggestion of treatment and prevention.

Employees' Health Improvement Activities

Each plant has planned health improvement activities including weight control training, health talks, social events, mental health seminars, employee caring program and mental health counseling, so that laborers can work in a safe environment to enjoy physical and mental vitality. The weight control training provided by Hualien Plant was granted by Health Bureau of Hualien County an award of "Fastest reaching the goal", deputy assistant plant manager Chen received the award on behalf of the plant.



副廠長代表受獎

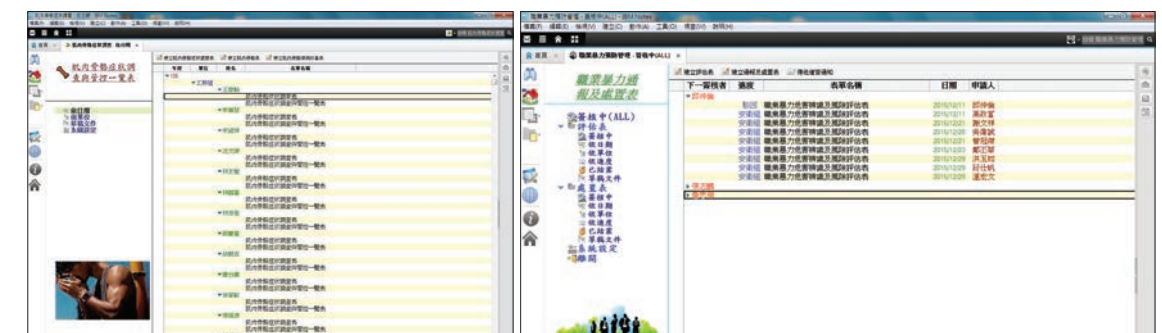


The Protection of Female Maternal Health

According to "Female laborer maternal health protection procedure" stipulated by Occupational Safety and Health Act, a form of "evaluation on maternal health hazardous and arrangement to appropriate work" is passed to the associated laborer to fill. The form will be forwarded to medical personnel for the evaluation and the appropriate work will then be arranged in order to protect female and maternal laborers.

The Protection of Abnormal Work Hours, Human Factors and Ergonomics, and Workplace Violence

According to "work load disease prevention procedure" and "muscle and skeleton disease prevention procedure" stipulated by Occupational Safety and Health Act, a scale is used to perform risk evaluation and survey of needs and a database is created to make the comparison. The laborers with risks are handled with priority.



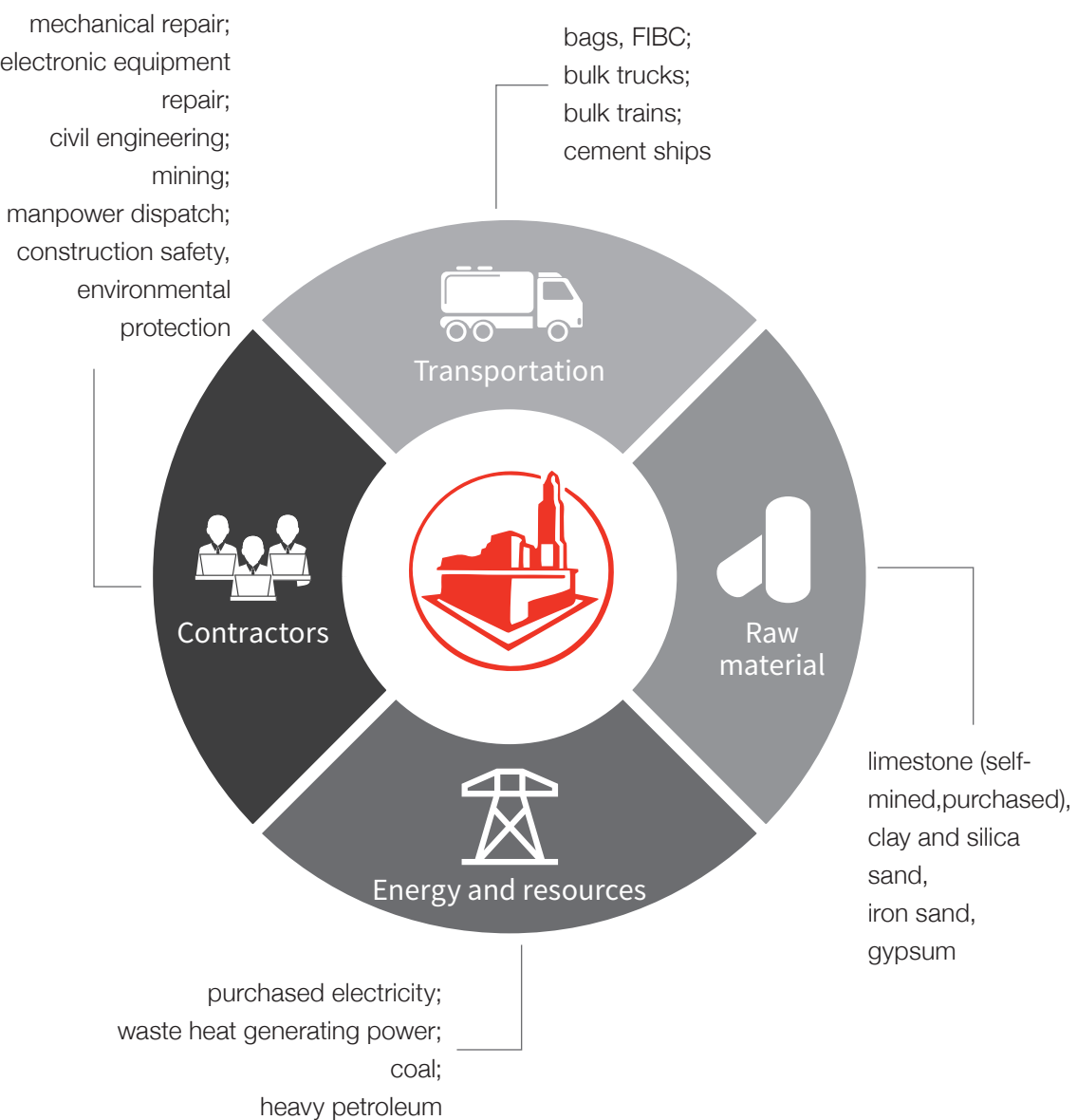


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Supply Chain Management
and Customer Service

5-1 Supply Chain Management and Customer Service

Asia Cement's Supply Chain Overview



Purchasing Department

Asia Cement does the procurement together with the Purchasing Department of Far Eastern Group. The mission statement of the joint procurement center: Integrating internal and external group resources to strengthen the synergy function. Setting the reasonable and competitive price targets and orienting to the green and low carbon environmental-friendly supply chain under the effective risk control. Becoming a professional procurement service team which is trusted by customers of the group and suppliers.

Communication Platform and Complaint Channel

In order to make the suppliers understand and follow the standards we set for safety and ethic, we have a Supplier Conduct Code, in which expressly states the ethical, compliance, health and safety mechanism. Through the homepage of "Ecome" website (<http://www.ecome.com.tw/>), prints, and related meetings, we deliver the founding spirit of "sincerity, diligence, thrift, prudence, and innovation" to our suppliers, as well as promoting the concept of corporate sustainability operation.

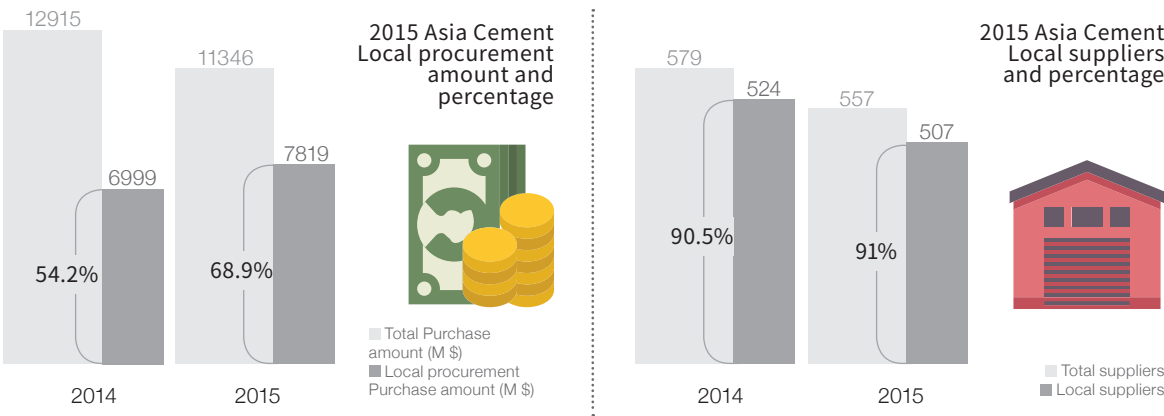
Supplier Conduct Code

Follow Labor Standards Act and the related regulations	No force labor, no illegal employees, no raw material banned by laws.
Information confidentiality	The techniques, quality, products, and services information related to the case shall keep confidential.
Responsibility standard for purchase requisition and procurement	Clearly set the responsibilities for purchase requisition and procurement. The suppliers may discuss the technical issues with the end users, including assisting in drawing the specifications. But they cannot discuss or deliver any business conditions to the end users.
Professional ethics	The suppliers and the Purchasing Department maintain the professional relationship. Hospitality, gifts and other contact should be avoided.
Plan the operators in advance	For the known services, such as annual repair, specific technical maintenance, the supplier shall make annual operators plan in advance. They shall not use the excuses as too busy, too many cases, or holidays for raising the price or stop service.
Separation principle for design and hire of work	If the supplier participates in the design or planning work, it shall not participant in the follow-up execution of hire of work.
Cost analysis	Supplier shall provide the cost analysis information at the request of the Purchasing Department when the raw material or wages rises.
Uniform price	Supplier shall not have different prices for different end users in Far Eastern Group.

In 2011, 100% of the domestic suppliers have signed the “Commitment Statement of Supplier Conduct Code”.

Realizing Local Procurement

Based on the records of procurement, in 2015 Asia Cement had purchased from 507 domestic suppliers out of a total of 557 suppliers, 50 overseas suppliers, the percentage of domestic suppliers is 91% of the total. In terms of the dollar amount, in 2015, the total purchasing amount was NT\$ 11,346,439,713, in which the local purchasing was NT\$ 7,819,353,737, the percentage was 68.9%.



Supplier Evaluation

When selecting suppliers, the procurement department evaluates the necessary aspects by the types of suppliers. In terms of the evaluation, suppliers are requested to sign the agreement and the associated articles are stipulated in it to ensure the quality of the suppliers. The evaluation of the actual laboring is mainly focusing on the suppliers of engineering work and equipment.

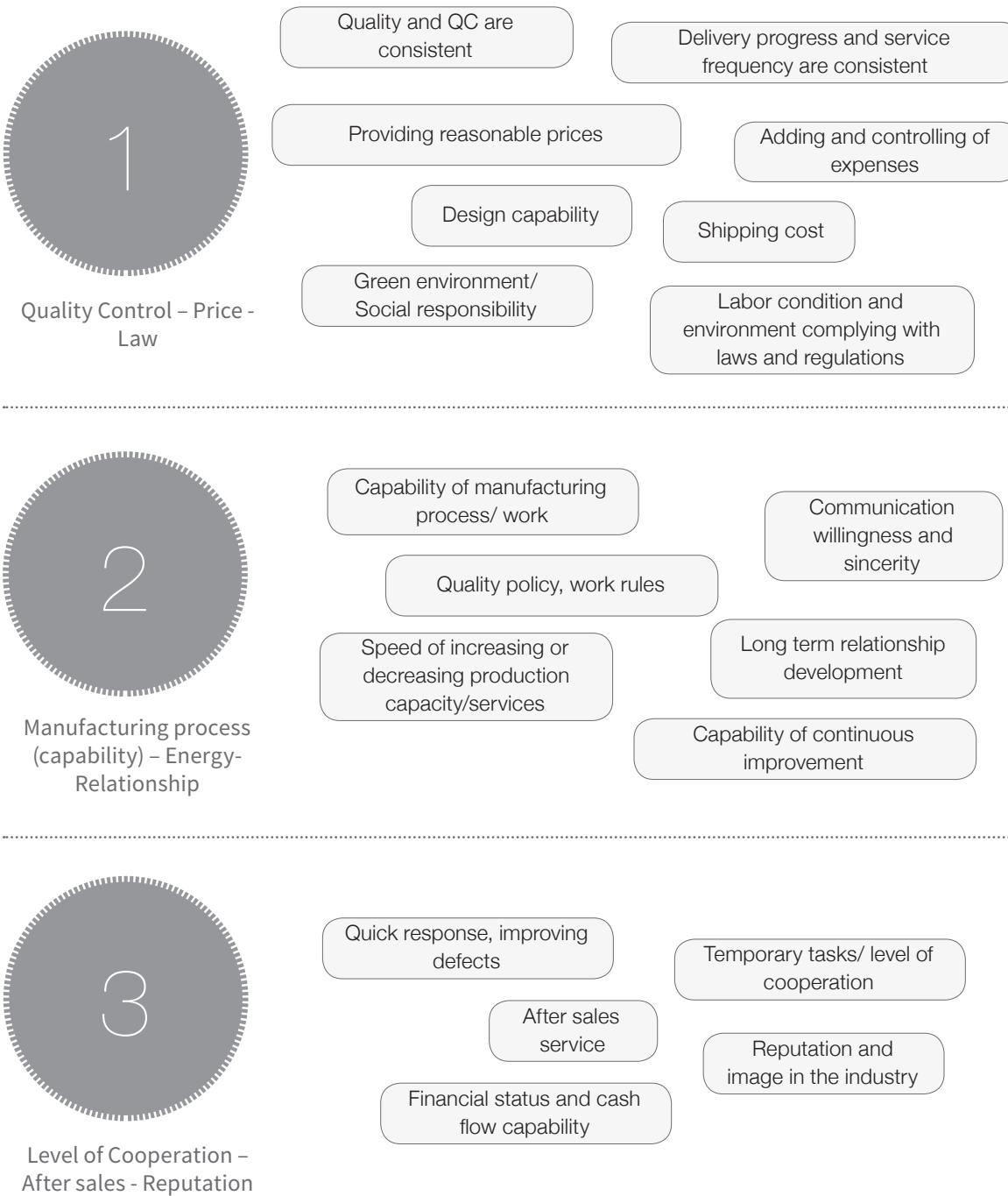
We refer to the supplier evaluation for choosing the supplier in order to assure service quality. Also, we eliminate lower ranked or ruled out suppliers by the means of violation points according to the poor transaction records, and make strict control and management to the one-time suppliers. In the future, we will include the CSR performances of the suppliers in the evaluation depending on the actual situation to ensure our suppliers meeting all CSR requirements.

- 1 Purchasing Department practices annual evaluation with detailed record as the reference for choosing suppliers. We will investigate about suppliers who rated as "average", "to be improved", and "poor" and request them to improve if any poor condition is discovered.
- 2 For engineering cases, the "supplier evaluation sheet" shall be filled out upon acceptance check. There are four evaluation items, including 1. Professional, service, problem-solving ability; 2. Product quality, on-time delivery, speed for improving defective products; 3. Construction progress, expenses control; 4. Personnel turnover rate and attendance situation.
- 3 Suppliers rated as "to be improved" or "poor" will be observed and make related punishment after investigation about the actual causes.
- 4 Strictly control one-time suppliers. The same one-time supplier shall not have two consecutive transactions within one year. It shall prepare the requested information before continue transaction. Purchasing Department will eliminate those who do not complete the corporate credit report and related document within two years.

In 2015, a total of 2,807 engineering type of suppliers were evaluated, 35.52% (997 suppliers) were rated as the grade of "outstanding", 62.06% (1742 suppliers) were rated as the grade of "good". A total of 310 suppliers were ruled out (the criteria of ruling out: including supplier that do not have transaction records in 5 years).

2016 New Supplier Evaluation

The evaluation to suppliers is based on 3 aspects including (1) quality control, price, law (2) manufacturing process (capability), energy, relationship (3) level of cooperation, after sales, reputation.

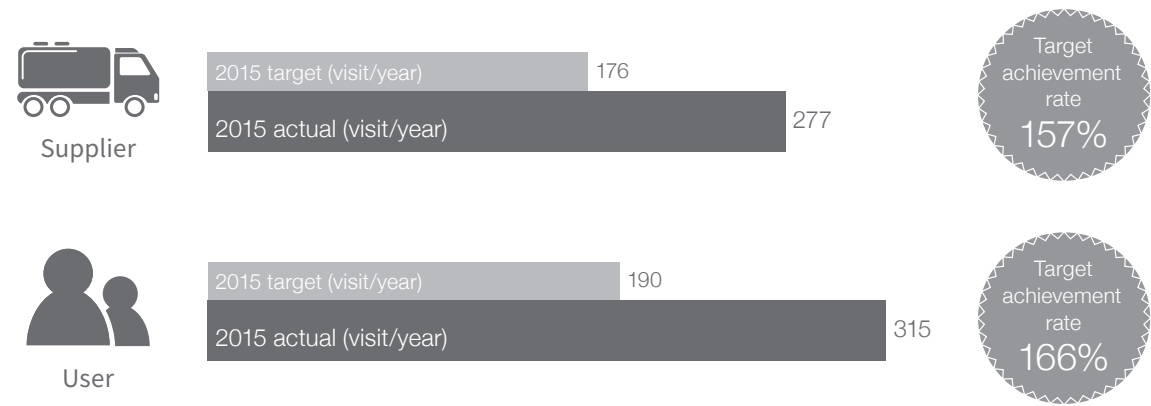


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To ensure the quality of service, we will refer to the supplier evaluation record to select them. Meanwhile, based on the bad transaction record, we will lower the grade of evaluation or exclude the supplier by assigning points of violation, and strictly control the one-time purchasing supplier.

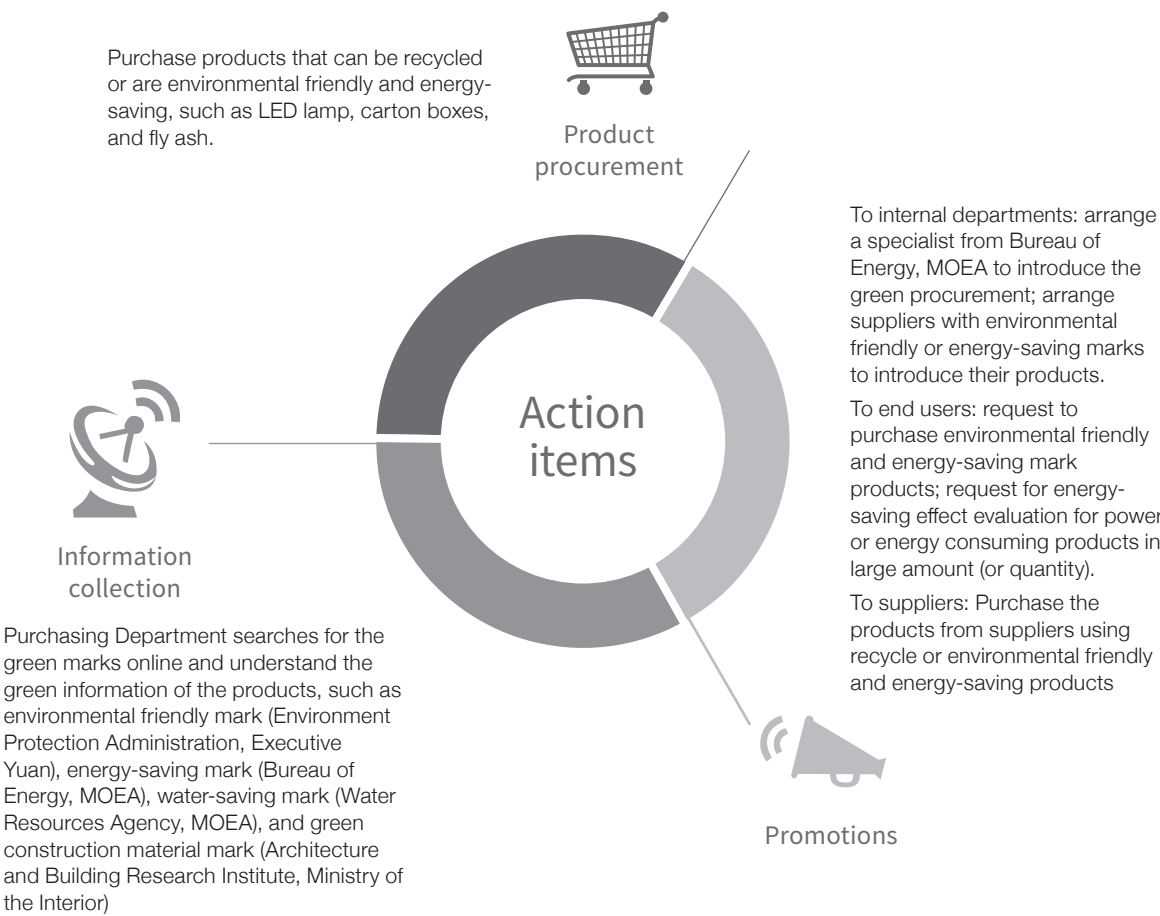
Fulfill Communication and Interaction with Supplier

We regularly visit end users and suppliers to keep in good interaction with them. The face-to-face communication helped understand each other’s request and enhance the sense of trust to increase the cooperation quality. With the annually planned visits, communication and responses on the sustainability topics were fulfilled and achieved the win-win purpose.



Encourage Green Procurement

By collecting information, promotion, and product procurement, we led the corporate and supply chain partners to do green procurement. We hope to drive the industrial chain to the green and eco-friendly production.

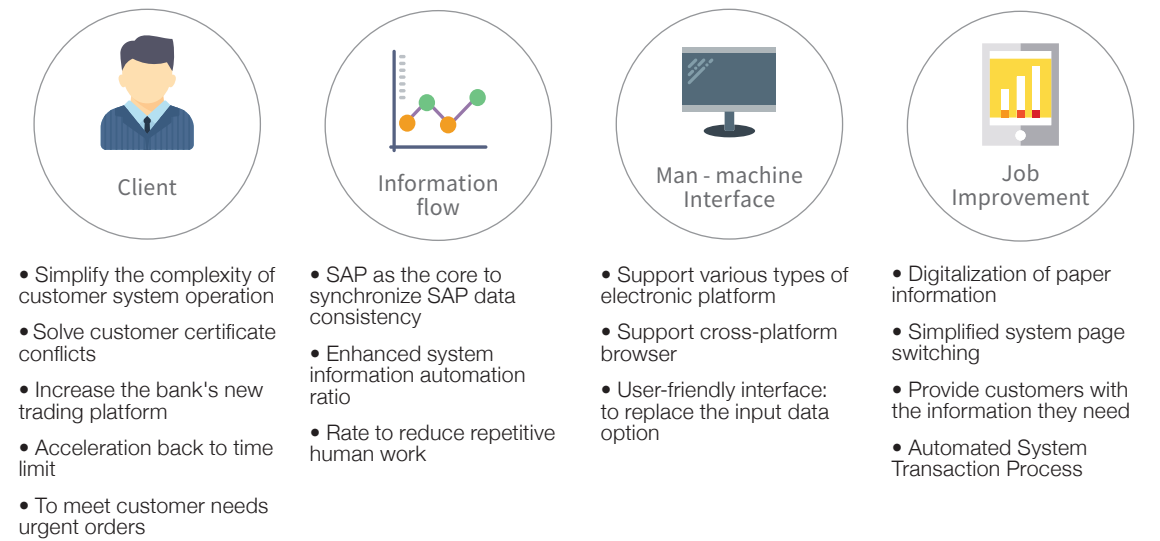


5-2 Customer Service

Asia Cement has a professional service team, whose duty is to observe customers' request and provide professional assistance and technical support for more diverse and reliable services. This is how we do it:

The most complete sales network	Two manufacturing plants are in charge of producing and providing the demand of domestic and overseas customers on cement. Four storage depots are convenient for delivery. Island-wide sales locations have experts assisting sales and after-sale services. The sales network makes production and sales more efficient.
The most convenient island-wide sea and land transportation	Two-direction sea and land transportation provides convenient and fast delivery to the sales locations. Five cement ships support the domestic transportation dispatch and exploit international frontier for overseas sales.
Customized solutions	Our salespersons irregularly visit our customers to understand their demand and propose a customized solution.
Comprehensive service	The comprehensive and professional sales team provides the most complete service to the customers with the attitude of excellence. They create higher economic effect for the customers.
Professional testing service	Provide quality control services to help customers concerning laboratory analysis and other technical services about cement, clinker, slag powder, readymixed concrete and other materials. The laboratory of Hualien plant is certified on 42 testing items by the TAF. The lab is equipped with a variety of advanced equipment which benefits product research and development, increases product quality, and increases the value to customers. Furthermore, Asia Cement welcomes customers to visit our plants and provide professional service to them, so that customers could understand the cement production process and learn more about environmental protection measures adopted by Asia Cement.
Virtual and physical channels, more convenient to place orders and pick up products	A virtual e-transaction platform is created for the first time, the orders can be placed on-line directly, the payment method is convenient and time saving. There are 90 physical distribution locations around Taiwan, multiple ordering and products picking up options are available including picking up the goods at factory, station warehouses, or delivering to construction sites directly. The fast and convenient service is offered to meet various needs of customers. To increase the efficacy of the e-transaction system and to provide more friendly user-interface, in 2015, Asia Cement planned a project of the second generation cement e-transaction system. It is expected to have the benefit including four aspects. Please refer to the following figure for the details.

Second-generation order system



Customer Satisfactory

Professional service and excellent product quality satisfying customers' demand are the keys to the corporate success. Therefore, Asia Cement establishes a customer-oriented quality system and operation concept. With objective monitor, we evaluate customers' satisfaction to the products or services in order to understand the expectations. This will be used as achieve the goal of corporate

Asia Cement conducts the randomly selected location at the end of survey with five sections courtesy of telephone experience; D. E. product quality sale service), 20 Each question extremely satisfied satisfied (4 points), not satisfied (2 points) satisfied (1 point). added up, integrated, sales department will low satisfaction points (2 responding measures and customers satisfactory survey surveys. The return rate was 100%. The score of each question was more than 4 points; the customer satisfactory score was 98.57, reached the target 95 points. In recent 3 years, the customer satisfactory score maintained at extremely satisfied. However, Asia Cement will still keep excelling and improving products and services to provide better services and quality.

Product quality and after-sale service

Courtesy of telephone service

Order experience

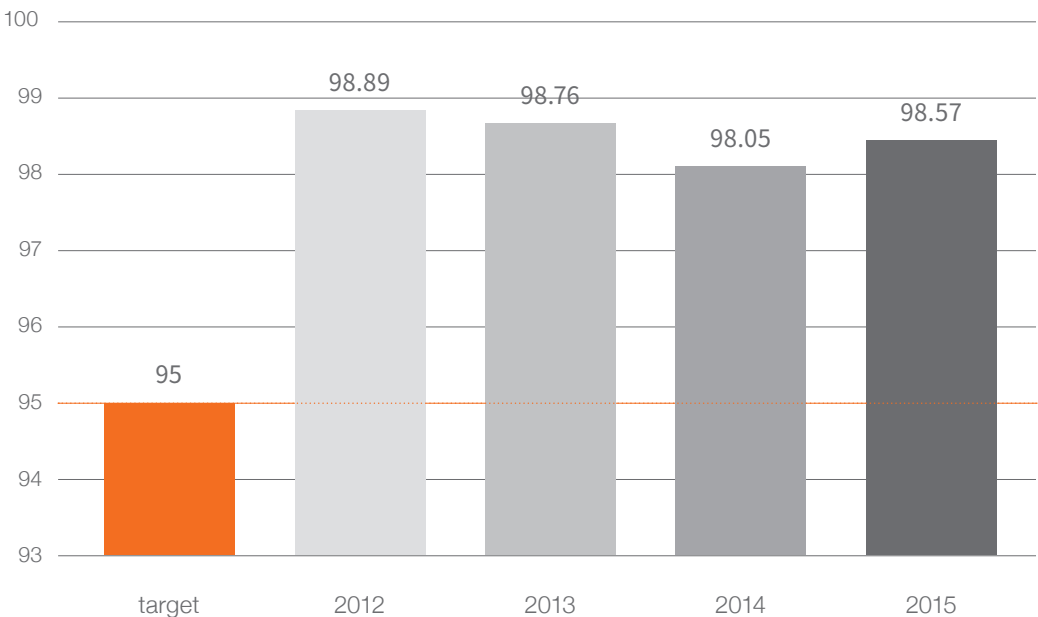
Delivery experience

Performance

Customer satisfactory sections

a questionnaire survey on customers of each sales each year. It is an online (A. performances; B. service; C. order delivery experience; and after-questions in total. is scaled with (5 points), Very satisfied (3 points), and extremely not The survey will be and analyzed. The review on the items with points and 1 point), make improvement. The 2015 had 99 samples and returned

Asia Cement Customer Satisfaction Survey



The Percentage of Recycling Products and Packaging Material

There are two types of packaging for cement shipping, the bulk and the bag types. For the Company, most of the package is bulk type. In 2015, the percentage of bulk cement package was 89.6% of the total shipment, the bag type only 10.4%. The material of cement bags is mainly PE coating bag or weaving bag, the Company mainly uses the PE type for recycling and reuse to reduce the contamination to the environment, weaving bag cannot be recycled. The bag type of cement is sold to constructor by distributors and processed by contractor on the site. A part of the bags are recycled and a part of them are used to collect wastes in the construction site to effectively reduce the damage to the environment.

A Complete Concrete Lab Providing Complete Tests to Customers

The concrete lab routinely tests features of concrete by mixing cement to learn the concrete features of cement, and further self-monitoring the quality of cement. It tests the products according to the criteria to ensure all products shipped from the factory meet the requirement of CNS 61 Portland Cement. This concrete lab is very well equipped, plus professional concrete quality

engineers providing the most direct and strong services to the customers of ready -mixed concrete plants and cement plants. In 2015, the lab of

Hualien Plant continuously received the certification issued by National Certification Foundation and was proved to have the best quality.



Anti-competition Behaviour

On March 13, 2013, the Fair Trade Commission found that since September 4, 2008 to September 26, 2012, nine private power plants disagreed pricing rate adjustment with Taipower Corporation. The key issue is whether nine private power plants jointly delay negotiations or reject rates adjustment. After all, the nine private power plants were fined NT\$ 6.32 billion penalty in which our subsidiary, Chiahui Power, was fined NT\$ 400 million.

However, the fact is that nine private power plants have individual contracts with Taipower with no competitive relation. This does not constitute a cartel. Private power plant joint meetings were convened under the Ministry of Economic Affairs.

On April 19, 2013, Chiahui Power filed an administrative appeal to the Executive Yuan Appeals Review Committee. The Appeals Review Committee revoked FTC's decision on September 13, 2013 and asked FTC to make another lawful decision. Meanwhile, Chiahui Power appealed on November 7, 2013 to High Administrative Court. The Court ruled that Chiahui Power won the case on October 29, 2014. FTC appealed to the Supreme Administrative Court on November 28, 2014. The case is currently pending in the Supreme Administrative Court.

After three appeals and administrative proceedings, on Oct. 29, 2014, High Administrative Court made a ruling in the first trial in favor of Chiahui Power. On Nov. 28, 2014, Fair Trade Commission made an appeal to Supreme Administrative Court, Appeal Review Committee of Executive Yuan mailed a letter stating that "Before the final ruling of Supreme Administrative Court, the appeal procedure shall be stopped". On July 2, 2015, Supreme Administrative Court returned the case to High Administrative Court for retrial.



Happy Corporate

Happy Workplace, Taiwan High Salary 100

In 2013 when we first conducted the survey for the level of concern by the CSR stakeholders, Asia Cement's employees had high rating toward the company. We even have many workforces from the second generation, which means both the father and the son/daughter work in Asia Cement. We have high proportion of employees who dedicate their whole life to Asia Cement. Employees are the most important asset and the most important stakeholder of Asia Cement; therefore, our goal is to create a happy workplace for them. We set up labor unions and signed collective agreements with employees stating that the salary and working conditions shall not have any different for employees regardless of different gender or races. Also, we complete the goal of creating a happy workplace by providing all kinds of trainings to the employees to have the ability of continue working and career development. Asia Cement was one of the listed companies in the "Taiwan High Salary 100 Index" announced by Taiwan Stock Exchange. "Taiwan High Salary 100 Index" used the employees' salary as the main screening requirement and the basic factors to determine the weight. The index covered the corporate social responsibility and investment efficiency and it is a mean that Taiwan Stock Exchange used to fulfill the corporate responsibility, making contribution to the social expectation for raising the average salary. Employees are the most valuable asset in Asia Cement. Therefore, we regularly raise the salary, retain excellent talents, and fulfill the corporate social responsibility to create a happy workplace with high salary.

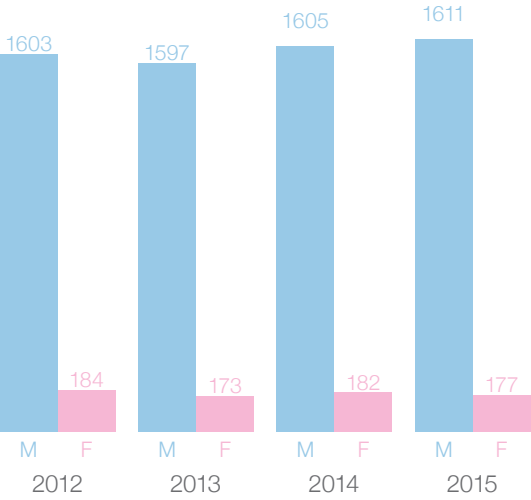
6-1 Human Resources

Asia Cement is a stable and mature company with no growth in the number of the employees. The average seniority is veteran with high concentration and loyalty. The labor contracts signed by the employees are non-short-term, non-temporary one with no fixed period to protect their working right. In respond to some periodically or short-term works, we have a small proportion of temporary employment. Asia Cement also protects the right of the employees to form a union. Currently, the Hsinchu Plant and the Hualien Plant have labor union organizations. The collective agreements signed with the employees promote good labor/management relations and protects the rights of both parties.

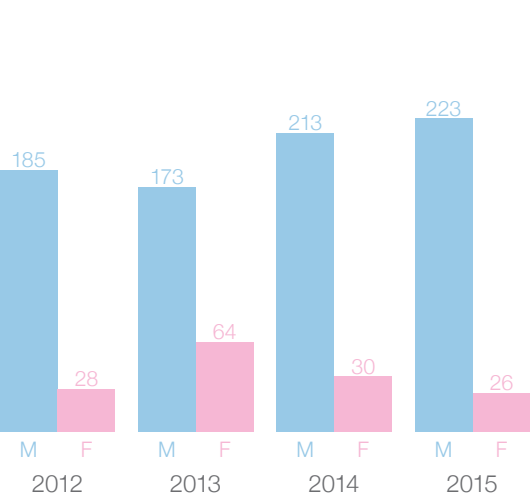
The Structure of Asia Cement's Employees

Owing to the industrial feature of Asia Cement, most of the employees are male, they are mostly the type of factory affairs. Except of retirement, the turnover rate is very low due to good welfare system and royalty.

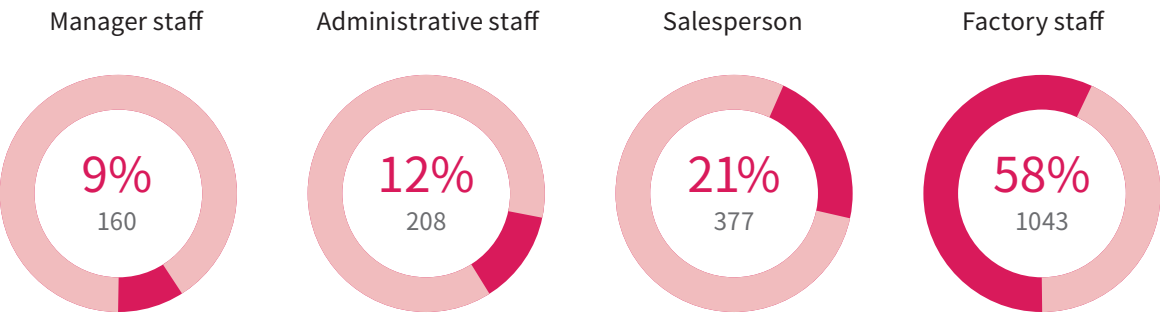
Asia Cement official number of employees



Asia Cement number of informal employees



Asia Cement 2015 Category and number of employees (%)

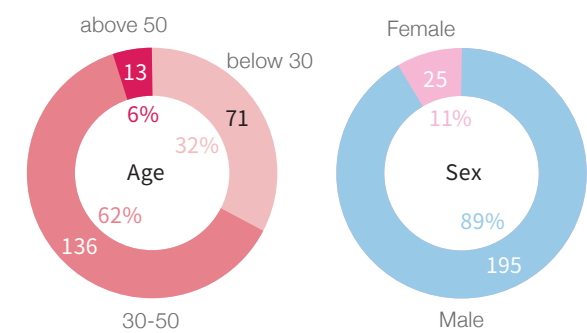


Note: Manager staff is above level 12. In addition to Chiahui Power has a Japanese high-level executives, the rest are Taiwanese.

Staff		2015 staff gender			2015 staff contract	
Site		Male	Female	Subtotal	Periodic contract	Non - periodic contract
	Headquarters	118	35	153	0	153
	Hsinchu Plant	104	1	105	0	105
	Hualien Plant	301	13	314	0	314
	Ya Tung Ready-Mixed Concrete	403	65	468	16	452
	Yuan Long Stainless Steel	206	16	222	0	222
	Ya Li Precast and Prestressed	39	6	45	4	41
	Nanhwa Cement	20	0	20	0	20
	Chiahui Power	53	7	60	2	58
	Fu Ming Transportation	358	29	387	2	385
	Ya Li Transportation	9	5	14	0	14
total		1,611	177	1,788	24	1,764

2015 New and Resigned/Retired Staff

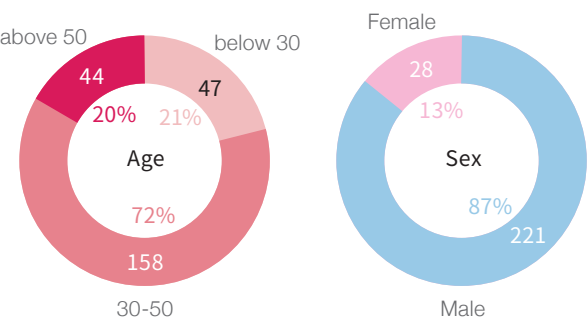
New staff



In 2015, the turnover rate of the cement core business was 6%, the higher one was Fu-Ming Transport with 27%.

site	staff	Resigned/ retired staff	Turn- over rate (%)
cement	572	37	6%
Ya Tung Ready-Mixed Concrete	468	62	13%
Yuan Long Stainless Steel	222	35	16%
Ya Li Precast and Prestressed	45	7	16%
Nanhwa Cement	20	0	0%
Chiahui Power	60	2	3%
Fu Ming Transportation	387	106	27%
Ya Li Transportation	14	0	0%

Resigned/retired staff

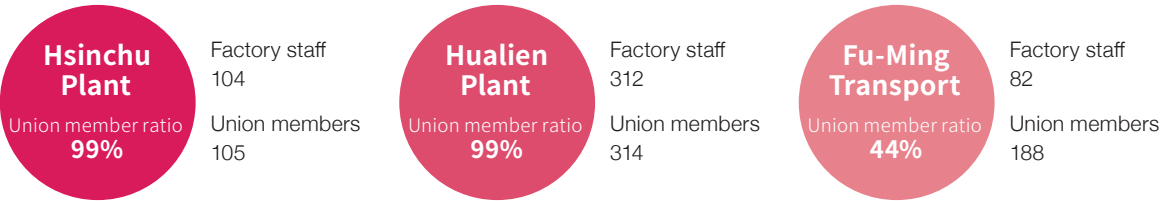


Employee Diversity

The employees of Asia Cement are composed from diverse groups, including Han and indigenous people. Hualien Plant has indigenous employees mostly from Amis, Atayal, and Taroko tribes, accounting for 10.12% of total employees. This number is far more than the 5% of Outstanding Award of Rules of Government and Companies Hiring, Using Indigenous People with Excellent Performances.The overall indigenous employee ratio is 7% including the number of subsidiaries. The percentage of employees with physically challenged meets the requirement of the law (1%)

Labor Union Operation

99% of the members of the Asia Cement Labor Union are the factory staff. In 2015, the Asia Cement Union held Regular Directors and Supervisors Meeting, Interim Directors and Supervisors Meeting, Members Meeting, and many other activities to promote the wellness of the employees.



Note: The factory manager and human source manager of the Hualien Plant and the factory manager of the Hsinchu Plant represented the employer. They did not join the union.

The Appeal Mechanism for Employees

Asia Cement had established various employee communication channels to ensure the response to employee' s needs and suggestions. Employees can join union to express their opinions. In the event that employees are treated unfairly in the workplace, or find violations or illegal matters by the department, they can appeal or report via telephone, fax or emails. Asia Cement will carefully and actively respond and process. It will also investigate according to the related regulations and process guidelines of the Company. Depending on the level of the matter, the Company will adopt appropriate treatment in order to guide the associated personnel to follow the rules and regulations, in order to maintain the discipline and the image of the Company, and to maintain the rights of shareholders.

In 2015, there were no appealings from employees.

6-2 Employees' Welfare

Asia Cement always views the employees as the biggest asset. We hope to attract excellent talents to join in Asia Cement by providing competitive salary system. We also promise to provide quality working platform and challenging tasks, incubating and leading the talents who agree to the company' s mission, vision, and core values to the goal of success.

Employee Remuneration Systemization

Regarding the employee remuneration system, Asia Cement has stipulated in its Company Charter that for any earning generated in a particular year, the Company shall appropriate earning before tax with 2.0% to 3.5% as the remuneration for employees. The percentage of appropriation for the subsidiaries shall be 1% to 5% of the earning before tax. All employees of Asia Cement can enjoy the achievement from the operation of Asia Cement.

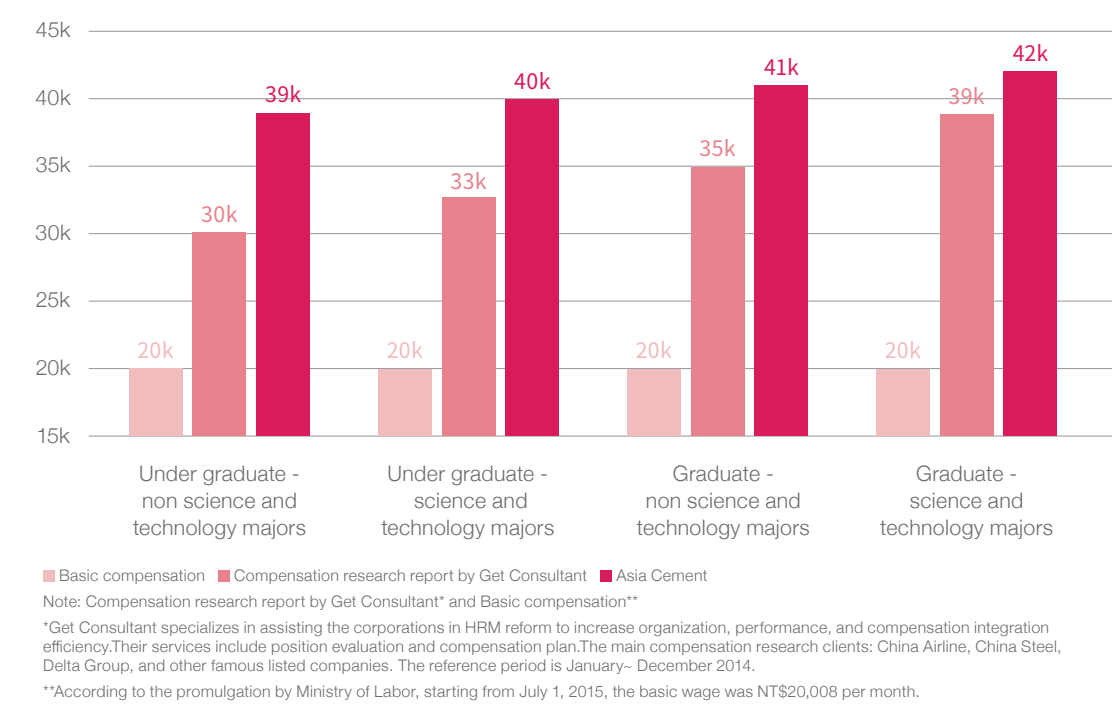
Items	2013	2014	2015
Short-term employees' welfare			
Salary expenses	810	913	785
Labor insurance and health insurance	48	53	51
Other personnel expenses	38	41	50
subtotal	896	1,007	886
Post-employment benefits			
Defined contribution plan	17	16	16
Defined benefit plan	(3)	(5)	(38)
subtotal	14	11	(22)
Total	910	1,018	864

Unit: NT\$ 1,000,000

Competitive Salary System

Asia Cement has harmony labor/management relations. The employees love the company and devote themselves to work. In recent years, we have outstanding performances in the production and the sales. The current working rules are stipulated according to Labor Standard Act with some of the regulations and welfare better than the law. In addition to better salary than our rivals, we also have three-holiday(Spring Festival, Dragon-boat Festival, and Mid-Autumn Festival) bonus to encourage clinker production, and attendance bonus, the cost-saving performance bonus, and mid-year special bonus related to net operation profit. Any earning will be distributed according to the Article of Incorporation. This has been listed in our Article of Incorporation and collective agreements.

Asia Cement Competitive salary



The ratio between the highest total annual individual income and the annual median income of other employees (not including the individual with the highest salary) is between 2.01 ~9.06 :1. In 2015, the ratio of the percentage of salary increase between highest annual individual income and the annual median value of the average annual income of other employees (not including the individual with the highest salary) is between 1.85% and 2.72 : 1.

Site	The ratio between the highest total annual individual income and the annual median income of other employees (not including the individual with the highest salary)	The ratio of the percentage of salary increase between highest annual individual income and the annual median value of the average annual income of other employees (not including the individual with the highest salary)
Cement	6.34 : 1	0.46 : 1
Ya Tung Ready-Mixed Concrete	6.46 : 1	-0.90 : 1
Yuan Long Stainless Steel	9.06 : 1	-0.03 : 1
Ya Li Precast and Prestressed	2.44 : 1	0.76 : 1
Nanhwa Cement	2.01 : 1	2.72 : 1
Chiahui Power	4.79 : 1	-1.85 : 1
Fu Ming Transportation	2.46 : 1	1.00 : 1
Ya Li Transportation	5.03 : 1	1.16 : 1

The ratio between the starting salary of the basic level employees at important operation locations and the lowest wage is between 1.15 and 1.36.

Site	Grassroots personnel Starting salary	Minimum salary rate
Cement	27,182	1.36
Ya Tung Ready-Mixed Concrete	24,436	1.22
Yuan Long Stainless Steel	26,377	1.32
Ya Li Precast and Prestressed	23,000	1.15
Nanhwa Cement	27,272	1.36
Chiahui Power	23,436	1.17
Fu Ming Transportation	25,104	1.25
Ya Li Transportation	23,000	1.15

Asia Cement maintains same salary condition for workers in the same level. The salary of the experienced worker is approved by their experiences and education, specialties, and certificates. After hired, they will be fairly evaluated according to the performances and training. The beginning salary and the working condition will not be different due to different gender or races.

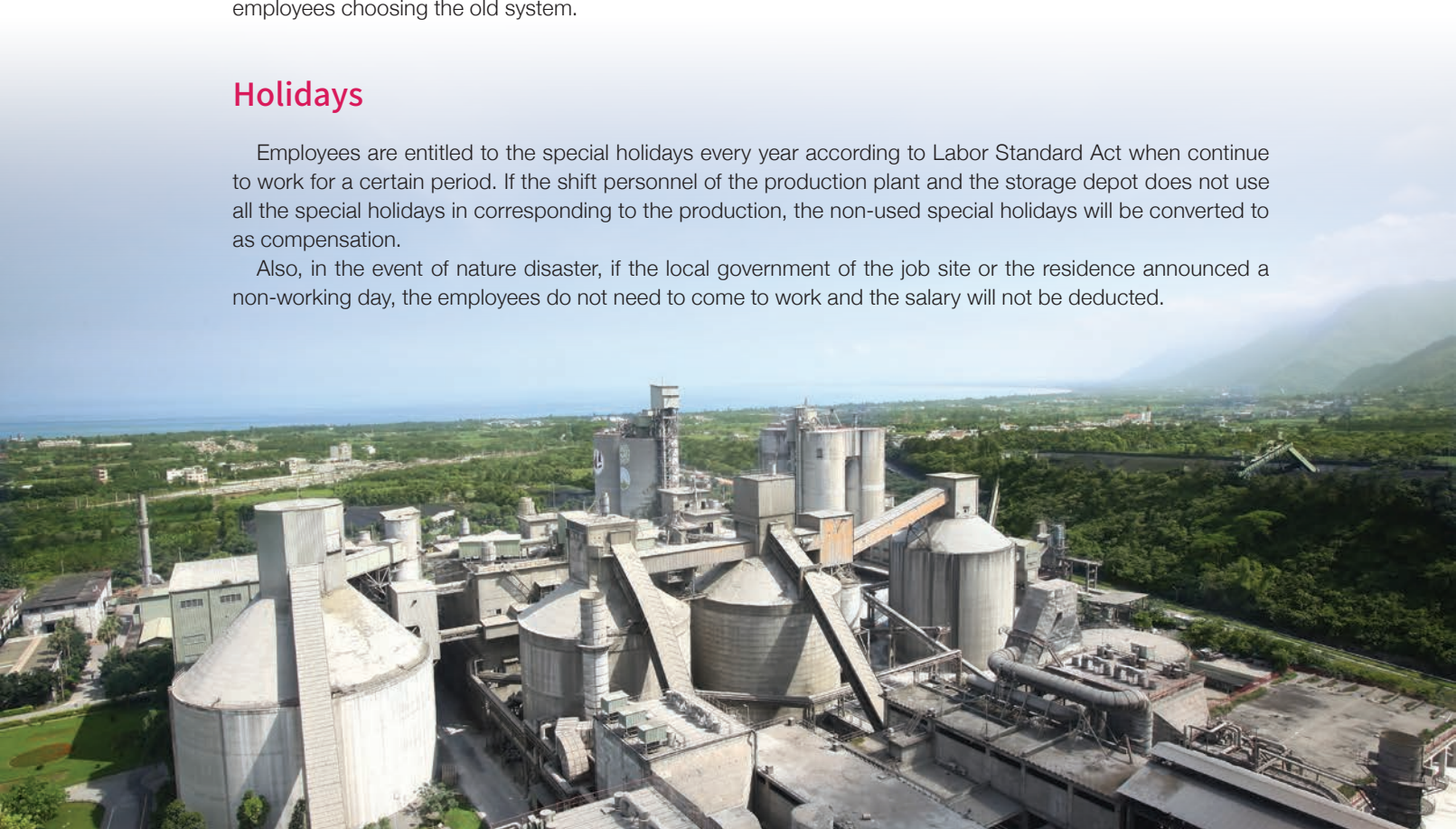
Employees' Retirement Welfare

In the "Employees Working Rules" of Asia Cement expressly stated the rules for hiring, service, valuation, award and punishment, promotion, and retirement welfare. We set up a labor pension supervisory committee by law and contribute a certain proportion of pension to the designated institution by the overnment. The committee holds meeting regularly to review the pension contribution and usage and protect the rights of the retired employees. Currently, we have employees using new and old pension systems. For employees choose to use Labor Pension Act, we contribute 6% of salary according to the compensation level to the individual account in Bureau of Labor Insurance. We also contribute labor pension (8%) to protect the rights of the employees choosing the old system.

Holidays

Employees are entitled to the special holidays every year according to Labor Standard Act when continue to work for a certain period. If the shift personnel of the production plant and the storage depot does not use all the special holidays in corresponding to the production, the non-used special holidays will be converted to as compensation.

Also, in the event of nature disaster, if the local government of the job site or the residence announced a non-working day, the employees do not need to come to work and the salary will not be deducted.



Full-time Employees' Welfare

Asia Cement had established an Employee Shareholding Association, employees can join it and able to continuously invest and manage stocks of the Company in a long term basis to accumulate wealth and to enhance the stability of living after the retirement or the resignation. After the employees who demonstrate good performance and meet the conditions apply and join the association, a certain fixed amount of monthly salary is appropriated as the trust fund which is deposited into the employee' s account of trusty. Relative to the trust fund, each month the Company also appropriates bonus and distributes to the member employees as the bonus. Such bonus is treated as a part of the income of the member employees.

Asia Cement has Employees Benefit Committees to allocate bonus and hold all kinds of activities by law. The factories have basketball court, tennis court, badminton court, table tennis court, and swimming pool for the employees to use after work. The benefits also include employees' physical checkup, group insurance, and children education, employees' outings, and employees' club activities subsidies.



Weight-loss class, year 2015



Employee outing

Welfare Description

1

Bonus:
employees' bonus

2

Award money/gifts: year-end bonus, three-holiday bonus, and Chinese New Year/ Dragon Boat Festival/ Labor Day/ Birthday voucher

3

Insurance: labor insurance, health insurance, group insurance, pension

4

Comprehensive education trainings

5

Physical check-up

6

Affiliated corporation special offers: special offers from Far Eastone, Far Eastern Departments Store, and Far Eastern Commercial Bank

7

Subsidies: club, outings, wedding/children education/maternity, and year-end dinner party

8

Employees assistance plan: cooperate with "Hsinchu Lifeline-Employee Assistance Service Center", professional social workers and psychologists provide professional consultant to the employees regarding career, family and parenthood, and interpersonal relations.

Maternity and Paternity Leaves

For the employees with maternity or paternity needs, they can apply for maternity or paternity leaves before the child reaches 3 years old for 2 years the longest. After the maternity or paternity leaves, in order to assure the employees can return to the work, we offer related returning training, helping them to learn about the current situation.

Year	2015			
Item	Male	%	Female	%
Number of employees eligible for maternity or paternity leave in 2015	84	81%	20	19%
Number of employees apply for maternity or paternity leave in 2015	0	0	0	0
Number of employees can apply for returning to work in 2015	0	0	0	0
Number of employees apply for returning to work in 2015	0	0	0	0
Returning rate	-		-	
Number of employees serve for one year after applying for returning to work in 2014	1	50%	1	50%
Maternity or paternity leave retention rate	100%		100%	

Note 1: Calculation of employees eligible for maternity or paternity leave: employees applied for maternity or paternity leave from 2013 to 2015
Note 2: Returning rate calculation: 2015 actual returning employees after maternity or paternity leave/2015 employees shall return to work after maternity or paternity leave x 100%
Note 3: Retention rate calculation: 2013 employees still at work after 12 months after returning to work from maternity or paternity leave/ 2013 returning employees after maternity or paternity leave x 100%

6-3 Training and Education

Training Policy and Category

In responding to the demand of corporate development and organizational manpower layout, increase the knowledge, attitude, and skills of the workers needed for team and individual target, promote production efficiency and quality, enhance corporate profit and brand image and assist the employees to strengthen the employability, and satisfy the customers' demand and fulfill the corporate social responsibility, we develop the training policy.

Professional training

The professional training that each department gives the workers to increase the professional knowledge and skills.

Level training

Cultivate and enhance the skills of the workers. The main purpose is to increase the management ability, knowledge, skills of each level staff, and exploit the future career vision.

Common training

To cultivate and increase the common knowledge, attitude, and skills of the workers to comply with the corporate core value, culture, and goal. It includes language, computer, new knowledge seminar, mental health, regulations, and occupational safety.

New employee orientation training

The common pre-employment training introduces the company organization, history, operation concept, corporate culture, personnel and benefits, management regulations, environment, and products to the new employees.

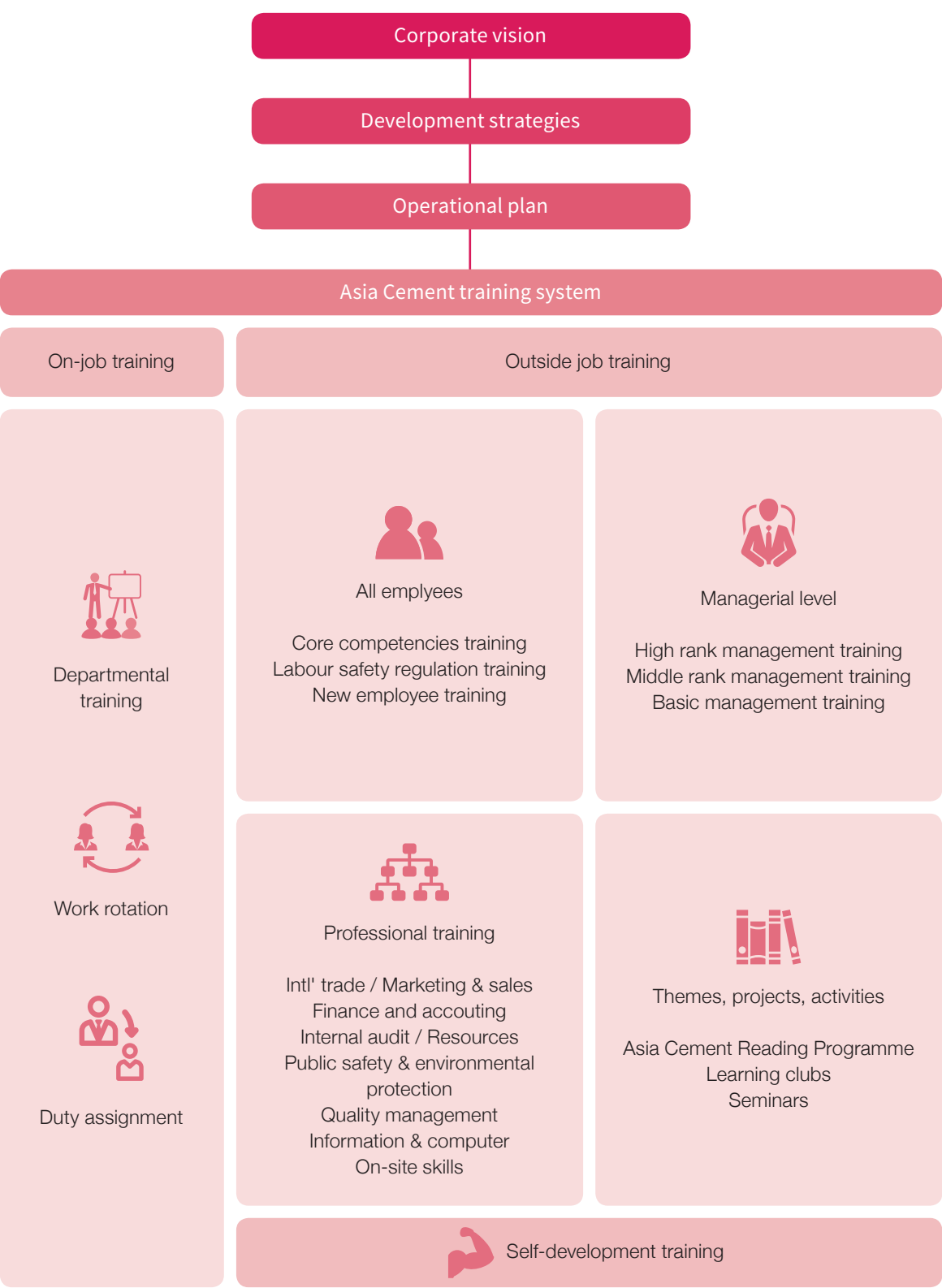
Self-inspiration training

Provide books, training material, journals, magazines, audio (video) files, and DVD for the employees to study after work or at their leisure time.

Other training

Other trainings in respond to the corporate operation and development.

Systematic Training



In order to increase the skills and management ability of the employees when executing the duties as well as stimulate their potential to take all kinds of challenges, Asia Cement provides diverse and abundant learning resources. The corporate vision, department goals, and employees' talent can work together closely. By cultivating learning type organization, we achieved the goal of continue learning.

2015 Average training hours of employees of each category

type		Manager staff		Administrative staff		Salesperson		Factory staff	
site		Male	Female	Male	Female	Male	Female	Male	Female
	Asia Cement	29	26	24	27	12	18	21	18
	Ya Tung Ready-Mixed Concrete	14	-	18	10	22	14	17	9
	Yuan Long Stainless Steel	5	-	12	3	4	2	12	3
	Ya Li Precast and Prestressed Concrete Industries	7	-	-	25	21	-	135	-
	Nanhwa Cement	48	-	16	-	-	-	16	-
	Chiahui Power	34	36	-	7	-	-	24	-
	Fu Ming Transportation	18	18	24	22	24	-	70	-
	Ya Li Transportation	-	2	1	2	-	-	9	-

Note: "-" No female

Management of Employee Occupational Skills and Life Time Learning

In addition to systematically train and strengthen various types of employee skills and good performance management, the Company also initiated an employee assistance plan for the employees to consult the issues of retirement or career change. Or they can be referred to a professional consultant for one-on-one meeting. The Company also provides level B technician for employment service and career advisor certified by the professional institute for professional counseling service to assist employees with their career planning.

Performance Management Cycle

Asia Cement divides the staff into four categories: manager staff, administrative staff, salesperson, and factory staff for periodically evaluation. The evaluation includes employees' performance goal and core skill evaluation. The manager and the employees will set up a common and defined goal in the beginning. The goal will be reviewed and followed-up in the middle of the year and evaluated in the end to increase the company's operation performances and confirm the annual development and performance of the employees. The manager will also take this opportunity to discuss with the employees about the individual development demand and career planning and the suggestion for the years to come.



Happy Corporate

Green Environmental Sustainability

Green environmental sustainability is the corporate environmental mission of Asia Cement. The only strategy is to endlessly create and pursue green environment. In compliance with UN sustainable development goal SDGs-7.3: “before 2030, the global energy efficiency shall be doubled”, Asia Cement has adopted the sustainable development strategy on the environment aspect: “fulfill energy saving and carbon reduction, create green homeland, enhance ecology education, and achieve environment sustainability”, and strived for a green environment sustainability via each phase of the product life cycle from the mining, production, transportation, use to disposal. It is expected to become a model for cement industry and to reach the goal of SDG sustainable development.

Furthermore, in order to echo government policy of purchasing green power, in 2015, Hualien Plant of Asia Cement had purchased 200,000 kWh green power to support the policy.



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7.1 GHG Emission Reduction AND Installation of Energy Management System

Asia Cement follows the regulations promulgated by the competent authorities. We also devote in reducing the impact on the environment during the production, advocate energy-saving

Greenhouse Gas Verification

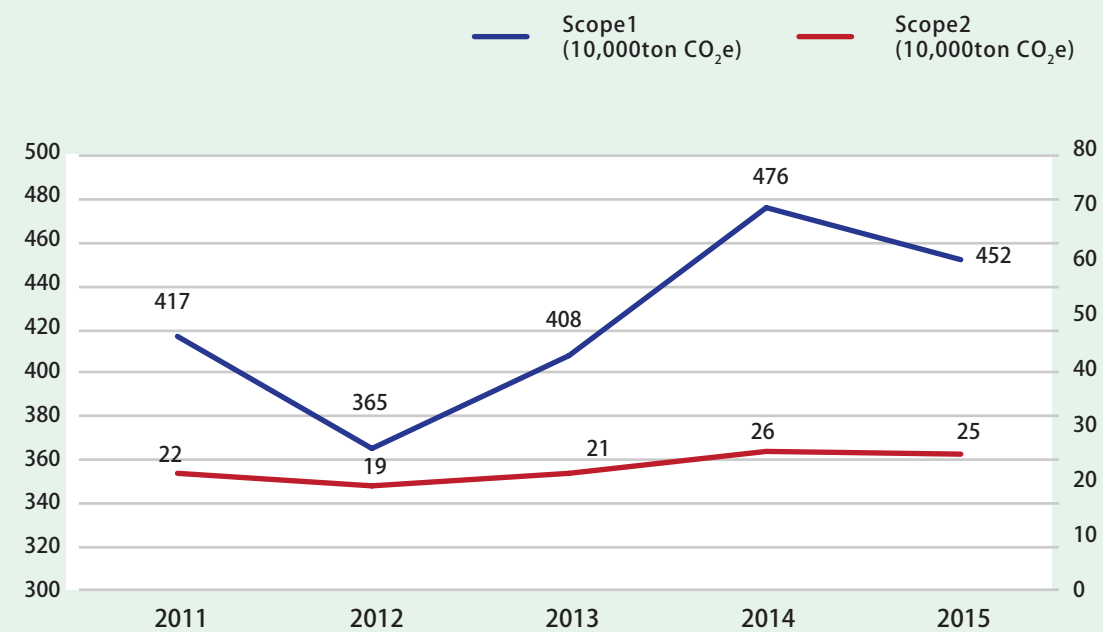
Chiahui Power uses 2005, the Hsinchu Plant and the Hualien Plant use 2013 as the basic year to establish a greenhouse gases management system. They used IPCC 1995 GWP value and the national emission factors announced by the EPA to define the boundary with control right according to the inventory guidelines and regulations announced

by the EPA for ISO 14064-1. Since January 2013, they declared the operation amount quarterly and the annual greenhouse gases emission amount. After external verification, the investigation results will be logged onto “National Greenhouse Gases Registration Platform” of the EPA. The other subsidiaries responded to the policies of the headquarters

and conduct self-investigation since 2014 to include the fossil fuel and purchased electricity in the calculation.

The emission of Asia Cement in 2015 was (the data of Hsinchu plant, Hualien plant and Chiahui Power were verified by the third party, other data of the Company was from self-inventory.)

Asia Cement GHG Performance



Note: 2014 first include subsidiaries into the investigation scope. (the data of Hsinchu plant, Hualien plant and Chiahui Power were verified by the third party, other data of the Company was from self-inventory.) °



Carbon Right Management

Early Actions reduction

Each year, Asia Cement puts efforts in executing energy saving and carbon reduction measures. The greenhouse gases emission per ton of clinker is lower than other same business. According to “Principle of Greenhouse Gases Early Actions and Offset Projects of Environmental Protection Administration, Executive Yuan,” we can apply for greenhouse gases emission reduction credit from Environmental Protection Administration, Executive Yuan. In August 2014, we have gained 2,560,000 greenhouse gases reduction credits. These are expected to be swapped for the greenhouse gases emission reduction promises of domestic environment evaluation project, other domestic voluntary reduction credits or other usages being approved by Environmental Protection Administration in the future.

Voluntary reduction

The quantitative carbon reduction method and results of the Hsinchu Plant and the Hualien Plant have been approved and recognized by Industrial Development Bureau since 2005 and logged on the “Industrial Greenhouse Gases Voluntary Reduction Information Platform.” As of today, the recognized greenhouse gases reduction performance is 278,414 t CO₂e. In addition, new reductions of 10,319 mtCO₂e in 2015 are still under verification.

ODS Emission

Most refrigerant is R-134a and more environmental refrigerant R-410a. Currently, only the Hualien Plant uses ODS with a small portion of R-22 in cooling machine and air conditioner. The designed capacity is 194.18kg. In the future, we will purchase models using R-134a and R-140a when the existing models need replacement or new purchase. The cooling equipment used in the production in Hualien plant was broken down, the air condition equipment with R-134a(146kg) was purchased to replace R-22(49kg).

Installation of Energy Management System

In facing the importance of energy and the urgency of its saving, in 2015, Asia Cement undertook a preliminary preparation and planned in 2016 to install and certify ISO 50001:2011 energy management system in Hualien plant, Hsinchu plant and Ya Tung Mixed Concrete CO., Ltd. in order to continue the improvement of energy to reach the planned goal.

7.2 Air Pollution Prevention

Increase Air Pollution Prevention Efficiency

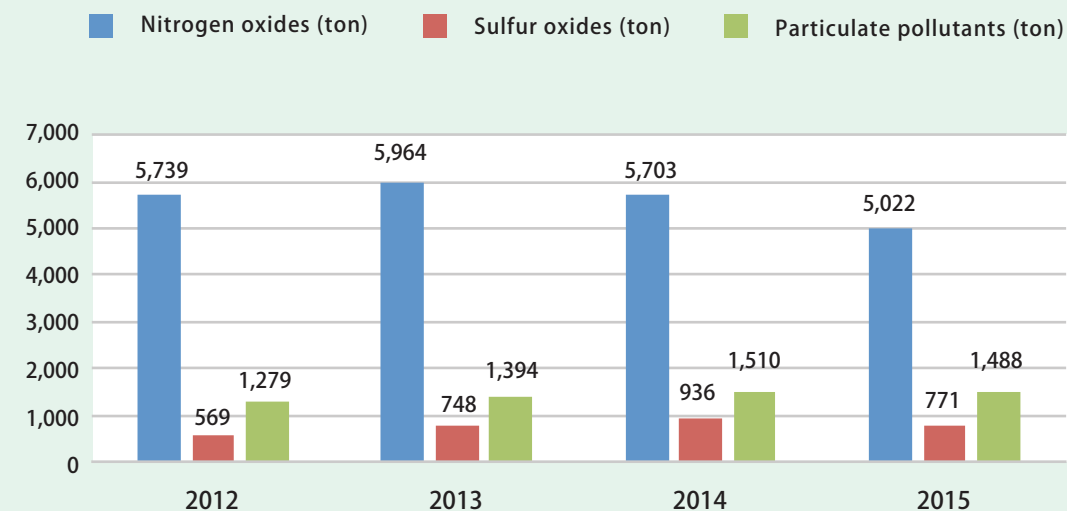
Stationary Pollutant Emission

Our cement plants use high efficiency dust collection equipment for end control and select good quality raw (fuel) material to reduce the air pollutant from the source. In order to follow the government regulations, prevent air pollution, maintain living environment and people's health, we stipulate "Air Pollution Prevention Operation Procedure" to manage all the opera-

tion and facilities that might lead to air pollution. The Hsinchu Plant and the Hualien Plant applied for operation license pursuant to Air Pollution Control Act and paid air pollution fee, arranged emission channel inspection, and declared air pollutant emission amount. These were operated and recorded according to the license. The emission concentration at each outlet was lower than the

emission standard. Each connected with the series automatic monitor facility with Hsinchu County Environmental Protection Bureau and Hualien County Environmental Protection Bureau to control the air pollution situation. We hope, by the efforts we put into the air pollution prevention, to achieve the vision of environmental protection and economic, as well as corporate sustainable development.

Asia Cement emission performance



Increase Dust Collecting Efficient Plan

In order to increase the particulate collection efficiency and reduce air pollutant emission, the Hsinchu Plant set up 2 electrostatic dust collectors 24 bag filters; the Hualien Plant set up 9 electrostatic dust collectors and 80 bag filters in 2013 with good dust collecting performance. The dust emission meet the legal requirement so that the air quality around the plant site is far above the national ambient air quality standard. Therefore, the EPA listed these two plants as the environmental protection demonstration plants.

Air Pollution Prevention Performance

The production process of cement is mainly on addressing the dust. Dust leakage will not only cause air pollution but also loss in raw material and products. Therefore, Asia Cement pays extremely attention on the performance of the dust collecting equipment. We used the best dust collecting equipment at the time of building the plant. Now the Hsinchu Plant has 2 electrostatic dust collecting machines and 24 bag filters. In 2015, the Hsinchu Plant invested NT\$12.79 million on air pollution prevention for bag filters improvement project, kiln outlet protection hood renewal project, and clinker EP renewal project.

There are 9 electrostatic dust

collecting machines and 80 bag filters in Hualien plant. In 2015, Hualien plant had invested NT\$58.53 million on air pollution prevention. For the purpose of improving power generation efficiency, during the maintenance period of the kiln, Hualien plant will blow the dust in the pipelines of the waste heat generating system to avoid dust flowing into the air. In 2015, it purchased a movable dust collecting machine to collect the dust from blowing to avoid the abnormal emission during operation.

As we have the latest equipment, the dust collecting performance is excellent. The emission amount is within the legal tolerant that the air

quality near the plant is far above the national standard. Therefore, the EPA listed these two plants as the environmental protection demonstration plants. The Hualien Plant has especially outstanding performance that the chimney exhaust dust amount is under 25mg/m³, far beyond the national standard. Since its excellent performances, it has been selected as "Industrial Pollution Prevention Outstanding Mine" by Chinese National Federation of Industries, "Top 10 National Pollution Prevention Outstanding Company" and three consecutive "Corporate Environmental Protection Award" by the EPA.



7.3 Water Resource Management

Effectively Use Water Resources

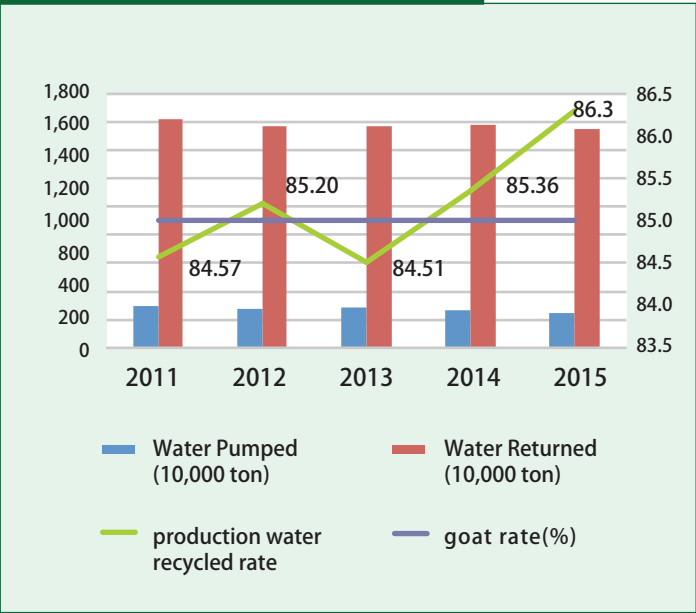
In-plant Water Resources

The production water used in Hualien plant mostly comes from deep wells and recycled production water. There are three deep wells in the plant, the total water pumped in the last three years only amounted to 51 to 57% of the approved. An observation well was installed near deep well #3 to observe the variation of ground water level during pumping. The ground water level is reported to the Water Resources Department of the county government each year to monitor and record the ground water level.

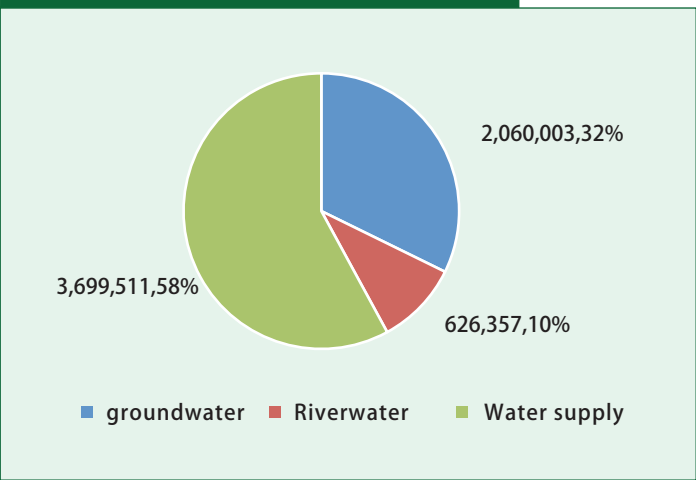
The water resource allocation in Hsinchu plant is handled by Northern Region Water Resource Office, Water Resource Agency, MOEA. The water comes from Yolo River and factory recycled water. The river water is pumped and stored into the storage tank and used as sprinkle water for the surrounding area, equipment cooling, dormitories and plant use. Some extra water is used by the community as the living water. In the future, the plant will install more recycle storage facilities, replace water-saving faucets and water-saving toilets to reduce the discharge of waste water and the pumping of river water.

In the past years, both Hsinchu and Hualien plants had been fully reusing water resources the rate of recycling production water has been maintained at a high percentage. The production water recycle rate in 2015 was 86.3%.

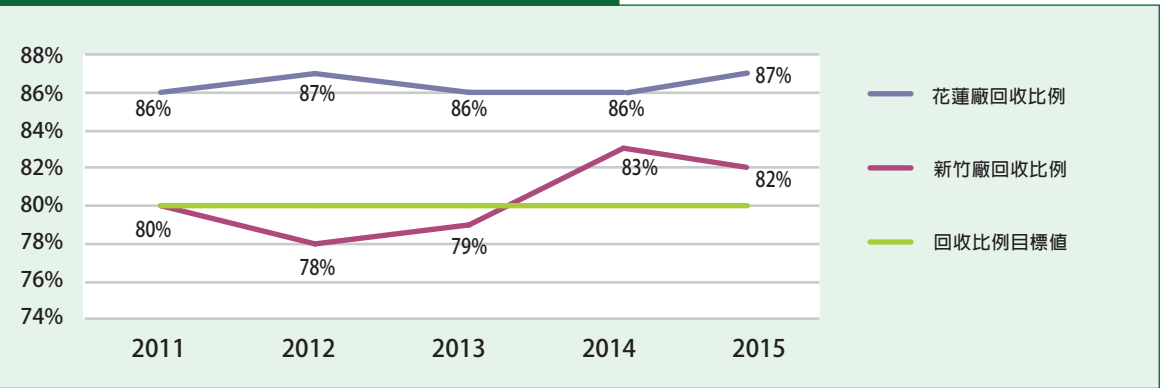
Asia Cement Water Performance



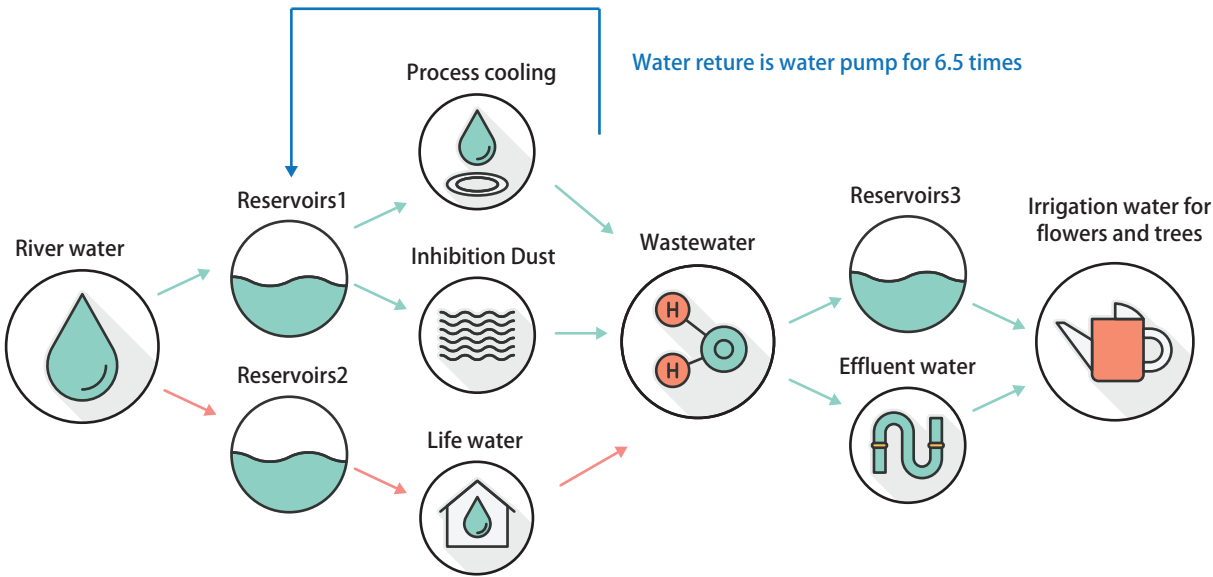
Asia Cement Water Source Analysis



亞洲水泥製程水回收比例及目標達成情形



Asia Cement Hualien factory "water-saving" actual as a schematic diagram



Waste Water Management

Effluent Water Quality

The Hsinchu Plant and the Hualien Plant has been issued the water pollution prevention licenses by the Environmental Protection Bureau of Hsinchu County and Hualien County, respectively. Their operations follow the water pollution prevention measures while putting efforts in recycling the waste water. The waste water discharged from Hsinchu and

Hualien plants in 2015 were 179,728 tons and 181,305 tons. The waste water from Hsinchu plant was discharged into wild creeks and merged into Touchien river. The waste water from Hualien plant was discharged into wild creeks and ended in the Pacific Ocean. The water quality was inspected and declared once every six months pursuant to Water Pollution Control

Act. In the past years, the water quality had conformed to the standard. The effluent water quality of both plants was largely lower than then standard.

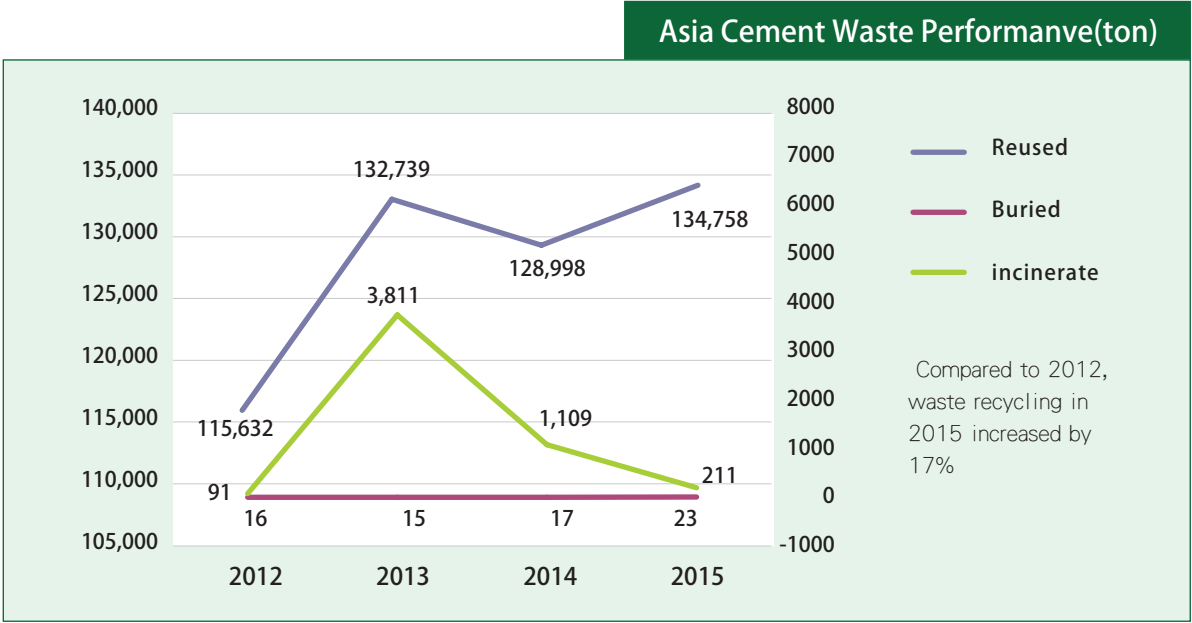
Chiahui Power has greater water discharged amount. In 2015 the total discharged amount was 298,661 ton, which was discharged into Puzi River after level I compliance disposal.

Date	2015 H1			2015 H1		
Item	Effluent Standards	Hsinchu Plant	Hualien Plant	Effluent Standards	Hsinchu Plant	Hualien Plant
pH	6~9	8.3	8.0	6~9	6.9	7.9
°C	38	16.7	26.6	35	25.6	30.5
Suspended Solids (mg/L)	50	22.8	3.8	50	3.4	3.6
Chemical Oxygen Demand (mg/L)	100	N. D.	6.4	100	N. D.	3.6

7.4 Waste Reduction

Waste Management

Asia Cement does not generate hazardous industrial waste, based on the waste process methods, they are recycled and reused, incinerated or landfilled, and declared to the authority pursuant to Environmental Protection Act and Waste Disposal Plan. The Company commissioned to a legal disposal company to remove the waste. The waste generated in both plants are managed according to ISO 14001 management procedure in order to increase the amount of reuse and to decrease the amount of incineration and landfill.



Resource Reuse

Waste Reuse in the Plant

The Hualien Plant has three rotary kilns that produce hundreds tons of waste refractory every year. Although they are waste, the refractory are composed of high content of aluminum, calcium, and magnesium, which are similar to the composition of the cement. Therefore, they can be added into the raw material for reuse. This is how the waste refractory comes to life again. First, the truck will carry the waste refractory to the limestone stacking yard. After being crushed by the excavator and the movable jaw crusher, the forklift will pave the limestone for the crushed waste brick to mix well with the limestone. Use the scraper to get into the grinding system for raw material reuse.



Renewed Raw Material

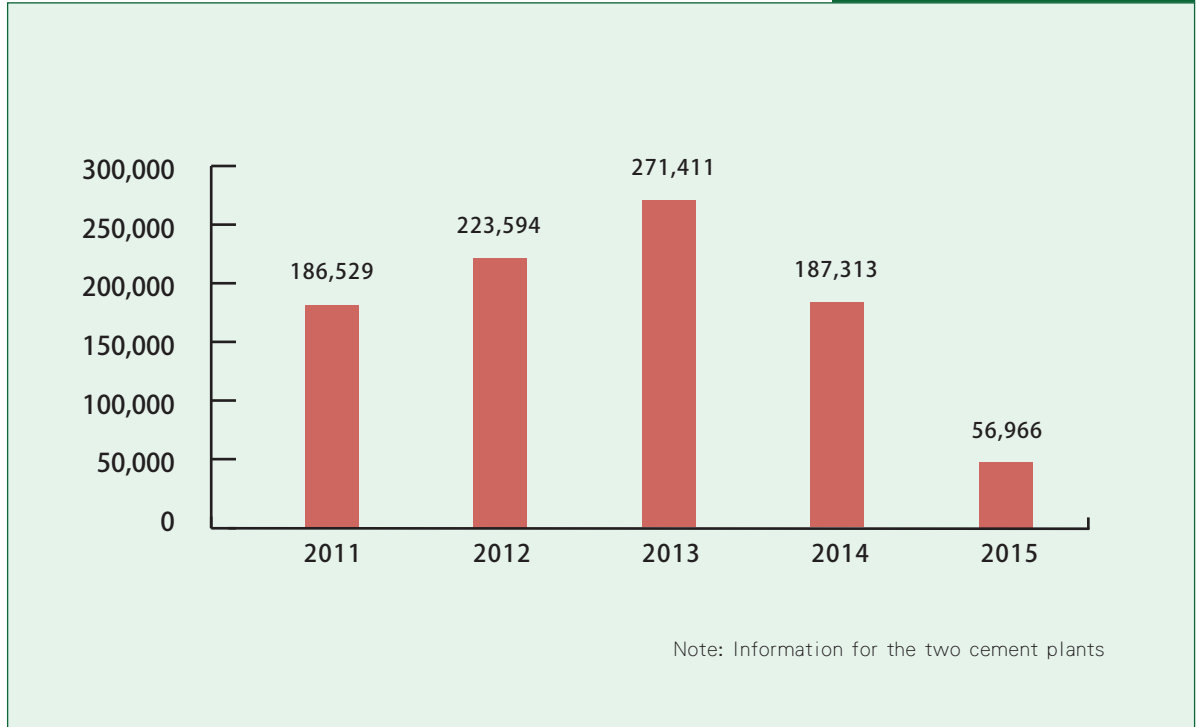
In respond to the waste resource reuse policy, renewed gypsum and steelmaking slag (iron sand) are sed in replace of the raw material during the production. Renewed gypsum is the substance generated by the limestone after desulfurization in the coal production at the coal-fired

power plant. It can be used in the cement grinding production. The steelmaking slag is the byproduct of steel industry. The iron sand added with appropriate amount of coal ash can be used in raw material grinding process. Use these two ingredient in place of the raw material can reduce

the exploit of the limestone and the impact on the environment.

The use of renewed raw material in 2015 was 56,966 tons, 1.3% of the total material used.

Asia Cement Renewed raw material Performance



Increasing Adding Proportion (Reducing the Percentage of Using Clinker)

Asia Cement values environmental protection, thinking it is the corner stone of the corporate sustainability. We propose to Bureau of Standards, Metrology & Inspection, MOEA to modify the standard of Portland cement. We suggested to add no more than 5% of limestone in the cement. Adding some limestone in place of clinker can reduce its use and further lower the greenhouse gas emission generated by the clinker production. This suggestion was accepted and modified in November 2011.

The Hualien Plant adds about 3%

of limestone in the cement grinding production. It was awarded by Industrial Development Bureau, MOEA, “Industrial Greenhouse

Gases Voluntary Reduction” as the role model for the industries to learn and one of the options in reduction measures.



7.5 Energy Saving and Carbon Reduction Performance

Energy Saving and Carbon Reduction Performance

Improvements in the Plant

Asia Cement practices many energy saving measures to fulfill the energy saving policy of the government. It had set the target of 24,750 tons CO₂e in energy saving and carbon reduction each year, equivalent to the fixed carbon amount of adding 500 phoenix trees each year (estimated based on 450 phoenix trees in Asia Cement).

In 2015, Hualien plant carried out “the improvement of the upper fan duct of Preheater #1” to reduce the use of fuel coal. It also used the kinetic energy of the down ramp belt to generate electricity to save the power use. Approximately 4,958 tons of fuel coal was saved, a great saving of energy. In the future, the

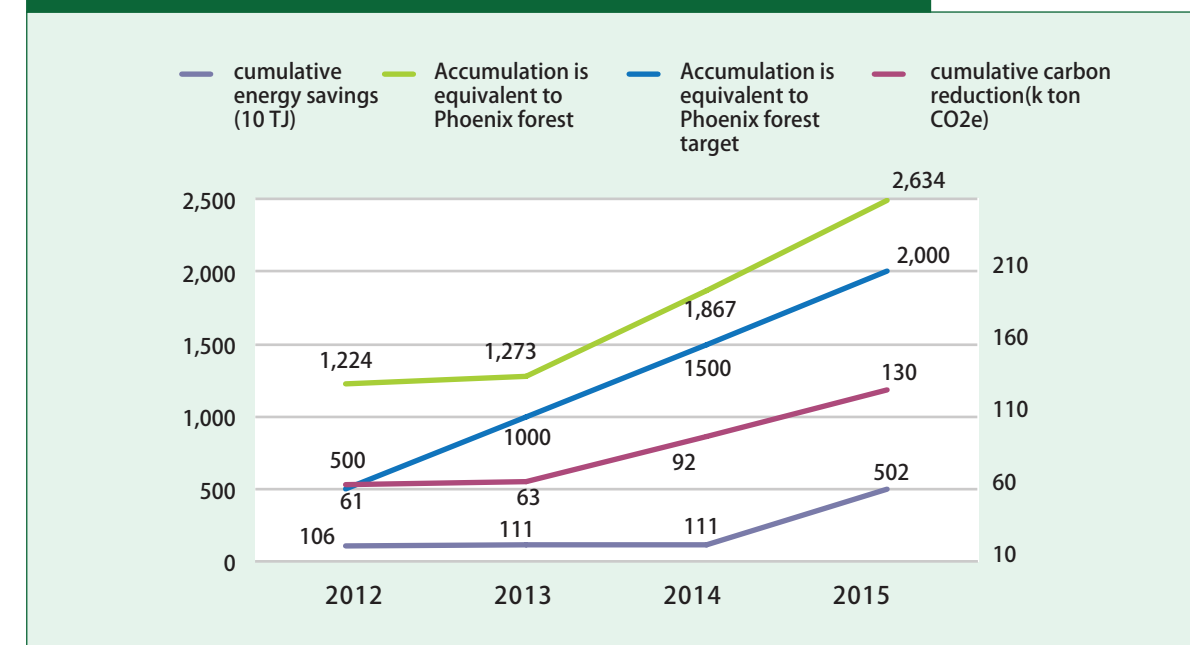
improvements will be planned continuously including the optimization of Cement Grinding System #4 in the plant to save energy, the modification of #1T/G cooling water tower to FRP reverse flow water tower to increase the power generation from waste heat, the energy saving project of Coal Mill Powder Selector #2.

In 2015, Asia Cement had reached great results in energy saving projects including replacing energy saving lighting fixtures and improving the vertical grinder of cement grinding system in Hsinchu plant, changing the fan motor to frequency variable type in Nanhwa Cement, improving the upper fan duct of the

preheater in Hualien plant, and improving the manufacturing process of electricity generator in Chiahui Power. The results of energy saving and carbon reduction were great in 2015, the amount of carbon reduced in Asia Cement was 37,901 tons CO₂e, equivalent to build a boulevard with 766 phoenix trees to remove the carbon. Since 2012, the amount of carbon reduced by Asia Cement has accumulated to 130,256 tons CO₂e, equivalent to build a forest with 2,634 phoenix trees (according to Ministry of Science and Technology, the national fixed carbon trees compilation end report, phoenix tree remove factor is 0.1099 ton CO₂e)

Company (Plant)	Energy Saving Measures	Calorific Value of Energy Saved(TJ)	Carbon Reduced (tCO ₂ e)
Hsinchu Plant	Replacing energy saving lighting fixtures	2.1	297
Hsinchu Plant	Cooling fan of Kiln #5 changed to variable frequency control system	1.0	139
Hsinchu Plant	Adding permanent magnet coupling on the water pump	0.2	27
Hsinchu Plant	Improving #6+7 cement grinding system vertical grinder	3.4	492
Hsinchu Plant	Using blast furnace slag to replace limestone	30.7	4,391
Hualien Plant	Improving upper fan duct of preheater #1	119.6	11,939
Ya Tung Ready Mixed Concrete Co. Ltd.	The fifth phase low energy consumption transportation project (diesel)	0.7	55
Yuan Long Stainless Steel	Recycling waste heat from waste boiler (natural gas)	20.5	1,148
Nanhwa Cement	Adding 5 fan motor variable frequency controller The total capacity is 916.6KW	3391.6	650
Chiahui Power	Improving power generation process Saving power + saving the power consumption of office air conditioning and lighting	14.0	2,028
Chiahui Power	Improving power generation process to save the use of natural gas	326.2	16,735
Total		3,910.0	37,901

Asia Cement Energy saving and carbon reduction performance



Transportation Energy Saving Management

Fuel is the main operational cost for the transportation industry. It account for 30~40% of the total cost. The malpractice of selling residue oil in private is often heard so it needs more reasonable management. Fu-Ming Transport

conducted the vehicle team energy saving diagnose in 2014 through Automotive Research and Testing Center. Four improvements were made according to professional suggestions to save the fuel cost and increase competitive-

ness. Through the adopting of information technology in the fleet management to plan the following four measures of improvement. In 2015, the energy saving measures were carried out continuously.

Fuel saving bonus

Keep adjusting the fuel approval standard. Stipulate different standards for routes and regions. Fuel saving bonus can be obtained if it is lower than the fuel approval standard. As of the end of 2014, the fuel saving bonus received by each employee increased, which benefited the company and the employees.

Coordinate with idle speed

We encourage environmental protection and save the expenses. If the vehicles are at idle speed for a long time, it will cause more exhaust and worsen the pollution. We improve the idle speed issue through GPS system management.

Control driving speed and

Fu-Ming vehicle team has installed the GPS and DVR on each vehicle to monitor if the vehicle has deviated the route or danger driving. Use e-tools such as GPS and “Vehicle management system App” to achieve real-time monitor.

Hardware

We create new and light-weight tankers with deflector, light-weight tires, and aluminum rim to reduce the exhaust pollution. With advanced equipment and logistics management, we can have the best effect on intelligence transportation.

Improvements

Cement Products Energy-saving Management



Green Harbor Energy-saving

Asia Cement has Cement Ship Shore Power Projects in Keelung Harbor and Taichung Harbor. It is the pioneer in the Taiwanese cement industry. It is energy saving, reduces carbon, and innovative, making Asia Cement the benchmark in domestic cement industry. Shore power technique reduces the pollution generated from the fuel that the ship uses every day when anchoring. The shore power systems in Keelung and Taichung Harbor save 1,717 kiloliter of fuel, 48,633 kilogram of NOx, 37,673 kilogram of Sox, 2,404,830 kilogram of CO2e, which equals to reducing the NOx emission of 40,000 diesel vehicles drive around Taiwan. Therefore, the success of Asia Cement in shore power technique becomes the good example for the shipping business. It has the potential to promote it to other shipping businesses in the future.



Energy Saving Regulations in the Workplace

Since July 2008, the Hsinchu Plant has stipulated the energy saving regulations in the workplace regarding electricity, fuel, water, and resource recycle. For example, change

the electricity using habit, encourage the employees commute by bicycles, adjust the water using equipment, and paper recycle. These regulations were announced and followed.

Facility Operation Efficiency

Bureau of Energy , Ministry of Economic Affairs announced “Regulations of Energy Saving and Energy Efficiency Index for Cement Manufacturers to Follow” in 2012. It regulates the energy efficiency index for raw material and clinker system, rotary kiln system, and cement grinding system, and it is effective on January 1, 2015.

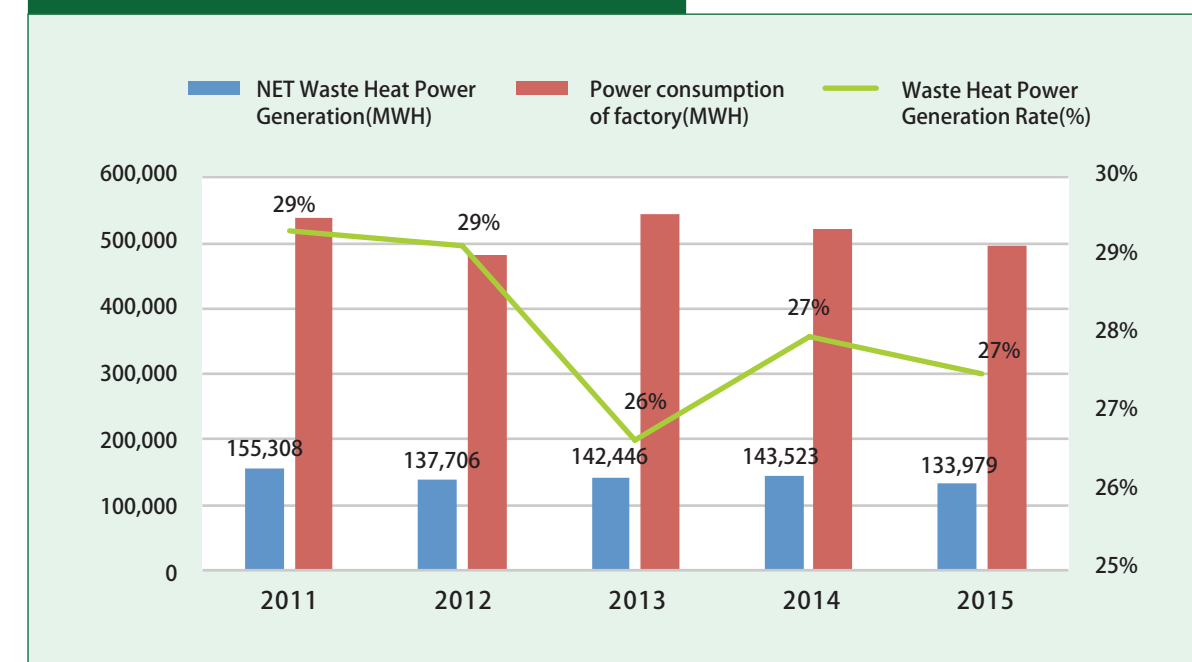
In the first half of 2015, Cement Grinding System #3 in Hualien plant was not able to reach the requirement of energy efficiency index. It was mainly due to the stringent requirement of the fineness of cement grinding, plus in the first quarter, the renewed material of the roller in the rolling machine was deteriorated. The pre-grinding cycling amount was not yet increased as well. In the second half of 2015,

Cement Grinding System #4 was not able to reach the requirement of energy efficiency index. It was mainly due to the stringent requirement of the fineness of cement grinding. Furthermore, in June of 2015, the porous plate and blind plate at the center of the outer circle were found to have broken holes, which caused irregular distribution of the steel balls in the ball grinding machine, as a result, the unit power consumption was largely increased. In January of 2016, the defective equipment was repaired. In the future, it will be included in the ISO 50001 energy management system to be controlled and further improved.

In 2015, all equipment in Hualien plant had met the energy efficiency index value. Since 2015, Hualien plant had taken the initiative to

implement the program in order to reach the energy efficiency index for each equipment and the target of saving 1% power annually. The program included lowering the fineness of the grinding, changing to energy saving lighting fixtures, adding variable frequency controller on cooler fan in Kiln #5, adding energy saving permanent magnet coupling on water pump, increasing CKP grinding pressure of #6+7 Cement Grinding Systems. The annual power saving had reached 4.61%. Starting from 2016, all mercury lamps will be replaced by electrode-less lamps, adding variable frequency device on air compressor of the cement grinding system, to continuously improve the energy efficiency index of the equipment and to lower power consumption.

Asia Cement Waste Heat Power Performance



Waste Heat Power Generation System

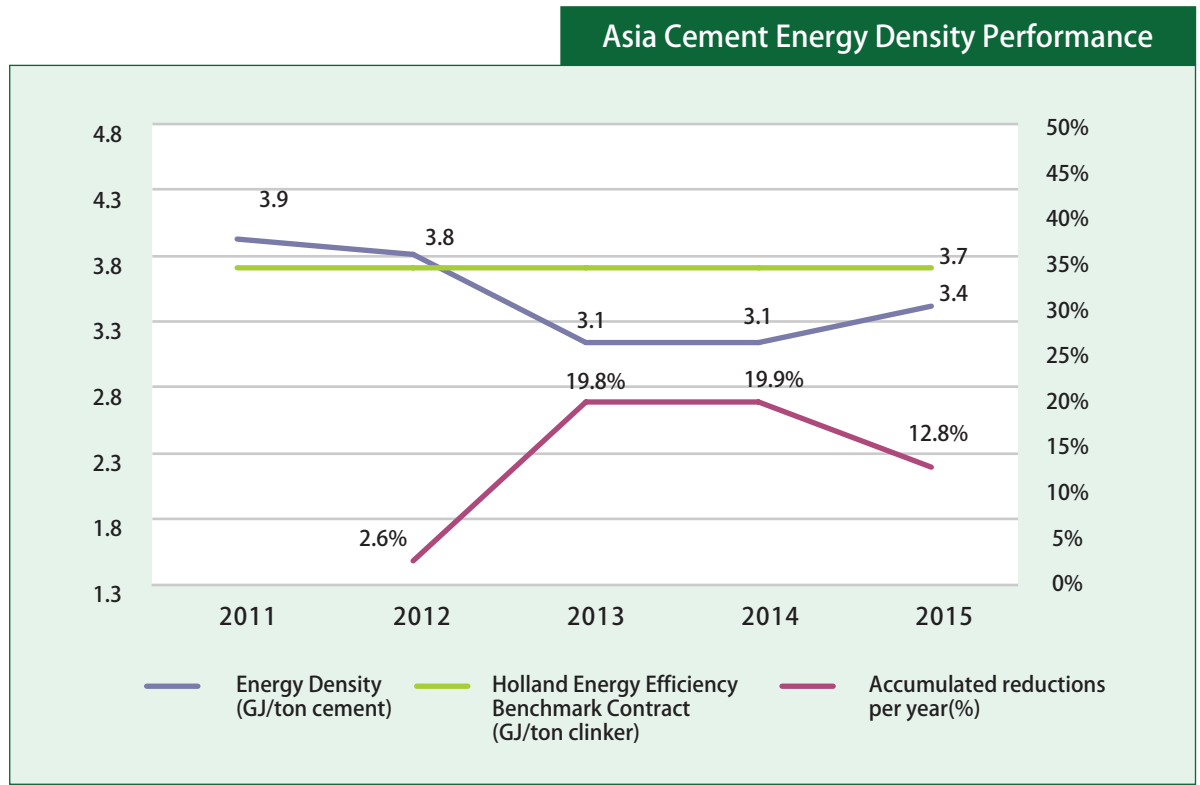
Both Hsinchu and Hualien plants have installed waste heat power generation systems. The waste heat generated from the rotary kiln systems is used to produce hot water, through the furnace, the high

pressure steam is generated and provided to generator to generate power. The performance of recycling heat to generate power is good. In 2015, both plants were able to generate up to 134million Kwh from

waste heat. In the past years, the percentage of the power generated from recycled waste heat was between 26% and 29% of the total power used.

Energy Density

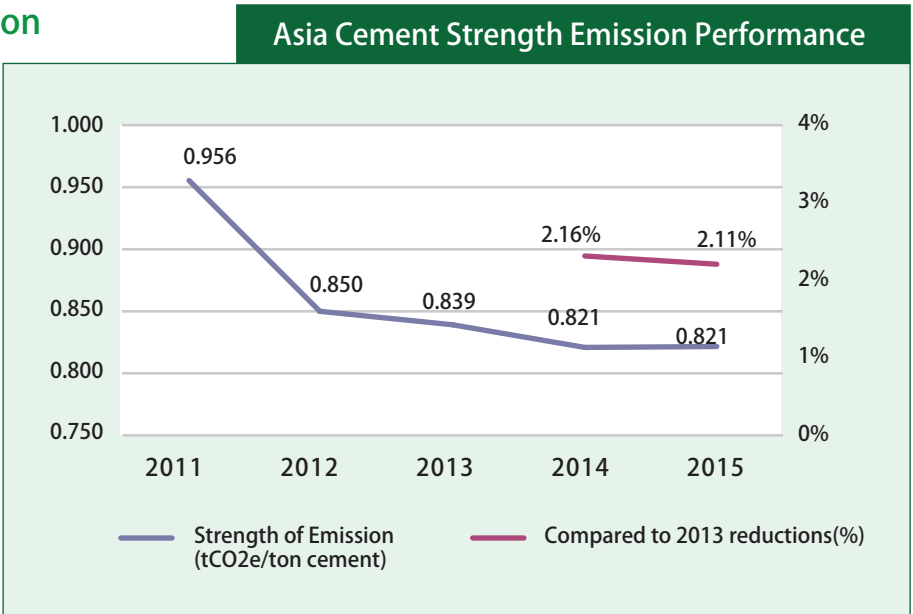
Pursuant to UN sustainable development goal SDGs-7.3 “before 2030, the global energy efficiency shall be doubled” , Asia Cement has set a long term goal for energy density. Both Hsinchu and Hualien plants strive for reducing energy density each year. Taking the year of 2011 as the baseline, the energy density reduction in 2015 had reached 12.8%. Referring to the plan of “Energy Efficiency Benchmark Contract” issued by Holland, the energy consumption index of the cement industry in various countries in EU in the year of 2000, the energy consumption of its Portland cement was around 3.7 GJ/t clinker, whereas, China, Canada and USA were in the range of 4.2~4.6 GJ/t clinker. Thus, the energy density of Asia Cement was outstanding.



Note: Information for the two cement plants

Strength of Emission

Asia Cement has set a long term goal of emission strength. Taking the year of 2013 as the baseline, by 2019 both Hsinchu and Hualien plants will reduce the emission strength by 3%. In 2015, the reduction of emission strength was 2.11%.



Raw Material and Energy Resource Use

We made a simple diagram showing the energy input by Asia Cement and the subsidiaries for main raw material, auxiliary raw material and the waste exhaust during production and the products. The general public can quickly understand the 2015 energy resource use for both plants.



7.6 Create Friendly Green Environment

Restoration of the Mining Area

Hsinchenshan Mine of Hualien Plant is next to a national park with the area of 442 acres. The topsoil must be stripped when developing the hills and explore the mine; therefore, the plant growing and landscaping is important for restor-

ing the ecology. It is also the sustainable operation idea of Hsinchenshan Mine of Hualien Plant. In 1996, Hualien Plant has evaluated the environmental impact of the mine and stipulated the landscaping plans including:



Hualien plant has devoted itself to greenery and restoration plans. It created a plant soil bag technique to reduce the impact to landscape. At the end of 2015, the green restoring area was 56.8 hectares, while the exploiting operation area was 26.5 hectares. The green restored area was about 68.19% of the total mining area. Each year, the green restoring area is around 0.85 hectare.

Green Complex Demonstration Mine

We spare no efforts in maintaining the hill landscape and the final rubble plant growing. The cobras, wild boars, and monkeys returned to the habitat. The greenery and restoring performances are excellent and being reported on the international publications. It is also the model mine selected by Bureau of Mine, Ministry of Economic Affairs. Each year, many schools, government sectors, mining business, private sectors, and overseas groups come to the mine for studying how to restore the green, fully achieving the environmental education purpose and effect.



Hsinchenshen Mine also set three stone gate to prevent rock sliding and protect the property and safety of the neighboring residents. In addition, in order to prevent bare hill and flying dust, we covered the landscape dust net on the hillside and no-mining area to have the effect of water and soil conservation, dust prevention, and landscaping. Besides dust prevention facilities, we have automatically sprinkling system at the crusher and unloading chute, conveyor connecting place, and stack yard. We covered the landscape dust net on the hillside and

no-mining area.

Over the years to promote native tree species, providing green planting landscaping and promotion of native species regeneration, cultivate a large number of soil cinnamon and Eurya japonica trees and other species, while promoting the conservation of native species plan. And with the Government's greening movement, planting five planting awn, Liquidambar, sheep feces birds, red beech, Taiwan alder, acacia, hibiscus, Koeleruteria paniculata and Wedelia, etc., are effective.

Sediment Basin in the Mining Area for the Protection in Rain Storms

The topsoil in the Hsinchenshen Mine of Hualien plant was collected and composed into fertilizer, it will be used as the improved soil for planting growing in the mining mountain. Hence, the mining area does not have any residue mine or waste soil. A hydraulic analysis and a slope stability analysis were conducted in Hsinchenshen Mine pursuant to the water and soil preservation plan for the purpose of systematically implementing greenery and restoration of the area. Longitudinal and transverse drainage ditches and various water drainage facilities were placed at the end residue walls to drain the effluent rain water in the operational area into a large sediment basin with the size of 37,525 cubic meters. During the rain storms, the peak rainfall flow can be controlled. In

recent years, due to the change of the environment, rain storms are increased heavily, the mining area had gone through some big typhoons including Typhoon Longwang(in 2005, the accumulated rainfall was 776mm), Typhoon Morakot (2009), Typhoon Saola (2012, maximum rainfall density 123mm/hr), and no any disasters happened. The safety of the villagers and properties of Fushe village located at downhill were all protected.



Optimize Products Transportation

Asia Cement's products are shipped by sea and by land. We expect to make contributions to the environmental protection, so we work hard to lower the hazard to the environment and energy consumption during the transportation and request

to fulfill the supply chain logistic responsibility.

As cement transportation tends to cause dust pollution, we use closed shipping for land transportation, sea transportation, and in and out the factory to greatly reduce the

possibility of dust pollution. In addition, Asia Cement also requests the transportation company to comply with the environment policy and improve their transportation in high standards. The related measures are as follows:



Improve Sea Transportation



Improve Land Transportation

1. Mechanical loading

Use mechanical loading equipment. Pneumatic conveyor with low power consumption can save energy effectively.

2. Shore power equipment

Asia Cement first installed shore power equipment at Keelung and Taichung Harbor and request our marineshipping service provider to install the shore power equipment for the cement ships. The power is supplied on shore for unloading to reduce the fuel consumption with prominent energy saving and carbon reduction effects.

3. Improve the unloading equipment of the cement ships

Increase the efficiency of the unloading equipment. Shorten the anchoring time to reduce the fuel consumption.

1. Rail transportation

Due to rail road electrified, use train to replace part of truck transportation to reduce fuel consumption and CO2 emission.

2. Enter storehouse compressor

Use enter storehouse compressor to replace the compressor on the cement tankers to reduce the fuel consumption.

3. Euro V vehicles

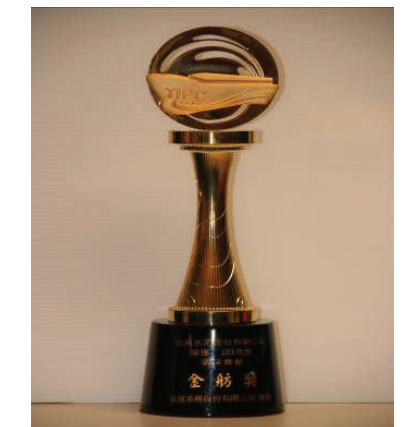
Ya Tung Ready-Mixed, Fu-Ming Transport, and Ya Li Transport have purchased Euro V vehicles and keep replacing old vehicles to achieve the goal of energy saving.

4. Regular exhaust inspection

We regularly inspect the exhaust on the vehicle to achieve the goal of air pollution control.

5. Control of idling and driving speed

The fleets of Ya Tung Ready Mixed Concrete Co. Ltd. and Fu-Ming Transport are entirely equipped with GPS and DVR, momentarily to monitor if vehicles are in idle, dangerous driving or off the planned route, thus, air pollution can be effectively reduced and car accidents can be prevented.



Taiwan International Ports Corporation conferred Golden Vessel Award to Asia Cement for the pollution prevention effort in the harbors to encourage the industry to keep promoting the green harbor policy.

Factory Raw Material Transportation

In order to avoid pollution and assure the smooth operation in regulate raw material and final products, Asia Cement stipulates “Environmental Protection Transpor-

tation Regulations” to regulate the transportation companies. They cannot drive on the road if violated.

The Hualien Plant and the staff of the transportation company can form an inspection team for inspection.



Dust Wash

As Asia Cement has no owned transportation for cement, we request the vehicles in and out the factory to wash off the dust to prevent pollution. When picking up the cement, the driver shall cover the truck with a canvas and close the loading area. The security guard shall double confirm when receiving the order. The Hsinchu Plant limits the pick-up and loading time from 7~19 to reduce night time noise.



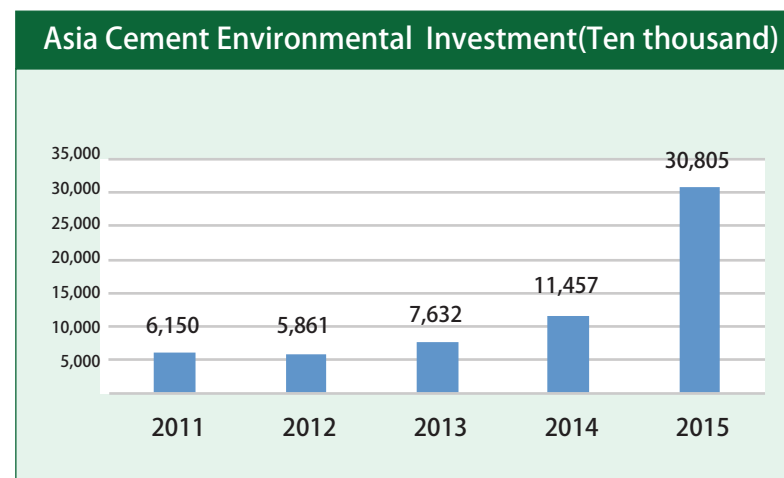
Carpool System

The Hualien Plant promotes carpool system. Since 1980, we have rented the tour bus to take the staff to and off work. We also provide large vehicles for students and family members to go to school and shopping downtown. This not only protect the commute safety but also has the effect of energy saving. The staff must apply one day in advance for dispatching the company vehicles for possible carpool to reduce energy consumption.

Environmental Protection Expenses

Environmental Protection Investment

Asia Cement highly values the investment to environmental protection equipment. The expenses for environmental protection in the period from 2011 to 2015 included: the handling of waste disposal, the handling of waste gas emission, the cost of remedy, the prevention and the management of environment. The expenses in 2015 was largely increased.



7.7 Compliance

Environmental Protection Punishment

Asia Cement keeps improving the production equipment and the prevention equipment to lower the environmental hazard in the production or activities. In 2015, the fine was imposed for 7 times, totaled NT\$178,000.

Site	Number of fines	Fine amount	Non - monetary sanctions
Hsinchu Plant	3	18,000	0
Hualien Plant	2	106,000	0
Ya Tung Ready Mixed Concrete	1	48,000	0
Ya Li Transportation	1	6,000	0
Total	7	178,000	0

The first environmental protection punishment imposed to Hualien plant was that the volume of piling secondary raw material was over 3,000 square meters and did not file the application to the authority to obtain a permit, hence, it violated “Air Pollution Prevention Act”. After the correction by the Environmental Bureau, all secondary raw material was moved to the piling yard or material warehouse in the plant. The way of piling met the requirement of the Act. The second punishment was relating to the setting of the yard for piling waste ion and waste rubber and the related waste permit was not applied, thus, the “Waste Disposal Act” was violated. After the correction by Environmental Bureau, waste iron and rubber were removed, the yard was planted with trees. The above matters were re-checked and confirmed that the violations were

corrected.

The reused industrial waste was mixed and burned in the rotary kiln in Hsinchu plant. The newly added waste fiber or cotton, etc. was not recorded in the raw material list of the industrial waste disposal plan and not reported on the website of those waste, plus not labeled in Chinese the temporary storage area. The above three violations were fined NT\$6,000 each, a total of NT\$18,000.

On August 10, 2015, Environmental Bureau of Kaohsiung City sent its staff to Da Shuin Plant of Ya Tung Ready Mixed Concrete Co. Ltd. to inspect the waste water discharge and discovered the drainage ditch in the waste water process facility was damaged by the backhoe and resulted the linkage of waste water. Although the related measure was taken to prevent the water from being contaminated, but the authority was not

informed. Hence, Item 1 of Article 28 of Water Pollution Prevention Act was violated. The damaged ditch was repaired urgently at the same day and the drivers of backhoe and heavy vehicles were requested to be more careful not to overrun the facility during operation to avoid the happening of the same incident. The employees were also educated that in the event of any emergent pollution, they shall report the incident to the governing environmental authority at the same day.

From April to June of 2015, the real time monitoring system on the vehicle of transporting industrial waste in Ya Li Transportation had the problem of position shifting while the electricity was no applied, thus, the Company was fined for NT\$6,000. Ya Li had requested the strengthening of equipment maintenance to avoid the happening of similar event.

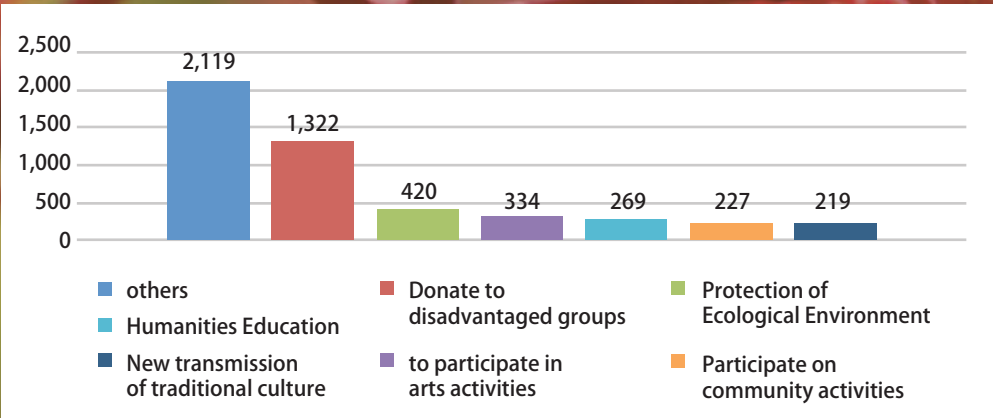
Social Care

Green environmental sustainability is the corporate environmental mission of Asia Cement. The only strategy is to endlessly create and pursue green environment. Hence, in compliance with UN sustainable development goal 4.7: “Ensuring that all students can learn the required knowledge and skill in order to enhance the sustainable development including sustainable developing education and sustainable model of life” , Asia Cement had established a complete site for environmental education and offered free visit to students of all grades for lecturing and learning. It is the goal pursued by Asia Cement.

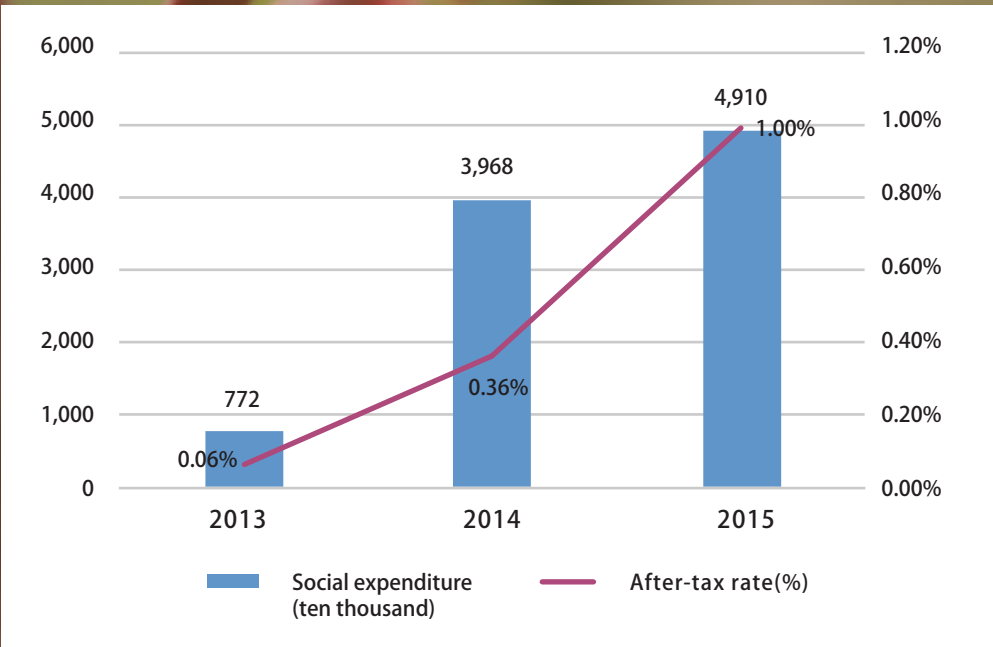
Based on the sustainable development strategies on the social aspect of “create a happy workplace, support the vulnerable groups, strengthen the culture heritage, and create a harmony society” , Asia Cement stipulated action plans include: human science education, community activities, donation to vulnerable groups, ecological environment conservation, support art activities, and traditional culture heritage. By executing the strategies and action plans, we complete the social care mission of “the first choice partner for building sustainable green home” .

In 2015, Asia Cement spared no efforts in caring the disadvantaged groups including the donation to the victims injured in the dust explosion happened in Ba Shien Amusement Park, the after-school facilitation to students, and the sponsoring of “Cavalia Fantasy Dancing Horse” artist activity. In 2015, the expenditures in connection to the social events had reached NT\$49.1 million, about 1% of the after tax-earning.

Asia Cement Social expenditure Performance(Ten thousand)



Asia Cement Social expenditure after-tax rate



8.1 Human Science Education

Education is a nation's major plan. Asia Cement responded to the concept of supporting the education and introduces the corporate resources into human science education. In 2015, the education related expenses were NT\$268.8 million and 153 visitors from institutions and schools.

Cultivate Talents of the Next Generation

Far Eastern Group invested welfare at Group founder Mr. Y.Z. Hsu dominant. Mr. Hsu Yuan Ze Memorial Foundation, Far Eastern Medicine Foundation, Mr. Y.Z. Hsu Memorial Foundation, Yuan Ze University, Oriental Institute of Technology, Yu Chang Industrial and Commercial School, Far Eastern Memorial Hospital, Far Eastern polyclinic have been

established. The education was particularly successful. Asia Cement donates the scholarship to Yuan Ze University for the students to apply.

In 2013, we donated Yuan Ze University to recruit internationally renowned architect Santiago Calatrava Valls to design "Arts Zone", including a central performance hall, Collage of Art, and Y.Z. Hsu Memorial Hall in the

both sides. 2014, Asia Cement donates Yuan Ze University "big data and digital convergence innovation" research center for three consecutive years. It is expected to benefit retailers, transportation, energy, optical and semiconductor industries, and assists telecommunication industry upgrading. It is also expected to lead Taiwan into a big data research center in Asia.

A Good Place for Field Trips

More young people choose to study in an occupational school. The reason is they can have one specialty. The close cooperation of occupational school and the industry is also another incentive. This is a win-win situation whether for students' future career and employment or talent cultivation for the industries. In view of this, Asia Cement and the subsidiaries welcome schools to visit the plants, which will plan the related courses and practical experiences for the guests return with abundant rewards.



8.2 Community Activities

Asia Cement spares no efforts in giving to the local communities. The main operation locations communicate with the local communities, evaluate the impact, and plan the community development. We fully create the social sustainable development strategy for a harmony society.

In response to the change of current social environment and to resolve the after-school learning and safety of indigenous young students in order to

compensate the insufficient education offered by families and schools, Asia Cement and Fushe Community Development Association of Shuo Lin Township, Hualien County, co-conducted the "after-school study facilitation for indigenous young students". In the designing of the courses, in addition to the facilitation of school studies, the courses of traditional culture are also offered (tribe language, painting, music, handicraft, etc.)



In 2015, Asia Cement had allocated Good Neighbor Budget to assist local community events and construction, to donate for the reconstruction after disasters, emergency rescue, and road cleaning outside of the plant. The expenses of assisting

the communities and the constructions in 2015 were NT\$2.27 million, 19,000 bagged cement and 120 tons of water for putting out the fire in the neighborhood.

In 2015, Chiahui Power repaired the damages of the ditches caused by

disasters in 13 surrounding villages and assisted the communities to return back to the normal life. It also subsidized the disadvantaged single parent families for their funeral expenses.

8.3 Donation to Vulnerable Groups

Donate to cheer for love and help the vulnerable groups out from the plight and embrace the power of love!

Little Sisters of the Poor

Little Sisters of the Poor provides care for poor, lonely, and no dependent elders for free for more than 40 years. They accompanied more than 1000 elders to the end of their lives. However, being destroyed by countless earthquakes, storms, and sea wind, the home that the old people depended on was old and unsafe.

Leaking at places and broken pipe lines was threatening the safety. In addition, the aisles and living space then built were narrow, against the new Senior Citizens Welfare Act. The repair in these years still could not solve the issues. It needed immediately rebuild. Asia Cement decided to donate the cement needed for the

construction with a total of 716 tons. The construction was completed and opened for use in January of 2016.



Disabled Welfare Foundation, Mennonite Good Shepherd Taiwan, and Bethesda Foundation.

Hualien County Asia Cement Bodhi Charity Foundation

Currently, there are 130 personal members and 23 group members in Hualien County Asia Cement Bodhi Charity Foundation. Every two months the Foundation donates fund to subsidize 20 people for their living and each year it offers donations to 5 social welfare organizations to take care of the disadvantaged groups. Such as in 2015, it

assessed the living of a disadvantaged villager in Fushe Village, Shuo Lin Township, after the visiting of the Director General and the staff responsible for General Affairs of the Foundation, it was planned that in 2016 this person will be included as the target to be facilitated. In 2015, the caring and donation events included Agape House, Mentally

Yong An Children's Home

Yuan Long Stainless Steel holds a parent activity each year. In 2015, it invited children from Yong An Children's home to BBQ and a sale of goods for charity, the revenue from the sale was totally donated to Yong An Children's Home.



01 Intellectual Disability Welfare Association 02 Agape House 03 Asia Cement Fuli Primary school

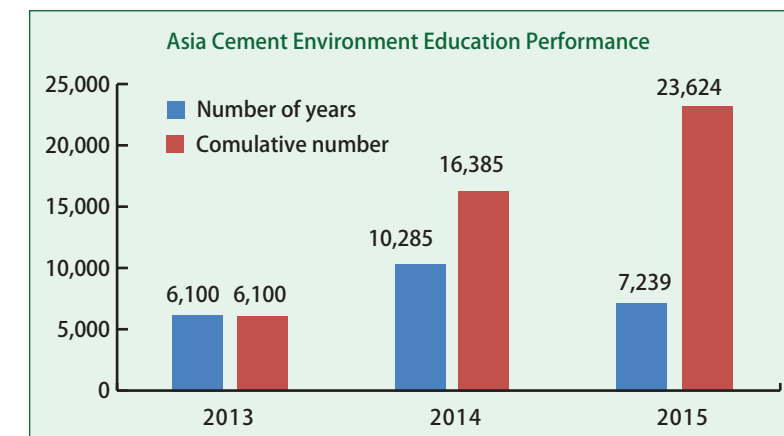
8.4 Ecological Environment Protection and Education

In 2011, Hualien Plant built a butterfly nursery house with the area of approximately 2000 square meters. Butterflies can be multiplied in a simulated natural environment without any disturbance. Currently, there are more than 35 species of butterfly in this ecological park and in the future, the number of each species of butterfly will be maintained or increased.

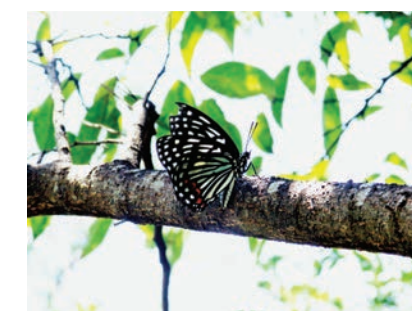
In addition to butterflies, stick insects are found in this large nursery house as well. Asia Cement also has a botanical garden with more than 500 Taiwan original species of plants, more original plants are collected and multiplied currently to demonstrate the complete and diversified eco-system.

Support ecological environment conservation and promote ecological education activities for people to experience and then learn about the important meaning of environmental protection, ecological conservation,

and biodiversity. This helped promote the conservation. In 2015, a total of 7,239 visitors were served by the narrators in the eco-environment preservation events, totaled 23,624 visitors since 2013.



Butterfly Ecological Park



Asia Cement values environment ecological and conservation. Since 2004, we have taken the advantages of the beautiful environment of the Hualien Plant to create a butterfly ecological park. Besides more than 60 species of nectar plant, there are more than 100 species of food plant for butterfly. It is an excellent "butterfly farm".

Can you image encounter with flying butterflies? This will be your experience when you stroll on the butterfly path or food plant hallway. Here, you can witness the life of more than 35 species of butterfly-from egg, to larvae, to pupa, and adult butterfly. The visitors were astonished by the abundant butterflies.





Local Botanical Garden

Asia Cement has more than 30 years of experiences in plantation and greenery. Therefore, we reserved a space for Leisure Park. In addition to a no-management space as the nature selection area like the surrounding landscape for the visitors to linger, we also set a Taiwan local botanical garden- “Asia Cement Leisure Park” .

It is located at 190 km of Taiwan

Provincial Road #8 next to the Hualien Plant. The area is about 1.0 hectare as a leisure botanical garden. Since 2004, the Hualien Plant has started planning “Asia Cement Leisure Park” from routes, land preparation, and plants collection, all were elaborated created. The plants were being grown in a nature way. Now it has 106 families and 417 species of plants, 351 of them are

Taiwan original species. We are still collecting the plants. Also, we planned several “theme” areas: fern, herbs, fruits, ecological pool, and butterfly ecological park. The purpose is to provide a botanical park for research, education, outings, and conservation. People do not need to go to the mountains or to the sea to see the nature. This is where you can get close to nature.

8.5 Community Engagement and Rights of the Indigenous People

Channel of Petition and Cases

Regarding the petitions and complaints from local communities, the gatehouse of each plant has set a “log book for phone calls from outside” . Upon the complaints from local residents, security personnel will report to the General Affairs Unit and record on the daily security log in details. Any complaint will be traced via the opinion sheet.

In 2015, Ya Tung Ready Mixed Concrete Co., Ltd. received about 105 cases of petition, mainly in Kaohsiung Da Shuin Plant (104

cases). Currently, a total of 61 cases were processed and closed. The main complaints were from the nearby residential houses, they filed petitions against noises, dust and the road damages caused by vehicles. Ya Tung Ready Mixed Concrete Co., Ltd. had responded the opinions from local residents by taking actions including the time control to vehicles entering and exiting the plant and reducing the generation of noises. It also periodically assigned dedicated personnel to clean and watering to avoid the dust.

Furthermore, the assigned personnel check and repair the road surface outside of the plant per week. In addition, Kaohsiung Da Shuin Plant is planned to move its plant in June of 2016 to entirely resolve the problem.

In 2015 Hualien Plant had received 3 cases of petition, they were handled and closed already. They were mainly the issues of noise and dust. Currently the equipment and technology are in the process of improvement. The Plant had a good communication with the local people.

Maintaining the Rights of the Indigenous People

Asia Cement, in response to “The Sixth Four-Year Plan of Taiwan Economic Construction” , set the factory in Hualien in 1973. After 1985, some operational negligence by the clerk of the township office were discovered that the cultivation rights of some of land were not cancelled after the compensation was paid by the plant. It resulted the protest from the indigenous people.

In 2013, based on the principle of social harmony, through many coordination meetings, in January of 2014, a consensus was reached with Mr. Chen, an indigenous resident, to resolve the dispute of three pieces of land. The total area of the lands is 0.44 hectares.

In December of 2014, Hualien County government did not follow the regulations and issued the owner-

ship certificate of two entries of the mining land, that were legally used by Asia Cement, to indigenous people by the names of Yang ad Hsu. The total area was 0.04 hectares. In addition to file for the administrative relief, the Company still strived to negotiate with the owners to lease the land in order to create a three-win situation among the government, the private citizen and the Company.

Commitment of Asia Cement’ s Mining

The operation of Hsinchenshan Mine of Asia Cement was started in 1974. Whereas, the plan of Taroko National Park was officially announced on November 12, 1986. According to Article 10-1 of National Park Act, in the event of investigating the area of national park, Ministry of Interior or its delegated authority shall inform the user (Asia Cement) of the land in advance for the investigation or measurement. Somehow, the relevant authority did not fulfill the procedures. Until 1994, the Company was suddenly informed that a small piece of the land in Hsinchenshan Mine had been classified as a special landscape area of the national park.

The overlapping area of Hsinchen-

shan Mine and Taroko National Park is about 25 hectares, in which 10 hectares was planned for use, about 2.26% of the total 442 hectares of the Mine.

Due to the significant procedural flaws in implementing the delimitation, after several negotiations, according to the provisions of Article 20 in National Park Act, the mining of Hsinchenshan Mine in the overlapping area was reported to National Park Planning Committee for approval. After the approval by the Committee, the case was submitted by Ministry of Interior to Executive Yuan and then approved. Asia Cement also agreed to maintain a 53-degree slope to limit the exploitation to the

overlapping area to an altitude of 300 meters, and maintain the mountain back concave mining approach to resolve this dispute by law. Asia Cement will exclude this overlapping area from the mining area of Hsinchenshan Mine in 2017.

Recently, some people using aerial photographs to suggest and mislead all of Asia Cement Hsinchenshan Mine is located in the Taroko National Park, deliberately not mention the National Parks Act Article 20, but only mention Article 16 of the same Act. People mistakenly think that Asia Cement illegal mining or privileged in the national park. We want to take this opportunity to explain.



Happy Corporate

Appendix

9.1 GRI G4 Content Index

General Standard Disclosures

General Standard Disclosures			Page/ N-2e	EO, ernal Ass-rance
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	5	✓
	G4-2	Provide a description of key impacts, risks, and opportunities.	31	✓
Organizational Profile	G4-3	Report the name of the organization.	17	✓
	G4-4	Report the primary brands, products, and services.	17	✓
	G4-5	Report the location of the organization's headquarters.	17	✓
	G4-6	Report the 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 covered in the report.	17	✓
	G4-7	Report the nature of ownership and legal form.	17	✓
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	17	✓
	G4-9	Report the scale of the organization.	17	✓
	G4-10	Report the total number of employees by employment contract and gender.	61	✓
	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	64	✓
	G4-12	Describe the organization's supply chain.	53	✓
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No major change	✓
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	31	✓
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	No agreement signed	✓
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	13	✓
Identified Material Aspects and Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	17	✓
	G4-18	Explain the process for defining the report content and the Aspect Boundaries.	37、42	✓
	G4-19	List all the material Aspects identified in the process for defining report content.	42	✓
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	42	✓
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	42	✓
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No restatemen21	✓
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	none	✓
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization.	37	✓
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	37	✓
	G4-26	Report the organization's approach to stakeholder engagement.	41	✓
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	41	✓

General Standard Disclosures			Page/ No, e	EO, ernal Ass-rance
Report Profile	G4-28	Reporting period for information provided.	1	✓
	G4-29	Date of most recent previous report.	1	✓
	G4-30	Reporting cycle.	annual	✓
	G4-31	Provide the contact point for questions regarding the report or its contents.	1	✓
	G4-32	Report the 'in accordance' option the organization has chosen.	95~99	✓
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	1	✓
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body.	19	✓
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	36	✓
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	36	✓
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	376 41	✓
	G4-38	Report the composition of the highest governance body and its committees.	20	✓
	G4-39	Report whether the Chair of the highest governance body is also an executive officer.	21	✓
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	20	✓
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	22	✓
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	366 37	✓
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Ref Asia Cement annual report 2015 P35	✓
	G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Ref Asia Cement annual report 2015 P30	✓
	G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	36	✓
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	36	✓
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	36	✓
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	36	✓
	G4-49	Report the process for communicating critical concerns to the highest governance body.	36	✓
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	36	✓

General Standard Disclosure			Page/ No	External Assurance
Governance	G4-51	Report the remuneration policies for the highest governance body and senior executives.	22	✓
	G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	23	✓
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration.	No such plans	✓
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	66	✓
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	66	✓
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	24	✓
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	25	✓
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	25	✓

Specific Standard Disclosures

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
Economic	Economic performance	DMA		26	9	✓
		G4-EC1	Direct economic value generated and distributed	28	9	✓
		G4-EC2	Financial Implications and other Risks and Opportunities for the Organization's activities to Climate Change.	32	9	
		G4-EC3	Coverage of the organization's defined benefit plan obligations.	67	9	✓
		G4-EC4	Financial assistance received from government.	30	9	✓
	Market Presence	DMA		65	9	
		G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	65	9	✓
		G4-EC6	Proportion of Senior Management Hired from the Local Community at Significant Locations of Operation.	62	9	
	Indirect Economic Impacts	DMA		88	9	✓
		G4-EC7	Development and impact of infrastructure investments and services supported.	88-93	9	✓
		G4-EC8	Significant indirect economic impacts, including the extent of impacts.	88	9	
Environment	Materials	DMA		83	9	✓
		G4-EN1	Materials used by weight or volume.	83	9	✓
		G4-EN2	Percentage of materials used that are recycled input materials.	77	9	
	Energy	DMA		82	9	✓
		G4-EN3	Energy consumption within the organization.	82	9	✓
		G4-EN4	Energy consumption outside the organization.	9	No quantitative statistics	✓

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
Environment		G4-EN5	Energy Intensity	82	—	✓
		G4-EN6	Reduction of Energy consumption.	78、81	—	✓
		G4-EN7	Reductions in energy requirements of products and services.	79、80、84、85		
	Water	DMA		75	—	✓
		G4-EN8	Total water withdrawal by source.	75	—	✓
		G4-EN9	Water sources significantly affected by withdrawal of water.	—	no effect 4	
		G4-EN10	Percentage and total volume of water recycled and reused.	75	—	✓
	Biodiversity	DMA		83	—	✓
		G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	83	—	✓
		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.	83	—	✓
		G4-EN13	Habitats protected or restored.	無		
		G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	無		
	Emissions	DMA		71	—	✓
		G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	71	—	✓
		G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	71	—	✓
		G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	—	No statistics	
		G4-EN18	Greenhouse gas (GHG) emissions intensity.	82	—	✓
		G4-EN19	Reduction of greenhouse gas (GHG) emissions.	72、79	—	✓
		G4-EN20	Emissions of ozone-depleting substances (ODS)	72	—	✓
		G4-EN21	NO _x , SO _x , and other significant air emissions	73	—	✓
	Effluents and Waste	DMA		76	—	✓
		G4-EN22	Total water discharge by quality and destination	76	—	✓
		G4-EN23	Total weight of waste by type and disposal method	76、77	—	✓
		G4-EN24	Total number and volume of significant 30),,3	—	No leakage	✓
		G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 annex i, ii, iii, and viii, and percentage of transported waste shipped internationally	無		
		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	無		
	Products and Services	DMA		79	—	✓
		G4-EN27	Extent of impact mitigation of environmental impacts of products and services	79、80	—	✓
		G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	59		
	Compliance	DMA		87	—	✓
		G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	87	—	✓

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
Environment	Transport	DMA		79	—	✓
		G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	79、80、84、85	—	✓
	Overall	DMA		86	—	✓
		G4-EN31	Total environmental protection expenditures and investments by type	86、87	—	✓
	Environmental Grievance Mechanisms	DMA		94	—	✓
		G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	94	—	✓
society : labor practices and decent work	Employment	DMA		61	—	✓
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	63	—	✓
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	67	—	✓
		G4-LA3	Return to work and retention rates after parental leave, by gender	68	—	✓
	Labor/Management Relations	DMA		—	According to regulation 2	✓
		G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—		✓
	Occupational Health and Safety	DMA		45	—	✓
		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	45	—	✓
		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	49、50	—	✓
		G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	48	—	✓
		G4-LA8	Health and safety topics covered in formal agreements with trade unions	45	—	✓
		DMA		68	—	✓
	Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	69	—	✓
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	68	—	✓
		G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	70	—	✓
	Diversity and Equal Opportunity	DMA		63	—	✓
		G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	63	—	✓

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
society : labor practices and decent work	Labor Practices Grievance Mechanisms	DMA		64	5	✓
		G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	64	—	✓
society : human rights	Forced or Compulsory Labor	DMA		64	—	✓
		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	64	—	✓
	Indigenous Rights	DMA		95	5	✓
		G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	95	5	✓
society : society	Local Communities	DMA		91	5	✓
		G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	91	5	✓
		G4-S02	Operations with significant actual and potential negative impacts on local communities	94	5	✓
	Anti-corruption	DMA		24	5	✓
		G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	24	—	✓
		G4-S04	Communication and training on anti-corruption policies and procedures	24		
		G4-S05	Confirmed incidents of corruption and actions taken	24		
	Anti-competitive Behavior	DMA		59	5	✓
		G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	59	5	✓
	Compliance	DMA		—	According to regulations	✓
		G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	—	Comply with regulations	✓
society : product responsibility	Compliance	DMA		—	According to regulations	✓
		G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	—	Comply with regulations	✓
society : labor practices and decent work	Employment	DMA		61	5	✓
		G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	63	5	✓
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	67	5	✓
		G4-LA3	Return to work and retention rates after parental leave, by gender	68	5	✓

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
society : labor practices and decent work	Labor/Management Relations	DMA		—	According to regulation 3	✓
		G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—		✓
	Occupational Health and Safety	DMA		45	—	✓
		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	45	—	✓
		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	49、50	—	✓
		G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	48	—	✓
		G4-LA8	Health and safety topics covered in formal agreements with trade unions	45	—	✓
	Training and Education	DMA		68	—	✓
		G4-LA9	Average hours of training per year per employee by gender, and by employee category	69	—	✓
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	68	—	✓
		G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	70	—	✓
	Diversity and Equal Opportunity	DMA		63	—	✓
		G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	63	—	✓
Labor Practices Grievance Mechanisms	DMA		64	—	✓	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	64	—	✓	
society : human rights	Forced or Compulsory Labor	DMA		64	—	✓
		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	64	—	✓
	Indigenous Rights	DMA		95	—	✓
G4-HR8		Total number of incidents of violations involving rights of indigenous peoples and actions taken	95	—	✓	
society : society	Local Communities	DMA		91	—	✓
		G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	91	—	✓
		G4-S02	Operations with significant actual and potential negative impacts on local communities	94	—	✓
	Anti-corruption	DMA		24	—	✓
		G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	24	—	✓
		G4-S04	Communication and training on anti-corruption policies and procedures	24		
		G4-S05	Confirmed incidents of corruption and actions taken	24		
	Anti-competitive Behavior	DMA		59	—	✓
		G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	59	—	✓
	Compliance	DMA		—	According to regulation 3	✓
G4-S08		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	—	Comply with regul	✓	

Category:	Material aspects	DMA and indicators		Page	Note	External assurance
society : product responsibility	Compliance	DMA		—	According to regulations	✓
		G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	—	Comply with regulations	✓

MINING AND METALS DISCLOSURES

GRI index		Page	Note	External
MM1	Amount of land (owned or leased, and managed for production activities or extractive use)disturbed or rehabilitated	83	—	✓
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	93	—	✓
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks			✓
MM4	Number of strikes and lock-outs exceeding one week' s duration, by country		none	✓
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	94	—	✓
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	94	—	✓
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	94	—	✓
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (asm) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	—	No small-scale mining	✓
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	—	none	✓
MM10	Number and percentage of operations with closure plans	—	none	✓

9.2 Cement Sustainability Initiative (CSI) Index

CSI Index		2012		2013		2014		2015	
Item	Unit	Hsinchu Plan	Hualien Plan	Hsinchu Plan	Hualien Plan	Hsinchu Plan	Hualien Plan	Hsinchu Plan	Hualien Plan
GHG emissions	Ton CO ₂ e/year	465,246	3,386,570	379,723	3,917,638	256,261	3,784,327	305,949.20 ₁	3,511,645
Ratio of raw material burned in total emissions	[%]	57	57	55	58	56	59	56.30	59
Ratio of coal burned in total emissions	[%]	38	38	38	37	36	36	37.05	36
Ratio of purchased electricity in total emissions	[%]	6	5	7	5	8	5	6.46	5
Total clinker production	Ton/year	506,427	3,701,772	398,493	4,340,078	274,432	4,306,091	331,051	3,968,523
Total gypsum used amount	Ton/year	25,315	177,564	27,188	236,856	23,019	215,025	23,215.27	194,667
Total cement mining ingredient amount	Ton/year	390	121,865	0	118,741	3,277	129,201	1,231.2	128,739
Total annual cement amount	Ton/year	532,132	4,001,201	425,681	4,695,675	300,728	4,650,317	355,497.47	4,291,929
Unit GHG emissions	Kg CO ₂ e/ton cement	874	846	892	834	852	814	860.62	818
Particulate pollutant emissions	Ton/year	39.264	1,109	25.177	1,250	14.481	1,356	17.908	1,354
Sulfur dioxide emissions	Ton/year	15.970	550	20.386	725	23.674	909	20.910	745
Helium oxide emissions	Ton/year	813.568	4,604	646.591	4,982	414.022	5,008	369.638	4,644
Unit particulate pollutant emissions	Kg/ton cement	0.074	0.277	0.059	0.266	0.048	0.292	0.050	0.315
Unit sulfur dioxide emissions	Kg/ton cement	0.030	0.137	0.048	0.154	0.079	0.195	0.059	0.174
Unit helium oxide emissions	Kg/ton cement	1.529	1.151	1.519	1.061	1.377	1.077	1.040	1.082

9.3 Indicators of UN Sustainable Development Goals

Goals	UN SDGs	Corresponding sustainable Issues adopted by Asia Cement	Corresponding chapter in the report
Goal #1	Eliminating all types of poverty around the world	Caring the disadvantaged groups and the ability of recovery after disasters around the area of business operation	8 Social Care
Goal #4	Ensuring schooling for all, equal and high quality education, and promoting life time learning	Caring the schooling of the disadvantaged groups, the sustainable development of intelligence and eco-environment education	8.4 Eco-Environment Preservation and Education
Goal #5	Gender equality and empowering rights to all women	Realizing gender equality and protecting parental leave	6 Happy Workplace Taiwan High Salary 100
Goal #6	Ensuring the assess to water and sanitation by everyone and its sustainable management	Recycling and reusing production water	7.3 Water Resource Management
Goal #7	Ensuring the assess of affordable, reliable, sustainable and energy of modern day by everyone	Increasing energy efficiency and investing in low carbon energy	7 Green Environment Sustainability 2.4 Development of Innovative and Sustainable Products
Goal #8	Enhancing inclusive and sustainable economic growth, realizing overall and productive employment to allow a good job for everyone	Good works for all employees, emphasizing work safety and environmental protection, protecting physical and mental health for employees	4 Occupational Safety and Health
Goal #11	Striving for inclusive, Oave, flexible and sustainable cities and housing for people	Constructing low carbon and sustainable buildings, adopting save and energy saving precast constructing method	2.4 Development of Innovative and Sustainable Products
Goal #12	Ensuring sustainable mode of consumption and production	Implementing green and local procurement	5.1 Supply Chain Management
Goal #13	Adopting emergency measures to respond the climate change and its impact	Implementing the management of risk and opportunity caused by climate change	2.5 Risk and Opportunity

9.4 External Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE ASIA CEMENT CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2015

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Asia Cement Corporation. (hereinafter referred to as ACC) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2015. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the ACC's CSR Report of 2015 and its presentation are the responsibility of the superintendents, CSR committee and the management of ACC. SGS has not been involved in the preparation of any of the material included in the ACC's CSR Report of 2015.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of ACC's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Communications based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for ACC, and moderate level of scrutiny for subsidiaries, and applicable aspect boundaries outside of the organization covered by this report;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).
- evaluation of the report against the GRI G4 Mining and Metals Sector Disclosures.

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from ACC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors experienced in one or more of the following; AA1000, GRI, ISO 26000, ISO 20121, ISO 14001, OHSAS 18001, SA8000, SMETA, EICC, ISO 50001, QMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SGS Integrating Sustainability Communications service provision.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within ACC's CSR Report of 2015 verified is accurate, reliable and provides a fair and balanced representation of ACC sustainability activities in 01/01/2015 to 12/31/2015.

The assurance team is of the opinion that the report can be used by the reporting organization's stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the third to be assured by an independent assurance team and the second to be evaluated against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Comprehensive Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ACC is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, authorities, suppliers, media, NPOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ACC may proactively consider having more direct involvement of stakeholders during future engagement.

Materiality

ACC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to ACC's activities. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ACC's CSR Report of 2015, is adequately in line with the GRI G4 Comprehensive Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement are correctly located in content index and report. Coverage of subsidiaries and organization's own material aspects has a well start in this report. More disclosure on showing how the highest governance body is involved in monitoring and reacting to the organization's performance for environmental and social topics may be further enhanced. Meanwhile further standardization and formalization of processes and controls for data collection of subsidiaries is encouraged in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
23 June, 2016
WWW.SGS.COM



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