



# Dynamic Corporate Social Responsibility Report



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## Corporate Vision, Core Value, Corporate Culture and Business Philosophy

### Our Vision

To realize our business philosophy and become a highly-respected company

### Our Core Value

People are Dynamic's most valuable asset

### Our Culture

Integrity  
Responsibility  
Learning

## Business Philosophy

### Care for Employees

We focus on providing a safe work environment for them, along with professional education and training, skill enhancement, personal development, and a profit-sharing plan for all team members.

### Value Our Partners

We focus on providing the best quality, the fastest delivery, the lowest cost and the best service for our customers and suppliers to ensure that they are competitive in their own markets.

### Respect Stakeholders

We utilize all of our competitive strengths to achieve real value and returns for our shareholders. We also place an emphasis on the control and governing of our company to ensure the continuity of its operations.

### Care for Society

We demonstrate our commitment to social responsibility by persistently helping the disadvantaged and those in need based on the principle of providing assistance from close to remote, and from near to far.

### Care for the Environment

We are committed to improving our energy conservation efforts and minimizing the release of hazardous by products to create environment-friendly manufacturing processes.

## About This Report

This is the second CSR report published by Dynamic Electronics Co., Ltd. In 2014, we continued to pay attention to and participate in topics related to corporate social responsibility. On an on-going basis, we maintain conversations with all stakeholders and take into account their economic, environmental, and social points of concern in our business strategy and daily operations. At the same time, by publishing this CSR report, we wish to share with a wider audience our progress and efforts in attaining sustainable operations and demonstrate our determination in fulfilling our corporate social responsibility.

## Reporting Scope

This report covers Dynamic's actions and performance related to maintaining sustainable development in 2014 (January 1 to December 31) and the implementations and achievements of addressing sustainability concerns raised by stakeholders. To ensure the integrity of reporting, the contents include action plans and their effectiveness prior to January 1, 2014 as well as after December 31, 2014. Our previous CSR report was published in December 2014. Going forward, we will continue to publish CSR reports every year. The organizational boundary of this report covers Dynamic's Taoyuan Plant and the Kunshan Plant (a wholly-owned second-tier subsidiary of Dynamic). Both companies engage in the manufacturing and sales of printed circuit boards (PCB). However, the financial statistics cited are from the annual financial report audited by our accountants, Ernst & Young, and are consolidated to cover Dynamic and its subsidiaries.

## Reporting Guidelines and External Assurance

This report has been prepared with reference to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The contents have been discussed and defined in compliance with the AA1000 Accountability Principles Standard 2008. This report has been verified by BSI Taiwan to comply with GRI G4 (Core) and the AA1000AS Type 1 Moderate assurance.



Contact  
Jean Liu  
CSR Office, Dynamic Electronics Co., Ltd.  
Address: No 356, Shanying Road, Guishan Dist., Taoyuan City, Taiwan 33341.  
Email: jean\_liu@dynamicpcb.com  
Phone: +886-3-349 3300 ext. 7721  
Fax: +886-3-359 5131  
Website: www.dynamicpcb.com







## Message from the Chairman and CEO

2014 was a turnaround year for Dynamic Group as it returned to gain and demonstrated the outstanding results of our efforts on building a sustainable business operation

Over the past two years, we have focused on three particular aspects of our business: culture, organization and strategy. On the matter of "culture", we are grateful that the corporate culture of integrity, responsibility, and learning have been recognized by all our employees. Together, we cultivated a deep-rooted culture in order to turn over a new leaf for Dynamic by gaining such strength which is not duplicable. In terms of "organization", we have the right partners in place so as to form a mighty fighting force through a mutually beneficial manner. As regards the "strategy", we worked together for the purpose of developing a winning strategy by leveraging our core competencies, and went on to expand this pattern downward into a common goal that each of our department pursues. Having our employees fulfill their personal objective proactively will naturally enable them to reach the targets of each department and corporate. Going forward, we will continue with the implementation of these right things

In 2014, Dynamic made the following efforts to promote the sustainable development and growth of our enterprise: (1) Taoyuan Plant embarked on a positive transformation to develop green energy products in addition to becoming a professional manufacturer of flex-rigid board products; (2) Taoyuan plant and Kunshang plant carried out "Six Sigma continuous improvement" simultaneously. The culture of using Six Sigma mindset on problem solving has formed, (3) the automotive PCB business unit was established, we reshaped the mentality and culture of producing automotive PCBs; aiming to have a strong presence in this market segment that requires extremely stringent reliability and adaptation to fast-changing technologies

In terms of environmental sustainability, the Taoyuan Plant successfully built the ISO 50001 energy management system, which has been certificated. At the same time, both of our cross-strait operations have been doing their best to create an energy-saving and emission-reducing production environment through the promotion of various energy conservation programs with the goal in "Cherish the Earth and Preserve Sustainable Resources."

With regards to the greening of supply chain, Dynamic invited supplier partners to work together. Having related systems fulfill our respective social responsibilities and enhance our sustainable competitive capabilities. In this CSR report, we have interviewed three such partners especially to study and learn from one other and work toward sustainable win-win outcomes.

In line with our core value that "people are our most valuable asset," we have made the greatest efforts on employee care and human-based management. Similarly, in terms of social caring, we have placed great emphasis on bringing together the love and strength of our employees to do good for society at large. In the beginning of 2014, public welfare fete were held on both sides of the strait. Every dollar of the money we have raised went to charity groups. Kunshan Plant established the Dynamic Charity Fund while Taoyuan Plant began sponsoring the Wanfang Center of Eden Social Welfare Foundation, the Association of Autism, the Precious Dogs Association, the Gleaner Care Association, Guishan industrial areas, to name a few. We also went into remote areas to provide help, such as at the Jieshou Junior High School in Fuxing district, where we supported their archery team, arts classes, and nurtured the development of students from low-income families.

In addition, in response to concerns from stakeholders, this CSR report has also added disclosure of management policy approaches to two major categories, namely Marketing Communication and Water Resources.

The above-mentioned efforts have been acknowledged by the majority of our stakeholders, which gives Dynamic strength to be committed to the mission of corporate social responsibility. It is our expectation that by doing this step by step; we will achieve our vision of "To realize business philosophy and become a highly-respected company."

Chairman and CEO

A handwritten signature in black ink, appearing to read 'Leon Huang', written over a white background.

Corporate Overview





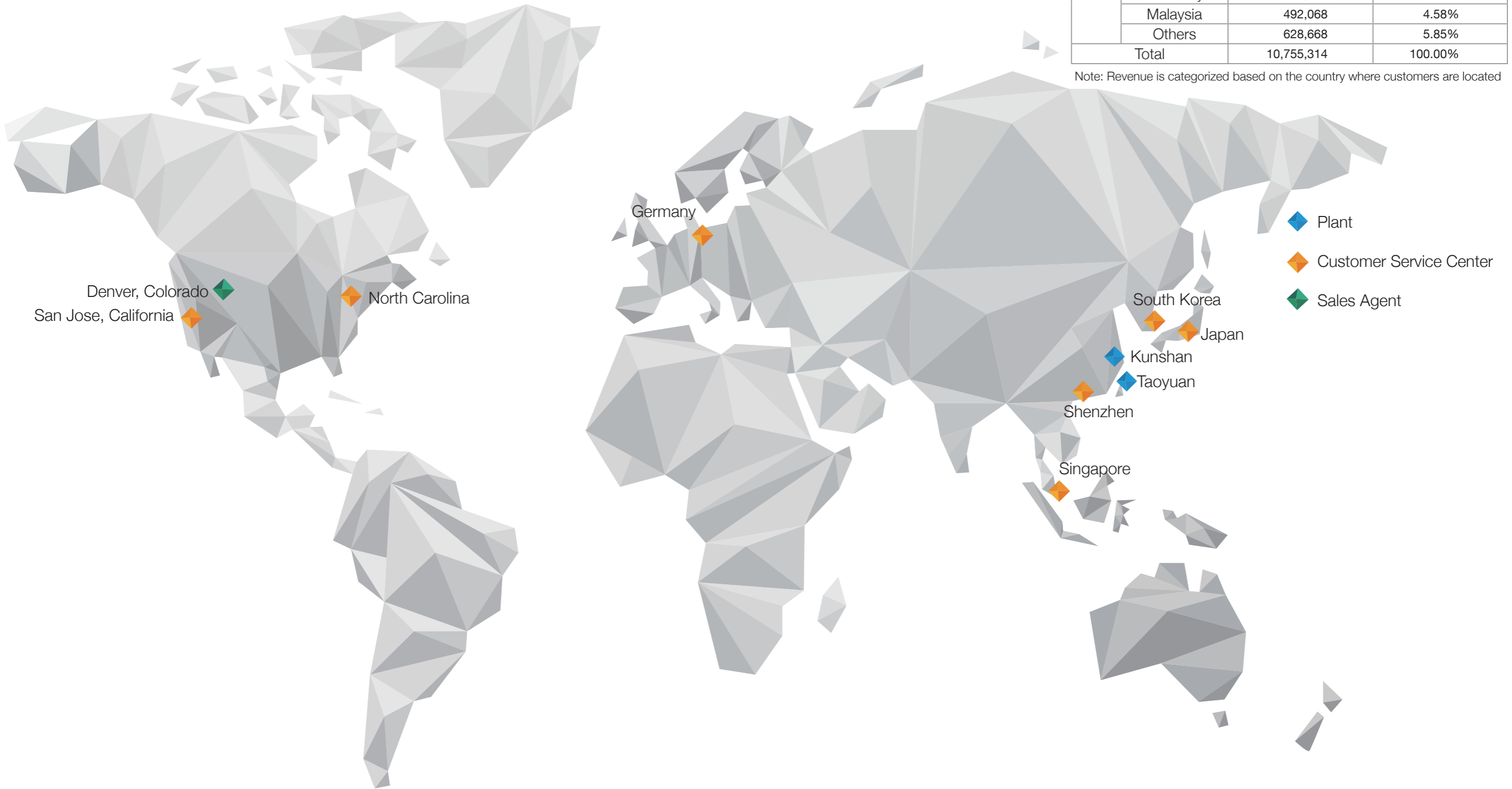
Established on 18 August 1988, Dynamic is a professional PCB manufacturer located in Guishan Industrial Park in Taoyuan city. Over a period of more than 20 years, we have evolved into an enterprise with authorized capital amounting of NT\$2.86 billion (US\$97 million), annual sales turnover of over NT\$10 billion (US\$333 million), and 6,000 employees. In addition, we have two production bases, one in Taoyuan, Taiwan, and the other in Kunshan, Jiangsu, China. In terms of rankings in the PCB industry, Dynamic ranked 16th place in Taiwan's PCB industry and 43rd worldwide. We also play a part in public associations, including membership to the Taiwan Printed Circuit Association (TPCA), a member and board member of the Taoyuan city Industrial Association, and a member of the area defense organization of the Guishan Industrial Park Service Center. Dynamic will continue to maintain and develop good relationships with these organizations and carry out our duties accordingly.

### Affiliates Organizational Chart



## Global Operating Service Network

Dynamic's Global Operating Service Network covers Taiwan, China, the United States, Mexico, Germany, Japan, South Korea, and Singapore. The network consists of subsidiaries or offices that provide real-time business and product services and technical support for customers worldwide.



Product Sales by Region			
Region	Year	2014 Annual Consolidated	
		Amount (NT\$ Thousand)	Percentage
Domestic Sales		1,285,503	11.95%
Export Sales	China	5,405,000	50.25%
	South Korea	1,204,509	11.20%
	Thailand	886,271	8.24%
	Germany	853,295	7.93%
	Malaysia	492,068	4.58%
	Others	628,668	5.85%
Total		10,755,314	100.00%

Note: Revenue is categorized based on the country where customers are located



## Plants and Production Capacity

### Taoyuan Plant

Capital: NT\$2.86bn (US\$95m)  
 Consolidated Total Assets: NT\$11bn (US\$367m)  
 Area: 9,560 square meters  
 Plant area: 19,100 square meters  
 Production Capacity:  
 150,000 square feet / month (HDI Board)  
 100,000 square feet / month (Flex-rigid Board)  
 Number of Employees: 821  
 Purpose: Provide high-technology products

### Kunshan Plant

Capital: NT\$2.4bn (US\$80m)  
 Total Assets: RMB1.5bn (NT\$7.76bn)  
 Area: 109,000 square meters  
 Plant Area: 142,000 square meters  
 Production Capacity:  
 2,500,000 square feet / month  
 (Conventional Board)  
 300,000 square feet / month (HDI Board)  
 Number of Employees: 5,520  
 Purpose: Mass production



## Credits and Honors in 2014



Honored with the 2014 Win-Win and Great Supplier Award from ASUS Computer

With the full support of the chairman and president, our sales, R&D, administration, manufacturing and marketing teams maximized their contributions to the group's effectiveness, and earned the trust of customers by providing excellent services that met their needs and enabled the mass production of tablet PCs to progress successfully



Honored with the 2014 Best Supplier Award from USI

Universal Scientific Industrial (Shanghai) (USI) is a large EMS and listed company focusing on network communications, consumer electronics, automotive electronics, and other high-end products. Dynamic, as its long-term cooperative partner, stood out from almost one hundred automotive parts suppliers, and received this award as acknowledgement of our long service. With automotive customers placing great emphasis on zero defects, our products provided to USI met those requirements by achieving a zero DPPM level in 10 months of the previous year. This superior quality has lent itself to earning the trust, encouragement, and support of our customers.



Honored with the 2014 Best Sephil Supplier Quality Award from Samsung Philippines

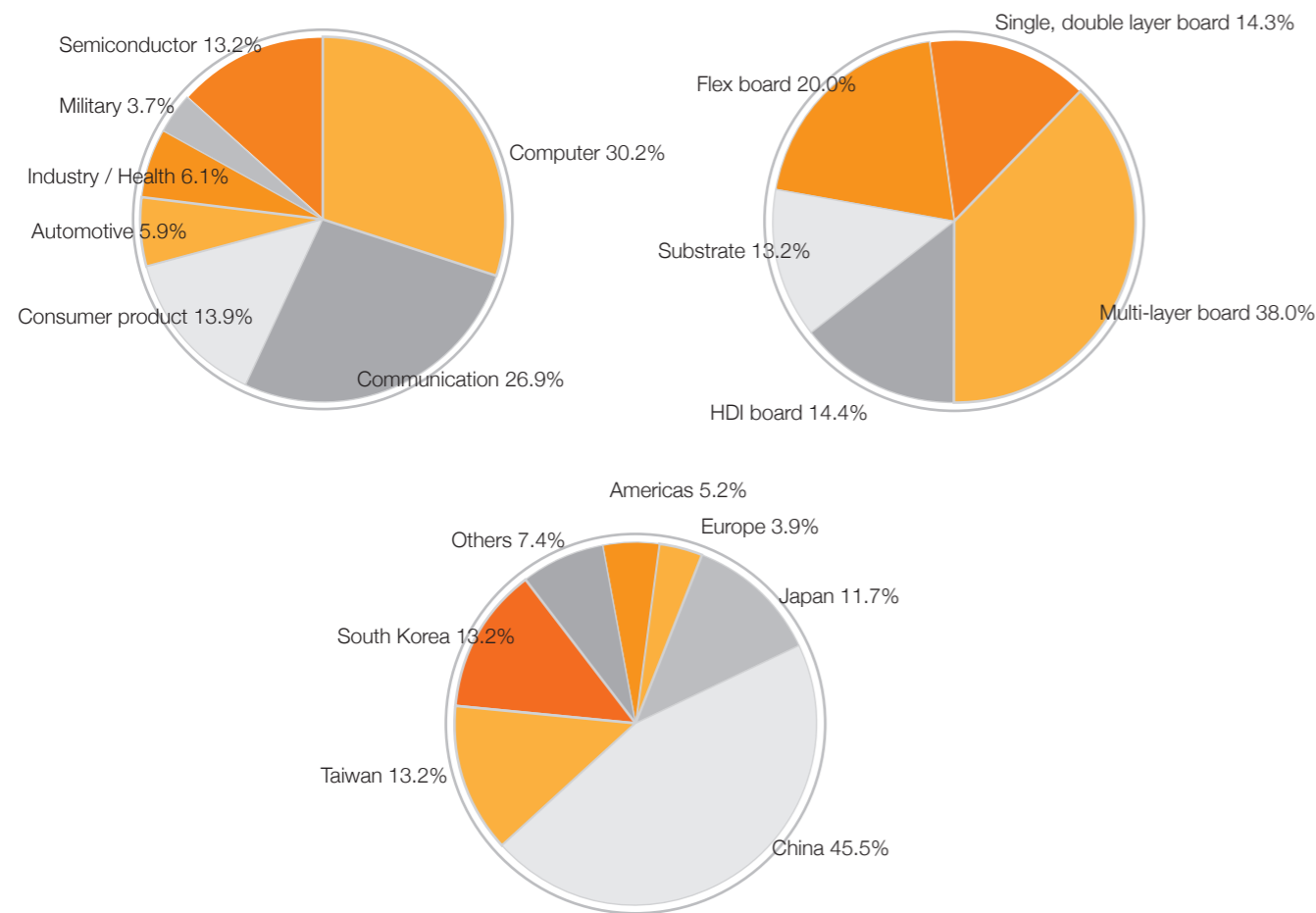
At a supplier meeting where we were presented with this award, a quality assurance managing director at Samsung said this about us: "Dynamic achieved an average score of over 90 points in our annual quality appraisal. The company has quality in its heart, whether it is in respect of system building and maintenance or in real operations. That is the basis of an excellent appraisal." Winning this award is the result of all members at the Kunshan Plant working hard together. Samsung Philippines' acknowledgement of our excellent performance in respect of product technology and quality and service is significant and demonstrates our business strategy applied at its best.

## Market Overview

### Global Conditions and Developments

According to the analysis of Prismark, the value of the global PCB industry in 2014 was US\$57.4 billion, 2.3% higher than the US\$56.1 billion registered in 2013. Favorable factors are increasing demand for smartphones, communication equipment, vehicles, and consumer products (excluding TVs), while demand for desktop computers and notebooks are gradually coming back. In contrast, demand for tablets has weakened, production capacity has exceeded demand, and prices have fallen. Prismark estimates the global growth rate of PCBs in 2015 at 2.7%, up slightly from 2.3% in 2014. Over the 2015–2019 period, steady growth at 3.1% compounded annually is expected.

Global PCB distribution by product application, technology, and manufacturing area (2014)



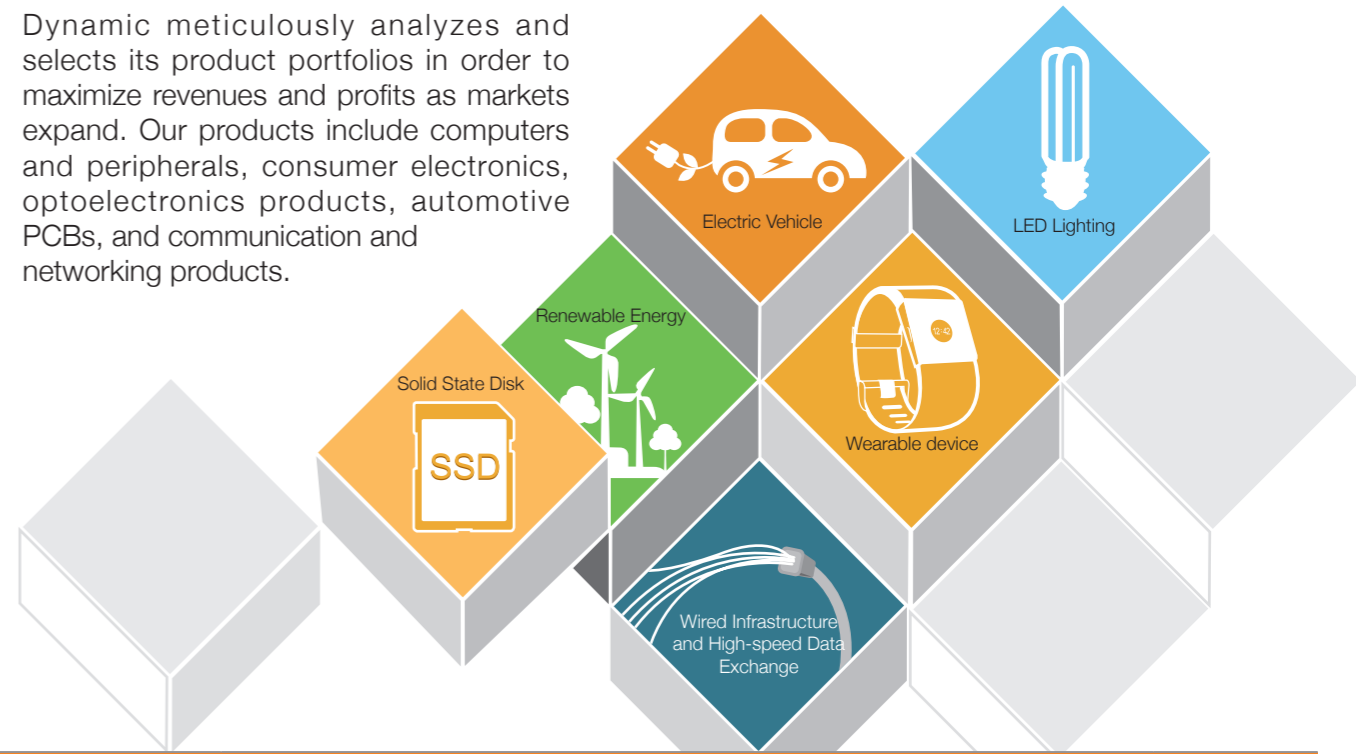
### Conditions and Developments in Taiwan

According to survey statistics from TPCA and IEK, the value of PCB output by cross-strait Taiwanese manufacturers was NT\$563.1 billion in 2014 compared with NT\$522.2 billion in 2013 (growth of 7.83%). The major driving forces were the successful integration into the supply chains of brands in China, and the various roll outs and robust sales of international branded smartphones. The value of PCB output in 2015 is estimated to have been NT\$592 billion, representing growth of about 5.13%.

## Product Application and Market Share of Dynamic

Fastest-growing sectors over 2014-2019

Dynamic meticulously analyzes and selects its product portfolios in order to maximize revenues and profits as markets expand. Our products include computers and peripherals, consumer electronics, optoelectronics products, automotive PCBs, and communication and networking products.



Product Types, Applications and Percentages (2014)

Product	Application	Percentage
Consumer electronics	Tablets, e-books, set top boxes, LCD TVs, wearable devices, LED lighting products	28%
LCD panels	Large, small and medium sized	27%
Storage devices	HDD, SSD, memory modules	21%
Automotive PCB	Infotainment systems on vehicles, GPS, body control units, electronic control units	10%
Computers and peripherals	Notebooks, servers, industry computers, optical disk drivers	8%
Communication and network products	Smartphones, communication products, routers, 3G/4G LTE modules	6%

Market Share

Item	Year	2014	2013
PCB output value of cross-strait Taiwanese manufacturers		5,631	5,222
Dynamic's consolidated revenue		107	101
Dynamic's consolidated revenue/PCB output value of cross-strait Taiwanese manufacturers (%)		1.90%	1.93%

Unit: NT\$100 Million

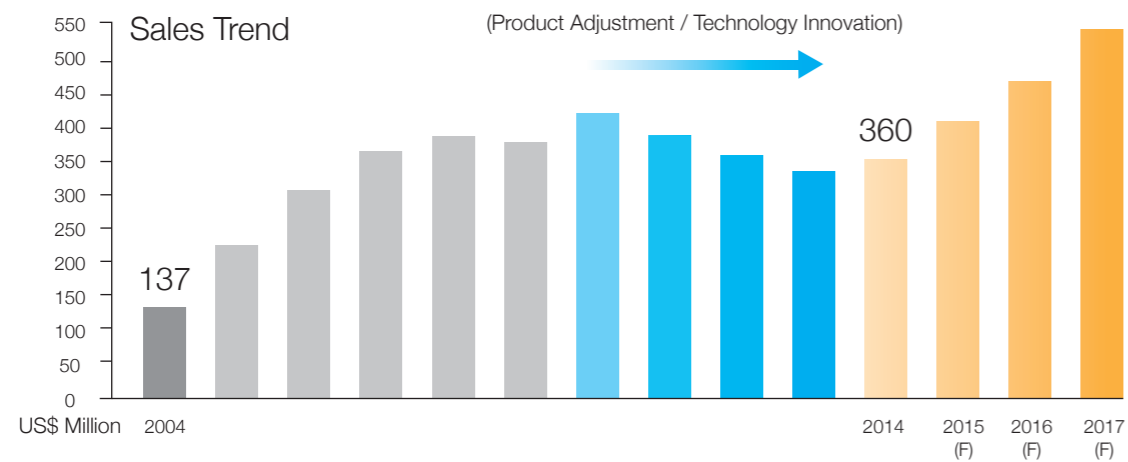
Source: IEK of ITRI

## Financial Status

Dynamic had a turnaround in 2014, with an annual consolidated revenue of NT\$10.755 billion while the net profit after-tax came in at NT\$239 million (EPS of NT\$ 0.85). The operating profit margin improved to 2.66%, while a net profit margin of 2.22% was achieved. Please refer to the Consolidated Financial Statements and the Report of the Independent Accountants for more details at the following websites:

Market Observation Post System: <http://mops.twse.com.tw>

Our official website: <http://www.dynamicpcb.com>



Revenue and Profit (2014)			
Item \ Year	2014	2013	Growth Rate
Revenue	10,755,314	10,140,523	6.06%
Profit (loss) after tax	239,200	(258,140)	192.66%
Profit rate	2.22 %	(2.55)%	187.37%

Unit: NT\$ Thousand

Financial Status and Profitability (2014)				
Item		2014	2013	
Financial Status	Financial revenue	10,835,381	10,299,878	
	Financial expenditure	10,540,751	10,558,018	
Profitability	ROA	2.76%	(1.50)%	
	ROE	5.17%	(5.72)%	
	Percentage in paid-in capital	Operating Income	10.01%	(10.92)%
		EBT	10.30%	(9.02)%
	Net profit margin	2.22%	(2.52)%	
EPS (loss)(NT\$)	0.85	(0.90)		

Unit: NT\$ Thousand







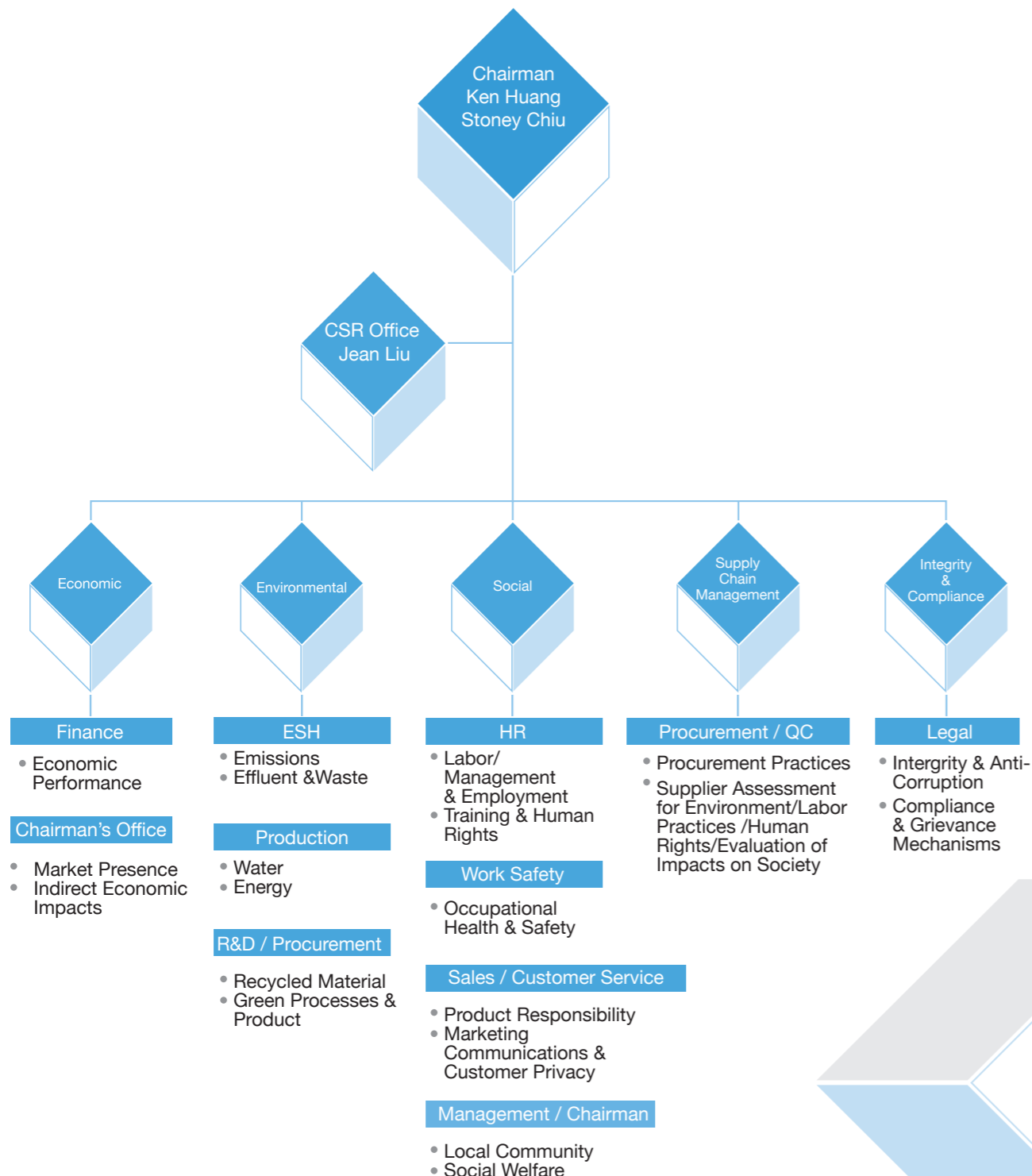
# Stakeholder Engagement



Dynamic values highly the opinions and advice of its stakeholders. We hope to enhance communications and establish trust with stakeholders through many channels and respond to their needs and expectations.

## Corporate Social Responsibility Committee

In May 2013, we set up the Corporate Social Responsibility Committee (CSR Committee) with the approval of our board. In 2014, we assigned responsibilities to various departments and held them accountable for five major categories of corporate social responsibility: Economic, Environment, Social, Supply Chain Management, Integrity and Compliance. This was done by ensuring that their expected duties were well defined.



## Communications with Stakeholders

Dynamic maintains long-term interactions with its stakeholders. To meet their needs, we assign corresponding departments and staff to each stakeholder group

Communications with Stakeholders			
Stakeholder	Corresponding Department	Types of Engagement	Frequency
Shareholder	Shareholder services, Spokesperson	Phone communication, provide data, investor conferences. Information disclosures on the MOPS and Dynamic's official website. Shareholders' meetings.	Ad hoc Regularly (monthly, quarterly) 1 time / year
Lender	Financial Department	Visits, meetings.	Ad hoc
Customer	Procurement, QA, R&D Dept	Phone, emails, visits, meetings, customer satisfaction surveys.	Ad hoc At least 2 times / year
Supplier	Procurement, QA, R&D Depts.	Phone, visits, emails, meetings.	Ad hoc
Employee	Human Resource Department	Interviews. Announcements. Business meetings (section chief and higher). Company-wide monthly meetings. Health improvement meetings. Labor and management, dormitory, employee welfare committee meetings. Company, department meetings. Employee satisfaction surveys. Satisfaction of diners surveys.	Ad hoc 3-10 times / month 1 time / month 1 time / month Each, 1 time / quarter Each, 2 times / year 2 times / year 1 time / year
Government	Administration Department Occupational Safety Department	Official documents. Regulatory and policy promotions.	Ad hoc 1 time / quarter
Community	Administration Department	Visits. Friend party.	1-2 times / year 1-2 times / year
Non-Government Organization (NGO)	Administration Department, CSR Office	Industrial association member meetings. TPCA congress. ES officer social party. Charitable activities.	1-3 times / year 2 times / year 1 time / year 4-6 times / year

## Stakeholder Identification

We have specifically formed a cross-departmental CSR reporting team to prepare information disclosures and to compile this CSR report. First, personnel from different departments discussed and identified stakeholders encountered in business activities and interactions. Then, they categorized these stakeholders into eight major groups: shareholder, lender, customer, employee, supplier, the government, community, and non-governmental organization (NGO) as stakeholders of the year.

Next, according to the five consideration factors with reference to the AA1000 Stakeholder Engagement Standard (AA1000SES) published by AccountAbility, ten Dynamic departments (Financial, Sales, HR, Administration, Industrial Safety/Environmental Engineering, Procurement, R&D, Facilities, QA, and Legal), along with the Chairman and President identified the stakeholders and the weight of the relevant topics.

## Key Topic Identification

Based on the 46 aspects specified in GRI G4, a questionnaire was developed to measure topics of stakeholder concerns. An additional aspect — "Social Care and Contribution" — was also included this time around in response to stakeholder requirements. As such, a questionnaire with a total of 47 aspects was put together to measure the significant impact of individual topics and aspects on organizational operation and to prioritize those for substantial analysis.

### Level of Topics Concerned of Stakeholders

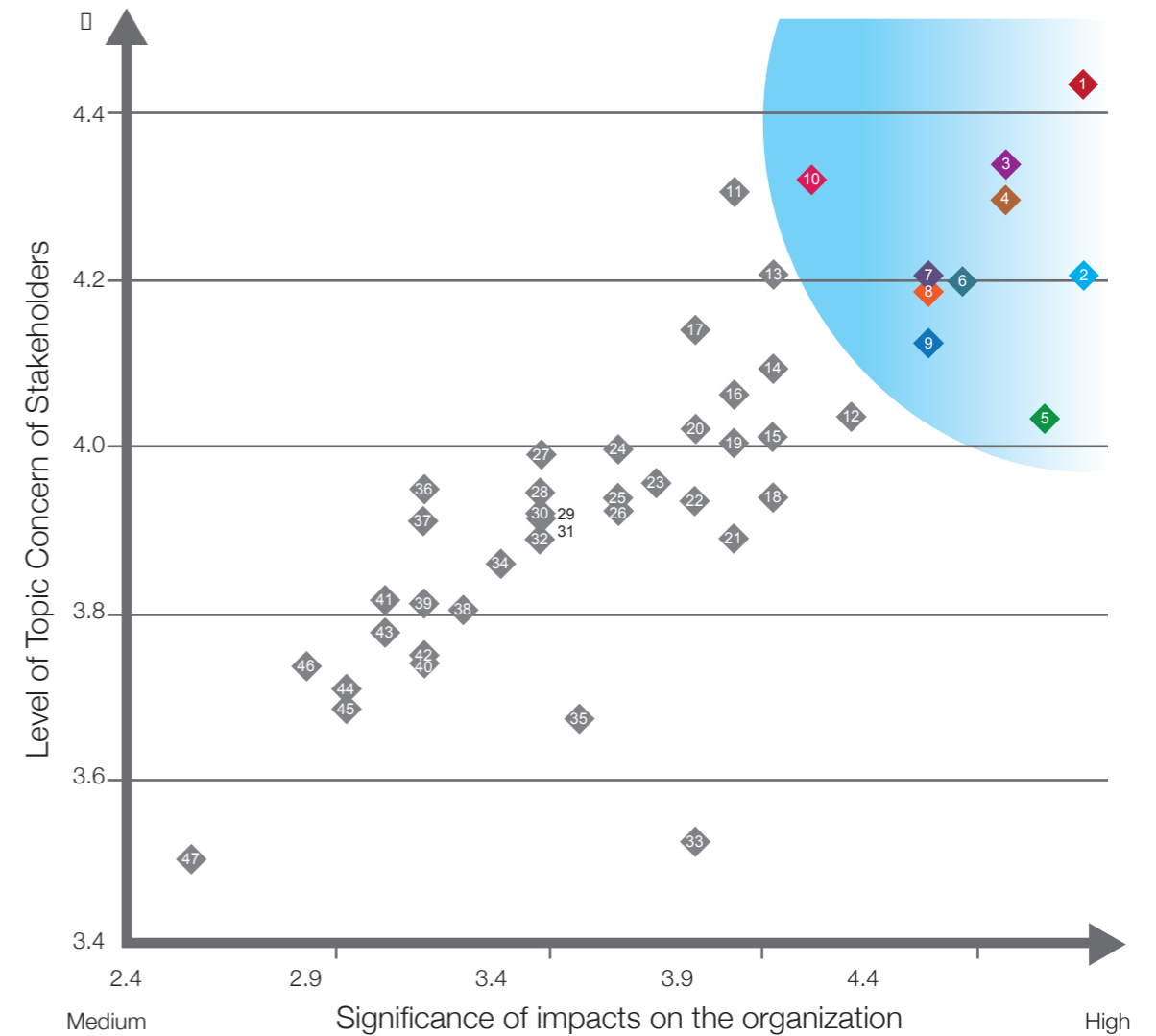
A total of 131 valid responses were collected, the distribution is as follows:

Stakeholder	Shareholder	Lender	Customer	Employee	supplier	government	community	NGO
Valid responses	11	11	20	30	48	2	6	3

### Significance of Impacts on the Organization

The questionnaire was distributed to internal organizational representatives (Board Directors, VPs and assistant VPs) to measure the significance of impact of individual topics on organizational operation in terms of five constructs: (1) possibilities of impact; (2) significance of impacts; (3) possibilities of risks or opportunities from a certain aspect; (4) significance of impacts on long-term organizational performance; and (5) opportunities for the organization to develop or obtain strengths from an impact. A total of 11 valid responses were collected.

After analyzing the responses in terms of the "level of topic concern of stakeholders" and the "significance of impacts on the organization," we selected the top-10 material topics to make in-depth responses. Compared to the previous year, two new aspects were added, namely "Marketing Communications" and "Water." In the following sections, the performance indicators adopted for these material aspects by Dynamic and how these impacts are managed are disclosed, i.e. Disclosures on Management Approach (DMA).



- 1 Economic Performance
- 2 Compliance (Product Responsibility)
- 3 Effluents and Waste
- 4 Compliance (Environmental)
- 5 Marketing Communications
- 6 Product and Service Labeling
- 7 Customer Health and Safety
- 8 Customer Privacy
- 9 Labor / Management Relations
- 10 Water
- 11 Emissions
- 12 Labor Practices Grievance Mechanism
- 13 Occupational Health and Safety
- 14 Compliance(Social)
- 15 Training and Education
- 16 Employment
- 17 Energy
- 18 Environmental Grievance Mechanisms
- 19 Overall (Environmental)
- 20 Products and Services
- 21 Child Labor
- 22 Market Presence
- 23 Supplier Environmental Assessment
- 24 Social Care and Contribution
- 25 Local Communities
- 26 Materials
- 27 Biodiversity
- 28 Anti-corruption
- 29 Grievance Mechanisms for Impacts on Society
- 30 Non-discrimination
- 31 Forced or Compulsory Labor
- 32 Transport
- 33 Procurement Practices
- 34 Human Rights Grievance Mechanisms
- 35 Indirect Economic Impacts
- 36 Supplier Assessment for Impacts on Society
- 37 Equal Remuneration for Women and Men
- 38 Security Practices
- 39 Indigenous Rights
- 40 Assessment (HumanRight)
- 41 Diversity and Equal Opportunity
- 42 Freedom of Association and Collective Bargaining
- 43 Investment (Human Rights)
- 44 Anti-competitive Behavior
- 45 Supplier Assessment for Labor Practices
- 46 Supplier Human Rights Assessment
- 47 Public Policy

## Defining Topic Boundaries

The internal and external impacts on the organization of the top-10 material aspects are considered and the boundary of each aspect was defined to prioritize their disclosures

Boundary Setting of Material Topics

Item	Material Aspect	Category	Sub-Category	Within Organization			Outside Organization	Management Approach	Corresponding Indicator
				Dynamic	Subsidiaries and JVs				
					Dynamic Kunshan	Abon			
1	Economic Performance	Economic			✓			Set and review departmental KPIs based on organizational operation goals, propose improvement measures, ensure information accuracy and transparency, and encourage innovation.	G4-EC1, G4-EC3, G4-EC4
2	Compliance	Social	Product Responsibility	✓	✓			Avoid violation of regulations from the provision and use of products and services through the audit office, legal office, professionals, and complete work specifications.	G4-PR9
3	Effluents and Waste	Environmental		✓	✓			Comply with laws and regulations, continuously reduce effluents discharge and enhance waste recycling rate.	G4-EN22, G4-EN23, G4-EN24, G4-EN25
4	Compliance	Social		✓	✓			Enforce regulatory audit, regulatory compliance, continuous publicity, and development of a mutual learning environment.	G4-En29
5	Marketing Communications	Social	Product Responsibility	✓	✓			Listen to the voice of customers and devote to build a customer-oriented, proactive and high-efficient response mechanism.	G4-PR6, G4-PR7
6	Product and Service Labeling	Social	Product Responsibility	✓	✓		✓ (Customer)	Label products with reference to the nature of products and customer requirements.	G4-PR3, G4-PR4, G4-PR5
7	Customer Health and Safety	Social	Product Responsibility	✓	✓		✓ (supplier)	Provide customers with information regarding possible improvement of health and safety in product design; total compliance with RoHS for materials and processes; save energy and resources as much as possible; continuously comply with international regulations and customer satisfaction.	G4-PR1, G4-PR2
8	Customer Privacy	Social	Product Responsibility	✓	✓			Protect customer privacy and information against leakage or missing information by signing and NDS with employees and with data encryption and off-site backup.	G4-PR8
9	Labor / Management Relations	Social	Labor Practices and Decent Work	✓	✓			Uninterrupted communication mechanisms and upholding integrity.	G4-LA4
10	Water	Environmental		✓	✓			Promote water conservation, recycling and reuse, continuous improvement.	G4-EN8, G4-EN9, G4-EN10



# Corporate Governance

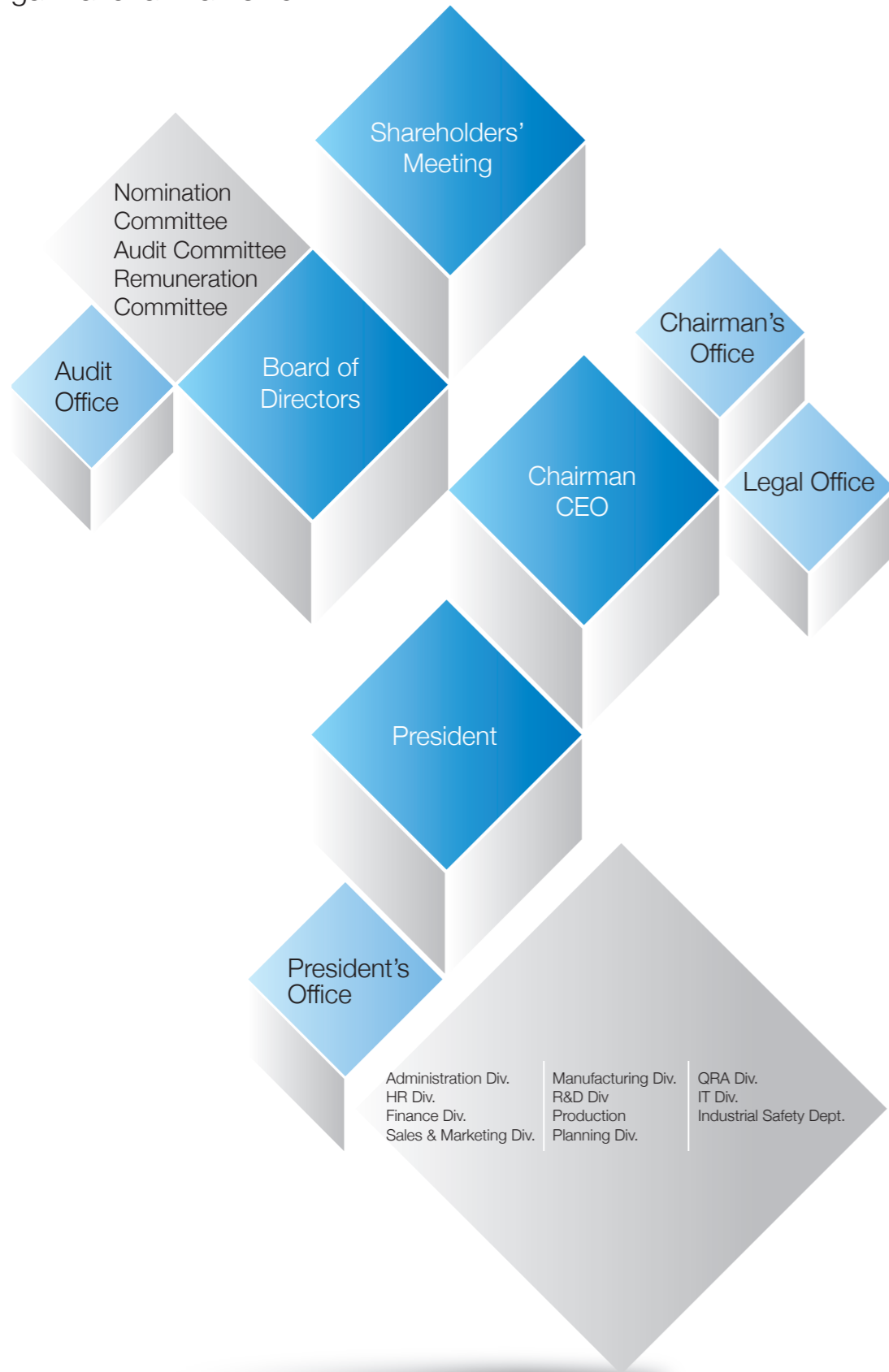




At Dynamic, the key to creating meaningful value and our strategy of sustainable development hinges on building a first-rate corporate governance system and architecture, protecting the interests of our shareholders, respecting the rights of stakeholders, and enhancing information transparency.

## Framework of Corporate Governance

### Organizational Framework



## Duties and Functions of Unit Hierarchy of Corporate Governance

Duties and Functions			
Shareholders' Meeting			Top decision-making unit.
	Board of Directors		Exercises authority with reference to resolutions made at shareholders' meetings and articles of incorporation. Top decision-making unit in ordinary times.
		Chairman	Represents Dynamic externally. Exercises authority with reference to board delegation.
		Nomination Committee	Reviews board structure, members, and composition regularly and give suggestions to the board. Establishes nomination policies and finds eligible candidates.
		Audit Committee	Audits Dynamic's accounting systems, financial situation, and financial reporting procedures. Audits the authenticity, completeness and transparency of Dynamic's financial statements.
		Remuneration Committee	Establishes and reviews regularly the annual and long-term performance targets of directors and managerial personnel and the salary / remuneration policies, systems, standards and structures.
		Audit Office	Assist the board and managerial personnel in inspecting and auditing defects in the internal control system and balance the effect and efficiency of operations.
		Legal Office	Establishes or reviews contracts. Consults on internal legal affairs and the contact window for external legal affairs.
		CEO	Determines Dynamic's future strategic development. Establishes, promotes and reviews Dynamic's short-, medium- and long-term business policies, strategies, plans, and targets.
		President	Administers administrative affairs and represents Dynamic. Designs and implements the internal control systems. Approves promotions, budgets, sales and production plans.

## Board of Directors

At the end of 2014, our board of directors consists of seven directors who have rich operating or academic experiences, two of them are independent directors. Directors are: current chairman and CEO, Mr. Ken Huang; current president, Mr. Stoney Chiu ; former CEO, Mr. Wen-you Chiang; China Development Financial, and Wenzuan Investment. Independent directors are: professor of Information Engineering department in National Taiwan University of Science and Technology, Mr. Yuh-jye Lee; CFO of Hightlight Tech System Corp., Ltd., Mr. Chun-hung Lin.

Board Members List (End of 2014)						
Title	Name	Gender	Age	With 5+ years of work experience and following expertise		
				Instructor or faculty member, or higher levels in business, law, finance, accounting or related fields of public/private colleges or universities	Commercial judge, prosecutor, lawyer, CPA or national certified professionals or certificates	Business, legal affairs, finance, accounting or related work experience required by Dynamic
Director	Ken Huang	Male	30-50			✓
Director	Stoney Chiu	Male	50+			✓
Director	Wen-you Chiang	Male	50+			✓
Director	CDIB Venture Capital Corp.: James Yin	Male	30-50			✓
Director	Wenzuan Investment Co., Ltd.: Representative: Spencer Wei	Male	50+			✓
Independent Director	Yuh-jye Lee	Male	30-50	✓		✓
Independent Director	Chun-hung Lin	Male	30-50		✓	✓

## Functional Committees

Our functional committees include Nomination Committee (2007), Remuneration Committee (2007), Audit Committee (2012), and Corporate Social Responsibility Committee (2013). Charter of these committees can found on our website.

## Regulatory Compliance

### DMA:

Policy : Comply with the law and prevent violations.

Commitment : Legal proficiency and continuous advocacy.

Objectives: Monitor implementation of regulations; regulatory compliance; develop a mutual learning environment; and avoid violations due to negligence in the provision or use of products and services or in environmental matters.

Resources : Smart use of Internet resources and establishment of the Audit Department, Legal Department, working professionals and full job specifications.

Actions:

1. With reference to Article 13 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Audit Department measures operating performance, financial performance, regulatory compliance, and internal management based on relevant risk factors to propose the annual audit program. After the program is approved by committee members, it is submitted to the board for approval before implementation.
2. Professional receive, manage and retain the latest regulatory requirements and directly report to the chairman and president.
3. Identification, approval and publicity of regulations are implemented every month.
4. The Legal Department provides a professional consultation service and communicates with external units where necessary. Validation and measurement: Competent authorities audit the relevant records and statistics.

Applicability: ◆ Generic DMA ◆ Specific DMA

Scope: ◆ Within organization ◆ Outside of organization

Regarding current regulatory requirements, the Audit Department checks the operational performance, financial performance, regulatory compliance, and internal management based on relevant risk factors with reference to Article 13 of the Regulations Governing Establishment of Internal Control Systems by Public Companies before proposing and implementing the annual audit program. Audit results are directly reported to the board to ensure normal operations and compliance with regulatory requirements.

To comply with requirements of the latest environmental laws and regulations, Dynamic has competent departments in place to continuously receive, manage, retain and execute on the latest regulatory requirements and report directly to the chairman and president. This allows the company to respond expediently as required and make improvements so as to avoid penalties. In addition, our Legal Department has full-time lawyers and legal personnel to provide professional consultation, instructions, and suggestions. They also represent Dynamic to in communicating with external units when necessary.

Over the past three years there has been no record of penalties levied for violating regulations and laws related to the provision or use of products and services or environmental matters. The company maintains its good reputation with government authorities and fellow companies.

## Business Ethics and Philosophy

In addition to legal and regulatory compliance, Dynamic's business philosophy covers corporate culture, which includes integrity, responsibility, and learning gained in the realization of "caring for employees, partners, shareholders, the environment, and society." We willfully raise business ethics and standards and incorporate them into the Code of Conduct for Employees.

### Ethics and Honesty

◆ In the Directors, Supervisors and Managers Code of Conduct, the ethical standards of relevant personnel are specified, including the prevention of conflicts of interest and the seeking of personal interests, non-disclosure responsibilities, fair trade, protection and appropriate use of corporate assets, regulatory compliance, and encouragement of reporting illegal or unethical acts.

◆ In the Employees Code of Conduct, standards including the avoidance of conflicts of interest are specified for employees to comply with..

No significant errors are allowed in the financial statements and in the company's disclosures of relevant information. All books, records and other publicly disclosed information are required to be complete, appropriate, correct, and adequate to timely reflect all transactions and disposition of assets.

No individual or person instructed to do so may, either directly or indirectly and by means of compulsion, manipulation, deceit or fraud, influence the company or a certified public accountant appointed by the company. Internal auditors should be audited regularly with reference to the specifications in relevant SOPs.

◆ The "CEO's mailbox" was established in 2013 for employees, suppliers, third parties and customers to file grievances or report any internal corruption, bribery or dishonest acts in writing. Viewed only by CEO, the CEO handles and replies to all grievances and responds personally and with absolute confidentiality to effectively inhibit dishonesty. New employees are made aware of the CEO mailbox during their orientation, and it also appears in all external contracts with suppliers, third parties and customers so they know where to file violations of law or dishonest behavior.

◆ Employees may report unreasonable management behavior or regulations to the "unreasonable mailbox". To avoid malicious anonymous reports, employees are required to provide their real names. At the same time, to protect employees, only the highest-level supervisor in HR can access these reports, and employee names will be anonymized. The texts in the complaint will be typed out to avoid handwritings being recognized.

With the supervision of the employees, business ethics may be better implemented throughout the company. All new employees are made aware of the grievance mailbox during their orientation training, as well as the relevant regulations on how to file a report using the mailbox. In 2014, the company processed 211 reports of unreasonableness.

- ◆ Dynamic signs quality control contracts, letters of undertaking, anti-corruption commitments, and guarantees of HSF with all trading parties. This is done to ensure that our corporate culture has a positive influence on our trading partners, and that they operate according to acceptable business ethics, integrity, and legal standards.

## Anti-corruption Policy

Our policy is to include anti-corruption articles in the employment contracts of all our personnel. For employees in certain departments, such as R&D, are requested to sign the anti-corruption agreement to prevent employees from causing damage to the organization to seek personal benefits. Prior to doing business with them, suppliers are requested to sign the "Anti-Corruption Commitment" policy to ensure that they do not make private contacts with Dynamic employees and prevent them from sending gifts to Dynamic employees or, for example, inviting them to dinner. In addition, suppliers/contractors are requested to voluntarily report violations of the anti-corruption agreement of Dynamic employees, so as to reduce indecent relationships between suppliers/contractors and Dynamic employees and avoid damage to Dynamic.

In addition, to encourage employees and suppliers/contractors to voluntarily report incidents of corruption, we announced the "Rewards for Corruption Report SOP" and established the CEO mailbox ([ceo@dynamicpcb.com](mailto:ceo@dynamicpcb.com)) in 2013 to receive such reports. The CEO personally reviews each report and refers serious alleged offenses to the Legal Department for further review. If an offence is confirmed, the Legal Department will refer the alleged offenders to the prosecution and the police for formal investigation. If damages can be recovered, informants will also receive a portion of it as a reward. This anti-corruption policy has been thoroughly implemented throughout the Dynamic Group.

In 2014, four reports from the CEO mailbox referred to the Legal Department were confirmed, and more than NT\$500,000 worth of damages was recovered, while trading with four suppliers/contractors was halted and the personnel of affected departments were instructed to avoid a repeat of such offences.

## Anti-competitive Behavior Policy

At Dynamic, a well-formed and professional team reviews and assesses the legal risks of anti-competitive behavior, anti-trust and monopoly practices, and directly reports the outcomes to the chairman and president to respond immediately and avoid litigations. Since Dynamic's inception, no litigation regarding anti-competitive behavior, anti-trust or monopoly practices has been recorded. Human Rights Compliance and Protection

## Human Rights Compliance and Protection

We strictly follow labor and human rights standards at home and abroad and treat all employees fairly and respectfully. We also provide jobseekers with equal opportunities with reference to employment service laws and regulations and ban child and forced labor. In addition, grievance channels and a grievance mailbox are available for employees to file complaints against deprivation of their legal rights and benefits, or incidents of unfair treatment. The company keeps the identity of all informants absolutely confidential. In 2014, there were no grievance reports regarding human rights.

In 2013, Dynamic implemented the Electronic Industry Code of Conduct (EICC). In addition to human rights protection, the EICC emphasizes more on business ethics. Both the Taoyuan Plant and the Kunshan plant have accepted requests from important customers for an on-site audit of human rights protection conducted by international inspection authorities, and both plants passed the audit smoothly.

Dynamic adopted its own "conflict minerals" policy in 2013 at the request of customers and, along with suppliers and partners, remains committed to it. In keeping up with international trends and fulfill customer requirements, the policy, which can be found on our corporate website, aims to avoid using materials of indecent origins.

## Investment

Dynamic's Legal Department, under the direct auspices of the Chairman, rigorously reviews the content of all contracts, particularly major investment agreements. We review and stress more on terms and conditions relating to human rights protection to ensure that counterparties comply with the EICC. In 2014, there were no major investments in this category.

## Risk Management

The company categorizes the types of key risks as follows: strategy, operations, finance, hazards, and other potential risk factors. These risks are managed by the company's management and the finance, administration, occupational safety, and legal departments so as to continuously evaluate external impacts on the organization of changes in the economy, society, and the environment and to have warning and response mechanisms in place. Each risk factor is described in the 2014 annual report. In order to better identify and prioritize each risk, especially high-risk factors, the Risk Management Committee was set up in 2015. The committee is directly controlled by the Audit Committee and reports to the company's Board of Directors regularly.

## Economic Performance

### DMA:

Policy : Growth and profitability.

Commitment : Care for employees, partners, shareholders, the environment, and society.

Objectives: Achieve the business targets and pursue long-term and balanced development with stakeholders.

Resources : Top-down and bottom-up concerted efforts.

Action: 1. The KPIs of the relevant departments are aligned with business revenue and profit targets. Monthly reviews of short-term results. Provide strategic feedback to continuously review action and direction.  
2. Ensure information is prompt, accurate, and transparent.  
3. Encourage innovation in order to create value.  
4. Establish the proposal reward system.

Validation and measurement: Compare business performance (based on financial statements) with targets.

Applicability: ◆ Generic DMA ◆ Specific DMA

Scope: ◆ Within organization ◆ Outside organization

In addition to the consolidated financial performance data in the "Corporate Overview" section prepared with reference to IFRS (International Financial Reporting Standards), we provided the direct economic value from global operations and economic value allocated upon basic elements under the G4 framework to assess the organizational impact on local economies more efficiently. All figures are from reports audited and signed by accountants.

Economic Value of the Organization				
Item	Basic Element	2014	2013	Change (%)
Direct economic value from Dynamic	Revenue (including net sales, income from financial investments, and income from asset sales)	10,396,441	9,766,761	6.45%
	Operating cost	8,056,934	8,024,757	0.42%
Economic value allocation	Employee wages and benefits	2,026,786	1,896,570	6.87%
	Amount paid to investors	59,849	94,311	-36.54%
	Amount paid to the government	0	80	-100.00%
	Investments in communities	3,998	3,541	-24.57%
Reserved economic value		248,874	(252,499)	198.56%

Unit: NT\$ thousand

Note: These figures do not include that of Abon Touchsystems

In 2014, the company's direct economic value increased by 6.45% while operating costs were up by only 0.42%; this means that we created higher value using less resources. Employee wages and benefits increased by 6.87%, which echoes our core value that "people are the most important asset of Dynamic." Furthermore, the amount paid to investors was reduced due to improvements in our operations, meaning that we needed less financial capital. The decline in the amount paid to the government was attributable to tax deductions for losses from previous years. With the improved welfare of communities, not as much investments in them were needed in 2014 as compared to 2013. Dynamic's Taoyuan and Kunshan plants both did not receive major financial aid from the government in 2014.

Furthermore, in order to reserve sufficient resources for social corporate responsibility needs, and to have more flexibility in the use of resources at all our operational sites, the Board of Directors revised the regulations regarding social charity donations in December. The appropriation percentage of annual cumulative pre-tax profit increased from 0.5% to 1%, and the appropriation is not limited for use only in Taiwan. Remuneration of the directors, employee bonuses, revenue distribution, and dividend policy did not change. Please refer to Article 26 of the Articles of Incorporation.





## Development and Growth

In order to achieve our corporate sustainability goals, we leveraged our core expertise in technology development, people management, and industry experience to further promote continuous development and growth in 2014 and position ourselves to take advantage of future industry trends. The following advances were made in strengthening our competitive advantage: the Taoyuan Plant transformed to become a manufacturer of flex-rigid composite boards; we established an automotive PCB department to push forward our ten-year plan of becoming one of the leading suppliers of automotive PCBs; and we promoted "Six Sigma Continuous Improvement" programs on both sides of the strait

### Development of Rigid-Flex Composite Board

Dynamic entered the flex-rigid composite board market in 2011. The main applications are lens modules, cellphones/Bluetooth products, LCD display panels, battery pack modules, and wearable devices. Taking technical and production capacities into consideration, we decided in 2014 to transform the Taoyuan Plant into a specialist manufacturer to meet the ever-increasing demand in these product markets. In addition to purchasing specialized production equipment and developing the processing technology, we also put in place a professional team with the required manufacturing expertise. One by one, we tackled three major challenges, namely product design, passing on production experiences, and instilling stringent quality controls. Through detailed and comprehensive education and training, standardized SOPs, continuous practice and learning from mistakes, Dynamic's flex-rigid composite boards were successfully certified by many customers and began mass production

### Setup of Automotive Business Division (ABD)

We began the development of automotive PCBs in early 2001. Demand for printed circuit boards has seen substantial growth as automotive electronic technologies evolve to meet automation, convenience and safety performance requirements. This inspired us to set a ten-year plan of becoming one of the leading suppliers of automotive PCBs. At the end of 2014, Dynamic invited a first-class team with more than 20 years of automotive PCB production management and sales experience to strengthen the automobile business unit and set three fundamental strategic objectives. First, to demonstrate our manufacturing excellence to customers, establish a solid foundation of automotive PCB production, including instilling job discipline in accordance with SOPs, strict batch controls to achieve traceability, continuous quality improvements, and technology and cost controls in the PDCA management cycle. Second, deliver high-quality products to customers around the globe on time. Third, in the Asia-Pacific region, Europe and the U.S. markets, to become the preferred supplier of printed circuit boards. In addition, we are preparing and adapting to meet the ever-increasing demands of various automotive applications, such as auto-piloting, robust infotainment systems, IoT (internet of things), electric cars, and safety spare parts.

### Promotion of Six Sigma Continuous Improvement

Intense competition in the electronics industry has led to pressure arising from rising operating costs and customer quality requirements. The ability to provide stable quality and reduced costs is imperative. With that in mind, Dynamic launched Six Sigma continuous improvement training courses in April 2014, with the goal of institutionalizing the concept of quality for each job function and the formation of a common language, learning scientific techniques to solve problems, and formalizing DMAIC (Define, Measure, Analyze, Improve and Control) as part of our corporate culture.

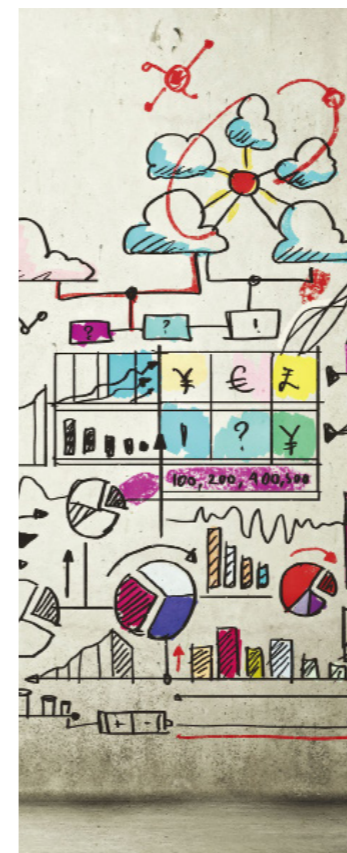
Six Sigma uses quality and production improving processes as the framework to guide the phased application of relevant professional tools. The starting point of improvement looks at the financial benefits, which ultimately translates into the effectiveness assessment indicators, and echoes our profit-maximization goal and allowing us to create more valuable social contributions.

Over the course of learning and working on projects together, our team gradually evolved from being colleagues and subordinates to becoming classmates and team members, as we bonded and our camaraderie developed through shared experiences of learning and working late into the night preparing for exams. As students, we learned the terminology and methods of a common language that promoted logical thinking. Going forward, this helps us in building SOPs for improving problem analyzing and solving activities.



"This is a good colleague and a good friend. We will grow together, and thanks to the boss for giving us the opportunity for self-growth! It's time to make progress regardless if it's for myself or for the boss, I should do my best!"

— Inner reflections of an employee on WeChat





**Environmental  
Sustainability**



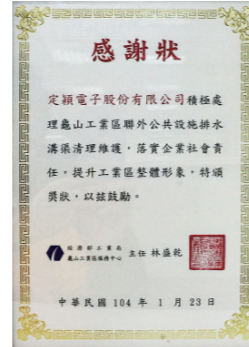
## Environmental Management Approach

To demonstrate Dynamic's pledge to environmental sustainability, we have proposed short-, medium-, and long-term environmental strategic directives. In the short term, we are committed to 100% compliance with regulatory standards on the discharging of effluents and waste gas emissions. All cleaning and disposal contractors must be legally accredited. In the medium term, Dynamic will take stock of pipeline inventory and effluents separation for better planning and recycling of effluents that still have value, reduce the treatment load of effluents, and improve the quality of discharged water. Over the long term, we expect to achieve full environmental protection, and work hard to become an "Environmentally Friendly Enterprise." With that in mind, we obtained ISO 50001 Energy Management System verification in December 2014.

In order to comprehensively plan for environmentally friendly projects and rally employees around environmental protection practices in their daily lives, we proposed a slogan to inspire action: "Environmental heart, Environmental passion, and Environmental behavior." In June 2014, the Taoyuan County government held the "Ten Thousand People with One Heart, Hands-on Protection of the River" event at the Nankan River. In response to encouragement from our Chairman, more than 30 of our employees attended in person. After the event, our Chairman expressed the company's interest to participate in more similar efforts by the Taoyuan County government. Prior to the arrival of the typhoon season, we dredged ditches along the railroad in the Guishan Industrial Zone in July 2014 to prevent a repeat of flooding as a result of blocked drains. The removal of two truckloads full of garbage and deadwood not only allowed the smooth flow of water but also reduced the breeding of mosquitos. For these actions, we were honored with the Guishan Industrial Zone Management Center Award. Despite the closure of our plant, we continued to demonstrate our environmental commitment to the area.

In 2014, our Kunshan plant joined Jiangsu Provincial Environmental Protection Association and the Kunshan Economic Development Zone Production Safety and Environmental Protection Association. To inspire and raise environmental awareness and cultural quality, our managers and directors – hosted the "Waste Collection Environmental Contest" in August 2014. More than 150 of our employees participated in this event. Our environmental engineering department has also organized for the plant's entire staff to learn about environmental laws from time to time. With a better understanding of regulatory requirements that should be complied with, we hope to encourage employees taking personal action and setting an example as role models.

Moreover, at Dynamic, we hope that our business partners will grow together with us to be environmentally conscious. We use environmentally friendly reusable bags to wrap gifts and encourage partners to use environmentally friendly cups. When selecting holiday gifts to reward our employees, we are also mindful of environmental considerations.



## Regulatory Compliance

For relevant units of this company to understand the laws and regulations currently in practice and to provide dependable standards for the collection, audit, identification, retention and compliance with laws, we have established the Regulation Identification and Traceability Management Procedure to ensure that the company operates in compliance with the latest regulatory requirements. For this purpose, our Taoyuan and Kunshan plants were each inspected by the local government authorities more than 20 times in 2014; there were no violations. Dynamic will continue to implement corporate and regulatory policies, strengthen the spirit of advocacy, and continue to deliver results in line with these goals.

## Environmental Expenditure

At our Taoyuan and Kunshan plants, environmental expenditure is allocated mainly for effluents treatment, emissions control, hazardous and general industrial waste collection and disposal. In 2014, the Nankan facilities were closed due to production and management integration. To properly restore the surrounding environment, a total of NT\$12 million was spent, resulting in an environmental expenses ratio of 1.87% (1.28% if excluded). In 2014, the Kunshan plant's environmental expense ratio dropped to 0.95% due to lower effluents operating costs and a reduction in our operational emissions.

Environmental Expense/Sales Percentage of Both Plants				
Item \ year	2014	2013	2012	2011
Taoyuan Plant environmental expense (NT\$ Thousand)	37,853	27,072	27,473	26,473
Taoyuan Plant environmental expense / Sales %	1.87%	1.14%	0.81%	0.69%
Kunshan Plant environmental expense (RMB\$ Thousand)	16,744	21,709	17,457	34,705
Kunshan Plant environmental expense / Sales %	0.95%	1.27%	1.28%	2.44%



## Implementation of ISO 50001 Energy Management Systems

In recent years, the international community has increasingly emphasized the environmental impact of pollution caused by human activities, climate change and energy consumption. This has led to a focus on the impact of waste in the production process on the environment (environmental management system ISO 14001), the impact on the environment after the end of product life (Hazardous Substance Process Management System QC 080000), and the current emphasis on the impact of energy consumption on the environment (Energy Management System ISO 50001). All of these are issues that countries, companies and individuals worldwide should be concerned with and take action on.

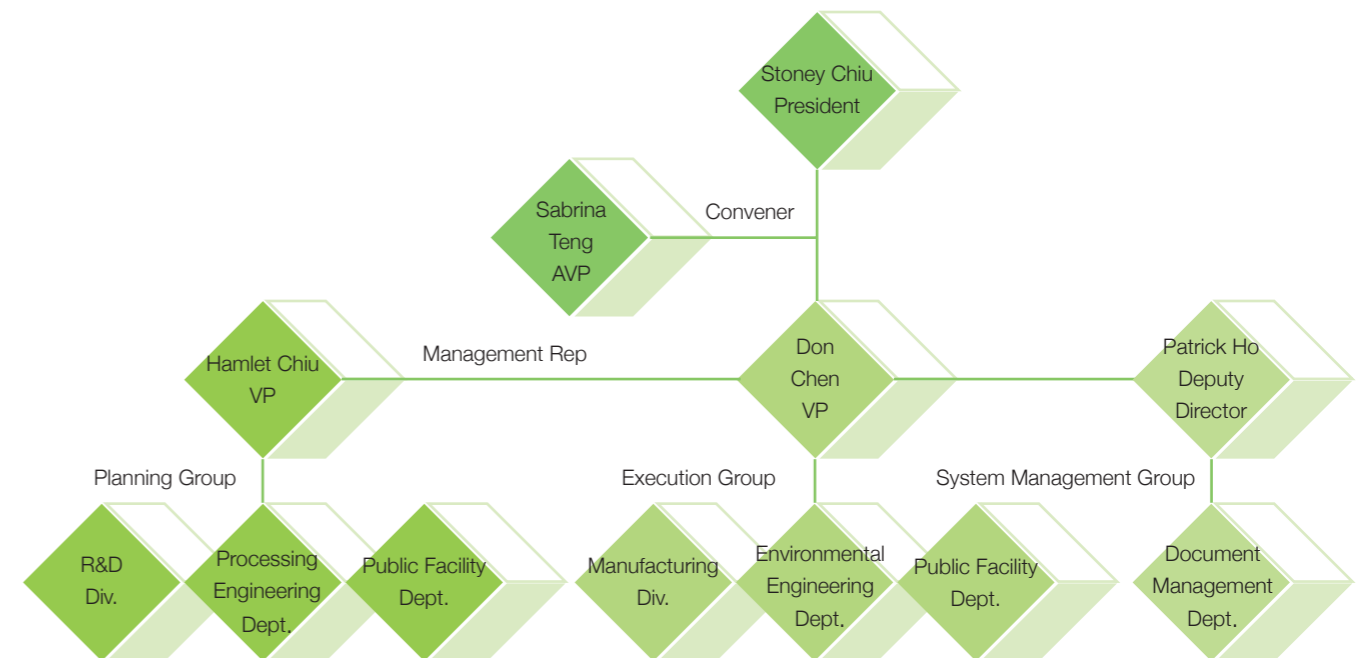
Dynamic is keenly aware that environmental protection is the responsibility of every company, and so we adopted ISO 14001 authentication in 2004, and QC 080000 authentication in 2007. We not only ensured that the PCBs we produced were free from banned and restricted substances according to RoHS, REACH and other international laws and regulations, but also made great strides in the treatment of effluents, emissions, and waste from the production process. Moreover, in response to the climate effects of global warming, as well as demand for green energy amidst anti-nuclear protests, we realized that reducing greenhouse gas emissions and energy consumption has become a necessary strategy for modern corporations in their pursuit of sustainable development. We therefore have taken greenhouse gas emissions inventory since 2010, and rolled out Energy Management Systems (ISO 50001).



In April 2014, Dynamic passed the selection and censoring of the Industrial Development Bureau of the Ministry of Economy to participate in the "Manufacturing Industry Energy Management Guidance Scheme," and adopted the ISO 50001 authentication standard in December of the same year.

## Energy Management Implementation Teamwork

The purpose of an energy management system is to ensure reasonable and efficient use of energy, and reduce energy waste and greenhouse gas emissions. For this purpose, at Dynamic, we have an Energy Management Implementation Team led by a general manager as the convener, the associate manager of the Administration Department as the management representative, and three groups (planning, execution, and systems management) led by departmental managers from R&D, manufacturing, and QA. They are responsible for the integration of the group's efforts in using energy resources effectively. Business unit managers are also group members, and are responsible for the implementation of efficient energy practices in their respective unit.



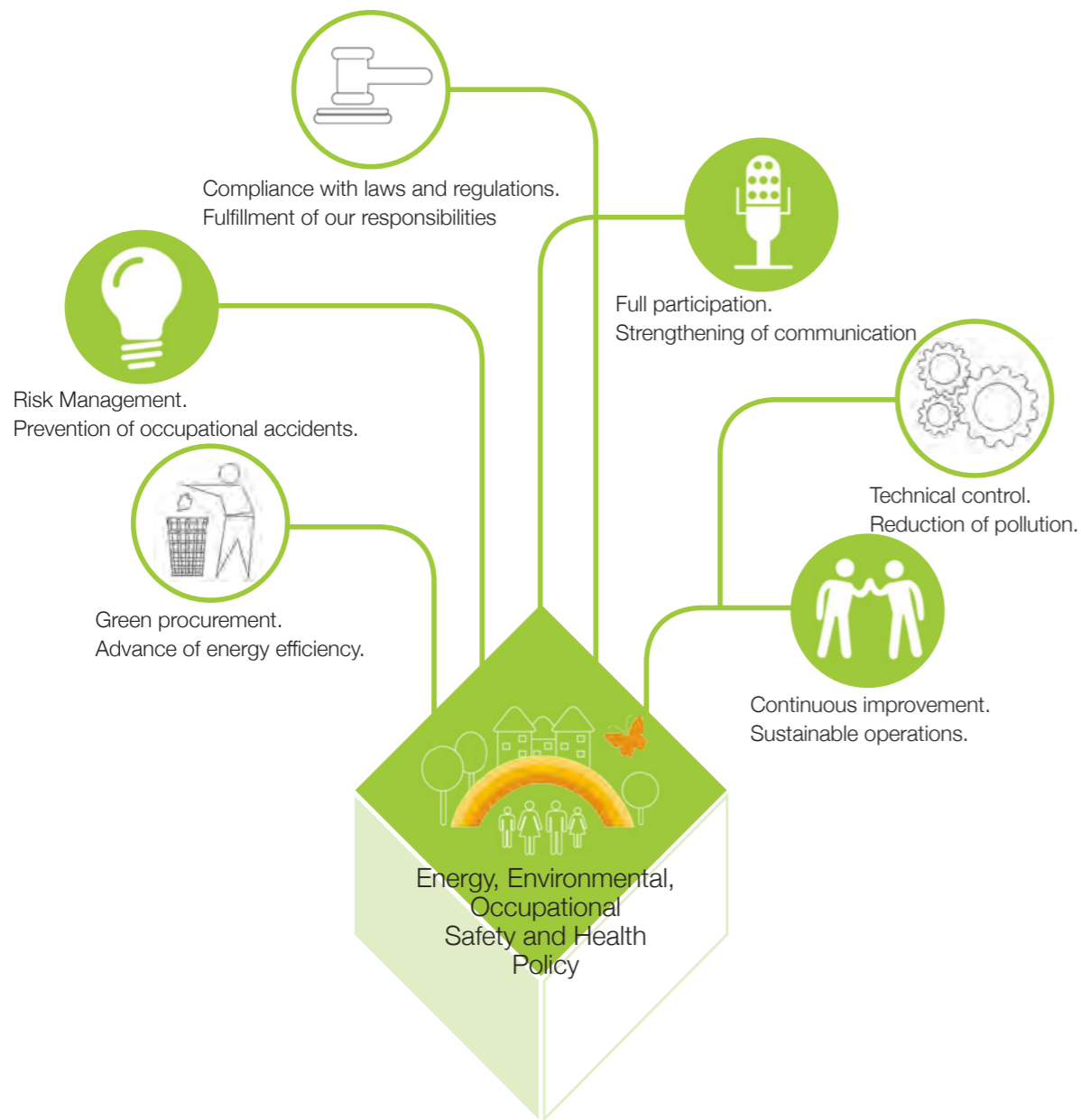
The priority of the Energy Management Implementation Team is to first conduct an energy review, covering the 81 equipment and facilities with significant energy use (SEU) that consumed 71% of the total energy consumption of the plant. If significant process changes have occurred, such as an addition or modification, they represent an opportunity to improve energy performance — an energy baseline and performance indicators is created and regular follow-ups and reviews are made. In addition, as per our management practices, the performance of energy equipment is evaluated during procurement. We are also planning a proposal to improve the system of incentives to encourage employees to maintain good habits in the implementation of energy conservation.

### Short-, Medium- and Long-term Energy Targets

At Dynamic, our energy saving targets are divided into three stages. Over the short term (1–2 years), it is to reduce energy consumption by 2%. In the medium term (3–4 years), we are targeting a reduction of 4%, while our long-term (5–6 years) target is 6%.

### Energy, Environmental, Occupational Safety and Health Policy

We added an energy component to our policy for the environment, safety and health, which together now constitute Dynamic's Energy and Environmental Safety Policy. This formalizes our goal of "Cherishing the Earth and Sustaining its Resources."



## Energy

**DMA:**

- Policy : Compliance with laws and regulations. Fulfillment of our responsibilities. Green procurement. Advance of energy efficiency.
- Commitment: Resources saving, continuous improvements.
- Objectives : Regulatory compliance, continuous energy savings, and a reduction in energy consumption.
- Resources: Plan budget based on short-, medium- and long-term goals and promote energy saving plans.
- Action: Assign energy conservation administrator to periodically report on energy consumption and establish energy saving targets and implementation plans.
- Validation and measurement: Pass energy application audits and no violations with penalties every year.
- Applicability : ♦ Generic DMA      ♦ Specific DMA
- Scope :      ♦ Within organization      ♦ Outside of organization

### List of Applicable Regulations

Dynamic has sources to collect international/national regulations and protocols, and undertakes energy regulation identification and conformity assessments in order to establish a list of applicable regulations and ensure that our plant operations are in compliance.

List of Applicable Energy Regulations		
Category	Regulation	Announcement/Amendment Date
Energy laws in Taiwan / Integrated category	Energy Administration Act	2009/07/08
	Enforcement Rules for Energy Administration Act	2014/04/30
	Energy supply quantity, consumption quantity standard and safety stock specified in the Energy Administration Regulations for Announced Energy Supply Business and Energy Users.	2006/10/05
	Type, quantity, item and efficiency of energy to be reported by energy users, reporting period, and reporting method.	2014/12/02
Energy laws in Taiwan / Energy Saving category / Specific Energy User Energy Saving Regulation	Regulation for energy user set energy-saving target and implementation plan.	2014/08/01
	Regulation for energy saving and usage efficiency in electric industry	2015/03/04
Energy laws in Taiwan / Energy Saving category 'Relevant regulation about Energy Administrator	Regulations for Certification of Energy Technologists and Energy Administrators.	2010/06/18
	Regulations for Registration of Installation by Energy Users, Energy Technologists, or Qualified Energy Administrators.	2010/06/18
Energy laws in Taiwan / Energy Saving category	Central Air-conditioning System Meter and Circuit Installation Rules.	2002/07/17

Note: In response to the implementation of ISO 50001, current identification mainly abides by laws in Taiwan.

We manage our energy resources with reference to the Energy Administration Act, report the status of energy consumption to the Bureau of Energy periodically, and have relevant energy saving targets and implementation plans in place.



## Power Consumption and Concentration in 2014

At Dynamic, we consume two types of energy: electricity and fuel oil (including crude oil and diesel). In 2014, total power consumption was 288,684,000 kWh and total fuel oil consumption was 41,197 GJ.

### 2014 Power Consumption

Power Consumption						
Item \ Location	Taoyuan Plant		Kunshan Plant		Total	
	2014	2013	2014	2013	2014	2013
Year	2014	2013	2014	2013	2014	2013
Electricity Consumption (thousand kWh)	48,898	51,701	239,786	204,816	288,684	256,517
Annual Revenue (NT\$ million)	2,022	2,371	8,369	7,387	10,391	9,758
Electricity concentration (Consumption / Revenue)	24.18	21.81	28.65	27.73	27.78	26.29

Taoyuan Plant's electricity consumption reduced by 5.42% in 2014, but the electricity concentration to revenue ratio increased by 11.01% compared to 2013. The main reasons for this were: we reduced outsourcing by 8.24% and manufactured more in our own plants; product prices were down by 3.73%, requiring us to produce more products to generate the same amount of revenue; and our newly developed flex-rigid composite PCBs had not yet generated revenue. In 2014, Kunshan Plant electricity consumption increased by 17.07%, and the electricity consumption to revenue ratio increased by 3.61%. This was mainly attributable to reduced outsourcing and lower product prices.

### 2014 Fuel Consumption

Fuel Consumption						
Item \ Location	Taoyuan Plant		Kunshan Plant		Total	
	2014	2013	2014	2013	2014	2013
Year	2014	2013	2014	2013	2014	2013
Fuel Consumption (GJ)	7,041	5,870	34,156	33,528	41,197	39,398
Annual Revenue (NT\$ million)	2,022	2,371	8,369	7,387	10,391	9,758
Fuel concentration (GJ/ Revenue)	3.48	2.48	4.08	4.54	3.96	4.04

The main fuel used in Taoyuan Plant is crude oil, which is needed for the heat compression process. In 2014, fuel consumption increased by 19.95%, and fuel concentration increased by 40% from 2013. This was mainly due to adjustments to the product portfolio and an increase of high-precision products, which required the replacement of two large heat compressors with four smaller ones that met product specifications. As a result, increased heating requirements for compression processes led to higher crude oil consumption. Kunshan Plant fuel consumption rose by 1.87% in 2014, while fuel intensity declined by 8.89% from 2013.

## Energy-Saving Projects and Achievements in 2014

With reference to the Energy Administration Act, Dynamic sets relevant energy-saving programs and targets that save electricity by more than 1%, and we actively promote energy efficiency improvement programs.

### Taoyuan Plant

In 2014, Dynamic Taoyuan completed the following three energy-saving projects:

- Equipment energy saving:** Our energy management systems identified production equipment as one of the major energy-consuming units. We then checked all production equipment in the plant, adjusted production lines that did not have energy-saving devices installed or were not fully implementing energy-saving programs. A total of five production lines were modified, saving 240,000 kWh per year.
- Production equipment energy saving:** Ice water systems in the plant operate jointly, and demand for ice water in winter is significantly lower. We therefore focused on making energy-saving adjustments to the ice water system in winter. We shut down completely the main No.6 ice chiller and its ancillary equipment in winter (October to March), raising the operational efficiency of the other chillers in supplying the entire plant, and saved 790,000 kWh of electricity a year.
- Lighting energy saving:** In addition to the previous year's lighting policy of replacing T8 tubes with LED tubes, we also adjusted lighting brightness in office areas. In areas where there were too many tubes, they were reduced from four to three, contributing to the 25% drop in office area lighting consumption.

### Kunshan Plant

In 2014, Dynamic Kunshan completed the following energy-saving projects:

- Energy saving equipment replacements

Kunshan Plant Energy-Saving Equipment Replacements (2014)							
Category	Equipment	Specs	Unit	Quantity	Energy-Saving amplitude(each KW/H)	Energy-Saving Amount RMB/Year	Note
Ice Water	Centrifugal chiller	YKIBKRH95CUG 1000RT Voltage 10000V	Station	2	34.00	388,840	Average electricity rate RMB\$ 0.722/ kWh
Dust Collection	High-pressure casted Centrifugal Blowers	90KW	Set	4	13.50	308,785	
	High-pressure casted Centrifugal Blowers	55KW	Set	1	8.25	47,175	
Motor	Heat	Chuanyuan AEEF-FAL 18.5KW	Station	1	2.78	15,868	
	Blower	TECO 75HP 55KW Horizontal	Station	2	8.25	94,351	
	Dust Collector	TECO AEEF AC125HP 90KW 4 pole	Station	1	13.50	77,196	
	Direct horizontal centrifugal	G3100-300 75KW GPS Chuanyuan (TECO motor)	Station	2	11.25	128,660	
Total						1,060,875	

- Energy Saving of Compressor Waste Heat Recovery

The following statistics for compressor waste heat recovery were recorded from actual meter readings. We recycled an average of 2,491 kWh of electricity each day.

Kunshan Plant Compressor Waste Heat Recovery (2014)				
Location	Equipment total power (KW/H)	Heat recovery rate (2014.11)	Heat recovery rate (2014.12)	Heat recovery volume (KW/H)
Public facility floor in plant I	1,994	Range 66%~91%□Average 77%	Range 50%~78%□Average 57%(Lower temperature, less waste heat)	1,336
Roof of plant II	1,750	Range 54%~77%□Average 67%	Range 59%~73%□Average 65%	1,155
Total	3,744			2,491

The recovered heat is used mainly for HVAC (heating, ventilating, and air conditioning) in Plant II, auxiliary heating of the water purifier in Plant I, and supply hot water to five employee dormitories, being the equivalent to a 150W Kcal boiler. The benefits analysis is as follows:

- Boiler cost of RMB500,000 over 10 years: RMB50,000 per year.
- Diesel used by boiler: about 20 tons a month; current market price: RMB5,400 per ton; savings of  $20 \times 5400 \times 12 = \text{RMB}1,296,000$  per year.
- Total waste heat recovery:  $1,296,000 + 50,000 = \text{RMB}1,346,000$  per year.



## Water

### DMA:

Policy : Resources conservation, sustainable operations.

Commitment : Reduce and reuse, continuously improve.

Objectives : Continuously implement water conservation, recycling, and reuse; plan to achieve the target of recycling and reusing 25% to 30% of total water consumption in three years.

Resources : Assign dedicated water resources manager in charge of water consumption; allocate budget every year to implement projects.

Action :  
 1. Set water-saving target.  
 2. Propose water-saving plan.  
 3. Monitor water usage status.  
 4. Regularly analyze, review, modify water savings

Validation and measurement: 1. Water Monitoring Record Table.

2. Evaluation table of management programs for energy, environment, safety and health

Applicability : ◆ Generic DMA ◆ Specific DMA

Scope : ◆ Within organization ◆ Outside organization

Water is one of the most critical resources for human life. In recent years, with climate change significantly impacting the environment, the stability of water resources has also been highly stressed. In Dynamic's plants, water is mostly used in the production process, so stable water supply is paramount. Faced with water security issues, Dynamic has taken the following measures to reduce the impact caused by a lack of water. Daily water usage is monitored and where there are abnormalities, we quickly respond with remedies.

1. Diversion of water sources: Aside from tap water pipelines, Dynamic's water sources include well-water rights approved by the Taoyuan City government; this prevents any single water source abnormality causing an overwhelming impact on the system

2. Water consumption management: According to SOP, the status of the water consumption of production equipment is reviewed independently, and ways to reduce water consumption, such as through water and electricity saving programs, are sought after. Daily water usage is also managed through installations such as water-saving taps

3. Reuse of waste water: In water-purifying processes, a certain proportion of waste water is produced. Rather than directly discharging these, they are collected and used in toilets and AC cooling towers.

4. Process water recycling and reuse: After review and testing, through treatment of filtration equipment, some processed water can be reused in production processes and help to reduce water consumption.

### Total Water Consumption by Water Source

Total Water Consumption by Water Source				
Item	Location		Location	
	Taoyuan Plant		Kunshan Plant	
Year	2014	2013	2014	2013
Tap water consumption (ton)	129,098	98,847	3,214,379	2,824,138
Well water consumption (ton)	707,767	734,104	0	0
Total water consumption (ton)	836,865	832,951	3,214,379	2,824,138
Annual revenue (NT\$ 1000)	2,022,408	2,370,789	8,369,073	7,386,768
Water Consumption / Revenue	0.4138	0.3513	0.3841	0.3823

## Water Sources

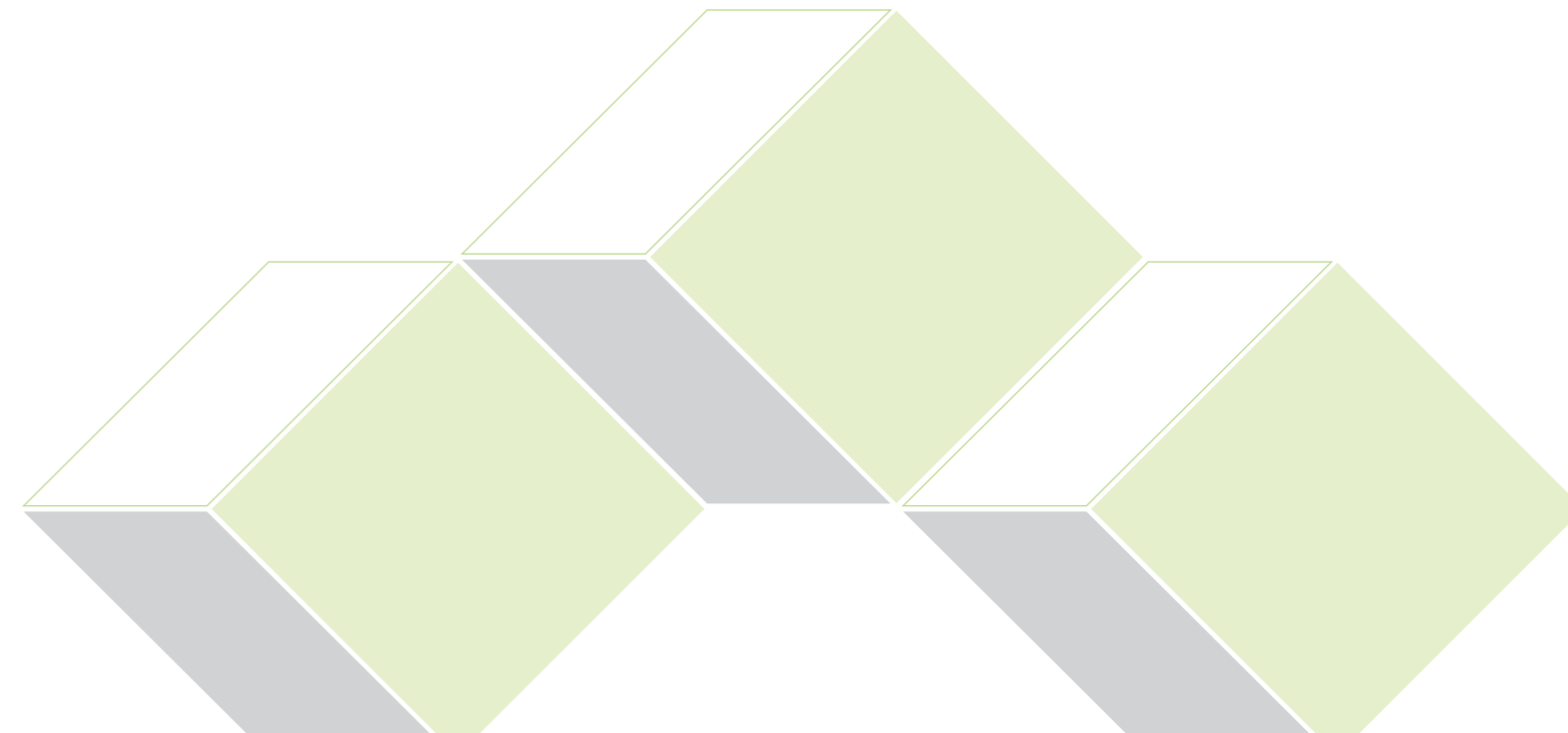
Taoyuan Plant's water sources are tap water and well water. Tap water comes from the Danan water purification plant, and its source is the Shihmen Reservoir. Well water diversion is located at Shanding Section No. 385 in Guishan Township, within one kilometer of the industrial park, and to the north of the Nankan River on the southwest side of the Taoyuan main irrigation canal. Water entrances are equipped with water meters for monitoring. Dedicated specialists take readings every day. Where there are abnormalities, we quickly respond with remedies. Weekly reports are aggregated and sent to management. In 2014, consumption of tap water was about 837,000 tons. Well water is all legally used according to water access rights, so there is no significant impact on water sources.

Kunshan Plant's tap water comes from Kunshan City Tap Water Group Limited, which currently has two water sources: the Yangtze River and Puppet Lake. Three water purification plants (the Jing River water plant, Water Plant III, and Water Plant IV), and six pressure stations (Zhouzhuang, ZhangPu, LuJia, Nankon, Huaqiao, and Binxi), together form a water supply network in support of each other. With daily water supply capacity of 1.5 million cubic meters, the system covers 927 square kilometers of the entire Kunshan City, and secures the water supply from reliable, adequate sources with excellent water quality. Kunshan Plant has been implementing water conservation and preventing water waste. With effective management and technology, it promotes the efficient use of water, identifies and eliminates water leakages, and recycles as well as reuses water to reduce water consumption. In 2014, tap water consumption was about 3.21 million tons, with water sourced from a network of three water purification plants of the Kunshan Tap Water Company. This is done according to regulations and permits so there is no significant impact on the locations of the water sources

### Total Amounts of Water Recycled and Reused

Total Amounts of Water Recycled and Reused				
Item	Location		Location	
	Taoyuan Plant		Kunshan Plant	
Year	2014	2013	2014	2013
Water recycled and reused (ton)	164,198	111,757	707,163	508,344
Total Water Consumption (ton)	836,865	832,951	3,214,379	2,824,138
Recycled rate	19.62%	13.42%	22.00%	18.00%

At Taoyuan Plant, recycling activities include mainly the reuse of waste water from the water purification machine to supplement AC cooling towers and for flushing toilets. Meanwhile, Kunshan Plant continues to reduce water usage in the manufacturing process by setting a lower limit in the primary water supplement control meter; controlling the recycling of water supplement in the chillers' cooling tower; and recycling waste water for reuse in the restrooms and wash towers, among others. Both plants increased recycling and reuse rates in 2014, and plan to reach the target to recycle and reuse 25% to 30% of total water consumption in three years



## Effluents and Waste

### DMA:

Policy : Stay environmentally friendly.

Commitment : Regulatory compliance, technology control, pollution reduction.

Objectives : Regulatory compliance, continuous reduction of effluent discharge,enhancement of waste recycling rate..

Resources : Plan special budget for effluent and waste treatment in the environmental expenses.

Action: 1. Establish the effluent treatment site, implement and enforce self-monitoring and self-management, and coordinate audits by environmental protection authorities  
2. Plan biological treatment facilities, improve effluent quality, promote energy saving, reduce discharges  
3. Enforce hazardous waste recycling, assign qualified waste disposal contractors, and trace waste disposal flow.

Validation and measurement: Anomaly frequency and pollution volume trend monitoring.

Applicability: ◆ Generic DMA ◆ Specific DMA

Scope : ◆ Within organization ◆ Outside organization

Production processes in the PCB industry are complex, with a variety of chemicals used in the production process that need to be properly disposed of to prevent negative environmental consequences. In 2004, Dynamic implemented the ISO 14001 environmental management system to enforce improvements. In addition to adopting a better pollution management system, and operating it effectively through internal audits and reviews, we also collect waste liquids, emissions, effluents, and waste from our operating activities, then process them according to their properties. Furthermore, we systematically manage the process to fully implement continuous improvements. The acidification tank setup and biological pool planning project is one such example. Given that COD (chemical oxygen demand) is an ozone-depleting substance in water, and also one of the culprits of anaerobic river water, Dynamic has demonstrated its commitment to environmental protection and sustainable operations by going beyond what is required. For instance, although our wastewater field on COD removal already meets the emission standards of the industry, we have nevertheless invested considerable funds to further reduce COD emissions. In 2014, Both the Taoyuan and Kunshan plants implemented a number of improvement projects

### Wastewater Operation, Management and Monitoring of Taoyuan Plant (2014)

Item	Monitoring Frequency	Anomaly Frequency	Anomaly Description
Report & Test	4	0	NA
Self-Test	365	0	NA
Center Monitoring	13	0	NA
EPB Audit	9	0	NA
EPA Audit	1	0	NA

### Wastewater Operation, Management and Monitoring of Kunshan Plant (2014)

Item	Monitoring Frequency	Anomaly Frequency	Anomaly Description
Report & Test	365	0	NA
EPB Audit	21	0	NA

Waste generated in the production process includes: high-concentration etching waste (copper chloride etching solution); micro-etch waste (including sulfuric acid/hydrogen peroxide, sodium persulfate); waste strippers (including sodium carbonate, sodium hydroxide); chemical copper waste (including copper sulfate, chelating agent); rack-stripping waste (including nitric acid); as well as low concentrations of acid waste (including sulfuric acid), washing water effluent, and more. Due to the rich copper content and the high-recycling value of high-concentration waste, such as etching and rack-stripping waste, we outsource them to a specialized waste recycling plant after classifying and collecting them. Since etching comprises the largest portion of high-concentration waste in the plant, we are also assessing the feasibility of online recovery systems.

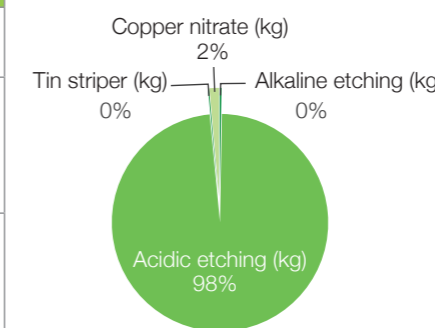
### Effluents and Waste Improvement Projects of Both Plants (2014)

Location	No.	Improvement Project	Project Objectives
Taoyuan Plant	1	Acidification tank setup and biological pool planning project	Add COD removal equipment, optimize effluents treatment systems
	2	Refurbishment tank dredging project	Refurbishment and maintenance of tank to restore the original design capacity
	3	Plant rainwater ditch overcast well improvement project	Properly collect and treat ground water runoff
	4	Recycling area renovation project	Improve the environment of the recycling area and the garbage carts
Kunshan Plant	1	Exhaust chimney tower integration project	Reduce extra and inefficient water tower washing
	2	Set Up programs for 150 tons of bucket for emergency stockpile emission	Avoid irregular water discharge, which leads to wastewater plant operation failure
	3	New 300 cubic meter rainwater collection tank	Collect early rainfall, which is highly polluted
	4	Added 160 square meters of sludge storage area	Avoid open storage of hazardous industrial waste
	5	Installed one set of online monitoring equipment	Instant analysis of water quality and quantity
	6	Sedimentation tanks pipeline dredging and addition of insulation cloth	Restore wastewater field design functions, maintain process efficiency
	7	Dissipated gas collection and disposal	Prevent polluted gases from wafting

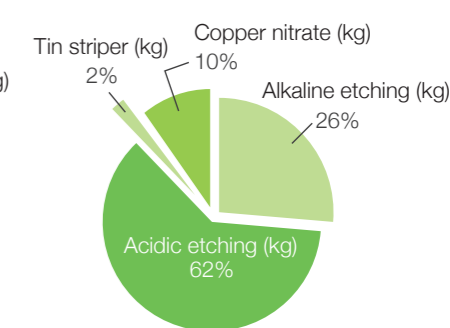
### Output of High Concentration Waste Solutions (2014)

Item	Taoyuan Plant	Kunshan Plant
Acidic etching solutions (kg)	1,665,650	5,827,737
Alkaline etching solutions (kg)	4,760	2,497,612
Copper nitrate waste solutions (kg)	23,550	974,285
Tin stripper solutions (kg)	2,500	179,930

Percentage of high concentration waste solutions in Taoyuan Plant



Percentage of high concentration waste solutions in Kunshan Plant



## Effluent (Wastewater) Management

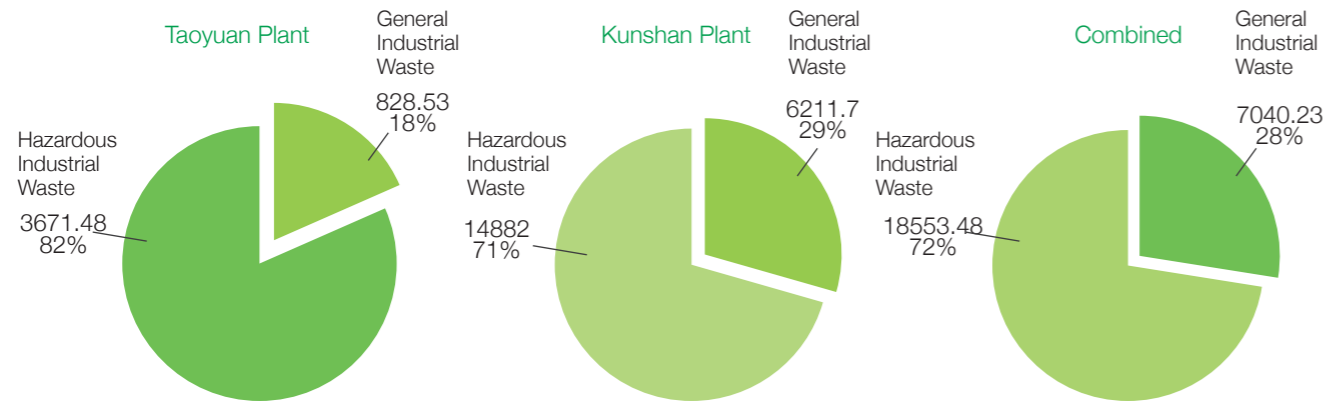
Wastewater treatment facilities of both Taoyuan Plant and Kunshan Plant are maintained and managed by professional service providers, and are under the management and audit of our Environmental Engineering Department. The Environmental Engineering Department conducts a jar test every day to adjust the optimal chemical proportion. In addition, Taoyuan Plant sends samples to the EPA-accredited laboratory to test effluent quality every quarter. Kunshan Plant also sends samples to local environmental authorities every month to test items that cannot be done by ourselves. To reduce environmental risk, Kunshan Plant built the rainwater and emergency discharge basin to cope with wastewater treatment anomalies or major leakage. Kunshan Plant has installed five on-line monitoring devices with different indicators and the on-line pH monitoring device at the rainwater outlet. Kunshan Plant has also established a specific environmental laboratory to monitor and inspect contractor operations.

The discharged water in the micro-etching process contains copper-ion content of up to 30–50g/L. Taoyuan Plant uses a cooling and crystallization method to pre-cool an amount of the micro-etching waste solution via a heat exchanger, then adds the appropriate amount of sulfuric acid to form crystalline copper sulfate before being moved to the collection tank via conveyor belt. The upper layer of solution is recycled for reuse. In 2014, the amount of recycled copper sulfate crystalline averaged 2,506 kg per month. At Kunshan Plant, an electrolytic method is used to recycle an average of 7,455 kg of copper block per month

The stripping developing waste solution dissolves large quantities of ink or dry film, so it has a high concentration of COD pollutants. In treating it, waste acid liquid is added to acidify it, altering the pH level from alkaline to acidic. Due to the effects of organic acid salts in the waste solution, a reverse reaction takes place and generates resinous ink/film deposits that float in waste solution. We then separate and remove these floating ink/film residues to reduce the COD pollutants. At the end of 2014, in order to further reduce the concentration of COD discharge, we planned an 800-ton biological pool and completed it by the end of August 2015.

## Waste Management

At Dynamic, waste generated during production includes both general industrial waste and hazardous industrial waste. In 2014, Taoyuan Plant produced a total of 4,500mt of waste, including 828.53mt of general and 3,671mt of hazardous industrial waste. Kunshan Plant generated 21,094mt of waste, including 6,212mt of general and 14,882mt of hazardous industrial waste



Waste is stored by category and property to facilitate storage and reduction. Waste control was implemented in terms of source and volume and was disposed of by EPA-accredited service providers. Each year we audit contractors from time to time to ensure waste is appropriately disposed of in compliance with relevant environmental regulations. In 2014, Dynamic has no major incidents of waste spill

### General Industrial Waste Management

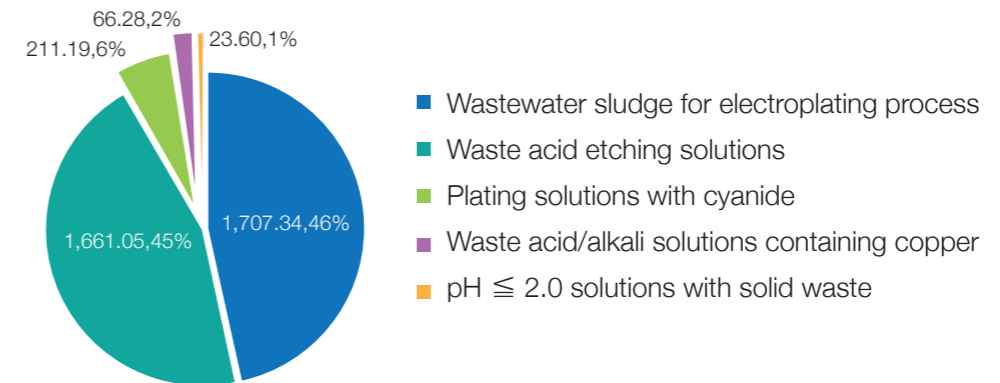
Taoyuan Plant - General Industrial Waste			
Category	Volume (mt)	Onshore / Offshore	Final Treatment
Trash	728.76	Onshore	Incineration
Other single non-hazardous metal or metal waste compounds	86.15	Onshore	Chemical treatment
PET-based waste photographic films	10.92	Onshore	Physical and chemical treatment
Non-hazardous organic waste liquids or waste solvents	2.65	Onshore	Incineration as intermediate treatment
Ion-exchange resin containing precious metals	0.03	Onshore	Recycle into raw materials for reuse
Other general industrial waste	0.02	Onshore	Chemical treatment

Kunshan Plant General Industrial Waste			
Category	Volume (mt)	Onshore / Offshore	Final Treatment
Recyclable general industrial waste	4,104.62	Onshore	Recycle and reuse
Trash	1,095.00	Onshore	Incineration
Other single non-hazardous metal or metal waste compounds	984.07	Onshore	Recycle into raw materials for reuse
PET-based waste photographic films	27.40	Onshore	Physical and chemical treatment
Ion-exchange resin containing precious metals	0.61	Onshore	Recycle into raw materials for reuse
<b>Total</b>	<b>6,211.70</b>		

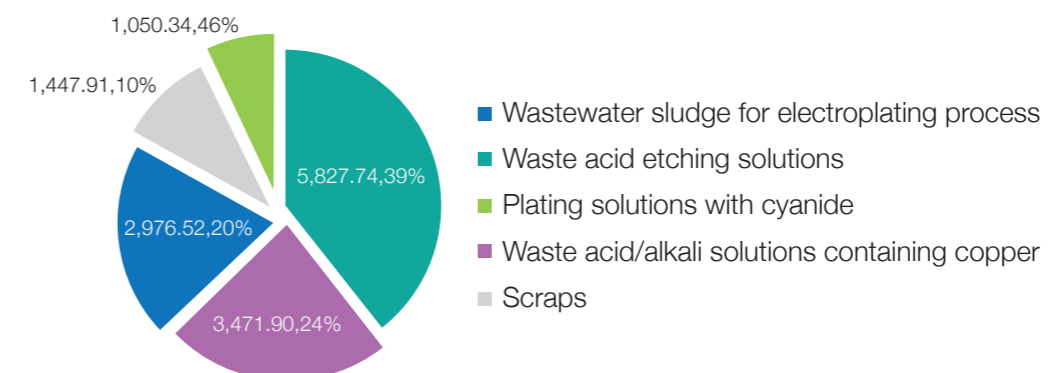
## Hazardous Waste Management

In 2014, we produced a total of 18,553mt of hazardous waste and no such waste was imported or exported.

Taoyuan plant - Hazardous Industrial Waste			
Category	volume (mt)	Onshore / Offshore	Final Treatment
Wastewater sludge for electroplating process	1,707.34	Onshore	Recycle by melting for ruse
Acid etching waste liquids	1,661.05	Onshore	Reused as materials for copper sulfate and cooper oxide
Plating liquids with cyanide	211.19	Onshore	Crushing and separation: reuse, incineration
Waste acid/alkaline solutions containing copper	66.28	Onshore	Ionic membrane electrolytic copper: recycle for reuse
pH2.0 solutions with solid waste	23.60	Onshore	Recycle for reuse as materials and additives
Plating solutions with cyanide	2.02	Onshore	Chemical treatment
<b>Total</b>	<b>3,671.48</b>		



Kunshan plant- Hazardous Industrial Waste			
Category	volume (mt)	Onshore / Offshore	Final Treatment
Waste acid etching solutions containing copper	5,827.74	Onshore	Reused as materials for copper sulfate and cooper oxide copper: recycle for reuse
Waste acid/alkali solutions containing copper	3,471.90	Onshore	Recycle by melting for ruse
Wastewater sludge for electroplating	2,976.52	Onshore	Recycle by melting for ruse
Scraps	1,447.91	Onshore	Crushing and separation: reuse, incineration
Waste PCBs and dust	1,050.80	Onshore / Offshore	Crushing and separation: reuse, incineration
Ink containers, waste cotton cores	107.01	Onshore	incineration
<b>Total</b>	<b>14,881.88</b>		



# GHG Emissions

**DMA:**

- Policy : Technology control and emission reduction.
- Commitment : Continuous improvement and sustainable operations
- Objectives : Sustainable energy development to ensure resource efficiency, energy savings, and environmental protection
- Resources : Apply for government subsidies to assist in emissions control
- Action : Promote energy management and develop GHG emissions examination and Control.
- Validation and measurement : GHG emission trend
- Applicability : ◆ Generic DMA ◆ Specific DMA
- Scope : ◆ Within organization ◆ Outside of organization

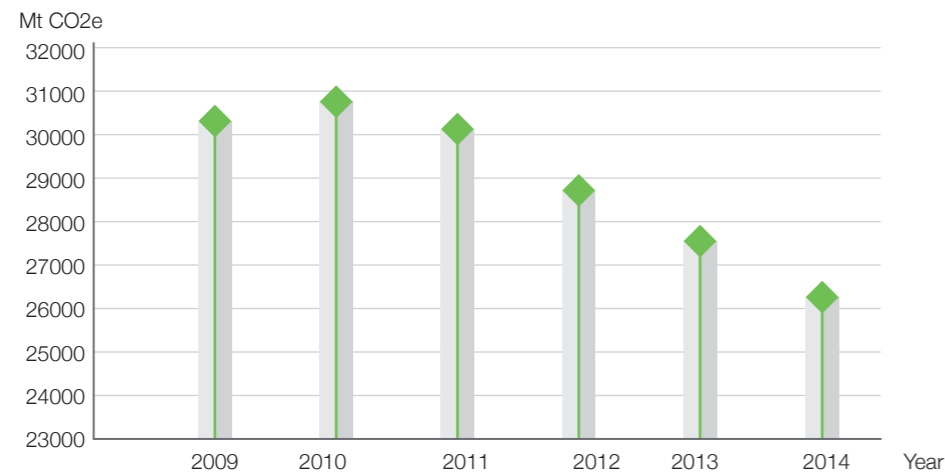
Purchasing electricity outside is the major cause of Dynamic's GHG emissions. Specific measures we have taken to reduce such emissions include equipment replacement, process improvements, environmental adjustments, using highly-efficient lighting, and advocating energy conservation to employees to meet energy reduction targets.

Since 2009, Taoyuan Plant has taken inventory of its GHG emissions every year. In 2014, we passed ISO 14064-1 verification by UL DQS Taiwan. Total GHG emissions were 26,201mt of CO<sub>2</sub>e, a decrease of 13.8% from the 2009 base year, and further extending the downtrend year by year.

Taoyuan Plant Top 6 GHG Emissions in (2014)								
Scope	Top 6 Green House Gas						Total	
	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	Equivalence	%
Scope 1 (mt CO <sub>2</sub> e/ year )	602.823	71.681	1.612	49.274	0	0	725.39	2.77
Percentage by Gas Type (%)	83.10%	9.88%	0.22%	6.79%	0.00%	0.00%		
Scope 2 GHG equivalences (mt CO <sub>2</sub> e / year )	-	-	-	-	-	-	25,475.86	97.23
Total ( mt CO <sub>2</sub> e/ year )							26,201.25	100.00

Emission source types in scope 1 include combustion energy, process emission, mobile combustion, dissipated emissions.  
Emission source type in scope 2 is purchased electricity from external grid. GHG emissions are estimated by carbon dioxide equivalence.

## Taoyuan Plant GHG Emissions Trend



Kunshan Plant took inventory of its GHG emissions for the first time at the beginning of 2014, and passed ISO14064-1 verification by BSI China. Total GHG emissions were 196,886mt of CO<sub>2</sub>e.

Kunshan Plant Top 6 GHG Emissions in (2014)								
Scope	Top 6 Green House Gas						Total	
	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	Equivalence	%
Scope 1 (mt CO <sub>2</sub> e/ year )	2,978	2,838	14	271	0	0	6,101	3.10
Percentage by Gas Type (%)	48.81%	46.52%	0.23%	4.44%	0.00%	0.00%		
Scope 2 GHG equivalences (mt CO <sub>2</sub> e/ year )	-	-	-	-	-	-	190,784	96.90
Total ( mt CO <sub>2</sub> e/ year )							196,885	100.00

Emission source types in scope 1 include combustion energy, process emission, mobile combustion, dissipated emissions  
Emission source type in scope 2 is purchased electricity from external grid. GHG emissions are estimated by carbon dioxide equivalence

# Green Production and Green Product Development

Dynamic's R&D unit consistently stresses the environmental impact of products and processes and is committed to minimizing resource consumption and the generation of hazardous substances in product design and production processes so as to reduce their environment impact.

The following is an example of green process improvements at Kunshan Plant in 2014. It showcases how the assessment and selection of more environmentally friendly solutions reduces metals and chemical elements in the manufacturing process, thereby mitigating adverse effects on the environment.

Process	Equipment	Items that Impact the Environment	Impacts on the Environment	Value Before Improvement	Improvement Measures	Value After Improvement
Plating	Horizontal PTH Line	Nickel	Water polluted by heavy nickel	400 PPM	Change chemical model no.	0 PPM
Plating	Plating 1 copper	Nitrate	Water polluted by nitrates	442,000 PPM	Change chemical supplier	0 PPM
Plating	Plating 2 Copper	Phosphorus	Cause eutrophication	1,500 PPM	Change chemical model no.	5 PPM
Plating	Hole filling line	Phosphorus	Cause eutrophication	1,055 PPM	Change chemical model no.	9 PPM
Silver	Silver Line	Phosphorus	Cause eutrophication	1,290 PPM	Change chemical model no.	6 PPM





Customer Services



## Customer Health and Safety

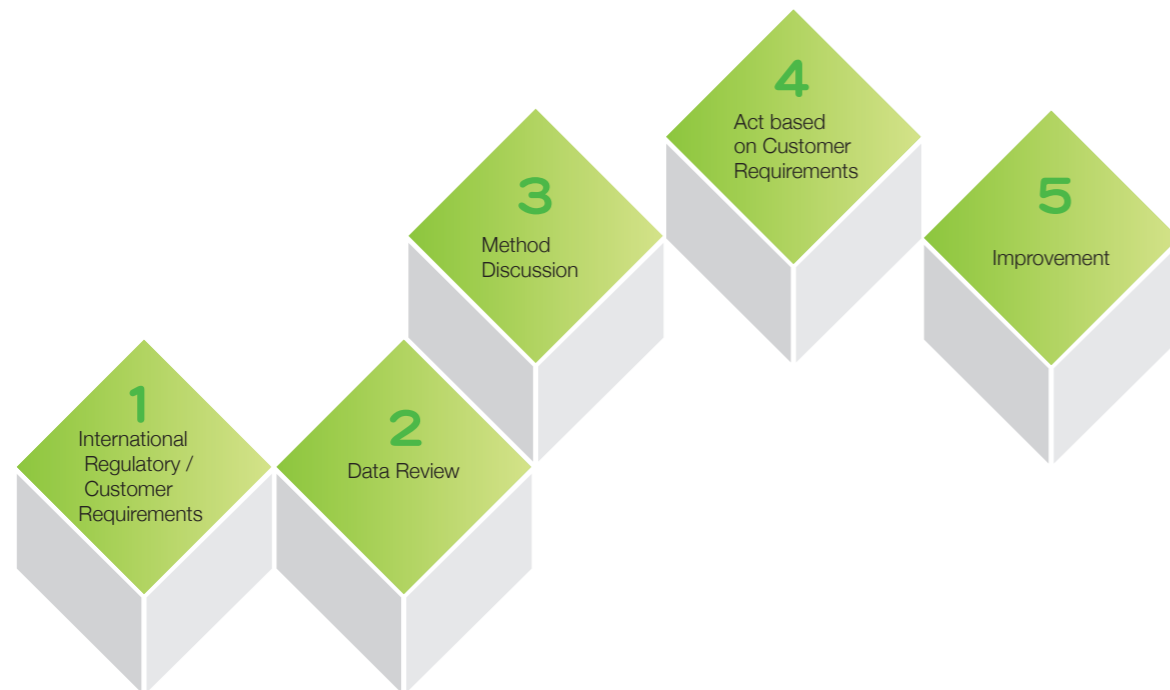
**DMA:**

- Policy : Compliance with regulations and customer requirements, protect customer health and safety.
- Commitment : Provide healthy and safe products.
- Objective : To continuously supply products that comply with international regulatory requirements and fulfill customer satisfaction.
- Resources : Responsible units will investigate and handle international regulatory and customer requirements, give advice, and provide safe and healthy products.
- Action:
  1. Materials and stacking of products are certified by international safety regulation (UL).
  2. All manufacturing processes are 100% compliant with no-hazardous substance regulations of RoHS and customers.
  3. We are committed to giving customers advice regarding possibility and opportunity to improve health and safety after receiving their product designs; provide advice for improvement in the capacity range.
  4. Responsible units to maintain updates of international regulations.
  5. Responsible units to confirm requirements when customers provide information.
- Validation and measurement: Monitor abnormalities and trend in pollution qualities.
- Applicability : ◆ Generic DMA ◆ Specific DMA
- Scope : ◆ Within organization ◆ Outside of organization

As a professional PCB manufacturer, we produce PCBs designed by our customers. We comply with regulations and customer requirements to ensure product safety and health. In line with the international practice of prohibiting or restricting hazardous substances, we began barring the use of RoHS substances in 2009 and recommended customers to not design products that contravened RoHS. In 2010, all Dynamic products complied with RoHS and we passed QC 080000 HSPM certification.

Going a step beyond our own stringent standards, we also demand relevant external organizations to meet the same requirements. For example, each time international or customer regulations are updated, our suppliers are obliged to provide products that meet the new requirements; third-party testing reports of hazardous substances are also needed every year from our main raw materials suppliers.

### Customer Health and Safety Implementation flowchart



Within the scope of our capability, from receiving customer product designs to manufacturing and delivering finished goods to them, we assist our customers to review all products with reference to health and safety impact considerations. We also assign responsible personnel to have international regulatory requirements updated at all times, and confirm customer requirements as soon as they provide information to us. Through these efforts, Dynamic had no reports of violations of product-related health and safety regulations in 2014.

## Product and Service Labeling

**DMA:**

- Policy : Ensure that product labeling is honest, accurate, clear, and comprehensive.
- Commitment : Labeling products clearly according to their actual properties and customer requirements.
- Objective : Provide customers with satisfactory products and services.
- Resources : Responsible units must label products with reference to the information provided by customers.
- Action:
  1. Validate customer requirements of labeling upon each receiving.
  2. Label products clearly according to their actual properties before shipping.
  3. Conduct customer satisfaction surveys every six months, analyze and improve.
- Validation and measurements:
  1. Organizational information and categories of product and service information in labeling procedure; percentage of categories of major products and services that have to meet the requirement of disclosure regulations.
  2. Violations of product and service labeling regulations or voluntary codes.
  3. Results of customer satisfaction surveys.
- Applicability : ◆ Generic DMA ◆ Specific DMA
- Scope : ◆ Within organization ◆ Outside of organization

After effecting customer designs into physical PCBs, we voluntarily provide customers with information regarding the original part model number, content (may produce substances causing environmental or social impacts), safety regulation references, PCB subse-quent treatment and their environmental/social impacts with reference to the finished product quality control process before shipping. In addition, we attach relevant labels on the carton for customer identification. For now, the safety regulation certification serial number of rigid PCBs is E150630; for flex-rigid composite PCBs, it is E465223. As both products have these numbers on them, customers can identify them easily. If a customer assigns a new raw material, one that has not yet passed safety regulations, we will immediately work together with them to make test boards of the raw material and apply for admission so as to meet the customer's requirements in the shortest time possible.

In 2014, our products were 100% clearly labeled according to their actual properties and customer requirements. No violation of product or service labeling regulations or voluntary codes were reported

### Customer Satisfaction Survey

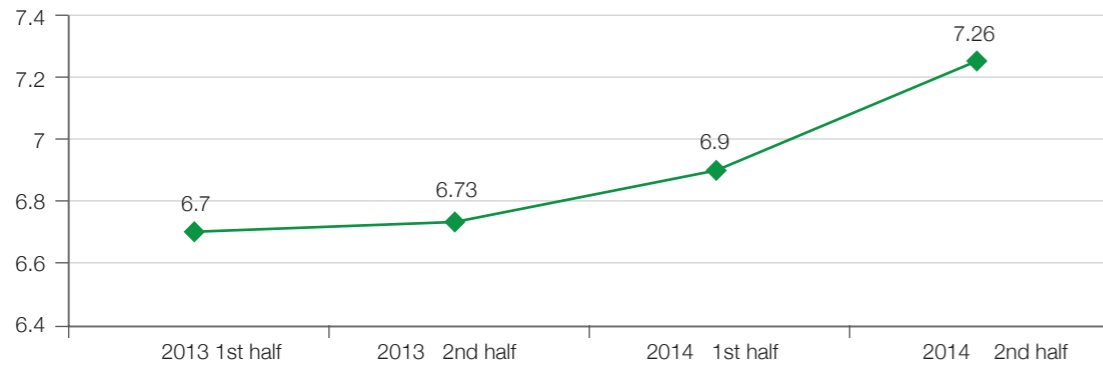
At Dynamic, we maintain self-discipline and self-growth and provide professional, integral, and quick service to fulfill customer require-ments, so as to enhance customer satisfaction. By setting up a dedicated customer service window, establishing cross-functional customer service teams, attending conferences, biannual customer satisfaction surveys, and other means of mutual communication with all our customers, we understand how they grade us and what they expect from us.

Our marketing department conducts a biannual customer satisfaction survey of the top 20 customers (by sales turnover) and key customers of each plant. Items on the survey include quality, delivery time, price, cooperativeness, freight, hazardous substances, and comparisons with other suppliers. Each item is rated according to five categories: Very satisfied (10 points), Satisfied (8 points), Up to standard (3 points), Acceptable (3 points), and Unsatisfied (1 point). After statistical analysis of trends, items that score fewer points than previous surveys or categorized as "Acceptable" or "Unsatisfied" are discussed individually for making improvements. Countermeasures are implemented and also included in the KPIs of the relevant units. In addition to continuously raising customer satisfaction, we compare our customer satisfaction levels with benchmark companies for referencing our short-, medium-, and long-term business strategies and development directions.

### Customer Satisfaction Survey flowchart



### Satisfaction



In 2014 the integrated customer satisfaction was higher than that of the 2013, suggesting that our efforts in improving various KPI have earned customer recognition.

## Marketing Communications

#### DMA:

Policy : Comply with regulatory requirements; quality improvements.

Commitment: Construct a customer demand-oriented, active and high-efficiency response mechanism.

Objective : Through positive communication to enhance customer satisfaction and create a win-win situation.

Resources : Dedicated units responsible for responding to customers' every need.

Action : 1. From time to time, conduct customer interviews to understand their issues.

2. Resolve customer complaints expediently.

3. On a monthly basis, total the number of customer complaints, and review for improvement.

Verification and measurement: 1. No sales reports of banned or disputed products.

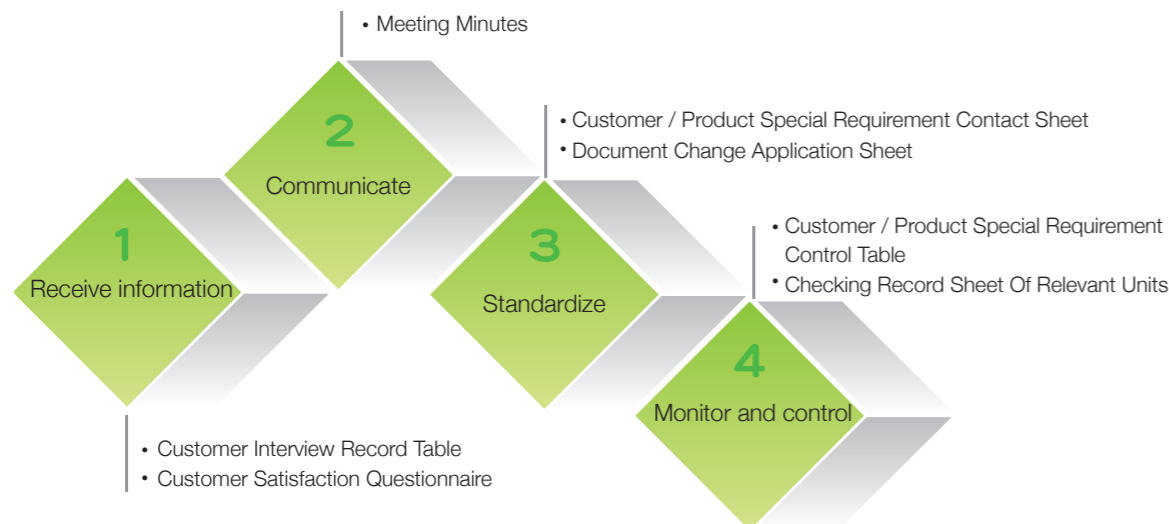
2. No violation of the relevant marketing regulations (including advertising, promotions, and sponsorship) and voluntary guidance.

Applicability : ◆ Generic DMA ◆ Specific DMA

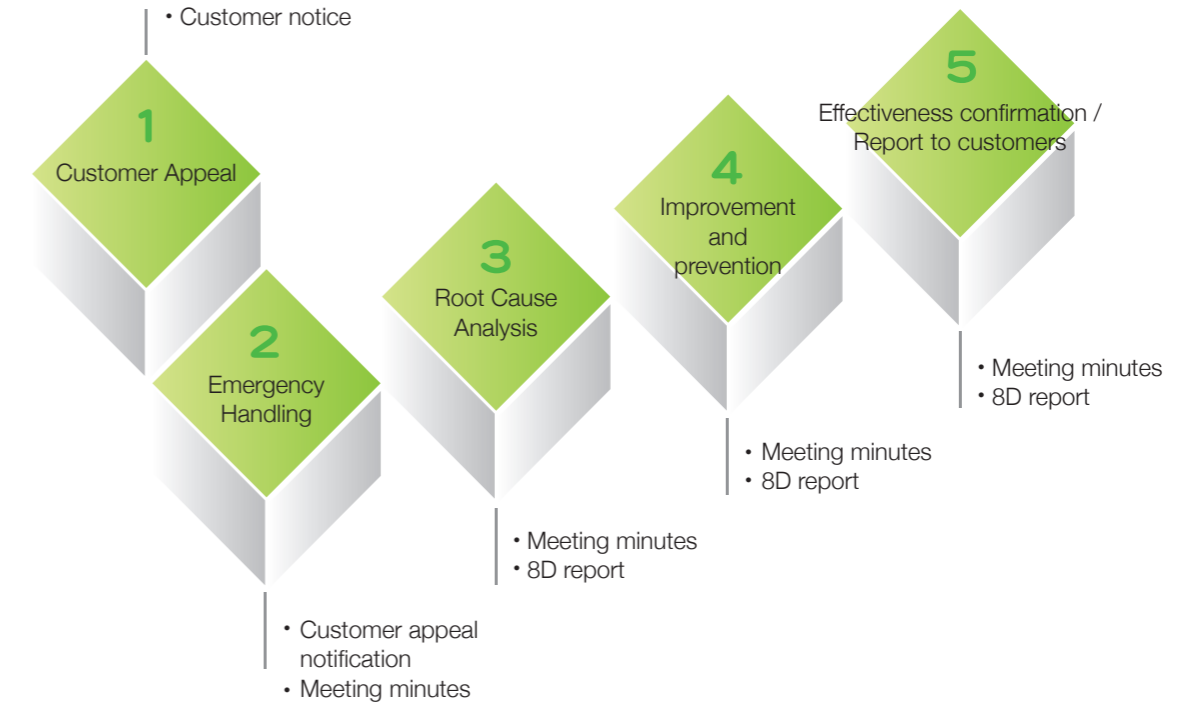
Scope: ◆ Within organization ◆ Outside of organization

We have established a complete, systematic internal and external communication and customer complaint handling processes to listen to the voice of customers and expediently respond to their expectations. We are also committed to having in place a customer-focused, self-motivated, and efficient response mechanism. At Dynamic, we treat every customer suggestion, audit and complaint as an opportunity for future communications with customers and raise the awareness among our employees of quality, environmental, and safety issues, as well as crisis response procedures. This helps us to continuously improve. We have well-planned communication and feedback channels to ensure customer information is effectively communicated to the relevant units and higher-level management. Internally, a well-planned handling process and response mechanism has been established to quickly respond to customer requirements to ensure their rights and benefits.

### Marketing Communications Operation Flowchart



### Customer Appeal Flowchart



In 2014, Dynamic had no banned or disputed products on the market. The company's PCB products are not directly sold to the public, so we are not active in advertising, promotions, and non-charity sponsorship. There were no violations of the relevant marketing regulations (including advertising, promotions, and sponsorship) and voluntary guidance in 2014.

## Customer Privacy

#### DMA:

Policy : Protect customer privacy and data.

Commitment : Prevent data leaks or losses.

Objective : Protect customer privacy and data.

Resources : Full confidentiality; build IT infrastructure.

Action : 1. Sign non-disclosure agreements with all employees and inform them of the penalties, including compensation for violations and criminal liabilities.

2. Storage of customer data by different departments in product folders and make off-site backups periodically.

3. Build IT infrastructure, encrypt customer data, and implement security protection.

Verification and measurements: No violations of customer privacy or loss of customer data.

Applicability : ◆ Generic DMA ◆ Specific DMA

Scope : ◆ Within organization ◆ Outside of organization

We have in place a complete and systematic customer data processing process and have assigned responsible units to receive, manage, and store customer data. All relevant personnel are requested to sign non-disclosure agreements. After the Sales Division creates a file with reference to the contract and product priority of customers for management, the R&D Division reviews and stores engineering data (Gerber, mechanical drawings, design protocols, etc.), while the QA Division stores non-engineering data. After confirming that the company is capable of accepting the order, customer-related data is managed and stored. We create folders by customer, and technical data folders by product, make off-site data backups regularly, and securely store the data.

In addition to signing the non-disclosure agreements, employees are also informed that no contracts, quality documents, specifications, drawings, samples, and trade secrets of customers are allowed to be photocopied or disclosed to irrelevant units or non-Dynamic personnel without prior permission. Employees are warned that the company will take legal action against violations with reference to the Trade Secrets Act. Moreover, we have planned and implemented IT infrastructure to encrypt customer data for better security protection. In 2014, no infringements of customer privacy or loss of customer data were reported.

# Supply Chain Partner



Ideas

Success

Vision

Skill

Analysis

TEAMWORK

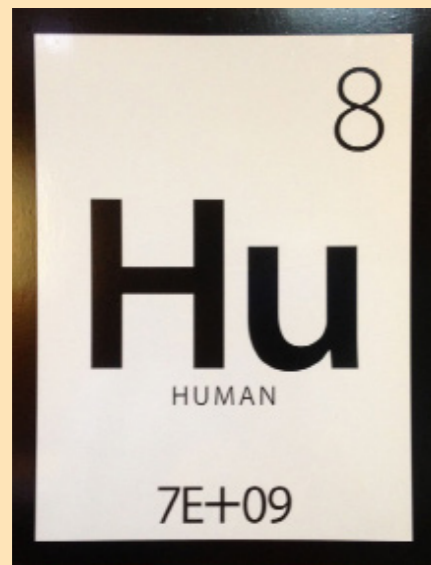




In March 2014, Dynamic formed a corporate synergy network with supply chain partners to jointly promote CSR and pursue sustainable development. Below are the lessons that we have learned working with our three partners, Dow Chemical, ITEQ, and C SUN Manufacturing.

## ROHM AND HAAS TAIWAN, INC (Member of Dow Chemical Group)

Huang San Qi , GM for Taiwan and East China  
Tsai Guo Bao, Technology Associate for Taiwan and East China



As the largest chemical company in the world, Dow Chemical is committed to advancing human progress and solving current challenges through science, technological innovation, and the power of human capital. The company currently owns four plants, two offices, and one agricultural technology research center in Taiwan with more than 600 employees focused on development of various specialized fields.

In terms of CSR, Dow is a leader in setting the trend. CSR has been internalized in its corporate policy and governance and implemented in daily operations. Dynamic Chairman and CEO, Mr. Huang, elaborated on the evolution and actions of Dow in detail: after surpassing its goal for 1999–2005, Dow went even further in 2006–2015 with their “2015 Sustainable Development” promotion to enhance the effects of environmental and safe production.

Major contents include : (1) Promoting green production: the four plants in Taiwan separately advocate various energy-saving/waste-reduction programs and green plant design. More rigid product safety management standards have been established for research and development, sales, the re-use, recycle, and disposal of products; (2) Implementing corporate citizenship through programs such as Hope for Reading, activities such as Future Scientists, the Dow Chemical Challenge Camp, the Dow Chemical-Marine Life Diversity Protection Program, as well as tours of the mangrove intertidal ecological environment, and much more; (3) Training top talents: With over 100 years' history, Dow believes in the importance of human capital. It is only through human input that Dow can create advanced technology, high-quality services, sustainable operations, and a wonderful life. Therefore, Dow stresses the importance of an ideal workplace. In addition to providing attractive remuneration and welfare, Dow also sees the health, training, career plans of its employees and future succession.



In addition, to cultivate a new generation of talents in the chemical field, Dow has cooperated with academia and sponsored the Madame Curie High School Chemistry Camp for five consecutive years. The camp is organized by the Academia Sinica Chinese Chemical Society and National Tsing Hua University. What's more, Dow also supported National Chengchi University's Competition of Entrepreneurship for Sustainability and provided the Dow Sustainability Innovation Student Challenge Award for four years in a row. Dow has had a stellar CSR record

Going forward, Dow is redefining its corporate role in society and working toward meeting its 2025 Sustainable Development goal over the 2016–2025 period. The company aims to provide more solutions to world-class challenges, such as in the fields of energy, climate change, water, food, housing, and health by sharing concepts and taking actions to build sustainable development and bring a better life to the world.

The 7 Goals to by 2025:

- Goal 1: Leading the Blueprint
- Goal 2: Delivering Breakthrough Innovations
- Goal 3: Advancing a Circular Economy
- Goal 4: Valuing Nature
- Goal 5: Increasing Confidence in Chemical Technology
- Goal 6: Engaging Employees for Impact
- Goal 7: World-Leading Operations Performance

These seven goals go a long way in leading the world to sustainable development. By exploring human and scientific potential, valuing nature, and establishing collaborations to foster human welfare, Dow will maximize economic, environmental, and social values. This is really amazing, and inspires Dynamic to promote its own social responsibility plans in the areas of green production, employee protection, talent cultivation, and corporate citizenship. We would like to express our gratitude to Dow's vision and audacity in broadening our own horizon



## ITEQ CORPORATION

Hsin Hue Tsai, CEO  
 Bo Kung Wang, VP  
 Jun Yo Lai, VP, Technology Service Center  
 Mong Rong Lin, VP, Quality Assurance Center  
 Zu De Tan, Deputy Director, Quality Assurance Center

We had an amiable talk with CEO Tsai, who had just assumed the post, at the company's newly relocated plant in Hsinchu County. As it is not in an industrial park, the surroundings were lush, spacious, and reflected a serene ambience.

Founded in 1997, ITEQ's main products are high-end copper-cladded laminates and films. The company currently runs the Hsinpu and Pincheng plants in Taiwan, and the Dongguan, Wuxi, Guangzhou, and Huangjiang plants in China, with around 3000 employees. On CSR matters, ITEQ is engaged in caring for its employees/foreign labor, maintaining communications with local communities, solving environmental issues such as waste water/waste material disposal (especially waste film), air pollution, energy saving, and landscaping. The company's environmental philosophy of waste reduction is embedded in its product design and quality enhancements, to the production process to reduce scrap rates, as well as increased emphasis on employee health and career development. Also worth mentioning is that the Wuxi plant has had a public welfare program since 2004, consistently supporting impoverished children in the Xishan District to attend school. By setting a good example, the company's efforts have been highly appreciated by the local Education Department.

Looking ahead, CEO Tsai hopes that ITEQ can be a force for promoting CSR and entice supply chain participants to join the sustainable development movement. ITEQ will prioritize caring for its employees while promoting environmental goals and become a green company that addresses the reuse of waste water and reduction of

waste films. In China, the company will continue to establish related facilities based on the government's environmental and energy saving standards. Dynamic appreciates and cherishes ITEQ's efforts to build a supply chain management system that fosters environmental sustainability and brings mutual benefits.



## C SUN Manufacturing Limited

Ching Wen Lai, VP PCB Business Unit  
 Zong Ming Huang,  
 Manager, Marketing Department



C SUN was founded in 1966 and went public in 2001. More than a machinery equipment manufacturer, it also hopes to be a solutions supplier. The company currently owns plants in Linkou, Taipei (its head office), and in Taichung and the Hsinchu Industrial Park, while subsidiary C SUN Technology runs the Guangzhou and Kunshan plants with over 800 employees and customers worldwide.

The company's management philosophy is "Everybody's Happy," which embraces customers, partners, investors, suppliers, families, communities, society, and the entire world. The fact that there is humorous content in training materials shows the company's emphasis keeping its employees jovial.

C SUN's commitment to CSR is embodied in its vision: "Leverage technical and cultural expertise to provide comprehensive services and offer customers worldwide with highly productive, energy-saving, and environmentally friendly systems." Furthermore, C SUN participates in over 10 exhibitions a year, and showcases its innovations at green exhibitions. For example, wood and paint are replaced with aluminum and transportation carbon emissions are reduced. We are also delighted that C SUN actively participates in public welfare events, such as sponsoring a baseball team in Chungli.



We would like to thank C SUN for working with Dynamic on the road to sustainability. By participating in supply-chain CSR information disclosures, C SUN has demonstrated its strong commitment to data retention and integration, and, in the future, hopes to publish its own CSR report.

Joke

**A Monk with a Diploma**  
 "A note drafted by a secretary that said 'to those employees who have or have not obtained diplomas' was mistakenly read by a monk with a diploma as 'monks who have obtained diplomas and employees who have not obtained diplomas.' The audience bursts out laughing. The manager stares them down and barks: 'Why do you laugh? What a bunch of lazy fellows; even monks got degrees, so shouldn't you guys study harder?'"



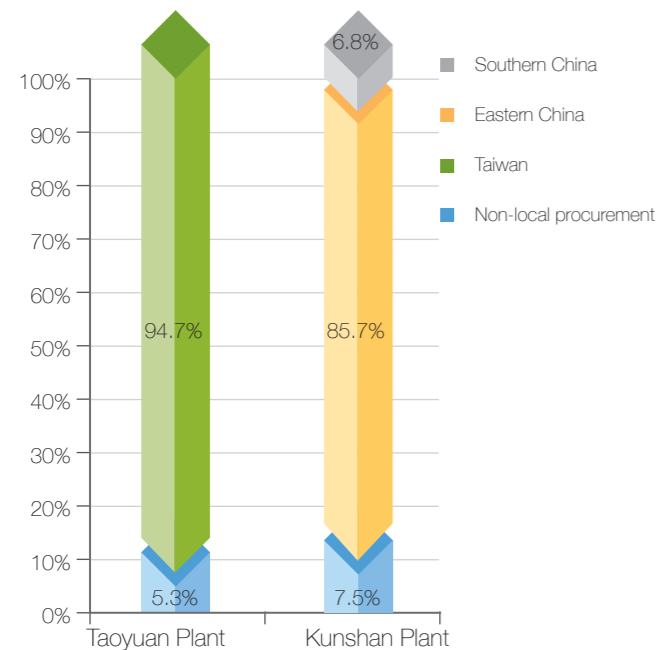
Dynamic believes that the support and effort of suppliers are indispensable from enhancing sustainable competitiveness. Besides complying with the requirements for quality, price, delivery time, and green policy, Dynamic progressively requests suppliers to promote and fulfill corporate social responsibility on the process to pursue sustainable development.

## Procurement Practice

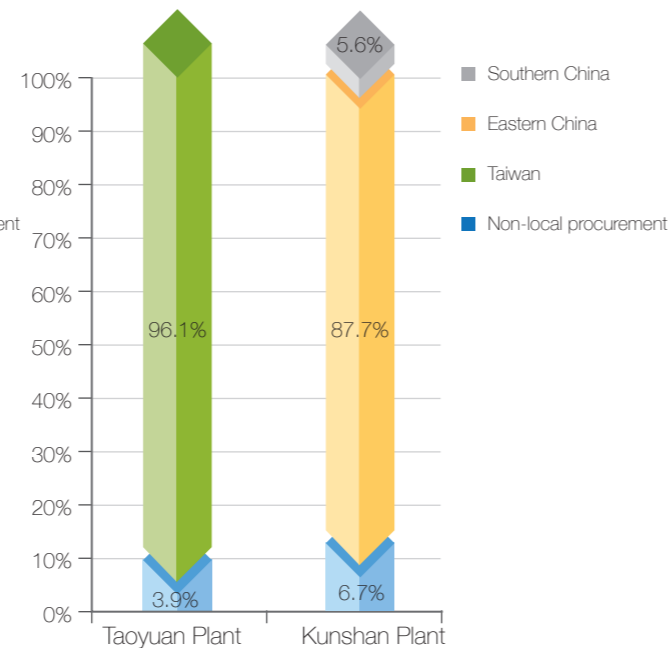
Suppliers are important partners in Dynamic's operations. Close cooperation with them in the common pursuit of business growth helps us to achieve customer satisfaction. We are cognizant that our procurement practices have wider economic implications through the creation of jobs, distribution of income, paying of taxes, and support of companies in our supply-chain that indirectly attracts investments and develops local economies. Through such ground-level cooperation, we strive to work toward win-win outcomes that contribute to reducing production costs and supply chain risks, and enhance our competitive advantages. In 2014, we worked with a total of 809 reliable suppliers with production bases mostly in Taiwan and the east coast of China

Supplier Region		
Region	Taoyuan Plant	Kunshan Plant
Taiwan	249	41
Non-local procurement	16	
Eastern China	0	468
Southern China	0	37
Total number of suppliers	263	546

Local Procurement Proportion (by supplier count)



Local Procurement Proportion (by amount)



## Supplier Environmental Assessment

At Dynamic, we promote "green procurement" and request suppliers to submit an impartial third-party inspection report and material safety data sheet (MSDS) and sign the "Declaration of Environmental HSF" for process materials while they are assessed by the RD unit to ensure their products do not contain environmentally hazardous and restricted substances in product design and manufacture; they comply with relevant domestic and international regulatory requirements and standards, such as the RoHS and REACH; raw materials and process under effective control; and the products provided do not contain hazardous or restricted substances. In addition, after a change of the place of manufacture, process, raw materials, parts and components, or assembly methods of products, suppliers are requested to immediately notify Dynamic and update their declarations and testing reports. Where necessary Dynamic may conduct an investigation to ensure the effectiveness of the green product management system.

For suppliers unable to submit an impartial third-party inspection report or a guarantee of no environmentally hazardous and internationally restricted substances and fail to sign the Declaration of Environmental HSF, we will re-consider procurement from them, such as terminating cooperation or search for a qualified alternative source. If the material supplied is irreplaceable, we will help and guide the supplier to prevent and mitigate the potential negative environmental impacts and maintain the effective operation of the supply chain. In 2014, Taoyuan Plant collected 114 copies of the declaration of conflict-free minerals from suppliers, with a response rate of 43.3%; Kunshan Plant collected 501 copies of the Declaration of Environmental HSF from suppliers, with a response rate of 91.8%. Both response rates were higher than in 2013

Statistics of Certification System of Suppliers				
Certification System	Taoyuan Plant		Kunshan Plant	
	ISO 9001	52	92.9%	88
QC 080000	7	12.5%	11	11.0%
ISO 14001	32	57.1%	64	64.0%
OHSAS 18001	15	26.8%	19	19.0%
SA 8000	2	3.6%	0	0.0%
ISO/TS 16949	7	12.5%	13	13.0%
TOSHMS	2	3.6%	0	0.0%
Number of raw material suppliers	56		100	

## Supplier Assessment for Labor Practices, Human Rights and Impacts on Society

At Dynamic, suppliers are requested to sign a letter of undertaking to abide by laws and regulations related to labor rights and benefits. Suppliers must comply with environmental, industrial safety, and human rights regulations, such as the Electronic Industry Code of Conduct announced by the Electronic Industry Citizenship Coalition. This ensures: that child labor is not used; working hours; employment is at free will; non-discrimination and compulsion; open policy for wages and benefits; promotion of health and safety; commitment to environmental protection; provision of uninterrupted communication; upholding of integrity, and the fulfillment of CSR and business ethics. In 2014, Taoyuan Plant collected 142 letters of undertaking from suppliers, with a response rate of 54.0%; Kunshan Plant collected 546 copies, with a response rate of 100%. Both response rates were higher than in 2013.

Dynamic treats suppliers as important cooperative partners. When selection or signing contracts, we will see how the suppliers implement their social responsibilities. If significant substantial or possible negative impacts exist, then we will help them improve, or we will stop cooperation.

### Letter of Undertaking of Integrity

We request supply chain and global suppliers to follow the CSR and EICC code of conduct so as to prohibit any and all forms of bribery, corruption, extortion and embezzlement. After receiving a report, complaint, or detecting an alleged violation of the letter of undertaking of integrity, the Audit Department will start an investigation immediately. If a violation is confirmed, suppliers are requested to make amendments within a given period or else face penalties referenced in the letter of undertaking of integrity. If it is a serious offence, the suppliers will be removed from the qualified supplier list and their materials will be rejected. In 2014, Taoyuan Plant collected 216 letters of undertaking of integrity from suppliers, with a response rate of 82.1%; Kunshan Plant collected 546 copies of the letter, with a response rate of 100%.

Our CEO mailbox: [ceo@dynamicpcb.com](mailto:ceo@dynamicpcb.com) accepts reports, complaints from employees, suppliers, third-parties and customers.

### Declaration of Conflict-free Minerals

Suppliers are requested to establish appropriate policies and standards and due-diligence investigation procedures to ensure that metal(s) used in the process do not contain the "conflict minerals" from the DRC or adjoining countries and areas under military armed control. "Conflict minerals" include, but are not limited to, cassiterite, wolframite, coltan, gold and their derivative rare metals, particularly gold (Au), cobalt (Co), tantalum (Ta), tin (Sn) and tungsten (W). In addition, suppliers are requested to ask their upstream suppliers to follow such protocols.

# Employee Care and Development





## Labor and Management Relations

### DMA :

Policy : Comply with regulatory requirements and transparent wage policies.

Commitment : Uninterrupted communication mechanism and upholding integrity.

Objective : Comply with international and government labor laws and regulations; to be transparent and explain management policies to employees.

Resources : Various communication mechanisms and meetings within the organization.

Action : Hold routine labor-management meetings and organize promotional activities to nurture the relationship.

Validation and measurements : When faced with material operational developments that impact employees, issues will be addressed according to corporate rules and procedures. Governmental regulations that stipulate time limits for consultations and announcements may apply.

Applicability : ◆ Generic DMA ◆ Specific DMA

Scope : ◆ Within organization ◆ Outside of organization

Communication is the first step of labor-management relations. Open communications can resolve many employee-related issues and provides a feedback mechanism for expressing their needs and grievances. Many channels for communication are available at Dynamic, including employee seminars, labor-management meetings, appeal channels, surveys, bulletin boards, internal publications, emails, etc. The sharing of information through various communication channels helps to reduce information gaps between employees and management, further strengthening cohesion and fostering harmony between labor and management. Furthermore, when employees are transferred, it is done in compliance with procedures as per the Regulations Governing Employee Transfers. When it comes to a time-sensitive critical decision, management will inform all employees via email and large posters. State regulations that stipulate time limits for consultations and announcements may apply.

All employees are guaranteed the freedom to associate with collective bargaining schemes. Matters are discussed and determined at labor-management meetings at Taoyuan Plant and with the labor union at Kunshan Plant. Protection of participating employees is 100% guaranteed.

Meetings Held (2014)			
	Target	Taoyuan Plant	Kunshan Plant
Management Meeting	Management In Charge	12	12
Labor Meeting	Employee Rep	4	0
Welfare Committee	Employee Rep	5	0
Employee Forum	Employee Rep	0	20
Company Monthly Meeting	All Employees	0	12
Grand Event	All Employees	3	10
Employee Satisfaction Survey	All Employees	4	12
Company Notice	All Employees	More than 100 times	More than 100 times

## Employee Type Analysis

Year		2014	2013
Average Age		28.12	27.46
Average Year		2.05	2.01
By Contract	Formal	1,901	1,496
	Informal	4,440	4,426
	Total	6,341	5,922
By Gender	Male	3,780	3,511
	Female	2,561	2,411
	Total	6,341	5,922
By Region	Taoyuan Plant	821	901
	Kunshan Plant	5,520	5,021
	Total	6,341	5,922
By Work Form	Direct	4,727	4,547
	Indirect	1,614	1,375
	Total	6,341	5,922
By Degree	Doctor	2	1
	Master	18	16
	Bachelor	757	749
	Senior High	1,795	3,279
	Below Senior High	3,769	1,877
	Total	6,341	5,922

## Proportion of Employees' Start Pay at Local Minimum Wage

Plant	Male	Female
Taoyuan Plant	107%	107%
Kunshan Plant	100%	100%

## Employment

Dynamic values its employees and emphasizes the potential of human capital. Human resources development and professional training enhance the capabilities of employees and help them achieve personal growth. We invest to improve the quality of manpower in our operations in Taiwan and China so as to strengthen the cohesion of employees, reduce employee turnover, fortify our competitive organizational structure, and lay the foundation for sustainable corporate growth. Dynamic reports the relevant information of new employees, employee turnover, fill-up and attrition rates, benefit plans, and return to work and retention rates after parental leave by significant operational location as follows:

### Taoyuan Plant

Taoyuan Plant New Employee Overview (2014)							
Category	Group	Male		Female		Group Subtotal and Ratio	
		Number of Employees	Percentage in Group	Number of Employees	Percentage in Group	Number of Employees	Account for
Duty	Indirect Personnel	46	67.6%	22	32.4%	68	28.0%
	Direct Personnel	96	54.9%	79	45.1%	175	72.0%
Age	18-30	40	43.5%	52	56.5%	92	37.9%
	30-50	101	67.8%	48	32.2%	149	61.3%
	50+	1	50.0%	1	50.0%	2	0.8%
Total		243					

## Taoyuan Plant Employee Turnover (2014)

	Group	Male		Female		Group subtotal and ratio	
		Number of Employees	Percentage in Group	Female	Proportion within this group	Number of Employees	Account for
Position	Indirect personnel	40	54.8%	33	45.2%	73	22.3%
	Direct personnel	134	52.8%	120	47.2%	254	77.7%
Age	18-30	46	52.3%	42	47.7%	88	26.9%
	30-50	124	54.4%	104	45.6%	228	69.7%
	50+	4	36.4%	7	63.6%	11	3.4%
Total		327					

As shown above, the monthly departure rate was 3.3% (=327/821/12), which is the average for the industry

## Taoyuan Plant Fill-in and Attrition Rates (2014)

Items	Male	Ratio	Female	Ratio	Total
New employees	142	58.4%	101	41.6%	243
Fill-up rate	25.1%		20.2%		22.8%
Resigned employees	174	53.2%	153	46.8%	327
Attrition rate	29.1%		27.8%		28.5%
In-service employees	423	51.5%	398	48.5%	821

Fill-up rate = New employees/(New employees+ In-service employees)

Attrition rate = Resigned employees/(Resigned employees + In-service employees)

## Taoyuan Plant Employee Pension Plan (2014)

Structure	Percentage of contribution in salary	Participation
Defined contribution plan	6%	100% compulsory

After the new pension system was implemented on July 01, 2005, Dynamic has contributed 6% to the pension fund every month according to law. The 170 employees employed before the new regulations were enacted still have the right to request their pensions according to the previous pension system upon reaching retirement age. Dynamic contributes 2% of their total salary to the Dynamic Pension Reserve by law. As of December 2014, the balance of this total salary was NT\$76 million, and it will be to support pensions paid under the previous system.

## Taoyuan Plant Unpaid Parental Leave (2014)

Description	Males		Female		Total
	Employees	Percentage	Employees	Percentage	
Application for unpaid parental leave	3	20.0%	12	80.0%	15
(1) Employees requesting reinstatement in 2014	14				
(2) Actual number of employees reinstated in 2014	8				
Reinstatement rate = (2)/(1)	57.1%				
(3) Employees reinstated for one full year at the end of 2014.	7				
Retention rate = (3)/(2)	87.5%				

## Kunshan Plant

## Kunshan Plant New Employees (2014)

Category	Group	Male		Female		Group subtotal and percentage	
		Number of Employees	Percentage in group	Number of employees	Employees	Percentage in group	Number of employees
Position	Indirect personnel	403	57.2%	301	42.8%	704	16.2%
	Direct personnel	2,277	62.7%	1,357	37.3%	3,634	83.8%
Age	16 - under 18	5	83.3%	1	16.7%	6	0.1%
	18-30	2,144	61.7%	1,332	38.3%	3,476	80.1%
	30-50	530	62.2%	322	37.8%	852	19.6%
	50+	1	25.0%	3	75.0%	4	0.1%
Total		4,338					

## Kunshan Plant Employee Turnover (2014)

Category	Group	Male		Female		Group subtotal and percentage	
		Number of Employees	Percentage in Group	Number of Employees	Proportion within this group	Number of Employees	Account for
Position	Indirect personnel	277	54.4%	232	45.6%	509	13.2%
	Direct personnel	2,108	63.2%	1,230	36.8%	3,338	86.8%
Age	16 - under 18	8	66.7%	4	33.3%	12	0.3%
	18-30	2,093	62.4%	1,261	37.6%	3,354	87.2%
	30-50	279	59.2%	192	40.8%	471	12.2%
	50+	5	50.0%	5	50.0%	10	0.3%
Total		3,847					

## Kunshan Plant Fill-in and Attrition Rates (2014)

Items	Male	Ratio	Female	Ratio	Total
New employees	2,680	61.8%	1,658	38.2%	4,338
Fill-up rate	44.4%		43.4%		44.0%
Resigned employees	2,385	62.0%	1,462	38.0%	3,847
Attrition rate	41.5%		40.3%		41.1%
In-service employees	3,357	60.8%	2,163	39.2%	5,520

Fill-up rate = New employees/(New employees + In-service employees)

Attrition rate = Resigned employees/(Resigned employees + In-service employees)

## Kunshan Plant Employee Pension Plan (2014)

Structure	Percentage of contribution in total salary from the employer	Percentage of contribution in total salary from the individual	Participation
Defined contribution plan	20%	8%	100% compulsory

The social pension insurance is borne by both the company and the employee. The company contributes 20% of the reserve and employees contributes 8% of their salary. The contribution is placed in the worker's individual account according to the legal contribution percentage each month.

## Training and Education

A competency oriented learning and development system is established and implemented to ensure personnel of all levels receive appropriate training, so as to improve their skills and literacy and thereby achieve organizational objectiveness and effectiveness. Internal and external training is arranged to sharpen the professional competencies and knowledge of active employees. Referring to the job nature and required competencies, competency training or probation are arranged for new employees or transferred personnel to ensure they are familiar with their work.

In addition, the company assists employees with continuous growth and life-long learning. Dynamic encourages on-the-job study methods and participation in university EMBA courses and short-term overseas language studies to enhance management and language capabilities. For employees and supervisors/professional personnel who do not have the time to leave work for their studies, we hired qualified foreign language teachers to give language classes at the plant, enabling them to sharpen their foreign language command on a practical daily basis.

Furthermore, the company supports employees in pursuing professional qualifications and provides monthly subsidies to those who obtain professional licenses based on the level of difficulty and importance. As for training hours, the company plans to allocate more hours required for specific trainings.

Professional Licenses and Certification	
Type	Description
National skills certification	Labor safety and health manager, labor safety and health administrator, boiler operators, electrician, nurse, chemical technician.
Professional license	Air pollution prevention and control specialist, wastewater treatment specialist, waste material specialist, toxic chemical manager, quality engineers, quality specialist, reliability engineer.
Professional training	Labor safety and health supervisor, fire prevention manager, power manager, organic solvent operation supervisor, specific chemicals operation supervisor, dust operation supervisor, on-site safety and health supervisor, load > 1 ton forklift, small boiler operator, radiation operation personnel, emergency rescue personnel.
System certification	TS16949 internal audit personnel, ISO14000 internal audit personnel, internal control audit specialist, CNLA laboratory management personnel.

Training Courses (2014)		
Plant	Taoyuan	Kunshan
New employee training	64	204
On-the-job training – internal	233	1,644
Professional training – external	102	18

Taoyuan Plant Employee Training Hours (2014)					
Category	Male	Average hours	Female	Average hours	Total hours
Supervising personnel	66	25	8	49	2,042
Indirect personnel	100	16	135	11	3,085
Direct personnel	257	12	255	10	5,634
Total	423	15	398	11	10,761

Note:

- Supervising personnel: in 2014, the Taoyuan plant hired a lecturer to teach "Happy Corporate Project" at the plant during the first week of each month. Students in this class were supervising personnel. Games, questionnaires, role playing, and seminars were used to help supervisors relieve work stress. Several male supervisors could not attend class due to being on assignment at Kunshan. As such, males had less overall training hours than females.
- Indirect personnel: in 2014 the Taoyuan plant underwent active transformation to develop green energy products and soft- and hard-composition boards. Because there are more males in R&D, males had more overall training hours than females.
- These training hours do not include new employees' pre-job training.

Kunshan Plant Employee Training Hours (2014)					
Category	Male	Average hours	Female	Average hours	Total hours
Supervising personnel	16	48	11	42	1,230
Indirect personnel	644	18	558	18	21,636
Direct personnel	2,697	12	1,594	12	51,492
Total	3,357	13	2,163	14	74,358

Note: These training hours do not include new employees' pre-job training.

## Occupational Health and Safety

Our core value of "People are Dynamic's most important asset" means that we do our best to provide our employees with a safe and healthy work environment. In support of this, the Taoyuan and Kunshan plants were verified with the OHSAS 18001 international occupational safety management systems in 2010 and 2011, respectively.

Dynamic's plants regularly convene health and safety related meetings according to local regulations to realistically implement company safety and health policies and prevent accidents. In addition, Dynamic has established an incident risk inventory and abnormal incident investigation and handling measures. The risk inventory is conducted for work-related injuries and incidents beforehand, and covers general and environmental accidents. Should an accident occur, an investigation is conducted to identify the cause and effective corrective and preventative measures are taken to avoid the problem from reoccurring.

In caring for our employee's health, Taoyuan Plant's employees undergo an annual health checkup. If the results are abnormal, nursing personnel will follow up on the employee's health status. When necessary, the responsible supervisor will reassign the employee to another more appropriate position. Kunshan Plant uses a combined health management program file based on occupational health related regulations. Physical checkups will be given to employees at risk of occupational injury before, during, and after being assigned to their position. Employees who are not physically fit for their position will be reassigned to an appropriate one. Each year, environmental testing of the work environment is conducted to ensure that occupational hazard factors are within legally permitted scope. In addition, qualified work protection equipment is given to operators in positions with potential occupational risks.

### Implementation and operation of the Occupational Safety and Health Committee/Safe Production Committee

Taoyuan Plant's Occupational Safety and Health Committee has a total of 12 members, four of whom are worker representatives. This conforms to Occupational Safety and Health Act regulations that stipulate workers must constitute one third of the total number of committee members. The Occupational Safety Department consists of six members, three of whom have occupational safety manager qualifications and three have occupational safety administrator qualifications. This exceeds what is regulated by law. An occupational safety and health committee meeting and safety production committee meeting are convened each quarter according to regulations.

Kunshan Plant has a Safety Production Committee with 17 members, including supervisors from various departments. The general manager is the committee chairman, and leads and supervises committee members in work development, research, deployment, guidance, and coordination of the safety procedures at each company unit and department. The committee convenes at least once a quarter. At the meetings, reports are given on the previous meeting's resolution implementation items, and members deliberate on the company's safety procedures. They also provide recommendations on primary measures, supervision, checks, guidance, and coordination of safety procedures at company departments, deliberate on incident investigations and handling, emergency rescue work for major incidents, and set up work requirements. Whenever a major work accident occurs, the committee convenes an emergency meeting. The general manager of the Occupational Safety Department focuses on safety management items and guides the company's safety management work. Twenty-nine people have been assigned to this task, which exceeds the 2/1000 requirement for production-industry designated safety management personnel.

### Occupational safety related statistics in 2014

Number of Occupational Injuries by Area			Number of Training Sessions Held (2014)			
Disaster type	Taoyuan plant	Kunshan plant	Incident type	Definition	Taoyuan plant	Kunshan plant
Falling, tripping, rolling off	1	5	Loss of function	Personnel death	0	0
Hit and getting hit	0	2		Injured and cannot return to work the next day	11	43
Objects collapsing and flying off	3	30	Light injury that require medical treatment	Injured and require outside medical treatment by doctors or professional personnel. Can return to work the next day and implement their original work.	0	29
Getting crushed or rolled in	5	18				
Getting cut or scraped	0	19	Light injury that only require rescue	Light injury that only require simple treatment before returning to work.	0	24
Electrocution	0	1				
Chemical spray and contact with hazardous substance	1	15				
Traffic accident	2	4				
Other	1	6				

## Special Hazard Work analysis

Taoyuan Plant Special Health Examination			
Special health examination item	Number of employees examined	Number of employees with abnormalities	Abnormality description
Dust and powder	61	42	Grade 2
Noise	17	12	Grade 2
		4	Grade 3
Ionizing radiation	58	46	Grade 2
Manganese	34	0	
Chromic acid and salts	5	0	
Total	175	104	

Note:

Grade 1: confirmed as normal by doctors.

Grade 2: confirmed as abnormal by doctors, but not related to work.

Grade 3: confirmed as abnormal by doctors, but cannot confirm if abnormality is related to work. Further assessments should be done by an occupational medical specialist.

For the four cases of Grade 3 level cases, an occupational medical specialist has been arranged to provide guidance at the plant or conduct job reassignment. Personnel with abnormalities are required to have subsequent health checkups in order to monitor their condition. Render assistance when appropriate.

Kunshan Plant Special Health Examination			
Special health examination item	Number of employees examined	Number of employees with abnormalities	Abnormality description
Acid mist	272	0	
Noise, dust	261	13	For equipment: correct noisy equipment that already in use and set up short- and long-term improvement objectives to achieve maximum noise reduction. For personnel: those who show abnormalities in their on-the-job physical examination results have all been reassigned from their posts. Training is conducted for personnel who did not show abnormalities in the examination. Objective is to improve employees' self-protection awareness and instill the habit of wearing ear protection.
Ultraviolet radiation	189	0	
BTEX	182	0	
Cyanide	41	0	
High temperature	3	0	
Total	948	13	

## Safety and health topic communication record

Taoyuan Plant Safety and Health Communications		
Topic channel	Number of communications	Communication content
Occupational safety and health committee meeting	4	Environmental testing, infectious diseases prevention, plant operations management, health check plan, automatic self-inspection, occupational safety training programs, safety announcements.
Occupational safety announcement column	3	Environmental testing results, new health knowledge, occupational disaster cases, workplace emotional management, labor complaints announcement, GHS awareness, and other new occupational safety news
Email	12	Health education information, new regulations

Kunshan Plant Safety and Health Communications		
Topic channel	Number of communications	Communication content
Weekly safety meetings	52	Check and discuss potential safety hazards, review of safe work hours, announce important items
Quarterly safe production meeting	4	Discuss this quarter's potential safety hazard rectification Discuss this quarter's safe production objective Announcing important items for next quarter's safety issues For the first quarter, compare last year to the previous year and set related plans
Work injury review meeting	Irregular	Convene an analysis and discussion meeting whenever work injury occurs
Bulletin board / network	Irregular	Laws, work environment monitoring results, safe operation rules, occupational health management measures

## Grievance Mechanism

Since implementing the unfair treatment complaint box, filing of grievances have significantly declined. Employees can lodge unfair treatment complaints, which management will endeavor to resolve so as to create a fair and friendly work environment. In 2014, there were no incidents of employees seeking outside channels to report labor-management grievances, demonstrating the trust employees place in the unfair treatment complaint box and their willingness to resolve issues with management through internal channels.

## Taoyuan Plant

In 2014, the Taoyuan plant received a total of five grievances, representing an 86% drop from 37 in 2013. Based on complaint type, reports of unfair treatment cases declined from 27 cases to just one. Cases of this nature have clearly improved, reflecting employees' recognition of the management's efforts to be more sympathetic. The majority of complaints related to personal interests, accounting for 60% of the total, and is a sign that the company's open strategy is allowing employees to fight for their individual rights. Based on department, the manufacturing department had the most complaints. Analysis shows that this is related to the behavior of base-level managers. The HR Department arranged management courses for the department's supervisors to improve their methods of managing production-line staff. After these courses, the number of complaints reduced significantly.

Taoyuan Plant Complaint Statistics			
Complaint type	2014	2013	Accumulated
Reporting of unreasonable situations	1	27	28
Public safety recommendations	1	0	1
Safeguard the rights of individuals	3	3	6
Unidentified	0	7	7
Total	5	37	42

Taoyuan Plant Complaint Cases by Department			
Department	2014	2013	Accumulated
Manufacturing	3	23	26
Administration	1	11	12
QRA	0	1	1
Engineering	0	1	1
Procurement	0	1	1
Public Facility	1	0	1
Total	5	37	42

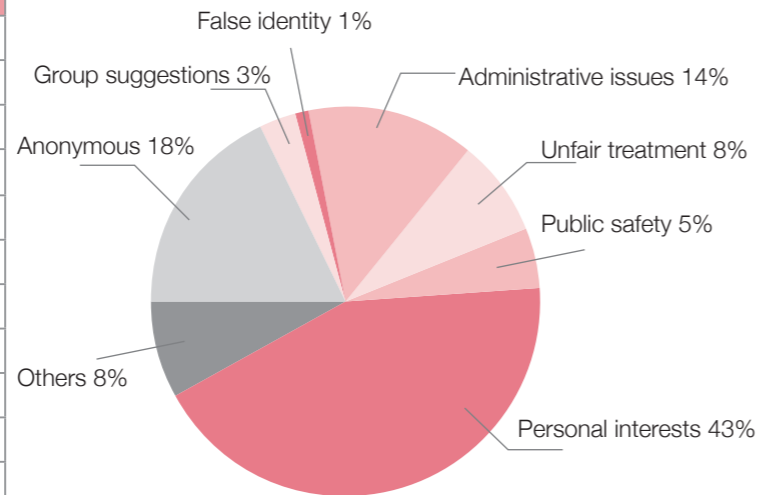


## Kunshan Plant

In 2014, the number of unfair treatment complaints received at Kunshan Plant fell by 33% to 212 from 317 in 2013. According to the type of complaint, personal interests were the largest, followed by administrative matters (notably issues around living conditions), unfair management and regulations, and concerns around public safety. There were 38 grievances made by unidentified sources, probably out of fear that the revelation of their identities would lead to retaliation. The human resources department will continue to do its part to allow employees to file reports without such fears. By department, HR received the most number of grievances, which were mostly related to HR policies and regulations, such as requests for special post allowances and discontinuing payments for social security. The manufacturing department received the second largest number of grievances, which revolved mostly around environmental concerns and management issues. The administration department received the third most number of grievances; here, matters relating to food, work clothes, accommodation, and provisions were prominent. HR problems have been addressed via bulletin boards while the heads of the manufacturing department have been scheduled to participate in base-level management courses to improve their communications with employees. Meanwhile, complainants were invited to supervise issues around food, the timely issuance of work clothes, and were informed of the regulations around accommodation. Thus far, the issues that have been subject to complaints have shown significant improvements.

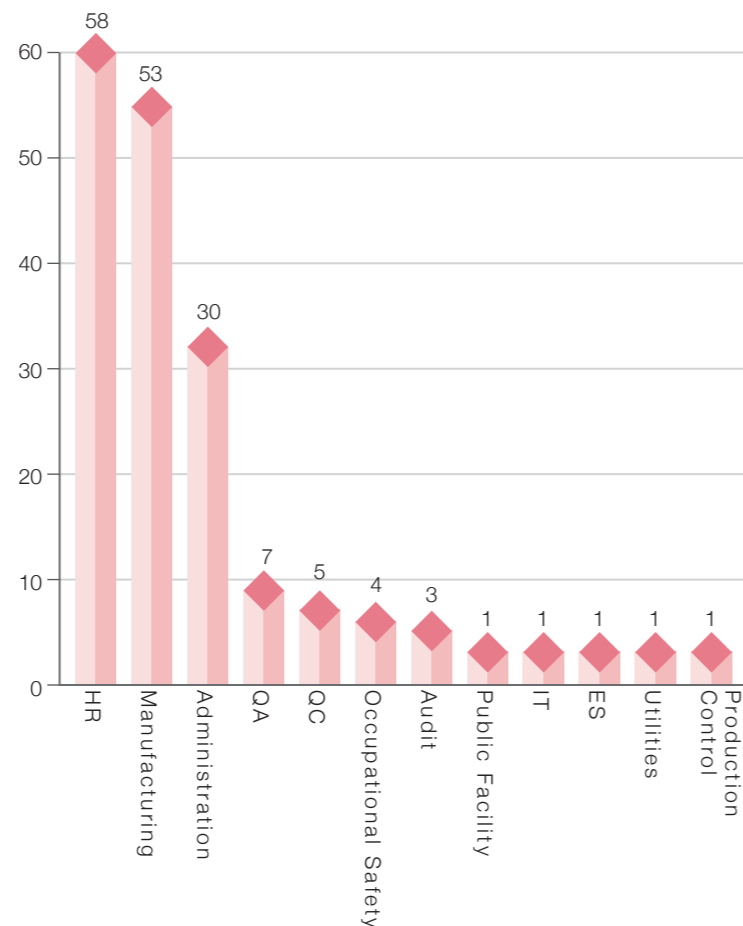
Type	2014	
	Amount	%
Personal interests	91	42.92%
Administrative issues	30	14.15%
Unfair treatment	18	8.49%
Public safety	10	4.72%
Other	16	7.55%
Anonymous	38	17.92%
Group suggestions	7	3.30%
False identity	2	0.94%
Total	212	100.00%

Kunshan Plant Complaint Type Distribution



Kunshan Plant Complaint Distribution by Department

Department	2014	
	Amount	%
HR	58	35.15%
Manufacturing	53	32.12%
Administration	30	18.18%
Quality Assurance	7	4.24%
Quality Control	5	3.03%
Employee Safety	4	2.42%
Audit	3	1.82%
Public Works	1	0.61%
IT	1	0.61%
Environmental Safety	1	0.61%
Utilities	1	0.61%
Health	1	0.61%
Total	165	100.00%



## Happy Workplace

Employees are an important resource to Dynamic. To take good care of its employees, improve their satisfaction, and reduce the attrition rate, apart from complying with labor-related laws and regulations, a series of employee-care projects are in place at plants on both sides of the strait. These projects provide comprehensive benefits with reference to the need of local employees so as to ensure that they are cared and concerned for, both physically and mentally

### Taoyuan Plant

Elected by staff, the Employee Welfare Committee (EWC) is responsible for planning and implementing employee-related welfare events and activities. In 2014, the following were provided:

1) Welfare benefits: holiday and birthday gifts, wedding subsidies, injury/emergency assistance, free lunches, and other cash welfare subsidies.

2) Leisure activities: dinner party allowances in order to facilitate communications between colleagues; and domestic tours and foreign travel allowances to encourage employees to use their off-work time to travel with the view of helping them to relieve work stress, broadening their horizons, and nourishing their spirits.

3) Recreational activities: the EWC regularly organizes fairs, sporting events, and family days so employees and their families can familiarize themselves with the company, as well as promote emotional connections in a relaxed environment. Through participation, expression, and interactions, these events provide opportunities for personal and family growth.

### Taoyuan Plant Activity Highlights

#### "A Closer and Loving Community" garden party



In January 2014, charity events were held simultaneously on both sides of the strait to care for disadvantaged groups and render practical assistance. It is hoped that the appeal of the events will raise the social responsibility awareness of employees, their families, and those business partners who were invited to participate. An event designed with diversity and interaction in mind allowed everyone to have fun while contributing to charity causes.

#### "Dynamic Taking Flight" tournament



The football World Cup was the highlight global sporting event in 2014. Using this much-celebrated event, which debuted in June 2014, as the theme, we organized a gaming tournament that combined traditional athletic activities with the game of soccer. These games helped to fortify the camaraderie among groups of employees, bringing together a sense of fun and solidarity as colleagues sweated alongside each other in the enjoyment of sportsmanship



## "Fun and Crazy Wu Laokeng" Camping Family Day

Unlike ordinary local tours, the September 2014 Family Day brought us closer to nature to enjoy picnics, feasting in roast suckling pig, singing and dancing, group recreational activities, tandem bike riding, climbing, face painting, and other leisure activities. Employees and their families also built a fire tent together, while at night we listened to colleagues singing and playing guitar. Everyone enjoyed the time together as a big family..



## Kunshan Plant

Rapid economic development in China has brought about employment opportunities as well as increased job mobility. Kunshan Plant has instituted various levels of employee benefits to meet the needs of those born after 1990 in an effort to promote their identity with the company and increase job retention. We provided the following in 2014:

(1) Information transparency: Employee suggestions box: all employees can report unreasonable matters within the company, such as those relating to employee care and management and environmental issues. These are then aggregated by the HR director before allowing the affected departmental heads to respond. The replies are submitted to the general manager and announced after approval by the chairman. Company-wide monthly meetings: face-to-face meetings with employees are used to promote the company's philosophy, provide operational updates, and report on key policy activities in order to ensure that the company's and employees' views are aligned. Company-level and departmental forums: these assist staff in establishing a direct communication window with company executives, which can be used to collect internal management information, put in place smooth communication channels, enhance cohesion between employers and employees, and promote harmonious labor relations. Questionnaires: each quarter, an employee opinion survey is conducted around three main topics, namely living standards, work conditions, and labor relations. Survey results are compared to previous periods and used as a reference for managerial improvements.

2) Festivities: in order to foster harmonious labor relations, create more joy, and provide employees with rich leisurely experiences, Dynamic hosts activities, games, fairs, and celebrations for New Year's, Mid-Autumn and Spring Festivals, Mother's Day, and Christmas.

3) Dream-come-true activities (traveling abroad): as employees in China rarely have the opportunity to travel abroad, the company has made it possible for workers who participate in an annual competition to accumulate enough points and win a trip abroad. In 2014, of a total of 938 participants, 593 people went on such trips, with travel locations including Korea (308 people), Taiwan (278 people), and Hong Kong (7 people). More trips to Taiwan, Korea, and Thailand are also being arranged. The company not only grants three days off work, but also provides each traveler with RMB1,000 of spending money to enrich their holiday experience.

4) Improvements to staff quarters: an additional laundry room with washing machines and dryers; a gym with treadmills, an exercise bike, elliptical machine, table tennis, billiards, chess and the like; a library with more than 5,400 books, e-books, fashion magazines, etc.; as well as an audio-visual room, have been provided for employees to enjoy their spare time, in more spacious and relaxing surroundings and enrich their physical and spiritual well-being



## Kunshan Plant Activity Highlights

### "Hope in a Bottle" campaign

To bring the company and employees closer together, in March 2014, we invited colleagues to write new blessings and hopes for a new year, which were then placed inside bottles and displayed at a local cultural park.



### "Cixiao Fund, Love My Mother" activity

Held in May 2014, Mother's Day activities were divided into three parts: (1) messages with blessings to mothers written on a whiteboard; (2) broadcasts of Mother's Day-related stories; and (3) Mother's Day videos



### "Dynamic World Games"

In July 2014, we held an event to raise mental and physical health awareness among employees, nurture solidarity, and enhance our competitive and productive vitality and agility as a service team.



### "Feeling Love in the Autumn" party

A second Fall Festival was held in September 2014 with music, dance, comedy, audio-visual displays, theater and other forms of entertainment to enrich the cultural lives of our employees and help them relieve the stresses of work.



Other Christmas, New Year's Eve, and Spring Festival events, such as bingo games, gift bags, etc., assist in bonding colleagues together through shared memories

# Social Care and Contribution





Community involvement and social care are the focus of our CSR fulfillment, as they are closely correlated with “people” matters, and are at the core of Dynamic’s values. Directly under the chairman’s office, the CSR Office implements social care with reference to the CSR Code of Conduct and the Dynamic Social Charity Donation SOP, which are ratified by the board and reported to it.

## Community Involvement

At the end of 2014, Dynamic’s production facilities in Taoyuan and Kunshan employed 821 and 5,520 people, respectively. As the scale of these locations is large, their interaction with local communities has caught the public’s attention. We investigate issues of concern by local communities and implement engagements, impact assessments, and development plans with local communities. In 2014, all issues raised by local communities were responded to and resolved

Community Communication Platform and Impact Assessment			
Plant	Community	Communication Platform	Impact Assessment
Taoyuan	Residents of Shanding Village, Guishan District and Imperial Community	Shanding Village Chief Imperial Community General Manager Dalin Police Station	Staff parking problems affecting traffic Community Gathering Parking lot entrance security - could attract criminal activity
Kunshan	Nearby factories	Plant management unit heads	Air pollution issues
	Industrial area	Control center	Perfect zone defense organizations, environmental assistance
	Local authorities	Municipal, district office	Labor, industrial safety, environmental issues
	The Railway Bureau	Railway sector contractors	Safety, land acquisition issues
	Kunshan Economic Development Zone Management Center	Conference on development	Industrial safety, environmental issues

Community Response Handling (2014)					
Plant	Issue type	Communication frequency	Resolution frequency	Investments	Remarks
Taoyuan	Traffic	3	3	0	Require employees to park at company parking lot
	Entrance security	1	1	0	Staff to keep the door closed at all times, guards to patrol
	Community gathering	1	1	NT\$10,000	Lottery prizes donated and presented a Mid-Autumn Festival gift to a neighbor of your choice
	Air pollution Issue	2	NA	0	Temporary plant survey, no evidence of pollution at the company
	Zone defense	2	2	0	Defense personnel involved in the operation
	Environmental assistance	1	1	NT\$150,000	Dredging of drainage ditches
	Environment protection	7	NA	0	Environmental agencies inspected seven times and found no violations
	Safety	1	1	0	Employees are prohibited from entering the railway and surrounding areas
	Land acquisition	2	2	0	Call on the Railway Bureau to pay attention to corporate interests



## Social Care

In 2014, Dynamic continued with its support of disadvantaged groups. Considering that for children who live in remote areas, learning art is but a distant dream, Dynamic established an art program with hopes that music, art, sports, folk and other talent activities will help them develop their potential and increase their self-confidence.

Located 400 meters above sea level on the Jiabao plateau, Jieshou Secondary School is Taoyuan County’s only remote high school. There are only around two hundred students; 90% are from indigenous tribes, of which half come from low-income families. Through Principal Fu Mei-qin, we contacted instructors and teachers of the archery and art classes, and got to know their needs

### Archery Team:

Coach: Gu Chian-li, 24 years old, Atayal tribe  
 Gu left home to live at school when he was in first grade, because he had to walk 2-3 hours just to get to school. He was selected for the Asian Games training team in high school and went on to win the silver medal at the America’s 123 Archery Invitational games. At university, he was selected as a national competitor for the World University Archery Championships, and won third place at the 2010 Asian Grand Prix.  
 Goal: To become a teacher in educating children who live in remote mountain areas.

We supported the 11 students (nine from low-income families) and provided materials needed for their sport, such as bows, arrows, targets, uniforms, as well as covered the costs for participating in overseas competitions.

### Art Class:

Teacher: Miluhayong, 35 years old, Atayal tribe. Since childhood, He loved painting and had wanted to become an art teacher. After graduating from vocational school, he worked at odd jobs, but remained dedicated to his passion for painting. At an expo in 2005, one of his decorative paintings caught the attention of the former chairman of the Council for Indigenous People. Following this, he was invited to open his first solo exhibition. In 2014, his painting, Showing Atayal with Painting was exhibited at the Atayal Museum in Datong, Yilan County. In the same year, his painting was exhibited in Vibrant Vision - Contemporary Taiwanese Aboriginal Art Exhibition at the Huashan Cultural Creative Park.

There are six students in his class, five of which are from low-income families. Our support includes: painting tools, education fees, and costs for materials and supplies for the low-income students.

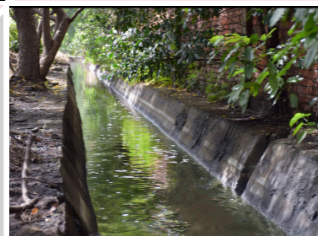
All donations are remitted to the school, earmarked for special project, and withdrawn by teachers when needed to help students make purchases. If students continue to learn their craft, Dynamic will also continue to subsidize them after high school graduation.





## Dynamic sponsored Social Activities (2014)

2014.03.01	Dynamic Electronics (Kunshan) sets up a charity fund to assist students and those in difficulty.
2014.04.02	Sponsored the Wanfang Center for the Disabled with the "Falling in Love with Eden Blossom" vocational training program for exhibiting the achievements of disabled. people
2014.07.29	Cleaned up and dredged the drainage ditch beside the railway at Guishan Industrial Zone, beautifying the surrounding communities.
2014.08.07	Purchased handmade Mid-Autumn Festival gift boxes from the Gleaner Care Association.
2014.09.13	Sponsored the Autism Association's "Unforgettable Silence" charity concert.
2014.09.29	Kunshan Plant charity blood donation.
2014.11.18	Sponsored the Precious Dogs Association and completed 27 educational outreach activities at 16 Taoyuan City elementary schools.
2014.11.27	Kunshan Plant clothes donation to towns and rural areas in Guizhou Shibing county and Pin Ning Primary School.
2014.11.30	Cooperated with the Wanfang Center for the Disabled to produce 2015 desk calendars.
2014.12.01	Supported the archery team and art classes at Jieshou Secondary School in Fuxing Township, Taoyuan City.
2014.12.01	Long-term financing of dozens of low-income families students in their art learning and development at Jieshou Secondary School in Fuxing District.



真真的公益 校園宣導

	雙北市 國小	桃園區 國小	場次數	人數
第1年	98學年度	17	34	8,708
第2年	99學年度	71	142	31,336
第3年	100學年度	97	207	32,848
第4年	101學年度	86	143	29,929
第5年	102學年度	66	132	18,283
第6年	103學年度	52	104	16,397
合計	378	22	738	134,759

# BSI Independent Assurance Opinion Statement





## INDEPENDENT ASSURANCE OPINION STATEMENT

### 2014 Dynamic Electronics Corporate Social Responsibility Report

The British Standards Institution is independent to Dynamic Electronics Co., Ltd. (hereafter referred to as Dynamic in this statement) and has no financial interest in the operation of Dynamic other than for the assessment and assurance of this report.

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

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

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

### Scope

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

1. The assurance covers the whole report focused on systems and activities during the 2014 calendar year on Dynamic Electronics' headquarter, Kunshan site and relevant operations.
2. The evaluation of the nature and extent of the Dynamic's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

### Opinion Statement

We conclude that the 2014 Dynamic Electronics Corporate Social Responsibility Report provides a fair view of the Dynamic CSR programmes and performances during 2014. We believe that the 2014 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate Dynamic's efforts recognized by its stakeholders.

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

### Methodology

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

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

### Conclusions

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

#### Inclusivity

This report has reflected a fact that Dynamic has been seeking the engagement of its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response

to sustainability. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Dynamic's inclusivity issues.

#### Materiality

Dynamic publishes sustainability information that enables its stakeholders to make informed judgements about the company's management and performance. In our professional opinion the report covers the Dynamic's material issues. However, the future report should be further enhanced by the following areas:

- Continually watch latest CSR development within the sector to correspond in society's needs for future reporting.

#### Responsiveness

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

#### GRI G4 guidelines

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

#### Assurance level

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

#### Responsibility

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

#### Competency and Independence

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

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
07 December, 2015

bsi.



AA1000  
Licensed Assurance Provider  
000-4

Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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# GRI Content Index for 'In accordance' - Core

## GRI Content Index for 'In accordance' - Core

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## Disclosures of 10 Material Aspects

Disclosures of 10 Material Aspects						
Material Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference		Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)
1. Economic Performance						
G4-EC1	Direct economic value generated and distributed	Corporate Governance / Economic Performance	35	CPA-certified Consolidated Financial Statement	18	●
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Employee Care and Development / Employee Relations	72~			●
G4-EC4	Governmental finance aid	Corporate Governance / Economic Performance	35			●
2. Compliance						
G4-PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	Corporate Governance / Regulatory compliance	33			●
3. Effluents and Waste						
G4-EN22	Total water discharge by quality and destination	Environmental Sustainability / Effluents and Waste / Wastewater Management	48~	ISO 14001 EMS Certificate	48	●
G4-EN23	Total weight of waste by type and disposal method	Environmental Sustainability / Effluents and Waste / Wastewater Management	50~			●
G4-EN24	Total number and volume of significant spills	Environmental Sustainability / Effluents and Waste / Waste Management	50			●
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the based convention annex I, II, III, and V111, and percentage of transported waste shipped internationally	Environmental Sustainability / Effluents and Waste / Wastewater Management	51			●
4. Environmental regulation compliance						
G4-EN29	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	Corporate Governance / Regulatory compliance	33			●
5. Marketing Communications						
G4-PR6	SALE OF BANNED OR DISPUTED PRODUCTS	Customer Service / Marketing Communications	58~			●
G4-PR7	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING MARKETING COMMUNICATIONS, INCLUDING ADVERTISING, PROMOTION, AND SPONSORSHIP, BY TYPE OF OUTCOMES	Customer Service / Marketing Communications	59			●
6. Product and Service Labeling						
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Customer Service / Product and Service Labeling	57			●
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Customer Service / Product and Service Labeling	57			●
G4-PR5	Renewal of surveys measuring customer satisfaction	Customer Service / Product and Service Labeling	57			●
7. Customer Health and Safety						
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Customer Service / Customer Health and Safety	56	QC 080000 HSPM	56	●
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and feat impacts of products and services during their life cycle, by type of outcomes	Customer Service / Customer Health and Safety	56			●
8. Customer Privacy						
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Customer Service / Customer Privacy	59			●

## Disclosures of 10 Material Aspects (Core)

Material Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference		Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)
9. Labor / Management Relations						
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Employee care and Development / Labor Management Relations	70			●
10. Water						
G4-EN8	Total water consumption by water source	Environmental Sustainability / Water	46			●
G4-EN9	Significant impacts on water source	Environmental Sustainability / Water	47			●
G4-EN10	Total water consumption and percentage recycled and reused	Environmental Sustainability / Water	47			●

## Other Specific Standard Disclosures Indicators

Specific Standard Disclosures						
Other Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference		Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)
Category: Economy						
Market Presence						
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Employee Care and Development / Labor Management Relations	71			▲
Procurement Practices						
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Suppliers / Procurement Practices	66			●
Category: Environment						
Energy						
G4-EN3	Energy consumption within the organization	Environmental Sustainability / Energy	44	ISO 14064-1 EMS	41	●
G4-EN5	Energy intensity	Environmental Sustainability / Energy	44			●
G4-EN6	Reduction of energy consumption	Environmental Sustainability / Energy	45			●
Emissions						
G4-EN15	Direct greenhouse gas(GHG) emissions (scope 1)	Environmental Sustainability / GHG emissions	52~	ISO 14064-1 GHG Emissions Inventory Statement	52~	●
G4-EN16	Energy indirect Greenhouse GAS(GHG) emissions (Scope 2)	Environmental Sustainability / GHG emissions	52~			●
G4-EN19	Reduction of greenhouse gas(GHG) emissions	Environmental Sustainability / GHG emissions	41~			●
Products and Services						
G4-EN27	Extent of impact mitigation of Environmental impacts of products and services	Environmental Sustainability / Green Process and Green Product Developmental	53			▲
Overall						
G4-EN31	Total Environmental protection expenditures and investment by type	Environmental Sustainability / Environmental management Approach	40			●



## Specific Standard Disclosures

Other Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference	Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)	
Supplier Environmental						
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Suppliers / Supplier Environmental Assessment	66~		●	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Suppliers / Supplier Environmental Assessment	66~		●	
Environmental Grievance						
G4-EN34	Number of Grievances about environmental impacts filed addressed, and resolved through formal grievance mechanisms	Social Care and Contribution / Community Engagement	84		▲	
Category: Social						
Labor Practices and Decent Work						
Employment						
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Care and Development / Employment	71~		●	
G4-LA2	Benefits provide to Full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Employee Care and Development / Employment	72~		●	
G4-LA3	Return to work and retention rates after parental leave, by gender.	Employee Care and Development / Employment	72~		●	
Occupational Health and Safety						
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	Employee Care and Development / Occupational Health and Safety	75	OHSAS 18001	75	●
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	Employee Care and Development / Occupational Health and Safety	75~		●	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Employee Care and Development / Occupational Health and Safety	76		●	
G4-LA8	Health and Safety topics covered in formal agreements with trade unit	Employee Care and Development / Occupational Health and Safety	75~		▲	
Training and Education						
G4-LA9	Average hours of training per year per employee by gender, and by employee	Employee Care and Development / Training and Education	74		●	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Employee Care and Development / Training and Education	74		▲	
Diversity and Equal Opportunity						
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.	Employee Care and Development / Labor/ Management Relations	71		▲	

## Specific Standard Disclosures

Other Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference	Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)
Supplier Assessment for Labor Practices					
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		▲
Labor Practices Grievance Mechanisms					
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Employee Care and Development / Grievance Mechanisms	77~		●
Human Rights					
Investment					
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Corporate Governance / Business Ethics and Philosophy	34		●
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Corporate Governance / Business Ethics and Philosophy	34		▲
Freedom of Association and Collective Bargaining					
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or put at significant risk, and measures taken to support these rights.	Employee Care and Development / Labor/ Management Relations	70		▲
Child Labor					
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of c	Employee Care and Development / Employment	71~		●
		Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
Assessment					
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Corporate Governance / Business Ethics and Philosophy	34		●
Supplier Human Rights Assessment					
G4-HR10	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
Human Rights Grievance					
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Corporate Governance / Business Ethics and Philosophy	34		●

## Specific Standard Disclosures

Other Aspects	Indicators	Section	Page	External Assurance / Index / Page Reference	Level of Disclosure (● - Full disclosure) (▲ - Partial disclosure)
Society					
Local Communities					
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Care and Contribution / Community EngageMalet	84		●
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Social Care and Contribution / Community EngageMalet	84		●
Anti-corruption					
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Corporate Governance / Business Ethics and Philosophy	34		●
G4-SO4	Communication and training on anti-corruption policies and procedures.	Corporate Governance / Business Ethics and Philosophy	34		●
G4-SO5	Confirmed incidents of corruption and actions taken	Corporate Governance / Business Ethics and Philosophy	34		●
Anti-Competitive Behavior					
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Corporate Governance / Business Ethics and Philosophy	34		●
Compliance					
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Corporate Governance / Regulatory Compliance	33		●
Supplier Assessment for Impacts on Society					
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Suppliers / Supplier Assessment for Labor Practices, Human Rights, Impacts on Society	67		●
Grievance Mechanisms for Impacts on Society					
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Social Care and Contribution / Community Engagement	84		●