

Globe Union Industrial Corp.

**CORPORATE SOCIAL
RESPONSIBILITY
REPORT**



2016

Table of Contents

About this Report	2
Message from the Chairperson	4
1. Sustainable Development and Issue Management	8
1.1 Identification and Communication.....	8
1.2 Management of Material Issues	11
2. Focusing on Targets for Thorough Implementation	16
2.1 Products and Services.....	17
2.2 High-value Research and Design	18
2.3 Perfect Quality.....	23
3. Achieving Excellence	30
3.1 About Globe Union	31
3.2 Operation Overview	34
3.3 Integrity Management	41
3.4 Supply Chain Management.....	50
4. Positive Approaches for Environmental Protection.....	54
4.1 Environmental Management.....	56
4.2 Energy Use and GHG Management	56
Special Column for Energy Conservation – Waste Heat Recovery in Shandong Milim Plant	68
4.3 Pollution Prevention and Control	70
5. Holding Hands, Stepping Forward	74
5.1 Employee Relations	77
5.2 Employee Compensation and Benefits	82
5.3 Occupational Health and Safety Management	90
5.4 Social Care and Feedback	94
Public Welfare Column – Hope Media	96
6. Appendi: GRI(Global Reporting Initiative)G4 Index	98

About this Report

This is the second publication of Globe Union Industrial Corp. (hereinafter referred to as the “Globe Union Corp.”, “Globe Union”, “the Company”, and “We”) Corporate Social Responsibility (CSR) Report. Globe Union has been committed to the provision of excellent quality products and services and upholding the spirit of being a responsible member in the society to fulfill its social responsibility as a corporate citizen.

This Report is divided into five chapters, including Sustainable Development and Issue Management, Focusing on Targets for Thorough Implementation, Achieving Excellence, Positive Approaches for Environmental Protection, and Holding Hands, Stepping Forward. This Report discloses Globe Union’s efforts and results in economic and environmental aspects as well as aspects of labor care, human rights, product liability and other sustainable development indicators in relevant and detailed data.

Scope of the Report

This Report mainly covers the implementation and performance of Globe Union’s policies in economic, environmental and social aspects during January 1st and December 31st, 2016 in the Headquarters of Globe Union, Shenzhen Globe Union Enterprise Co. Ltd., and Milim G&C Ceramics Co., Ltd., Globe Union’s production base of the sanitary ceramic products. All the information is presented in international general index. Any estimation is mentioned in the chapter notes. Due to the slight adjustment of the sampling scope, the data and information concerning the supply chain management data, and part of the data in respect to the environment and employees within the Shenzhen Globe Union Enterprise Co. Ltd. disclosed in this Report are different from those in our 2015 CSR Report, resulting in the re-editing of information and difference in the scope of the Report.

Reporting Guideline

This Report is compiled based on the Core Option of the Global Reporting Initiative GRI G4 and the guidelines and framework is followed for the analysis of the topics, relevant strategies, objectives and measures to be disclosed. The content in this Report contains our management of the economic, environmental and social performance indicators and through the systematic analysis model, the stakeholders’ issues of concern are identified and prioritized as the reference for information disclosure in this Report.

The Editing, Review and Authorizing Procedure and Verification of the Report

The CSR Promotion Team was formed for the overall planning, communication integration, data compilation and editorial revisions of “2015 Globe Union Industrial Corp. Corporate Social Responsibility (CSR) Report”. The Secretariat of the Board serves as the unit for the promotion of CSR, with the secretary of the Board being the convener for integrated implementation and the representatives from various departments from the Headquarters, Shenzhen Globe Union Enterprise Co. Ltd., and Milim Group. the team members.

The members of the CSR Promotion Team reviewed and revised relevant contents and data in the Report and the content was finalized by the unit supervisors. The finalized content was checked and approved by the Chairman before the issuance of this Report. Some of the statistical data is cited from public information from government websites (such as the Environmental Protection Administration and Ministry of Labor), and all numbers are presented in the most common way of description. Globe Union compiled this CSR Report based on the GRI G4 core options, and in consideration of the timing of the preparation of this Report, the independent and credible Ernst & Young was entrusted for limited assurance of our 2016 CSR Report compiled based on the GRI G4 core options in accordance with the requirements in the Communique of Assurance Guideline NO. 01, “Assurance of Non-historical Financial Information Verification and Audits”. After the assurance, relevant results have been fully communicated with the management level. Please refer to the assurance report in the Appendix for details about the scope of assurance and conclusion.

Publication Time

This is Globe Union's second CSR Reports. In the future, the CSR Report is published annually and the content will also be simultaneously revealed on our official website.

Last edition: December, 2016

Current edition: October, 2017

Next edition: July, 2018

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Chairperson:

Message from the Chairperson

This is the Globe Union's second CSR Report, and like what we did in the first CSR Report, we followed the sustainable development indicators from the GRI G4 Sustainability Reporting Guidelines for the self-examination to see whether we have fulfilled our social responsibility with the spirit of a social citizen. This Report covers the scope of Globe Union's Headquarters, Shenzhen Globe Union Enterprise Co. Ltd., and Shandong Milim Group., thoroughly covering our manufacturing facilities in which issues concerning environmental impacts and labors' rights might be likely to occur. This Report contains five chapters, including Sustainable Development and Issue Management, Focusing on Targets for Thorough Implementation, Achieving Excellence, Positive Approaches for Environmental Protection, and Holding Hands, Stepping Forward, disclosing Globe Union's efforts and results in economic and environmental aspects as well as aspects of labor care, human rights, product liability and other sustainable development indicators in relevant and detailed data.

In terms of Sustainable Development and Issue Management, through the internal discussions between the CSR team and the supervisors of each department in accordance with the stakeholder groups that may be contacted or affected by the business to which each unit belongs and by referring to the stakeholder groups identified in the same industry and following the five main principles of AA1000 SES Stakeholder Engagement Standards, including the characteristics of dependence, responsibility, influence, diversity and level of concern, the major stakeholders were identified. Based on the influence of these stakeholders on Globe Union and the issues they may be concerned

about, the Company established separate channels for communication, and our internal responsible departments organized the issues our stakeholders are concerned about or reported for assessment and analysis, and then propose annual plans to be included in the annual work items, followed by the setting of management approaches for the daily work and annual plans. It is hoped that through the interaction of different stakeholders, effective integration and utilization of the corporate resources can be achieved for mutually beneficial and win-win relationships. We followed the same editing model used for our first Report in this Report during the compiling process, and introduced a materiality analysis to identify the issues of corporate social responsibility that are of great concern to the stakeholders and have great impact on the sustainable development of the Company through the systematic analysis model as the reference for disclosure of information in the Report, ensuring that the information disclosed in this Report is what the stakeholders really concern about.

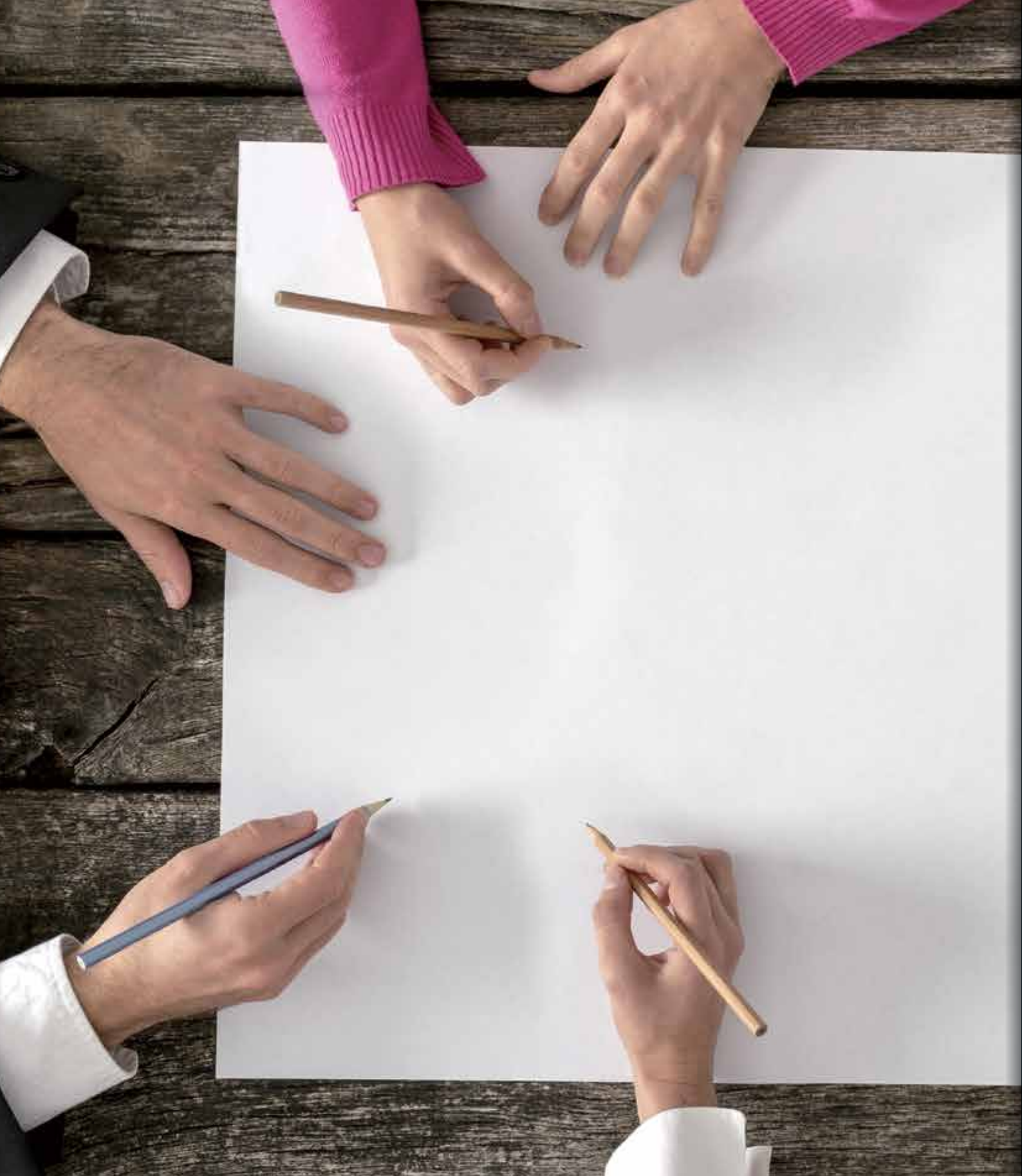
Concerning the Focusing on Targets for Thorough Implementation, Globe Union passed the ISO9001:2008 quality management system certification audit, ISO 14001 environmental management system audit, and OHSAS18001 Occupational Health and Safety Management System audit in 2016. Furthermore, the Company also obtained the qualification for the laboratory accreditation from CSA (Canadian Standards Association) and IAPMO (International Association Plumbing and Mechanical Officials) in 2004 and established the first CSA Lab for sanitary ceramics in Asia, performing the UPC, CSA and HET certification tests internally.

In Achieving Excellence, Globe Union presented a consolidated revenue of NTD 19.3 billion in 2016, with the operating profit standing at NTD 582 million. Globe Union was ranked as the top 35% of the 843 listed companies in the Third Corporate Governance Evaluation. Meanwhile, the Board of Directors also approved the establishment of the Procedures for Ethical Management and Guidelines for Conduct as the code of ethical conduct for our employees worldwide for professional practice. This shows our strict self-requirement for lawful practice while continuing to uphold the core value of the "positive force in the world" of the Company in the pursuit of our business performance. Our operation is open and transparent, and we operate with integrity. We added one more seat of independent director in the Annual General Shareholder's Meeting in 2017, making our self-requirement stricter than the standard required by the law.

In respect of Positive Approaches for Environmental Protection, we observed good performance in the energy intensity, GHG emissions and energy-saving and carbon reduction measures in Shenzhen Globe Union Enterprise Co. Ltd., and Shandong Milim Group. The performance of waste heat recovery in the Shandong Plant in particular is really impressive, saving about RMB 3.44 million of raw coal usage annually and reducing pollutant emissions. We will present our results in the Special Column of this Report.

In regard to Holding Hands, Stepping Forward, as of the end of 2016, Globe Union Group employed 5,677 employees worldwide. The Company adopts the principle of hiring local staff (including senior executives) at our operating and manufacturing bases worldwide. In the factories in particular, we place greater emphasis on the full protection of the rights and benefits of the employees and the employee health and workplace safety management. At the same time, Globe Union upholds the spirit of giving back to the community. We not only actively participate in charity and social care activities but also encourages our employees to jointly do something for the community and the society. I personally founded the Hope Media Foundation and created a media platform to integrate the new media and media for the reports on good and beautiful things in Taiwan, advocating public welfare and justice issues, and the spirit of "seeing what is right and do it" in an attempt to improve the indifference in the society. This platform can cross link various types of non-profit organizations for better effects. Meanwhile, it can also directly reach those needy individuals to provide necessary and timely assistance so that those in need can benefit directly from it and get the most substantial help they need.

Our efforts in the fulfillment of our corporate social responsibility does not end here. We strives to fulfill our responsibility as a corporate citizen in the pursuit of profits so as to move toward the goal of sustainable management. We will continue to issue our CSR Report for the public to know more about our consistent adherence to the core value of "positive force in the world".



1

Sustainable Development and Issue Management



1.1 Identification and Communication

1.2 Management of Material Issues

1. Sustainable Development and Issue Management

1.1 Identification and Communication

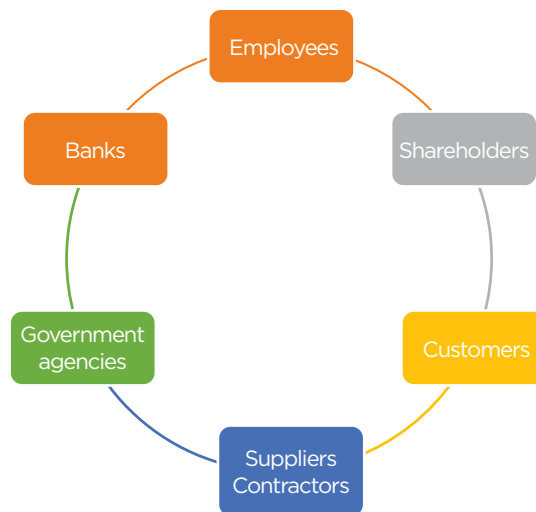
Globe Union pursues sustainable management and development, and expects to establish a transparent and effective multidirectional as well as diversified communication channel with all its stakeholders in order to understand their needs and their expectations for the Company.

Globe Union aims at achieving the following objectives concerning the issues the stakeholders are concerned about.

1. To fully understand the issues the stakeholders are concerned about or brought up and to continuously improve relevant performance.
2. To win the respect, trust and support from the stakeholders.
3. To demonstrate the achievement and performance of our efforts and to maintain and even enhance the affirmation of Globe in the society.

• Identification of Stakeholders

The definition of the stakeholders is the internal or external agencies organizations or individuals that have some impact on or are affected by Globe Union. With the internal discussions between the CSR team and the supervisors of each department in accordance with the stakeholder groups that may be contacted or affected by the business to which each unit belongs and by referring to the stakeholder groups identified in the same industry and following the five main principles of AA1000 SES Stakeholder Engagement Standards, including the characteristics of dependence, responsibility, influence, diversity and level of concern, Globe Union identified the following six major stakeholder groups: employees, shareholders, corporate clients, suppliers/contractors, government agencies, and banks.



• Communication with Stakeholders

Globe Union pays attention to the interests and opinions of the stakeholders, and establish separate communication channels based on the influence of the individual stakeholder has on Globe Union and the issues they may be concerned about. In addition, our internal responsible departments organized the issues our stakeholders are concerned about or reported for assessment and analysis, and then propose annual plans to be included in the annual work items, followed by the setting of management approaches for the daily work and annual plans. It is hoped that through the interaction of different stakeholders, effective integration and utilization of the corporate resources can be achieved for mutually beneficial and win-win relationships. We have open and direct communication channels for four stakeholders, for example, the public telephone and mailboxes, the information of the Company's corporate governance, and the meeting materials are all released in the Investors Section on our official website. Besides, the data and information of the Company are disclosed on the Market Observation Post System (MOPS) so that the stakeholders can get better understanding of the Company. If the stakeholders have any objection or problem about the Company's human rights, environmental protection and labor, they may directly file complaints to the Company.

In addition to providing relevant information on CSR management through the interaction with different stakeholders, the Company continuously understands and improves the performance of corporate social responsibility through the understanding of the issues of our stakeholders' concern. Under the leadership of the management, we are responsible for gathering information, communication and response to each issue according to stratification in order to deal with the issues raised by stakeholders. As for the stakeholders within the organization, namely the employees, a complaint channel and the complaint management approaches were also established. If human rights related issues are involved, there is always a complaint channel.

The Communication Issues, Channels, and Frequency for Globe Union and Stakeholders			
Stakeholders	Communication issues	Communication channels	Frequency
Employees	Labor/Management Relations, Occupational Health and Safety, Training and Education, Employment and Labor Relations	• Stakeholders' area on the official website	• At all times
		• Promotion time of birthday celebration	• Monthly
		• Internal communication mailbox	• At all times
		• Occupational Safety and Health Committee	• Occasional
Shareholders	Economic Performance, Environmental Compliance, Social Compliance, Product Compliance	• Shareholders' meeting	• Annual
		• Annual report / financial statements	• Regular
		• Investors' area on the official website	• Regular
		• External communication mailbox	• At all times
Customers	Product and Service Labeling, Customer Health and Safety, Patent	• Stakeholders' area on the official website	• At all times
		• Customer satisfaction survey	• Occasional
		• Direct communication	• At all times
		• External communication mailbox	• At all times
Suppliers	Social Compliance, Economic Performance	• Seminars / training and education	• Occasional
		• Supplier evaluation questionnaire	• Annual
		• Stakeholders' area on the official website	• At all times
		• External communication mailbox	• At all times
		• Dealers' meeting	• Monthly
		• Face to face communication	• Occasional
Government agencies	Economic Performance, Product and Service Labeling, Environmental Compliance, Social Compliance, Product Compliance, Employment and Labor Relations, Emissions	• Stakeholders' area on the official website	• At all times
		• Document exchange	• At all times
		• Discussion meeting	• Occasional
		• External communication mailbox	• At all times
Banks	Economic Performance	• Stakeholders' area on the official website	• Annual
		• External communication mailbox	• At all times
		• Annual report / financial statements	• At all times

• **Stakeholders' Channels for consultation and grievance at Globe Union Group:**

	Grievance		Economy	Environment	Labor	Human Rights	Society	Integrity Management
	Internal	External						
Globe Union's Headquarters	<p>The HR (management) Department of the Globe Union's Headquarters is the unit for internal staff grievance</p> <p>Email: Phil.lin@globeunion.com</p> <p>Tel/Ext.: (04)2534-9676 ext. 15001</p>	<p>Globe Union set a stakeholder area on its official website, and the information is disclosed on the MOPS as the law prescribes. We also set up a spokesman system to provide the stakeholders with the latest information and a communication channel.</p>	V	V	V	V	V	V
Shenzhen Globe Union Enterprise	<p>HR Department Tel: 0755-33882222 ext. 1310/1500</p> <p>Tel of the Internal Audit Department: 0755-33882222 ext. 8867</p> <p>Email: yjx.gobo@globeunion.com</p> <p>2 suggestion boxes: One next to the restroom of the Employees Home, and the other next to the ATM.</p> <p>Basis: Management Approach to staff complaints</p>	<p>For the external grievance and complaints concerning various types of anomalies and environmental pollution are handled by the management Department.</p>		V	V	V	V	V
Shandong Milim Group	<p>Internal staff can file a complaint in written form or via telephone. An internal audit report window was set.</p> <p>(Extension number: 71 28 2900)</p> <p>The complainant may file a complaint to the immediate supervisor or to the Security Section (Ext: 31200).</p> <p>The General Manager's Mailbox is set at the door of the Security Section, and the Management Department will come to collect information anytime.</p> <p>Basis: Management Approach to staff complaints</p>	<p>For the external grievance and complaints concerning various types of anomalies and environmental pollution are handled by the management Department.</p>		V	V	V	V	V

1.2 Management of Material Issues

In the process of compiling the 2016 CSR Report, Globe Union introduced a materiality analysis to identify the issues of corporate social responsibility that are of great concern to the stakeholders and have great impact on the sustainable development of the Company through the systematic analysis model as the reference for disclosure of information in the Report. We followed the same editing model used for our first Report in this Report during the compiling process, and introduced a materiality analysis to identify the issues of corporate social responsibility that are of great concern to the stakeholders and have great impact on the sustainable development of the Company through the systematic analysis model as the reference for disclosure of information in the Report. The five major steps of CSR materiality analysis include "Stakeholder Identification", "The Summary of CSR Issues", "The Analysis of Material Aspects", "Material Aspects Identification" and "Review and Discussion" to determine the prioritization of material aspects and materiality.

The Steps of Materiality Analysis of CSR Material Aspects

1 Stakeholder Identification	"With the internal discussions between the CSR team and the supervisors of each department and by referring to the stakeholder groups in the same industry and following the five main principles of AA1000 SES Stakeholder Engagement Standards, including the characteristics of dependence, responsibility, influence, diversity and level of concern, Globe Union identified the following six stakeholder groups: employees, shareholders, corporate clients, suppliers/contractors, government agencies, and banks.	6 major categories of stakeholders
2 The Summary of CSR Issues	The collection of issues is based on the material aspects as well as performance indicators of Sustainability Reporting Guidelines - G4 published by Global Reporting Initiative, and 47 corporate social responsibility material aspects are summarized as a questionnaire design policy.	47 corporate social responsibility material aspects
3 Analysis of the Aspects	Globe Union carried out the investigation of issues which each stakeholder is concerned about and has a significant impact on the company's sustainable business by distributing questionnaires as a reference of the prioritization of material aspects. A total of 125 questionnaires were collected, among which 121 were questionnaires of issues of concern and 4 were impact questionnaires.	125 questionnaires were collected
4 Material Aspects Identification	Through the analysis of the questionnaires, we conducted matrix analysis for the scores of the level of concern and the impact of the management level on the sustainable management. After discussion with CSR team, the prioritization was thus set. A total of 16 material aspects were identified, integrated into 10 material issues and the management approaches of which were disclosed.	16 material aspects 10 management approaches
5 Review and Discussion	After analyzing prioritization of material aspects, responding chapters and boundary analysis, Globe Union will continue to strengthen the management and to disclose information in its CSR Report.	2nd CSR Report

• The Analysis of Material Aspects

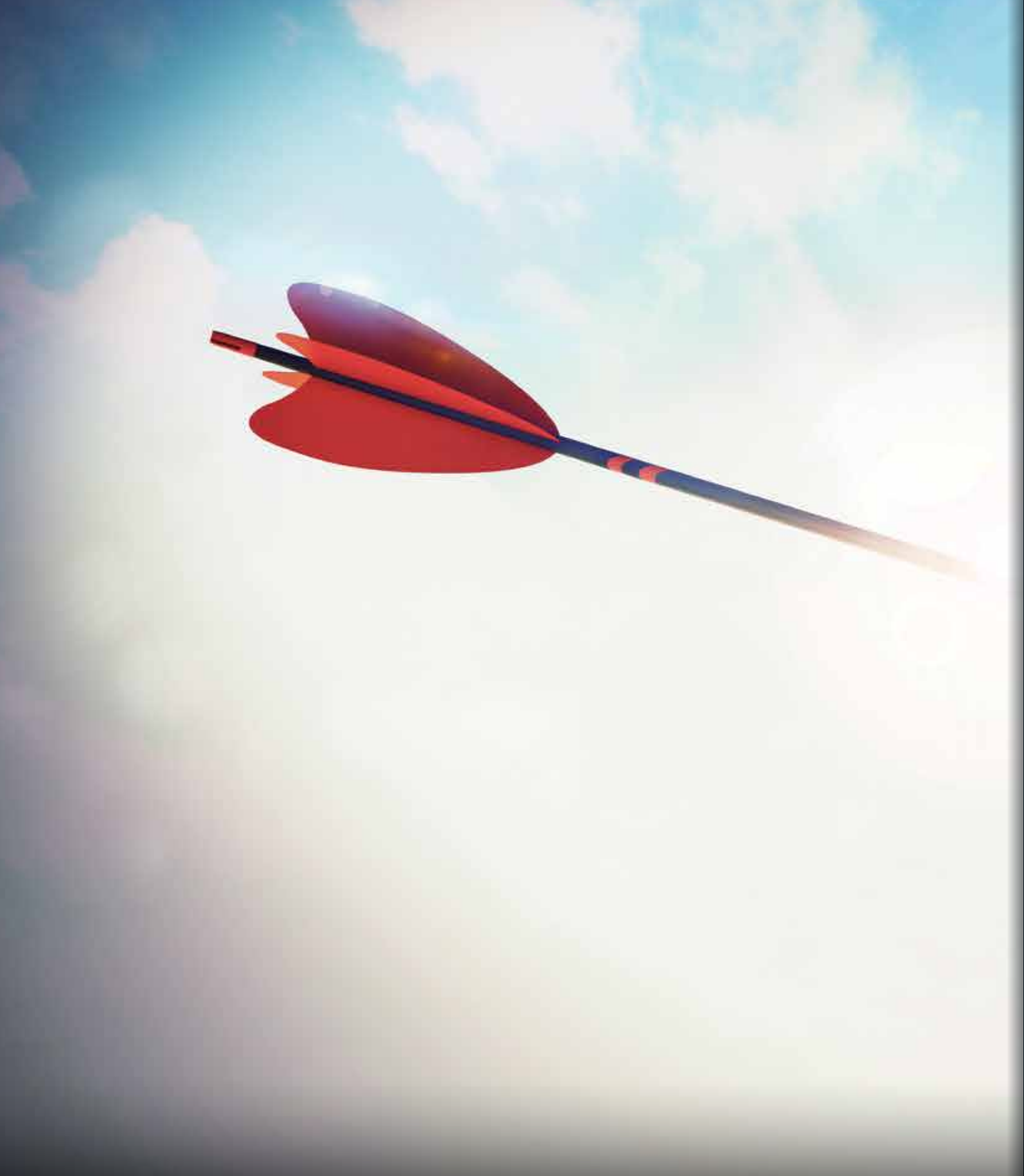


1. Social Compliance	13. Occupational Health and Safety	25. Supplier Human Rights Assessment	37. Equal Remuneration for Women and Men
2. Economic Performance	14. Water	26. Overall Situation	38. Non-discrimination
3. Product Compliance	15. Energy	27. Transport	39. Indigenous Rights
4. Customer Health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

• The Prioritization of Material Sustainable Issues and Border Identification

- indicates it is material

Prioritization	Prioritization / Material aspects	Corresponding chapters	Within the organization			Outside the organization	
			Globe Union Headquarter	Shenzhen Glo Union Enterpr	Shandong Milim Plant	Customers	Suppliers
1	Social Compliance	3.3 Integrity Management	•	•	•		•
2	Economic Performance	3.2 Operation Overview	•	•	•		•
3	Product Compliance	2.3 Perfect Quality	•	•	•		•
4	Customer Health and Safety	2.3 Perfect Quality	•	•	•	•	
5	Environmental Compliance	3.3 Integrity Management		•	•		
6	Customer Privacy	2.3 Perfect Quality	•	•	•		
7	Product and Service Labeling	2.3 Perfect Quality	•	•	•	•	
8	Products and Services	2.2 High-value Research and Design	•	•	•		
9	Patent	2.2 High-value Research and Design	•	•	•		
10	Training and Education	5.2 Employee Compensation and Benefits	•	•	•		
11	Effluents and Waste	4.3 Pollution Prevention and Control		•	•		
12	Emissions	4.2 Energy Use and GHG Management		•	•		
13	Occupational Health and Safety	5.3 Occupational Health and Safety Management	•	•	•		
14	Water	4.2 Energy Use and GHG Management		•	•		
15	Energy	4.2 Energy Use and GHG Management		•	•		
16	Employment and Labor Relations	5.1 Employee Relations	•	•	•		



2 Focusing on Targets for Thorough Implementation



2.1 Products and Services

2.2 High-value Research and Design

2.3 Perfect Quality




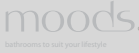








2. Focusing on Targets for Thorough Implementation Performance:

ISO9001:2008	<ul style="list-style-type: none"> We passed the ISO9001:2008 quality management system certification.
Australia's (GWA) 4 star and 5 star certification / the certification of NSF / AB1953 / EPA / DOE	<ul style="list-style-type: none"> In 2016, Globe Union received Australia's (GWA) 4 star and 5 star certification and the certification of NSF, AB1953, EPA and DOE.
saving at least 20% of water usage	<ul style="list-style-type: none"> We developed a series of high-performance toilets, saving at least 20% of water usage without compromising its sewage efficiency.
20% higher than the standard (500,000 times)	<ul style="list-style-type: none"> In terms of the service life of the valve plug, we set our standard 20% higher than the standard (500,000 times), and the valve plugs are replaceable to reduce the waste.
CSA / IAPMO qualification for the laboratory accreditation	<ul style="list-style-type: none"> The Company obtained the qualification for the laboratory accreditation from CSA (Canadian Standards Association) and IAPMO (International Association Plumbing and Mechanical Officials) in 2004.
first CSA Lab for sanitary ceramics in Asia	<ul style="list-style-type: none"> We established the first CSA Lab for sanitary ceramics in Asia, performing the UPC, CSA and HET certification tests internally.
the R&D Center for high valued Kitchen & Bathroom products	<ul style="list-style-type: none"> We established the R&D Center for high valued Kitchen & Bathroom products.
pioneered lead-removal techniques	<ul style="list-style-type: none"> Globe Union's pioneered lead-removal techniques, the R&D of the non-toxic faucets, and the lead-free processing process strictly maintain the safety of the drinking water for our consumers.
NSF certification first among Asian bathroom hardware manufacturers	<ul style="list-style-type: none"> Globe Union received NSF certification, the first among Asian bathroom hardware manufacturers.
30 patent applications	<ul style="list-style-type: none"> In 2016, Globe Union submitted 30 patent applications.
neither violation nor the event of prohibition	<ul style="list-style-type: none"> There was neither violation of product health services and marketing laws and regulations in our products nor the event of prohibition of the product sale in 2016. In addition, no litigation involving anti-competitive conduct, antitrust and monopolistic measures were reported in 2016.
11 Domestic and International Certifications of Products, Equipment and Production Process	<ul style="list-style-type: none"> Globe Union obtained 11 Domestic and International Certifications of Products, Equipment and Production Process.
customer evaluation mechanism higher than 4.5 points averagely	<ul style="list-style-type: none"> There is a customer evaluation mechanism of faucet products produced from Shenzhen Globe Union Enterprise on North American market brand websites, and several of the product were rated higher than 4.5 points averagely in 2016 (full score: 5 points).
quarterly average customer satisfaction reached 93.56%	<ul style="list-style-type: none"> A total of 19 inspections were conducted in 2016 on sanitary ceramic products produced in Shandong Milim Plant, and the quarterly average customer satisfaction reached 93.56%.
No information security incident	<ul style="list-style-type: none"> No information security incident such as customer information theft or privacy data leakage was found in 2016.

2.1 Products and Services

Globe Union is a provider of Bathroom & Kitchen products, mainly engaged in the research and development, design, manufacturing, marketing, sales channels and after-sales services of bathroom and kitchen products. Globe Union owns and operates manufacturing, assembly and distribution facilities in North America, Europe and mainland China.

Conditions, customs and tastes vary greatly in the global communities we serve. Globe Union markets its products both as an Original Equipment Manufacturer (OEM) to other brands, and also under our own brand names including PJH (Kitchen: Virtu, K Kitchens; Bathrooms: Moods, RefelXion; Appliances: Teka, Prima), Danze, Gerber, Milim, Home Boutique & Lenz). Globe Union effectively serves individual markets with brands that are tailored to the unique tastes and requirements of each. It is by providing different brands for the specific niche markets can we increase the market penetration and enhance our significance to the distributors and our customers.

Brand		Logo
	Kitchen: Virtu, K Kitchens	 
	Bathroom: Moods, RefelXion	 
	Appliances: Teka, Prima	 
Danze		
Gerber		
Milim		
Home Boutique		
Lenz		

Globe Union's extensive product lines include Faucets, Vitreous China, Bath Accessories, Showerheads, Vanities/Bath Furniture, Shower Enclosures and Kitchens & Appliances.



Faucets
Vitreous China
Bath Accessories
Showerheads



Vanities/Bath Furniture
Shower Enclosures
Kitchens & Appliances

2.2 High-value Research and Design

• R&D and Management Approach of Green Products

The R&D of green product means something more than the future industrial development trend, it also includes the management and control of regulatory risks of future product specifications. Currently, one of Globe Union's green product R&D policies is water-saving and environmental production. In the beginning of 2012, the new R & D Center for high valued Kitchen & Bathroom products was established. The results of our efforts are detailed as follows.

In terms of the product type of kitchen and bathroom industry, there is no significant change in the product structure. However, with the development of new technology and increasing environmental awareness, the demands for kitchen and bathroom products are no longer limited to the practicality in life. Consumers now have higher level of demands for stylish design for the purpose of home decoration. Moreover, the environmental requirements are stricter. In addition to energy efficiency, specifications for lead-free and non-toxic products in advanced countries are also increasingly stringent. Consumers change the attitude toward their demands for products and their needs for environmentally friendly products accelerate the cycle of product replacement, which has become a new force in the kitchen and bathroom market.

Green products are the current global trends. Countries all over the world have issued their corresponding regulations for clear specification and requirements. Products that fail to meet the requirements cannot be sold in the corresponding markets, which shall seriously affect the sales performance of the company. Globe Union has always adhered to its core value—"To be a positive force in the world" and has been upholding the principle of quality first, implementing strict requirement for the manufacturing and control of the Company's products in accordance with regulations. With the full-time development team, quality assurance unit, the establishment of laboratories authorized by foreign agencies, and the selection of world's major brand as suppliers of the main raw materials and in accordance with the foreign certification regulations of NSF, AB1953, EPA, DOE, CEC and WATER MARK, an ISO 9001 management system, QMS quality system, New Product Development and Management Practice and the New Product Verification Practices were set up internally for management. In 2016, Globe Union received Australia's (GWA) 4 star and 5 star certification and the certification of NSF, AB1953, EPA and DOE.

• Industrial Development Trend

Water Conservation and Environmental Protection:

In response to the global trend of energy saving and environmental protection, the design trend of kitchen and bathroom products such as faucets and toilets will put water conservation and environmental protection into consideration. Relatively speaking, whether the sanitary products can be energy-efficient becomes the concern of the customers. In addition to the water conservation, how to achieve the maximum effect with the minimum amount of water while maintaining the comfort of use is the focus of water conservation and environmental protection.

» Safe and Healthy:

An aging society is the issue the world has to face. Therefore, convenient and safe kitchen and bathroom products will be the future trend. The concept of leading a lead-free and non-toxic life will bring innovation to the product structure and material usage in the sanitary ware industry. For the copper materials, safer and more convenient usage will affect the faucet operation.

» Smart Design:

Active integration of digital technology is the major trend in the bathroom revolution. In addition to continuing the development of automation and smart bathroom technology, the technology is transformed to a sense of happiness by controlling the water flow, temperature, light atmosphere and ventilation system more precisely, successfully transforming the cold digital automation technology into personal comfort. The kitchen space also created a new business opportunity for non-contact electronic faucets by the value-added convenience.

» Quality Evaluation:

Compared to the eye-catching effects of high-end products, the business opportunities in the emerging markets lie in meeting the needs of the majority of middle class. We are working on the goal to manufacture products with modest design, excellent quality and reasonable price.

• Green Products

In recent years, “Caring for the Planet” is no longer just a slogan. Consumers nowadays all know that eco-friendly and energy-saving products are the priorities when choosing various daily necessities. As a manufacturer of sanitary wares, Globe Union expects to make contributions to the environment we are living in with its water conservation design in its products of faucets, showerheads, toilets and so on. After years of constant efforts and progress, Globe Union made it to meet multinational regulations and requirements, and we even take the lead in some products in the industry.

As a member in the United States Environmental Protection Agency’s WaterSense™ program, we have used a pressure-compensated mechanism in our design and altered the specification of our faucets to maintain stable flow under various pressures, which can reduce water use and save water. Besides, we also developed a series of certified high-performance toilets that reduce at least 20% of water consumption while providing world class performance. In addition, the valve can be used up to 500,000 times. So far, the valve has been required to be used 20% more than the service life and the valve is replaceable in order to reduce waste.

Globe Union’s achievements in water-saving products			
Category of Product	General water equipment	Performance of Globe Union’s improved equipment	Average water saving rate (%)
Faucets	8.3 liter/minute	6.6/5.7/4.5 liter/minute	Above 20%
Showerheads	9.5 liter/minute	7.6/6.6/5.7 liter/minute	
Toilets	6.0 liter/time	4.8 liter/time	
Single-flush toilets	6.0 liter/time	3.8 liter/time	Above 35%



• Overview of Technology and R&D

At Globe Union, new product Research and Development has always been the driving force in the growth and success of our customers.

In the beginning of 2012, the new R & D Center for high valued Kitchen & Bathroom products was established. Our team of talented engineers and designers work closely with our customers to develop cutting-edge designs and technology and carry out research and development for nano process, noise reduction, flow simulation and mechatronics / software / IC integration in the following five fields: Applied Mechanics, Materials Processing, MEMS, Innovative Products, and System Integration. Besides, we have introduced product data management system and product life cycle management system to make innovative products that meet the demands in the market. Globe Union’s investments in proprietary product development, combined with the continuing development and adoption of new technology enable our customers to maintain their competitiveness in the face of ever fiercer completion in the marketplace.

Globe Union’s prototype and modeling facilities double the efficiency in the manufacturing process. On the other hand, the computer-assisted design (CAD) programs, engineers’ product and mold design and computer driven production equipment all together help speed up to hit the market. Before we start production, products are tested repeatedly and extensively to ensure they satisfy the customer’s needs for beauty and functionality. Our Product Development Department conducts appropriate tests and obtains necessary certifications to ensure that our products meet or exceed all applicable industry standards.

For the strict control of consumers’ safety of drinking water, Globe Union pioneered new lead-removal techniques and non-toxic lead-free treatment processes that received NSF certification, the first among Asian bathroom hardware manufacturers.

1. R&D Expenditures

Unit: NT 1,000 dollars

Item \ Year	2016	As of February 28th, 2017 (unaudited)
R&D expenditures	240,549	33,177

2. Successfully developed technologies and products

Item	Name of the development project	Current condition	R&D content and impact
1	Zinc casting process and die design improvement	<p>Introduction of professional casting mold flow analysis software</p> <p>(1) Before mold opening, we make use of the CAE software for mold flow analysis for verification, that is, to verify the correctness of the mode design in a scientific way so as to reduce the time for modification afterwards.</p> <p>(2) Established the SOP for flow path design.</p>	The average times of mold trials reduced by 4 times, saving approximately RMB 160,000 of mold trials in 2016.
2	IR electronic sensing technology	<p>(1) Completed the development of dual IR electronic sensing modules applicable to all kinds of automatic sensor kitchen and lavatory faucets.</p> <p>(2) Dual module of manual and automatic water supply has been developed and the US and Chinese patents were granted.</p> <p>(3) To extend the battery life to reduce the inconvenience for the customers to replace the battery.</p>	<p>(1) To better the IR electronic module for the development of smaller and more power-saving modular products.</p> <p>(2) Officially used the IC electronic sensing module technology for a variety of pull-down electronic kitchen and lavatory faucet design.</p>
3	Mechanical touch switch faucet	<p>(1) The outlet switch structure of the lavatory and kitchen faucets has been developed, mass-produced and shipped to our European customers.</p> <p>(2) The nozzle switch structure of kitchen faucets have been designed and the mold opening will be introduced in 2017.</p> <p>(3) Patents were granted in Taiwan, China and the U.S, and the European patent is under application.</p>	<p>(1) Globe Union took the lead and developed the first seen miniature touch switch in faucets.</p> <p>(2) The operation of this switch is easier than the conventional way of holding the faucets by hand. Users can use any part or tool to switch on/off the faucet, greatly enhancing the convenience.</p>
4	Blueprint development of the top-mounting technology	<p>(1) The countertop installation modules of the 42mm, 46mm, 53mm, and 58mm single-hole lavatory and kitchen faucets have been developed.</p> <p>(2) Patents from a total of 11 countries in China, North America and Europe have been granted.</p> <p>(3) The modules have been widely used in a variety of models by Northern American and European customers.</p>	<p>(1) This can improve the restrictions and difficulties that consumers face caused by the narrow space under the counter when installing the faucet, and it also greatly improve the convenience and stability of installation.</p> <p>(2) Based on the feedbacks from the sales evaluation, consumers have given relatively high evaluation of this function.</p>

Item	Name of the development project	Current condition	R&D content and impact
5	Introduction of the PLM system	The seven modules introduction has been completed, and all can be done on the system from the proposal of new products to the development.	<p>(1) From the market-side proposal of a new product to the development and even to the follow-up of consumer complaints and change in design can all be operated and controlled on the same system platform.</p> <p>(2) This can significantly reduce the waste of resources caused by inaccurate communication and increase the convenience of management.</p> <p>(3) Relevant information is highly related, easy to be obtained and unlikely to be misused.</p>
6	Quick installation mechanism	<p>Rapid heavy hammer installation:</p> <p>The new design has been selected by the North American customer and the mold has been completed and tested. It was shipped to North America in September, 2015, and the patent has been obtained.</p>	The press-release design enables the heavy hammer to be easily fixed anywhere on the connecting tube. Adjustment without any tools can be easily made, and the convenience is what the conventional screw lock cannot compare.
7	Usability design of commercial faucets	The existing professional kitchen faucets have been popularized for household use. The highly mobile bracket contributes to the enhancement of product usability.	The movable support structure developed on own enabled the professional kitchen faucets to have a number of different fixed height and angles for increased usability.
8	Pull-down kitchen electronic faucet / Integrated IR/Two-stage shower head/ LED lighting	In the IR technology, the increased height enhances its stability and extends the life of the battery, greatly enhancing the customers' trust in our products.	The demands for the electronic faucets are increasing, and this type of products will be widely used. The team is currently focused on the modularization of the IR technology so as to introduce the technology into various products.
9	PVD stainless steel passivation surface treatment	The CP color has passed the 48 hours CASS test in the lab, and the small batch test of the CP color is currently ongoing.	<p>(1) The special anti-corrosion passivation layer developed on our own has the characteristic of high corrosion resistance.</p> <p>(2) The passivation layer has short process time and the costs are lower. Compared with the traditional passivation of nitric acid process, it can save about 90% of the costs.</p>
10	Introduction of two types of acid copper additives for development	The factory end has already passed the 720-liter small bath test and is currently planning to conduct the second-stage test in the 6-kiloliter bath.	<p>(1) Low dye type is easy to control.</p> <p>(2) It has higher uniformity of plating with the current medicinal liquid.</p> <p>(3) About 50% of the costs of medicinal liquid can be saved based on calculation.</p>

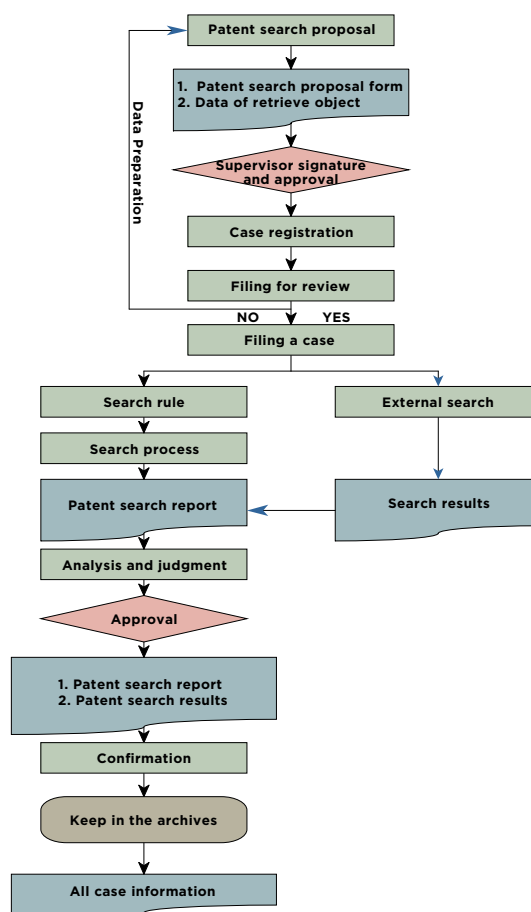
• Patent R & D and Protection

» Management Approach

Patent search can exclude infringement and avoid a large sum of settlement, litigation costs and possible compensation caused by the infringement of patent rights in sales or manufacturing, and infringement may even lead to the loss of sales opportunities in the market. The layout of patent application can avoid the competitor's imitation and plagiarism. In case of infringement of patent rights, there are opportunities to stop the sales of competitors' products and the authorization can even bring revenues for the licensee. To reach the medium-and long-term goal of constructing a more complete group headquarters and the IP management in China, besides the patent search, analysis and application, Globe Union's Intellectual Property Management Department also developed a patent analysis system for the R&D units to refer to for key technology. We target at the patent map of our competitors, cooperate with the R&D unit on design around for new products and further implement the mine patent layout in order to obtain offensive patent. In addition, the management objectives for Globe Union's patent R&D and protection are to use the innovation design around to develop defensive patents, predict the market trends of the product, and set the layout of offensive patent. Globe Union has set the IP Management Department in our Headquarters in Taichung and a Patent & Trademark Section in Shenzhen, which are in charge of the patent search, patent monitoring and patent training in accordance with the patent laws and regulations in other countries and the standards and points of patent review, based on the Company's internal Operating Rules for Patent Search (Taiwan), Operating Rules for Globe Union's Patent Application (Taiwan), Management Practices of Patent Search (Shenzhen), Management Practice of Patent Application (Shenzhen), and Management Practices of Patent Rewards (Shenzhen).

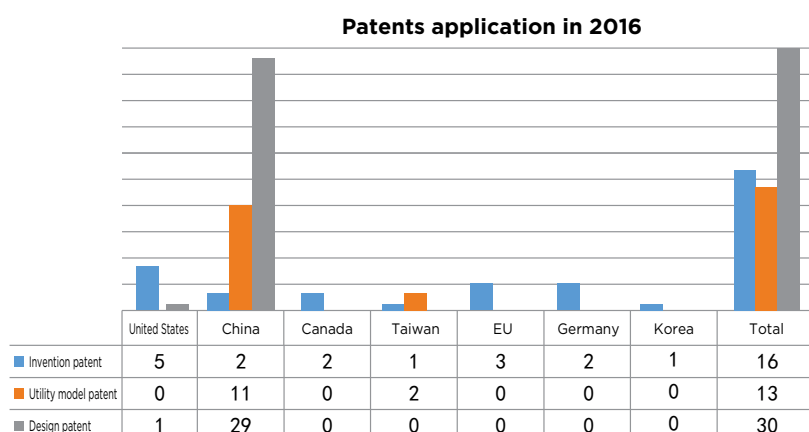
Globe Union enhances the competitiveness of products in the market and creates value for the Corporation itself and also for its customers to avoid infringement through patent applications and protection. Related patent search and analysis of invention or design will be specified in order to ensure the quality and efficiency of patent search to improve the reliability of patent search results, and then determine whether to apply for patent or issue patent early warnings not only during the process of the project, research and development, the introduction of technology and cooperation in the development, but also in the process of manufacturing, use of new equipment, new materials and new technology, and before the introduction of products into new markets at home and abroad.

The patent search process is as follows:



Globe Union's patent application strategy lies in the patent layout of various key technologies instead of the increase in the number of patents. We effectively improve the quality of patent and focus on optimizing the patent portfolio, holding more than 500 patent rights worldwide for the layout of different technologies, process, and formula. We submit more than 60 patent applications on new structures annually. In recent years, we have developed the leading-edge mechanical touch-type faucet design and the lead-free copper formula that comply with the environmental protection regulations. Meanwhile, the constant patent payout of the rapid installation mechanism for easy assembly, top-mounted faucets and outlet recovery heavy hammer assembly has been relatively effectively. In the future, the Globe Union will continue to provide more innovative, practical faucet products and master the key technologies to ensure the sustainable growth of the Group.

Globe Union obtained total of 30 patent in 2016, as shown in the table below.



2.3 Perfect Quality

Globe Union has been committed to quality innovation and excellence. We have a sound development process and management system from product design, research and development to transfer processes. At each development stage, production, technology, quality control and sales departments work together for review to assure appropriate design and quality of every single product.

When the raw materials and new products are in the stage of production transfer, quality control personnel will check for the quality to assure incoming materials and components conform to the standards. In the quality assurance system, personnel perform additional sampling inspections to ensure perfection of quality. After years of effort, every associate understands that superior quality is our top priority and maintaining superior quality is the responsibility of all our employees.

• High-quality Manufacturing and Services – the Key to Our Sustained Growth

At Globe Union, quality always comes first. In order to maintain quality from production to shipment, we comply with the ISO9001 standard for a comprehensive quality control and introduce Total Quality Management (TQM) and Statistical Process Control (SPC). Globe Union has invested heavily in the establishment of the advanced computer controlled CNC machining center that assures each part meets precise manufacturing requirements. To ensure that each product fully conforms to standards, we are also equipped with all advanced equipment, such as CSA test lab, NSF test lab, mechanical properties test lab and material analysis test lab. Each product is inspected thoroughly from its function to appearance before shipment so as to improve the product quality to the world level and ensure products meet international/ regional regulations and customer requirements.

Shenzhen Globe Union Enterprise's faucets are produced in accordance with local regulations concerning the faucet piping and drinking water in different countries. In addition, products in Europe have to comply with REACH and RoHS. Shandong Milim Plant is responsible for the production of high-end sanitary wares, which not only passed the Chinese water conservation certification and obtained the attestation of Chinese environment mark, the products were also certified with the WaterSense-labeled certification by US EPA, the UPC certification from USA, CSA certification from Canada, AS certification from Australia and other international authoritative certifications. There was neither violation of product health services and marketing laws and regulations in our products nor the event of prohibition of the product sale in 2016. In addition, no litigation involving anti-competitive conduct, antitrust and monopolistic measures were reported in 2016.










The following table shows the regulatory requirements for product sales in the countries of sale.

Country of Sale	Regulatory Requirements
North America (USA, Canada)	Products must comply with ASME A112.18.1 / CSA B125.1, NSF 61-9 and NSF 372 The weighted average of lead content (in the parts of drinking faucet taps in contact with water) shall not be more than 0.25%
Germany	Products must comply with EN 817, EN200, 4MS, KTW and W270
France	Products must comply with EN 817, EN200, ACS
UK	Products must comply with WRAS

※*Note:

- ASME A112.18.1/CSA B125.1-Plumbing supply fitting
- ASME(American Society of Mechanical Engineers)
- CSA(Canadian Standards Association)
- NSF 61-Drinking Water System Components -Health Effects
- NSF 372-Drinking Water System Components -Lead Content
- NSF(National Sanitation Foundation)
- EN817-Sanitary tapware-Mechanical mixing valves(PN10)-General technical specifications
- EN200-Sanitary tapware-Single taps and combination taps for water supply systems of type1 and type 2-General technical specifications
- EN(EUROPAISCHE NORM)
- 4MS Common Approach-Acceptance of metallic materials used for products in contact with drinking water
- 4MS(4 Member States, France, United Kingdom, Netherlands, Germany)
- Guideline for Hygienic Assessment of Organic Materials in Contact with Drinking Water (KTW Guideline)
- KTW(Kontakt mit Trinkwasser)
- DVGW W270 Vermehrung von Mikroorganismen auf Werkstoffen für den Trinkwasserbereich- Prüfung und Bewertung (The reproduction of microorganism on the materials of drinking water equipment-testing and evaluation)
- DVGW(Deutscher Verein des Gas- und Wasserfaches)
- Arrêté du 29/05/97 relatif aux matériaux et objets utilisés dans les installations fixes de production, de traitement et de distribution d'eau destinée à la consommation humaine (Ministerial Order of 29 May 1997 on materials and products used in permanent facilities for the production, treatment and distribution of WIHC), ACS (L'attestation de conformité sanitaire) (Qualified health certificate)
- WRAS(Water Regulations Advisory Scheme)

• A total of 11 Domestic and International Certification of Products, Equipment and Production Process in Globe Union

North America -CSA	IAPMO	WaterSense / MA, USA	Europe -WRAS	ACS
				
WELS	WaterM	Australia -Standard Mark	China - Ten Ring	System
				BSI9001

Category Certified Test Labs



IAPMO Category Certified Test Labs



CSA (Canadian Standards Association)
Category Certified Test Labs

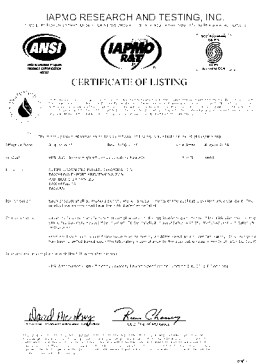
Category Certified Test Labs



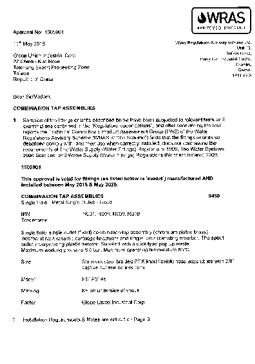
TAF Certified Test Labs



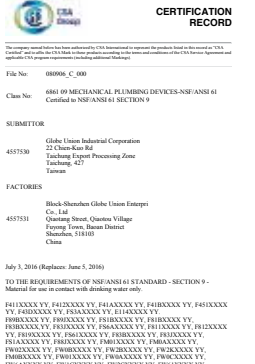
15 ACC NY 378-FS1A4131ACS



WaterSense



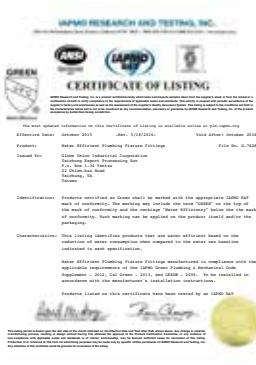
WRAS



CSA



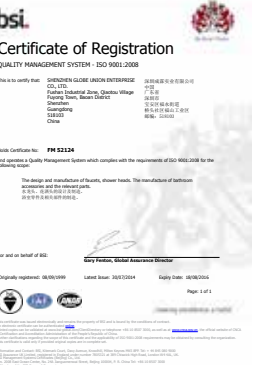
WaterMark



IAPMO-Green



IAPMO-NSF/ANSI 61



ISO 9001:2008



Ten Ring Type II Certificate



Ten Ring Type I Certificate



Water Conservation Product Certification

• External Initiatives

Globe Union declared the EICC commitment to Conflict-free Minerals and supports as well as uses FSC (Forest Stewardship Council) certified packaging materials. Our products in Europe products all comply with REACH, RoHS and WEEE. In addition, Shenzhen Globe Union Industrial Corp. participated the Cleaner Production Initiative of the Human Settlements and Environment Commission of Shenzhen Municipality.

EICC	Electronic Industry Citizenship Coalition (EICC) code of conduct has established a set of specifications for the supply chain in the electronic industry to ensure a safe working environment and respect for employees.
FSC	Forest Stewardship Council, in simple terms, is an independent, non-governmental, not-for-profit organization established to promote sustainable forest management in the world. FSC wood products (including paper) are forest-friendly products.
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals was announced and enforced in June 1, 2007, which encourages the replacement of existing hazardous chemicals with less hazardous chemicals and provides incentives for the development of safe chemicals and integrate ecological, economic and social aspects to achieve the goal of sustainable development.
RoHS	The Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) Directive (2002/95/EC) regulates the maximum amount of hazardous substances in the production process.
WEEE	<p>Waste Electrical and Electronic Equipment (WEEE) Directive (2002/96/EC) regulates the rate and manner in which products must be recycled at the disposal stage.</p> <p>(1) Phase I (August 13, 2012 to August 14, 2015): The minimum recovery target for 10 categories of products after the revised WEEE Directive would come into effect in 3 years differs from the old WEEE Directive in two aspects: (A) the recycling rate of medical materials was added. The recycling and recovery of waste medical materials would reach 50% and 70% respectively after the revised WEEE Directive came into effect; (B) the original reuse and recycling targets were changed to recycling targets.</p> <p>(2) Phase II (August 15, 2015 to August 14, 2018): after three to six years when the revised WEEE Directive comes into effect, the minimum recovery rate target for 10 categories of products is increased by 5% compared to that for all types of products in phase I except for the gas discharge lamp, and re-use rate is included in the specification.</p> <p>(3) Phase III: (August 15, 2018 onwards): all the recovery rate targets will be set as the new product categories of revised WEEE Directive formally enter into force.</p>
Cleaner Production	<p>Cleaner Production is a holistic prevention strategy that is continually applied in the production processes, products and series to increase ecological benefits and reduce the risks to humans and the environment.</p> <p>For the production process: Save raw materials and energy, eliminate toxic materials and reduce the amount of waste and toxicity.</p> <p>For products: Reduce the adverse environmental impact of the product's life cycle.</p> <p>For services: Include the environmental factors into the design and services.</p>

Note: (more about RoHS & WEEE)

- Two environmental directives announced by EU in 2003. The contents regulate the management of environmental impact of electric-electronic products in the production and disposal phases.
- RoHS controls the maximum amount of hazardous substances in the production phase while WEEE controls the rates and the ways in which products must be recycled during decommissioning phase.

• Customer Satisfaction

» Management Approach of Customer Satisfaction

Quality determines customer satisfaction. If the quality is not guaranteed, it not only increases the costs but also damages the company reputation. Good quality management can avoid waste, enhance product competitiveness and further enhance the company image. Shanzhen Globe Union and Shandong Milim Factory implement the market-demand oriented quality management policy in accordance with the relevant norms of the ISO9001 manuals and follow objective regulations. Both the Shanzhen Globe Union and Shandong Milim Factory are equipped with TQA units to increase the number of professionals to strengthen interaction with consumers on the market end for the collection of relevant opinions. Systematical method is used for identifying directions for improvement, and better hardware and software are introduced for designing, equipment, processing, and testing to improve the efficiency and efficacy of quality management. The management objectives are: incoming failure rate (IFR) $\leq 0.8\%$, QA first pass yield (FPY) $\geq 99.6\%$, completion rate of quality audit deficiency improvement = 100%, and monthly customer complaint : 0 case. By following the relevant laws and regulations of the external sales markets and the customers' quality promotion systems (QMS, EfC), along with the relevant requirements of internal ISO9001:2015, the quality management is continually conducted.

After nearly 30 years of efforts, Globe Union has become the retail market leader in the United States, Canada and the mainland China. This achievement comes from our commitments: product quality, functional design, customer service and reasonable prices. Because we listen to our customers and respond to their needs, Globe Union is a valued partner in the development of a wide array of innovative, distinctive and workable products. Our commitment to the highest levels of customer satisfaction is backed by the most comprehensive product warranty programs offered and a toll-free hotline for consumer services.

There is a customer evaluation mechanism of faucet products produced from Shenzhen Globe Union Enterprise on North American market brand websites, and several of the product were rated higher than 4.5 points averagely in 2016 (full score: 5 points). The customer satisfaction of sanitary ceramic products produced in Shandong Milim Plant reached 90%. The Department of Business Enterprise at Shandong Milim Plant conducts quarterly customer satisfaction survey among GERBER, COSTCO, HBI and other customers for their satisfaction in business processing, delivery, services and products, and a total of 19 inspections were conducted in 2016, with the quarterly average customer satisfaction reached 93.56%.

• Customer Privacy

To protect customer privacy and data security, the global information system facilities of Globe Union are managed by the IT personnel in the Headquarters to protect customer privacy from the perspective of information security management. The measures adopted include the followings.

- All the computers must be installed the enterprise anti-virus system, update the virus codes unitedly to prevent the spread of computer viruses through e-commerce.
- Restrict the use of portable storage devices. Sensitive data have to be encrypted as prescribed.
- Business-related information and technical documents are required to be stored in the host to ensure safe data storage.
- The IT facilities and the sensitive data stored have access control and data access control.
- It is required to log in the connection account and password for information and data inquiry and operation. Non-authorized personnel is absolutely unable to conduct data inquiry and operation.
- The IT account and password are required to change every three months. The accounts of resigned employees or terminated staff are terminated.

In 2016, no information security incident such as customer information theft or privacy data leakage was found within Globe Union.



3

Achieving Excellence



3.1 About Globe Union

3.2 Operation Overview

3.3 Integrity Management

3.4 Supply Chain Management

3. Achieving Excellence

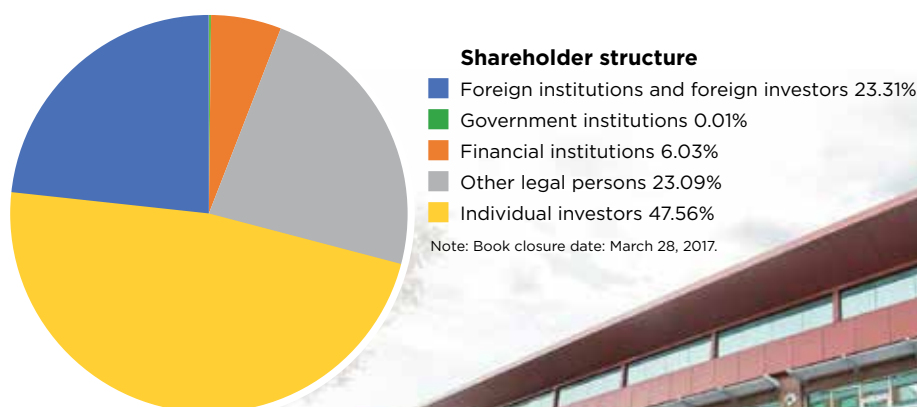
Performance:

consolidated revenue reached NTD 19.3 billion	<ul style="list-style-type: none"> Globe Union's consolidated revenue reached NTD 19.3 billion, and the operating profit amounted to NTD 582 million in 2016.
gross profit rate grew to 29.3%	<ul style="list-style-type: none"> Globe Union's gross profit rate grew for the second year from 27.6% to 29.3% in 2016.
did not receive any government subsidies	<ul style="list-style-type: none"> Globe Union Headquarters did not receive any government subsidies in 2016.
Top 35% the Third Corporate Governance Evaluation	<ul style="list-style-type: none"> In 2016, Globe Union was ranked as the top 35% of the 843 listed companies in the Third Corporate Governance Evaluation.
Board Meetings average attendance reached 92%	<ul style="list-style-type: none"> A total of 9 Board Meetings were convened in 2016, and the average attendance of the directors reached 92%.
62 hours Board of Directors Training programs	<ul style="list-style-type: none"> There were a total of 62 hours of Board of Directors Training programs in 2016.
Remuneration Committee average attendance reaching 79%	<ul style="list-style-type: none"> Globe Union's Remuneration Committee convened a total of 6 meetings in 2016, with the average attendance reaching 79%.
Board of Directors approved the establishment of the Procedures for Ethical Management and Guidelines for Conduct.	<ul style="list-style-type: none"> On October 27th, 2016, the Board of Directors approved the establishment of the Procedures for Ethical Management and Guidelines for Conduct.
No	<ul style="list-style-type: none"> There was no record of penalties in environmental protection, human rights and social aspects, nor was there any grievance or protest at Globe Union in 2016.
The domestic procurement ratio of Shenzhen Globe Union Enterprise was over 90%	<ul style="list-style-type: none"> The domestic procurement ratio of Shenzhen Globe Union Enterprise was over 90% in 2016.
Shenzhen Globe Union Enterprise is expected to conduct supplier evaluation of its 20 major suppliers in 2017	<ul style="list-style-type: none"> Shenzhen Globe Union Enterprise is expected to conduct supplier evaluation of its 20 major suppliers in 2017, and the detailed assessment items include human rights, child labor, labor rights, pollution prevention, security of cross-boarder transport of goods, anti-terrorism and so on.
suppliers of raw materials 100% of them are domestic suppliers in China	<ul style="list-style-type: none"> The number of suppliers of raw materials of Shandong Milim Plant in 2016 was 156, and 100% of them are domestic suppliers in China.
signed the environmental protection agreement completion rate reaching 100%	<ul style="list-style-type: none"> Shandong Milim Plant asked new suppliers to fill in supplier questionnaire survey for new supplier selection and added two new suppliers in 2016. Both suppliers signed the environmental protection agreement, with the completion rate reaching 100%.

3.1 About Globe Union

Globe Union is a well-known global manufacturer of sanitary ware, mainly engaged in the research and development, design, manufacturing, marketing, sales channels and after-sales services of bathroom and kitchen products. The main market areas include North America, Europe and China. The mode of operation adopts the co-existence of OEM and own brand strategy for price differential and channel segmentation. In addition to having more than 12 brands, we manufacture OEM products under their own brands for many distributors to increase market penetration and importance. By providing comprehensive services and excellent quality, we have gained a solid market share in the market of sanitary ware and kitchen products in the world and sold products to customers in over 30 countries.

The Company's shareholder structure is as follows.



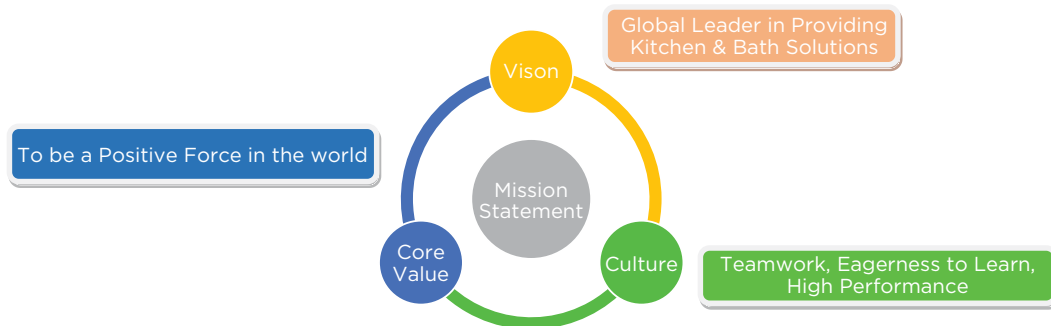
• Basic Information of Globe Union

STOCK SYMBOL	9934
MARKET	Other related manufacturing, and sanitary equipment brand manufacturer
MAIN APPLICATIONS	Brass faucets, bathroom accessories, vitreous china sanitary ware
FOUNDED ON	October 29, 1979
CAPITALS	NTD 3.5 billion
YEAR OF LISTING	2000
NET SALES	Consolidated revenue of NT 19,300,000,000 dollars in 2016
CHAIRPERSON	Scott Ouyoung
GENERAL MANAGER	Andrew Yates
HEADQUARTERS	No. 22, Jianguo Rd., Tanzi Dist., Taichung Export Processing Zone, Taiwan (R.O.C.)
GLOBAL NETWORK	3 Factory Locations, 13 Marketing Companies, 8 Distribution Center s, 5 Flagship Stores
NO. OF EMPLOYEES	Number of employees worldwide: 5,677 (2016/12/31)

• Mission Statement

Globe Union enhances customers' quality of life through the provision of innovative and environmentally friendly products and services, forming a positive influence in the industry and society. At the same time, we also protect the interests of shareholders and reduce risks. We aim at building an enterprise with a solid foundation so it can be passed down to following generations. We empower our people while creating a fair and pleasant working environment which enables them to learn, to grow, and to develop their potentials both personally and professionally.

- To continue the core value of the "positive force in the world" of the Company.
- To be equipped with efficient global operational capabilities to achieve the vision of being the global leader in providing kitchen & bath solutions".
- To maintain the spirit of "caring for customers, members, and community" and "quality first, innovative development, and down-to-earth attitude".



• Company History

Year	Milestone
1979	<ul style="list-style-type: none"> Globe Union Industrial Corp. was founded in Taichung as a trading company of building materials, with the capitals of NT \$ 2 million.
1985	<ul style="list-style-type: none"> Reorganized into a trading company of bathroom hardware products
1986	<ul style="list-style-type: none"> Received IAPMO Certification from the United States
1993	<ul style="list-style-type: none"> The self-owned GOBO brand was established
1995	<ul style="list-style-type: none"> In order to unify the production and sales and reduce the operating costs, the Company merged with "Shenglin Industrial Co., Ltd.". After the merger and capital increase, the share capital amounted to NT \$ 139 million dollars. Obtained the CSA Category Certification (the only certified lab in Asia)
1997	<ul style="list-style-type: none"> To expand overseas production base, Globe Union Shen Zhen industrial Corp. was established, specialized in producing faucets and bathroom accessories Was approved as a public company Received ISO 9001 Certification from BSI.
1998	<ul style="list-style-type: none"> Obtained NSF Category Certification (the first and only certified lab in Asia then)
1999	<ul style="list-style-type: none"> The self-owned brand of DANZE was established Globe Union Industrial Corp. was officially listed on Taiwan O.T.C Exchange Acquired Globe Union Canada Inc. (Canada), specializing in distribution /sales & marketing faucets, showerheads and bath accessories
2000	<ul style="list-style-type: none"> Globe Union Industrial Corp. was officially listed on Taiwan Stock Exchange Acquired Globe Union America Corp., specializing in distribution /sales & marketing faucets, showerheads and bath accessories Acquired Aquanar Inc. (Canada), specializing in manufacturing and marketing electronic faucets
2002	<ul style="list-style-type: none"> Globe Union Enterprise Co., Ltd. in Shenzhen was established, specializing in the production of bath accessories Established joint venture with Fusion Hardware Group Inc., specializing in marketing and distribution of decor hardware

Year	Milestone
2003	<ul style="list-style-type: none"> Acquired Gerber Plumbing Fixtures, LLC in United States, specializing in the manufacturing & distribution and marketing of vitreous chain sanitary ware Acquired MILIM G&G Ceramics Co., Ltd. in China, specializing in the manufacturing and marketing of vitreous chain sanitary ware Joint venture with Arte En Borne, S.A.DE C.V in Mexico, specializing in producing and marketing faucets
2004	<ul style="list-style-type: none"> Acquired Lenz Badkultur GmbH&Co. KG in Germany, specializing in marketing distribution of bath accessories
2005	<ul style="list-style-type: none"> Globe Union Shen Zhen Industrial Corp. was officially listed in Shenzhen Stock Exchange
2006	<ul style="list-style-type: none"> Acquired Home Boutique International Co., Ltd., specializing in the wholesale and retail of kitchen and bath products Acquired Anderson R.O. Technology co., Ltd, specializing in the manufacture and sales of water purifiers
2007	<ul style="list-style-type: none"> Global Technologies (Qingdao) Corp. Ltd. was established, specializing in the manufacturing of faucets, showerheads and hardware Union Precision Industrial (Qingdao) Corp. Ltd. was established, specializing in the manufacturing of faucets, showerheads and hardware Acquired PJH Group Holding Company Ltd. in UK, specializing in the distribution of kitchen and bath products
2009	<ul style="list-style-type: none"> GERBEER won First Place Home Builder Executive (HBE) 2009 Innovation Award in toilets, First Place Home Builder Executive (HBE) 2009 Innovation Award in Bath suites and 2009 National Turnaround of The Year Award; Danze won First Place Innovation Award in faucets. Globe Union Shen Zhen Industrial Corp. obtained High and New Technology Enterprise Certificate
2012	<ul style="list-style-type: none"> A New R&D center was established in our headquarters
2013	<ul style="list-style-type: none"> ShenZhen Globe Union Industrial Corp. completed the significant material asset reorganization. After reorganization, the company held 100% equity interest in Globe Union Enterprise Co., Ltd., Global Technologies (Qingdao) Corp. Ltd., Union Precision Industrial (Qingdao) Corp. Ltd. and Qingdao Chenglin Imp. & Exp. Trading Co., Ltd
2015	<ul style="list-style-type: none"> Shandong Milim's fifth ceramic kiln line and fourth high-pressure sub-grouting line construction were completed, and were formally put into production
2016	<ul style="list-style-type: none"> Andrew Yates took over the position of Group CEO as a professional manager. Signed a contract for the sale of Union Precision Industrial (Qingdao) Corp. Ltd. Signed to transfer the possession of the Group's domestic brand of "Gobo".

• External Organization Participation and Membership

The following are the organizations that Globe Union is currently participating in:

Item	Name of organization	Title
1	Straits Economic & Cultural Interchange Association	Director
2	The Institute of Internal Auditors- Chinese Taiwan	Member
3	Chinese Professional Management Association of Taichung	Member
4	The Entrepreneur Club	Member
5	Metal Smelters Manufacturers' Association of Taiwan Export Processing Zone	Member
6	Taiwan Surface Finishing Association	Member
7	The Cross-strait CEO Summit	Member
8	Rotary Club of Taichung	Member

3.2 Operation Overview

• Operational Performance Management

The operating performance can satisfy shareholders' investment returns, employee benefits and the optimization of the company so as to achieve the corporate social responsibility and aim at sustainable management. Globe Union sets the annual business strategies and targets as well as the annual budget plants from the perspectives of the environment, market conditions and economic conditions. The subsidiaries and internal units set annual budget items and management plans and objectives (management approaches) which are then included in the daily work or annual plans in accordance with internal regulations such as Measures for Budget Management, Policy Management Measures, and Supervision and Management of Subsidiaries. Departmental budgets and performance reviews, policy performance reviews and discussions on differences, and management meetings are held on a monthly basis. The Group's executive meetings are held every quarter to review the Group's business plans.

In 2016, the CEO of the Group, Mr. Andrew Yates reorganized the Group Management Board, and this management team is composed of the CEO, the executives of the Group's three major business bodies, and the VPs of the Finance Departments, System Development Departments and Human Resources Departments of the subsidiaries provide more complete and balanced views of the business through work-out. At the same time, we adopt a more centralized management model to ensure that the Group has clear and rigorous focus and disciplines, deploy resources in a more effective manner to implement single and consistent Group strategy. The Group Management Board is also conducting the formulation of the three-year business strategy with a clear focus on the Group's key markets and major customers to clearly decide the time to invest in and the way to utilize resources. Our goal is to carefully control the pace of growth while strictly controlling operating costs so as to create sustainable year-on-year profit growth.

Business objectives

- To reorganize the OEM customers and the product portfolio to ensure the resources can be more effectively focused on key customers, strengthen manufacturing capabilities and carry out the implementation and management in response to the changing needs of the customers.
- To integrate the own brand, reidentify the brand positioning and channels and optimize product sales portfolio to improve margins.
- To adjust the previous direction of pursuing turnover and market share to one focusing more on the improvement of internal operating efficiency and to make more careful selection of customers and markets with a view to sustainable profit-making and appropriate return of profits to shareholders.

Production and marketing policy

- To integrate the OEM channel organization through a single command system, centralize resources to reinforce the relations with strategic customers and growth in business. With a more consistent sales strategy, it is aimed at reducing production complexity to improve production efficiency.
- To optimize the commonality of product structure, master the market demands and pulse and continue to develop alternative materials and products with added value.
- To strengthen production and marketing needs management and master the process of production so as to further reduce inventory levels with the transparent information in the system (from sales forecasts to the production process control).

Future development strategies

- In response to the adjustment of customers and market segments, we will combine the brand owners' business locations and brand strength and our product design and manufacturing capabilities to enhance our contact and cooperation with the brand owners.
- There are two focuses of the R&D center. First, the improvement of process. We hope that through more frequent interaction with factories and the industry, the optimization of key process capability and the introduction of new processes can be made. In terms of the product development, we will continue the concept of combining green energy, life aesthetics, and smart concept to refine product development, strengthen brand image, to meet the needs of a green fashion life of modern people, creating the own-brand.
- To continue to optimize the layout and expansion of the market and improve the sales channels.

• Financial Performance

In 2016, the uncertainty brought by the Brexit and the U.S. presidential election has caused continuous economic challenges. However, even if the challenges continue, we remain confident about the market conditions. The consolidated revenue in 2016 reached NTD 19.3 billion, a 3.2%

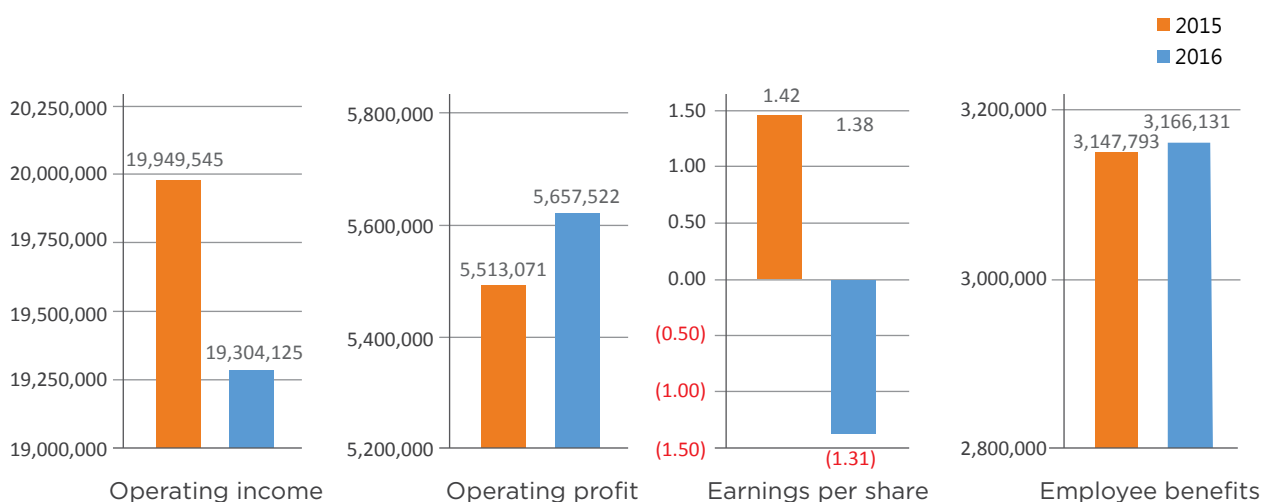
decrease compared with the previous year. Our North American Brand Business showed growth. The sales of Gerber brand in particular increased by 10%, reaching USD 145 million (approximately NTD 4.67 billion), with the operating profit standing at NTD 582 million, a 7.3% increase compared with the previous year. The gross margin also grew for the second year, from 27.6% to 29.3%.

In order to present a relatively fair value of the assets of the Company, the Board conducted comprehensive assessment of the assets of the Group and had impairment on idle assets and overvalued assets, which amounted to NTD 944 million, causing net loss after tax of NTD 483 million in 2016. Except for the legal reserve prescribed by law, the profits of 2014 and 2015 have been fully allotted to the shareholders' dividends, and the Company did not retain any economic value. The Company had no surplus attributable to 2016, and has allocated NT 1 dollar per share cash dividend with the accumulated undistributed earnings.

Financial Information (Condensed Consolidated Income Statement - Consolidated)

Unit: NT
1,000 dollars

Item/Year	2014	2015	2016
Operating income	19,987,526	19,949,545	19,304,125
Operating profit	5,296,485	5,513,071	5,657,522
Operating profit and loss	395,900	542,259	581,938
Non - operating income and expenses	-93,300	204,996	(860,537)
Net profit before tax	302,600	747,255	(278,599)
Current net profit of business unit	157,137	506,788	(482,557)
Current net profit (loss)	157,137	506,788	(482,557)
Other consolidated gains and losses for the period (net after tax)	176,277	75,675	(722,656)
Total consolidated profit and loss for the period	333,414	582,463	(1,205,213)
Earnings per share	0.44(元)	1.42(元)	(1.31)
Employee benefits	3,028,716	3,147,793	3,166,131
Dividends paid to shareholders	82,396	177,152	425,165
Taxes paid to the government	91,718	774,615	269,713



- Explanation: The decrease in non-operating income and expenses, net profit before tax, net profit for the period and total consolidated profit and loss for the current period in 2016 was attributable to the recognized loss of assets impairment of NTD 940 million in 2016.

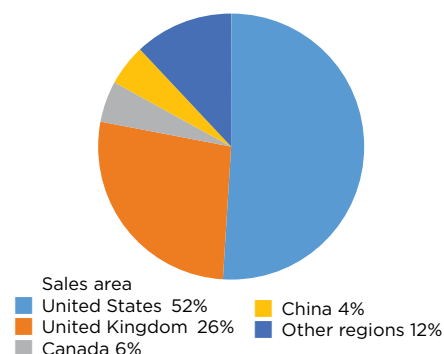
• Industry Overview

Globe Union Group sells products of kitchen and bathroom faucets, hardware accessories and sanitary ceramics. The sales channels include wholesale and retail channels for new house decorating, existing house renovation, and commercial space design. The development of this industry is closely related to the real estate market and the overall market consumption. After 8 years of rest period since the financial crisis, the United States has seen obvious improvement in three major indicators of employment, deficit and economic growth rate. As the labor market approaches full employment, the higher home prices and lending rate have boosted existing home sales. Market research data also draw optimistic estimation of continuous growth in the construction and sale of housing in the States in 2017-2020. Strong sales of houses and apartments are expected to continue after 2020. The active and booming housing market would naturally boost the development of the supporting industries, including sanitary industry.

• Global Network and Market Share

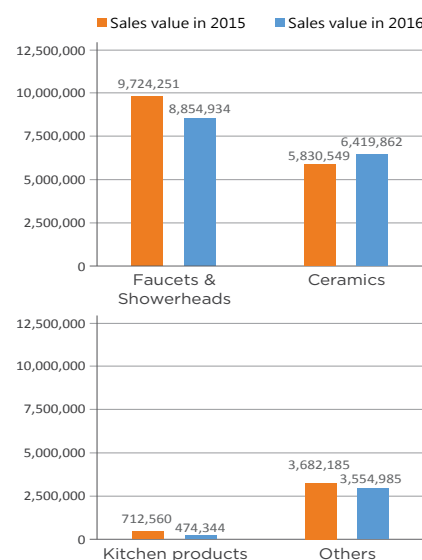
Our production bases are mainly located in China. Due to rising local labor wages, the production advantages of the early Chinese market gradually disappeared. Therefore, in recent years, Globe Union has introduced automated production in the part of the process, and we have already seen the benefits. In the future, we will continue the automation, labor-saving measures and precision management to reduce production costs. Europe and the United States regions are the main sales markets for Globe Union (with the 2016 group revenues of 11.2 billion in North America and 5.1 billion in Europe). We actively focus on and grasp the pulse of various legal regulation and environmental requirements in different markets, actively develop alternative materials and energy-saving products in response to consumers' awareness of health and environmental protection. We will continue to leverage the brand image into consumers in the highly competitive business environment based on our R&D basis and our deepened channel system.

Sales area	The percentage of sales amount
United States	52%
United Kingdom	26%
Canada	6%
China	4%
Other regions	12%
Total	100%



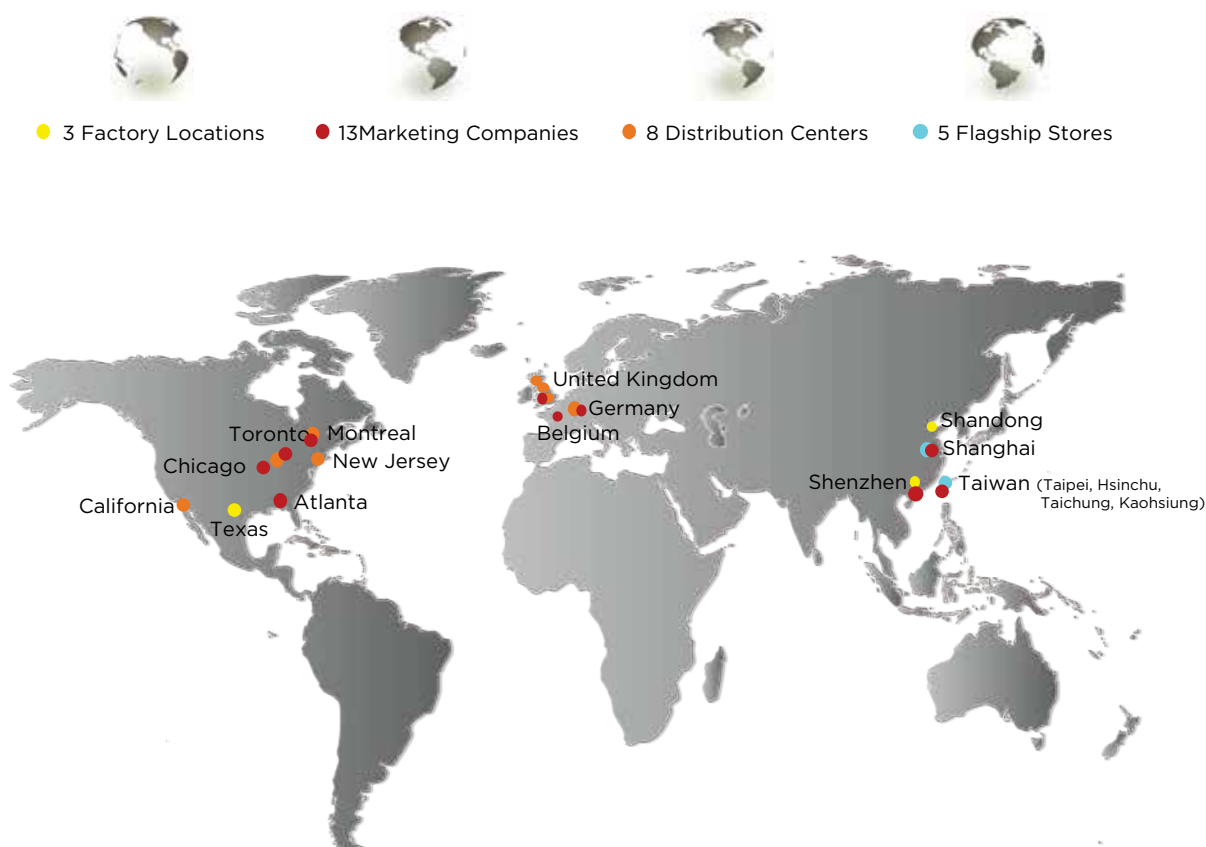
• The revenue share of each product category

Sales area	Sales value in 2015	Sales value in 2016
Faucets & Showerheads	9,724,251	8,854,934
Ceramics	5,830,549	6,419,862
Kitchen products	712,560	474,344
Others	3,682,185	3,554,985
Total	19,949,545	19,304,125



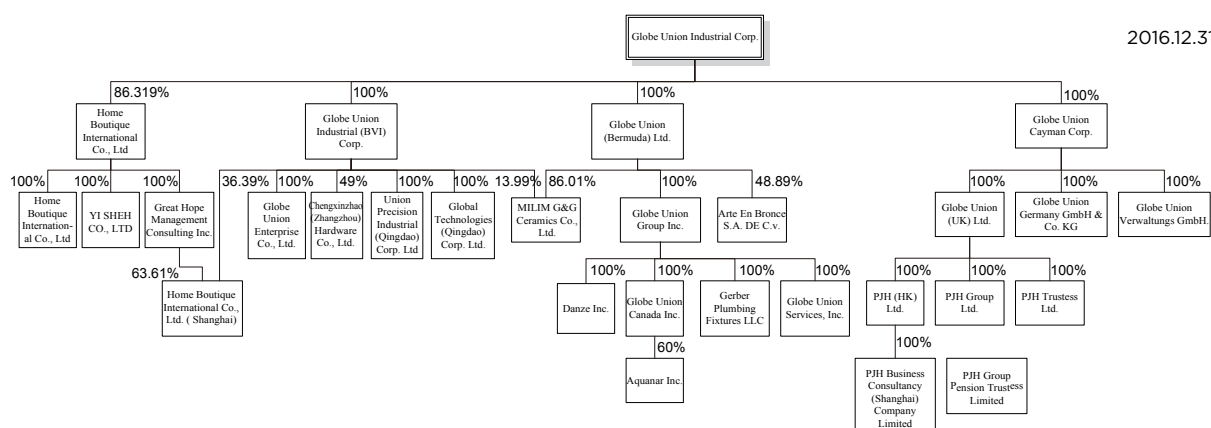
• Distribution of Our Service Locations

Globe Union operates manufacturing facilities in Shandong and Shenzhen, China, providing innovative sanitary vitreous china products, faucets, bathroom accessories and showerheads. Globe Union's Head Office is located in Chicago for North American sales, marketing and distribution of Danze and Gerber branded products. A strong local management team is in charge of our operations in Europe and the United Kingdom. European distribution of Lenz brand and private brands of plumbing products is headquartered in Germany. In the United Kingdom, the PJH Group supplies bathroom and kitchen products and appliances to a wide spectrum of businesses in the retail, plumbing wholesale and construction markets. We have centralized the operation of special processes in the Headquarters in Taiwan and continued to sell around the world with the business model of "pursuing innovation".



• Affiliated Companies

Organization chart of affiliated companies (contribution %)



• Basic information of the affiliated companies

December 31, 2016

Company Name	Date of Establishment	Address	Paid-in Capitals	Main business or production items
Globe Union Industrial (B.V.I) Corp.	1996.07.26	P.P.O. BOX 3340,Road Town, Tortola, British Virgin Islands	NTD 1,434,538,392	Holding company
Shenzhen Globe Union Enterprise Co., Ltd.	2001.03.13	Fushan Industrial District Qiao Tou Villa, Ge Fuyong Town, Bao An District, Shenzhen City, Guang Dong Province, China	RMB 380,459,896.03	Manufacturing and sales of bathroom accessories
Chengxinzhaohao (Zhangzhou) Hardware Co., Ltd.	2006.04.11	Chihu Industrial District, Zhangpu County, Fujian Province, China	RMB 40,340,025.73	Manufacturing and sales of bathroom accessories
Qingdao Globe Union Technology Industrial Corp.	2006.12.28	The West Coast of Qngdao Export Processing Zone	RMB 380,370,174.67	Manufacturing faucets, kitchen products and related parts
Qingdao Lin Hon Precision Industrial Corp.	2006.12.30	North Industrial District, Qingdao Economic Technology Development Zone	RMB 107,952,003.82	Manufacturing faucets, kitchen products and related parts
Aquanar Inc	1999.05.11	215 Av Liberté, Candiac, QC J5R 3X8, Canada	CAD 100	Product design and development center
Globe Union Cayman Corp.	2004.09.02	Scotia Center, 4th Floor , P.O.Box 2804, Geroge Town, Grand Cayman, Cayman Islands	NTD 3,182,132,179	Holding company
Globe Union Germany GmbH & Co. KG (Formerly known as Lenz Badkultur GmbH & CO.KG)	2004.12.01	Dreherstr. 11, 59425 Unna, Germany	EUR 17,000,000	Sales of sanitary products
Globe Union Verwaltungs GmbH. (Formerly known as Globe Union Germany GmbH)	2004.10.08	Dreherstr. 11, 59425 Unna, Germany	EUR 1,755,000	Sales of sanitary products
Shandong Milim G&G Ceramics Co., Ltd	1992.10.05	Jingshanwa Town, Fangzi, Weifang, Shandong Province, China	RMB 178,808,100	Manufacturing and selling sanitary ceramic wares
Globe Union (Bermuda) Ltd	2000.03.06	21 Laffan Street, Hamilton, HM 09 Bermuda	NTD 3,098,446,597	Holding company
Arte En Bronce, S.A, DE C.V	1978.8.11	Alfredo Del Mazo No.15 C.Col.Parque Industrial E1 Cerrillo Lerma, Edo, De Mexico	PHP 9,000,000	Product sales and maintenance center & customer service center
Globe Union Group Inc	2002.03.27	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	USD 63,734,859	Holding company

Company Name	Date of Establishment	Address	Paid-in Capitals	Main business or production items
Globe Union Canada Inc	1999.06.08	9260 Cote de Liesse, QC, H8T1A1, Canada	CAD 7,298,630	Product sales and maintenance center & customer service center
Danze Inc.	2000.05.15	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	USD 33,035,522.60	Overseas sales center
Gerber Plumbing Fixtures, LLC	2003.2.14	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	USD 42,236,382	Manufacturing and selling sanitary ceramic wares
Globe Union Services Inc.	2005.04.29	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	USD 1,000,000	Customer service center
Home Boutique International Co., Ltd.	2002.12.24	1F., No. 260, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 720,000,000	Installation, wholesale and selling and distributing kitchen and bathroom products
YI SHEH CO., LTD	2005.08.16	4F.-3, No.109, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 11490, Taiwan (R.O.C.)	NTD 15,000,000	Installation, wholesale and selling and distributing kitchen and bathroom products
Great Hope Management Consulting Inc.	2004.08.26	Offshore Chambers, P.O. Box217, Apia, Samoa.	NTD 405,177,675	Holding company
Home Boutique International Co., Ltd. (Shanghai)	2006.04.06	1F-A, No. 979, Wuding Rd., Shanghai	RMB 109,033,789.33	Wholesale and selling and distributing furniture, kitchen and bathroom products
Home Boutique International Co., Ltd.	2010.12.14	No.532, Xianzheng 2nd Rd., Zhubei City, Hsinchu County 30268, Taiwan (R.O.C.)	NTD 25,000,000	Installation, wholesale and selling and distributing kitchen and bathroom products
Globe Union(UK)Ltd.	2007.02.02	Alder House Slackey Brow Kearsley Bolton Lancashire BL4 8SL	GBP 39,529,845	Holding company
PJH Group Ltd.	1972.05.26	Alder House Kearsley Bolton BL4 8 SL	GBP 7,500,000	Sales of kitchen and bathroom products
PJH Trustees Limited	1994.06.09	Alder House, Slackey Brow, Kearsley, Bolton, UK, BL4 8 SL	GBP 2	Trust industry
PJH (HK) Limited	2005.07.21	FLAT/RM 05-6 17/F 248 QUEEN' S ROAD EAST WANCHAI HK	HKD 10	Holding company
PJH Business Consultancy (Shanghai) Company Limited	2006.01.05	1F-A, No. 979, Wuding Rd., Shanghai	RMB 519,514.05	Consulting industry

- Information of the same shareholder presumed to have controlling or affiliation relationship: None
- Business covered by overall affiliated entities: Business conducted by the Company and its affiliated companies include manufacturing industry, trade industry, investment companies and so on.

• Government Subsidies

Shenzhen Shenzhen Globe Union Enterprise received the following financial subsidies from the government in 2016.

Item	Name of subsidies project	Execution period	Subsidy unit	Subsidy amount (RMB 10,000 dollars)
1	Patent grants	2016	Baoan District Asset Supervision Department Intellectual Property Department	0.9
2	Baoan District CDPF subsidy	2016	Baoan District Disabled Persons Comprehensive Service Center	1.22
3	Baoan District Vocational Training Bureau training fee	2016	Baoan District Career Development Bureau	1.85
4	2015 unemployment subsidy	2016	Shenzhen Social Insurance Fund Administration	71.3
5	2014 unemployment subsidy	2016	Shenzhen Social Insurance Fund Administration	67.89
6	Incentive bonus for steady growth in foreign trade	2016	Baoan District Economic Information Trade Commission	20
7	Baoan District enterprise autonomous training subsidy	2016	Baoan District Career Development Bureau	3.25
Total				166.41

Shandong Milim plant received the following financial subsidies from the government in 2016.

Item	Name of subsidies project	Subsidy unit	Subsidy amount (RMB 10,000 dollars)
1	Social security subsidies, job subsidies	Fangzi District Human Resource Management Service Center	193.34
2	Solar collector system subsidies	Fangzi District Finance Bureau	60.25
3	Baoan District standardization strategy subsidy	Fangzi District Finance Bureau	10
4	Baoan District financial invention patent grants	Fangzi District Finance Bureau	2.67
Total			266.26

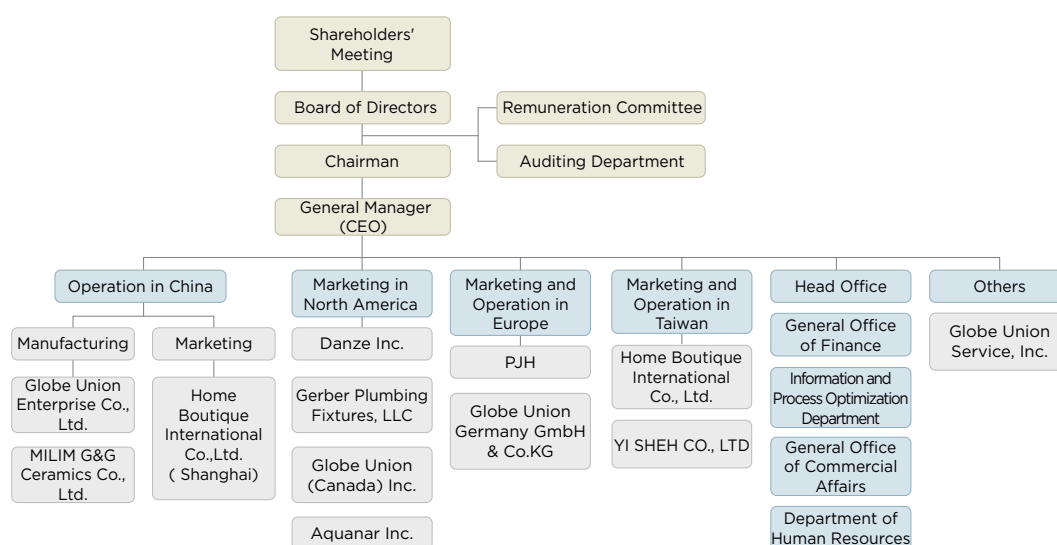
* There were not government subsidy data for Globe Union Headquarters during the reporting year.

3.3 Integrity Management

In order to guide the behavior of the internal staff to comply with the ethical standards, Globe Union has established an effective accounting system and internal control system, which is applicable to all members of Globe Union, including directors, general manager, deputy general manager, heads of all units and employees. Personnel from internal audit unit should regularly check the compliance with the preceding systems and report it to the Board of Directors. In October, 2016, our Board approved to establish the Procedures for Ethical Management and Guidelines for Conduct as the code of ethical conduct for our employees worldwide for professional practice. Our operation is open and transparent, and we operate with integrity. In 2016, there was no serious breach of integrity causing any fine.

The management structure of Globe Union includes Shareholders' General Meeting, Board of Directors, Remuneration Committee, Auditing Department, Chairman and General Manager, Operation in China, Marketing in North America, Marketing and Operation in Europe and the Headquarters.

• Organization Chart



• Board of Directors

» Board Responsibilities

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

» Members of the Board of Directors

The structure of the Company's board of directors is determined by choosing an appropriate member of board members in consideration of its business scale. In accordance with our Articles of Incorporation, a total of seven directors are appointed, and among them, independent directors shall not be less than two in number (In the Annual General Shareholders' Meeting in May, 2017, the articles were amended to 7-9 directors, with no less than 3 independent directors). The current term of directors is from June 26th, 2015 to June 25th, 2018. In January 2016, Michael Werner stepped down from his post as the director (the by-election was held in May, 2017 at the Annual General Shareholder's Meeting to fill the vacancy of an independent director.)

The composition of the board of directors are determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members (currently, none of the board members holds concurrent position of the manager of the Company), and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Diversified core item	Gender	Business management	Leadership decision	Industry knowledge	Financial accounting	Law
Name of Director						
Scott Ouyoung	Male	V	V	V	V	
Ziqiang Zhong	Male	V		V		
Su-Xiang Zhang Ouyang	Female				V	
Apollo Chen	Male					V
Qinshan Huang	Male	V	V	V		
Yun-Sheng Hsu	Male				V	V

» Operation of the Board

The term of the 16th Board of Directors is from June 26th, 2015 to June 25th, 2018.

Nine Board meetings (A) were convened in 2016 as of the printing date of the Annual Report, and the attendance of the directors is listed as follows.

Title	Name	Actual attendance (times)	Proxy attendance (times)	Actual attendance rate (%)	Note
Chairperson	Scott Ouyoung (Representative of Main Land Investment Ltd.)	9	0	100.00	
Director	Su-Xiang Zhang Ouyang (Representative of Main Land Investment Ltd)	9	0	100.00	
Director	Apollo Chen (Representative of Main Land Investment Ltd)	4	5	44.44	
Director	Yu-Li Zhou (Representative of Main Land Investment Ltd)	2	0	100.00	2016.05.27 Main Land Investment Ltd called off the assignment (the attendance should be 2 times)
Director	Ziqiang Zhong (Representative of Main Land Investment Ltd)	7	0	100.00	2016.05.27 Main Land Investment Ltd called off the assignment (the attendance should be 7times)
Independent Director	Qinshan Huang	9	0	100.00	
Independent Director	Yun-Sheng Hsu	9	0	100.00	

Others:

1. Any matter listed in Article 14-3 of Securities and Exchange Act as well as any recorded board resolution for which an independent director has a dissenting opinion or qualified opinion should be noted in the minutes, detailing its date, term, issue, all opinions of the independent director(s), and how the company handles it. For details, please refer to (xi) Important Resolutions of the Board of Directors in Recent Years in IV. Corporate Governance.
2. In the event that a director has to avoid voting on a resolution because of a conflict of interest, the name of the director, the content of the resolution, reasons and the result of the vote should be noted: None.
3. Goals (such as setting up an audit committee and raising information transparency) of the board for the year and the closest fiscal year as well as evaluation of its work.

- a. Globe Union's Article of Incorporation has set forth the power of the Board of Directors, and the Rules of Procedure for Board of Director Meetings was established in accordance with the Regulations Governing Procedure for Board of Directors Meetings, and it was approved by the Board on 2014/11/11 for revision to strengthen the operation of the Board of Directors.
- b. In order to strengthen corporate governance, the Company set up a remuneration committee on 2011/12/21 to have regular assessment and review of the remuneration packages of directors, supervisors and managers. A total of 16 meetings have been convened since its establishment.
- c. Assessment of the implementation: In order to enhance the information transparency of the Company, after each Board meeting, the important resolutions will be announced publicly immediately on the Market Observation Post System (MOPS) to protect the shareholders' rights and interests.

» On-the Job Training of Directors and Supervisors

Name	Title	Date	Organizer	Title of the course	Training hour(s)
Scott Ouyoung	Director	2016.4.22	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Insider Trading and Corporate Social Responsibility	3
Scott Ouyoung	Director	2016.12.30	Taiwan Corporate Governance Association	Try your best to do what is entrusted? On the Operational Practices of the Trustees' Obligations as a Director or Supervisor (afternoon session)	3
Su-Xiang Zhang Ouyang	Director	2016.04.22	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Insider Trading and Corporate Social Responsibility	3
Su-Xiang Zhang Ouyang	Director	2016.12.30	Taiwan Corporate Governance Association	Try your best to do what is entrusted? On the Operational Practices of the Trustees' Obligations as a Director or Supervisor (afternoon session)	3
Yu-Li Zhou	Director	2016.04.22	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Insider Trading and Corporate Social Responsibility	3
Apollo Chen	Director	2016.10.20	Financial Supervisory Commission R.O.C. (Taiwan)	The 11 th Taipei Corporate Governance Forum (afternoon session)	3
Apollo Chen	Director	2016.12.30	Taiwan Corporate Governance Association	Try your best to do what is entrusted? On the Operational Practices of the Trustees' Obligations as a Director or Supervisor (morning session)	2
Ziqiang Zhong	Director	2016.06.27	Taiwan Corporate Governance Association	Significant Information Disclosure and Directors and Supervisors Responsibilities; Merger and Acquisition Strategies and Best Practices	6
Ziqiang Zhong	Director	2016.09.01	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Integrity Management and Corporate Social Responsibility	3
Qinshan Huang	Independent Director	2016.12.06	The Institute of Internal Auditors-Chinese Taiwan	The Operational Practices of Internal Control System of the Company-Reinforcement of Risk Control and System Integration	6
Yun-Sheng Hsu	Independent Director	2016.09.02	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Integrity Management and Corporate Social Responsibility	3
Yun-Sheng Hsu	Independent Director	2016.12.27	The Institute of Internal Auditors-Chinese Taiwan	Financing and Circular Audit Practice of Real Estate, Plant, and Equipment	6
Chi-chuan Chung	Supervisor	2016.04.22	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Insider Trading and Corporate Social Responsibility	3
Chi-chuan Chung	Supervisor	2016.12.09	Taiwan Corporate Governance Association	Directors' and Supervisors' Responsibility of Disclosure of Information and Financial Statement Fraud	3
Chih-wei Lin	Supervisor	2016.08.10	Taiwan Corporate Governance Association	Law war in Mergers and Acquisitions	3
Chih-wei Lin	Supervisor	2016.10.20	Financial Supervisory Commission R.O.C. (Taiwan)	The 11 th Taipei Corporate Governance Forum (morning session)	3
Mei-hui Kao	Supervisor	2016.04.22	Securities & Futures Institute	2016 Annual Corporate Governance Forum Series-Symposium of Insider Trading and Corporate Social Responsibility	3
Mei-hui Kao	Supervisor	2016.07.22	Securities & Futures Institute	2016 Propaganda Briefing on Legal Observation of Equity Trading of Insiders of Listed Companies	3

» Avoidance of Conflict of Interest

As prescribed in Article 15 of the Rules of Procedure for Board of Directors Meetings, if a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

• Functional Committees

» Supervisors' Participation in the Operation of the Board of Directors

The term of the 16th Board of Directors is from June 26th, 2015 to June 25th, 2018. Nine Board meetings (A) were convened in 2016 as of the printing date of the Annual Report, and the attendance of the supervisors is listed as follows.

Title	Name	Actual attendance (times)	Actual attendance rate (%)	Note
Supervisor	Chi-chuan Chung (Representative of Prime International Investment Group Ltd.)	6	66.67	
Supervisor	Chih-wei Lin (Representative of Prime International Investment Group Ltd)	6	66.67	
Supervisor	Mei-hui Kao (Representative of Prime International Investment Group Ltd)	9	100.00	

Others:

1. Organization and Responsibilities of the Panel of Supervisors:

- (a) Supervisors' communications with the company employees and shareholders (such as the communication channels or methods):

Company employees and shareholders can make use of telephone, letters, and emails to contact supervisors.

- (b) Supervisors' communications with the internal auditors and accountants (such as the items, methods and results that were communicated concerning the Company's finances and business conditions):

1. The auditors shall submit the audit report to the supervisor on the second month after the completion of the audit. There was no objection from the supervisors.
2. The auditors attended the regular Board meeting to report on the audits. There was no objection from the supervisors.
3. The supervisors believe that when necessary, they have to conduct discussions on the results of the financial audit of the Company through the accounting managers and accountants.
4. Conduct communication meetings with accountants, independent directors, accounting managers and auditors on the financial report.

Regular: After conducting the audit of the annual report, the accountants will have communication with the independent directors, supervisors, internal auditors and accounting managers on the implementation and results of the audit.

Irregular: If there is any case that requires communication and discussion in terms of operations and internal control, meetings will be arranged depending on the situation.

2. If supervisors participating in Board meetings have expressed opinions, meeting minutes shall record date and session of the Board meeting, content of the resolution, resolution of the meeting, and the response of the Company regarding the supervisor's opinion: None

» Remuneration Committee

Information of Remuneration Committee Members

Identity (Note 1)	Qualification	Whether with more than five years of work experience and the following professional qualifications			Conformity with dependence (Note 2)								Number of public companies in which the Remuneration Committee Member concurrently serve as the remuneration committee member (Note3)	Note (Note3)
		An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company or private junior college, college, or university	A judge, public prosecutor, attorney, certified accountant, or other professional or technical who has passed a national examination and been awarded a certificate in a profession necessary business of the company	Have work experience in the area of commerce, finance, or accounting, or otherwise necessary business of the company	1	2	3	4	5	6	7	8		
Independent Director	Q. S. Huang			V	V	V	V	V	V	V	V	V	0	
Others	Z. T. You	V	V	V	V	V	V	V	V	V	V	V	6	
Others	Y. C. Chiu	V		V	V	V	V	V	V	V	V	V	1	
Others	G. J. Wang			V	V	V	V	V	V	V	V	V	1	

Note 1: Please fill in director, independent director or others.

Note 2: Please check "V" in the box corresponding to the number for the requirements they meet two years before the election and during the term of office.

- (1) Neither an employee of the Company, nor a director, supervisor, or employee of an affiliated enterprise.
- (2) A director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Neither a director, supervisor, or employee of a legal person shareholder who, directly or indirectly, owns more than 5% of Globe Union's outstanding shares, nor a director, supervisor, or employee of a legal person shareholder who is a top-five shareholder of the Company.
- (6) Neither a director, supervisor, or manager of a company or institution doing business or having a financial relationship with the Company, nor a shareholder holding 5% or more of the Company's outstanding shares
- (7) Neither a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- (8) None of the circumstances in the subparagraphs of Article 30 of the Company Act.

Note 3: If the member is a director, please specify whether it conforms to the prescription of Article 6, Section 5 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

» Operation of the Remuneration Committee

1. The Remuneration Committee of Globe Union comprises 4 members.

2. The term of the members of the Committee this term: From July 26, 2015 to June 25, 2018.

The Remuneration Committee convened a total of six (A) meetings in 2016 as of the printing date of the Annual Report. The qualification and attendance of the members are as follows.

Title	Name	Actual attendance (times)	Proxy attendance (times)	Actual attendance rate (%)	Note
Convener	Q. S. Huang	6	0	100.00	
Member	Z. T. You	6	0	100.00	
Member	Y. C. Chiu	1	1	16.67	
Member	G. J. Wang	6	0	100.00	

Others:

1. If the advice from the Remuneration Committee is rejected or amended by the Board of Directors, the meaning minutes shall record the date and session of the Board meeting, content of resolution, resolution of the meeting, and the response of the Company regarding the opinion of the Remuneration Committee. For example, the meeting minutes shall record the difference and reason as the remuneration approved by the Board of Directors surpasses the amount suggestion by the Remuneration Committee: None.
2. Resolutions approved by the Remuneration Committee where members have expressed opposition or qualified opinions that have been noted in the record or declared in writing, meeting minutes shall record date and session of the Remuneration Committee, content of the resolution, all members' questions and the response regarding the opinions: None.

Note :

- (1) By the end of a year, the dates of any Remuneration Committee member's resignations and their actual attendance rate (%) should be noted.
- (2) By the end of a year, in the case of the reelection of the Remuneration Committee, both the new and old members shall be listed on the remark column, indicating the member as new, old or reelected as well as the date of the election. Their actual attendance rate (%) should also be noted.

• Regulatory Compliance

To establish a corporate culture of integrity management and sound development, Globe Union has followed the Code of Practice for Integrity Management of Listed Companies and related regulations. Therefore, we have set up the reference framework of a good business operation for compliance. In terms of the environment, human rights and social aspect, there were no violations of environmental regulations due to major leaks, emissions, waste water, waste and energy nor records of being fined for these reasons. There were no complaints or protests for environmental impact. There were no violations of discrimination, sexual harassment, child labor, aboriginal rights or forced labor.

• Risk Management

In order to manage the market risk, credit risk, liquidity risk and financial instruments due to market price changes, environmental protection regulations and the development of market distribution channels related to our business activities, Globe Union develops and implements comprehensive risk management in accordance with the objectives of each department, execution of business strategies and routine business operations, which is illustrated as follows:

Risk category		Risk identification	Strategies / actions taken
External risks	Currency risk	Our sources of revenue mainly come from Europe and the Americas, while the procurement and production are based in mainland China, and therefore, the company is mainly affected by fluctuations in Euro, US dollar and RMB due to changes in exchange rate.	Foreign exchange hedging will be conducted financially through the appropriate derivative financial instruments; in terms of marketing, customers will be consulted to share the exchange rate risk.
	Development of marketing channels	As our customers are based in Europe and the United States, the growth of physical distribution channels is relatively slow.	Regarding distribution channels, the expansion of retail and wholesale channels in North America has been effective; we will continue penetrating the network system, expand contact with the consumer market through the network and provide consumers with faster product information.

Internal risks	Product compliance	<p>The global markets, especially in Europe and the United States, develop the increasingly stringent environmental requirements, which will be more challenging for further research and development of available materials and processes.</p>	<p>We will overcome the possible metal pollution through the research and development of new materials, and even non-metallic materials process in order to meet the national environmental protection regulations.</p>																	
	Environmental compliance	<p>Shenzhen Globe Union Industrial Corp. and Shandong Milim Plant totally identified 54 applicable environmental laws and regulations and have taken a number of measures to regulate and control the noise emission, flue gas emission, waste water discharge, solid waste discharge, and dust discharge in accordance with relevant regulations so as to ensure that the relevant environmental projects comply with environmental laws and regulations.</p> <p>1. The Company applies the emission limit of the Class 2 acoustic environment function zone outside the boundary under the "Emission Standard for Industrial Enterprises Noise at Boundary": daytime 60dB (A), nighttime 50dB (A). It is clearly stipulated in Article 17 of the "Shandong Province Environmental Noise Pollution Prevention Ordinance" that "Those engaging in industrial production and processing of metal, non-metal and foodstuffs in urban built-up areas shall comply with the standards of environmental noise at the factory boundary."</p> <p>2. Concentration limits of flue gas emission</p> <table border="1"> <tr> <th colspan="2">Applicable law and standards</th><th>Boiler flue gas</th><th>Kiln, drying kiln, hot blast stove flue gas</th></tr> <tr> <td colspan="2"></td><td>Integrated emission standard of air pollutants of Shandong Province</td><td>Emission Standard of Pollutants for Ceramics Industry and amendment on GB25464-201</td></tr> <tr> <td rowspan="3">Emission limits (Unit: mg/m³)</td><td>PM</td><td>20</td><td>30</td></tr> <tr> <td>SO₂</td><td>200</td><td>50</td></tr> <tr> <td>NOx</td><td>300</td><td>180</td></tr> </table> <p>Article 43 of the Atmospheric Pollution Prevention and Control Law of the People's Republic of China stipulated that "Steel, building materials, nonferrous metals, petroleum, chemical engineering, and other enterprises that discharge dust, sulfide or nitrogen oxide in the production process shall adopt clean production techniques and build dust removal, desulfurization, denitration, and other supporting devices, or carry out technical transformation or take other measures to control the discharge of atmospheric pollutants."</p> <p>3. It is stipulated in Article 9 of the Shandong Province Environmental Water Pollution Control Ordinance that "Units and individuals (hereinafter referred to as pollutant discharge units) directly or indirectly discharge pollutants into water bodies must discharge pollutants meeting the standards set by the State or the Province." Article 14 stipulates clearly that "The pollutant discharge unit must discharge water pollutants in accordance with the pollutant type, quantity, concentration, and total discharge control indicators stipulated in the pollutant discharge permit or temporary discharge permit issued by the environmental protection department."</p>	Applicable law and standards		Boiler flue gas	Kiln, drying kiln, hot blast stove flue gas			Integrated emission standard of air pollutants of Shandong Province	Emission Standard of Pollutants for Ceramics Industry and amendment on GB25464-201	Emission limits (Unit: mg/m ³)	PM	20	30	SO ₂	200	50	NOx	300	180
Applicable law and standards		Boiler flue gas	Kiln, drying kiln, hot blast stove flue gas																	
		Integrated emission standard of air pollutants of Shandong Province	Emission Standard of Pollutants for Ceramics Industry and amendment on GB25464-201																	
Emission limits (Unit: mg/m ³)	PM	20	30																	
	SO ₂	200	50																	
	NOx	300	180																	

Risk category		Risk identification	Strategies / actions taken
Internal risks	Environmental compliance	<p>Article 15 stipulates that "Pollutant discharge units must pay pollutant discharge fees or for excessive discharge in accordance with the relevant provisions of the State and the Province and be responsible for governance."</p> <p>4. It is clearly stipulated in the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution implemented in Shandong Province that "Where solid waste is produced, the prevention and control of solid waste pollution shall be included in the production and operation management and adopt production technology and technologies that meet the requirements of cleaner production to reduce the type and quantity of solid waste generated, realizing the high-efficient utilization and circular utilization of resources." Article 7 stipulates that "Solid waste that cannot be recycled must be self-disposed or commissioned to be disposed by units with corresponding abilities and qualification in accordance with relevant environmental regulations. It is prohibited to commission units without appropriate disposal capability or qualification for disposal."</p> <p>5. Article 32 of the Atmospheric Pollution Prevention and Control Law of the People's Republic of China stipulated that "For air pollutants that are not discharged through the exhaust pipe in a concentrated manner, the pollutant discharge units shall adopt such measures as airtightness, confinement, centralized collection, absorption, decomposition and so on to strictly control the dust and emissions of gaseous pollutants generated during production and during the process of internal material storage, transmission and loading. Measures taken for the risks identified in the left column:</p>	<p>4. Waste Pollution</p> <p>a. The shattered or broken billets generated during production can be re-processed into reusable mud by the Raw Materials Section staff;</p> <p>b. The Company regularly contacts the environmental testing company to test the concentration of dust emission in the production area.</p> <p>5. Air Pollution</p> <p>a. All departments regularly maintain the dust removal equipment to ensure the normal operation of the dust removal equipment. The Energy Conservation and Environmental Protection Section checks the use and maintenance of environmental protection equipment on a regular basis. ;</p> <p>b. The Company regularly contacts the environmental testing company to test the concentration of dust emission in the production area.</p>
	Social compliance	<p>Globe Union is a company that publicly issues shares and trades on the Taiwan Stock Exchange. The Company conducts its business activities in accordance with the Company Law, the Securities Exchange Act, and laws and regulations promulgated by the Ministry of Economic Affairs, the Financial Supervision and Management Commission and the Taiwan Stock Exchange.</p>	<p>The Company has set up the Secretariat of the Board of Directors, responsible for various business for legal compliance of the listed company, such as stock affairs, business registration, declaration at competent authorities, release of important information, proceedings and operation of shareholder meetings, Board meetings, Functional Committee Meetings, corporate governance related affairs and so on. In 2016, the Company did not have any record of penalties imposed by the competent authority for violating the regulations of listed companies.</p>

• Internal Control System

In order to strengthen internal governance and promote the sound management of the Company, we have established the internal control system and regulations. The management of the Company should attach importance to the internal auditing units and personnel so as to grant them sufficient authority to ensure the continuous and effective implementation of the system. The internal auditing units also assist the Board of Directors and the management team in fulfilling their responsibilities, so that the corporate governance system will be further implemented. In order to maintain and continuously enhance the audit quality and performance, we attach great importance on the professional capabilities of the internal auditors' deputies.

The internal auditing units assist the organization in implementing internal audits and various activities through the systematic and disciplined approaches and provide appropriate advice on implementing policies, business activities, operating procedures to managers, while researching and assessing financial and accounting records to avoid all kinds of losses and protect our security of property. Internal audit is to find the deficiencies of the system or the implementation and give advice on amending the system or correcting its implementation to the units audited. Meanwhile, the principle of good faith is also upheld to assist the Company to prevent any possibility of a fraud.

The fraud prevention and inspection is divided into the following three parts.

Part 1	Prevent fraud through the implementation of internal control, corporate governance, enterprise risk management
Part 2	Investigate to see and confirm the occurrence of fraud
Part 3	Give discipline based on the appropriate constraints and norms through the internal regulations and the law

• Anti-corruption

In accordance with Article 17 of the Code of Corporate Governance Practices, the Company and its affiliated companies are required to set up the regulations regarding the relevant financial operations in writing in a fair and reasonable manner. For the contract, price conditions and payment methods should be clearly defined and non-conventional transactions be eliminated. Transactions and contracts between the Company, its stakeholders and its shareholders shall be dealt in accordance with the preceding manner. The transfer of interests shall be strictly prohibited. In October, 2016, the Board approved to establish the Procedures for Ethical Management and Guidelines for Conduct as the code of ethical conduct for our employees worldwide for professional practice. In 2016, there was no occurrence of corruption, bribery, blackmail and other acts to internal staff in Globe Union. The donation or sponsorship of the Company shall be handled in accordance with relevant laws and regulations and the Company's internal regulations in order to prevent giving and taking bribes and illegal political contributions.

3.4 Supply Chain Management

In 2016, Globe Union only added few new suppliers, and basically there were no significant changes regarding the status of supplies. The procurement and the procurement status of our plants in 2015-2016 are illustrated as follows.

Year		2015						2016					
Factory		Globe Union's Headquarters		Shenzhen Globe Union Enterprise		Shandong Milim Plant		Globe Union's Headquarters		Shenzhen Globe Union Enterprise		Shandong Milim Plant	
Contract type	Procurement region	No.	Percentage of the procurement amount to total procurement amount (%)	No.	Percentage of the procurement amount to total procurement amount (%)	No.	Percentage of the procurement amount to total procurement amount (%)	No.	Percentage of the procurement amount to total procurement amount (%)	No.	Percentage of the procurement amount to total procurement amount (%)	No.	Percentage of the procurement amount to total procurement amount (%)
Labor (contract and service)	Domestic	39	0.37%	577	86.2%			42	4.14%	505	81.53%		
	Overseas	20	0.15%	31	7.83%			30	5.76%	25	8.77%		
Finance (raw materials)	Domestic	4	0.09%	12	4.69%	144	100%	4	0.19%	11	8.64%	156	100%
	Overseas	32	99.32%	1	1.28%			28	88.64%	1	1.06%		
Engineering (construction & equipment)	Domestic	2	0.07%					9	1.27%				
	Overseas	0	0%					0	0%				
Total		97	100%	621	100%	144	100%	113	100%	542	100%	156	100%

Globe Union established supplier evaluation management practices for supplier management. New suppliers are selected through the evaluation procedure. Once selected, an environmental protection agreement is signed to ensure compliance with necessary norms.

Shandong Milim Plant conducted assessment on all of its existing suppliers in 2016. The basic assessment of the suppliers was mainly from the contact information, basic information of the suppliers, the quality control, the probe capabilities during the production process, and the environmental factor control abilities. Technical and business departments make evaluation and review of the suppliers' legitimate certificates which will be approved by the Company's top management. Evaluation information is organized on a monthly basis for the supplier assessment. Unqualified suppliers will be notified for rectification, and if there is no improvement for three consecutive months, an appraisal plan has to be made. Relevant technical departments shall appraise the supplier and execute the conclusion of the signed assessment report. Assessment items include delivery, quality and coordination matters, yet environmental protection, labor rights, human rights and social impact related items are not yet included. In Shenzhen Globe Union Enterprise has included corporate social responsibility and anti-terrorism system in the annual supplier evaluation since March, 2017, and detailed items of which include human rights, child labor, labor rights, pollution prevention, transnational cargo transport security and anti-terrorism.

The "specific norms of supplier management at Shandong Milim Plant" is supplemented as follows.

The Company's supply chain management is specifically under the responsibility of the Production

Management Department. The Supply Section, composed of 8 staff, belongs to the Production Management Department, in charge of the Company's supplier selection, evaluation and management. So far, a total of three supplier management measures have been formulated, namely the "New Product and New Vendor Development and Supplier Evaluation Management Measures", "Procurement Management Measures" and "Miscellaneous Material Stock Management Measures", with a total of 12 operating standards.

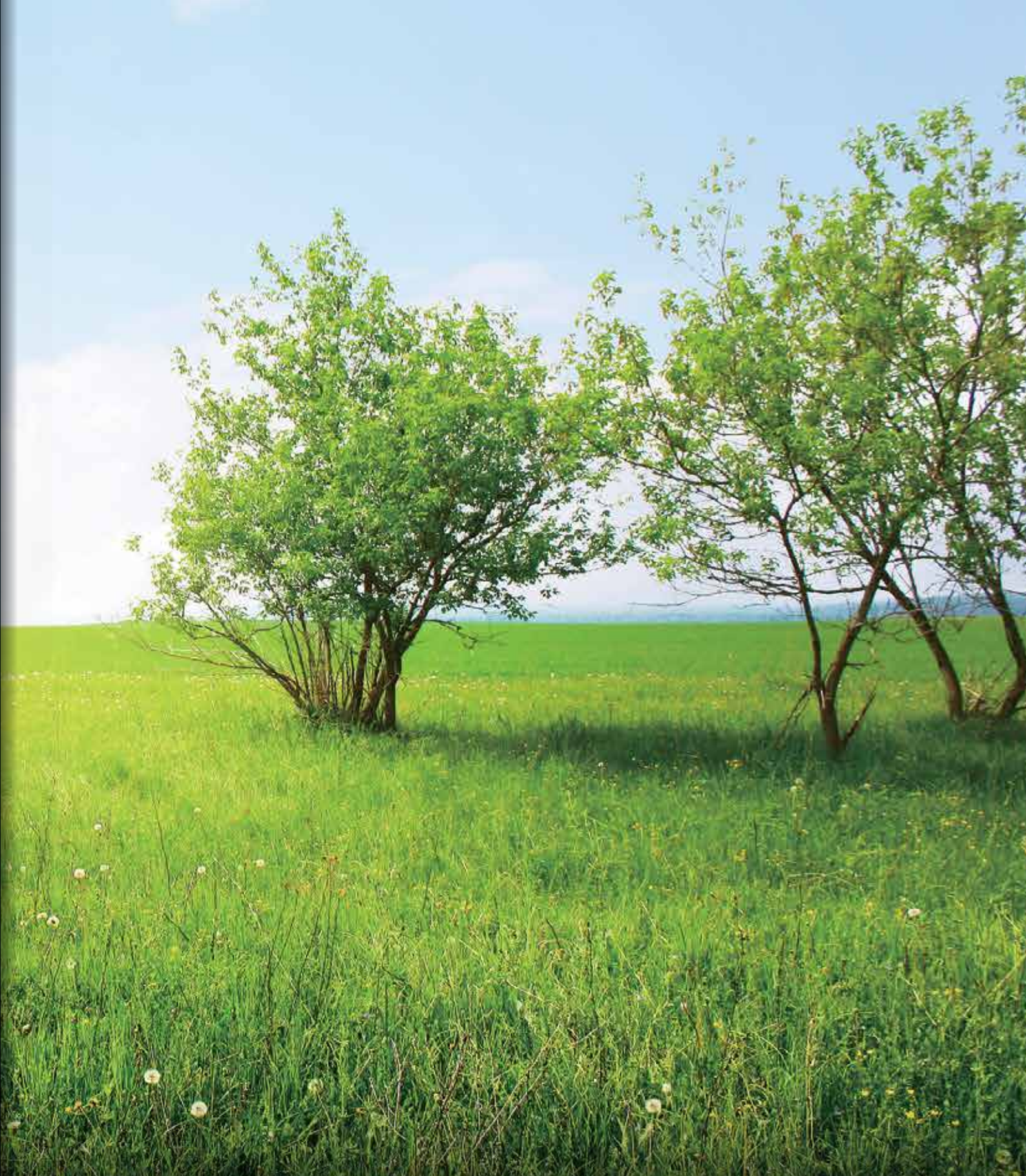
1. The Supply Section asks new suppliers to fill out the "Supplier Survey Form" and provide the business license, tax registration certificate, organization code certificate and related qualification certificates.
2. Based on the information provided by the suppliers and the legal documents, the suppliers' strength can be determined. First the target is determined, followed by the sampling, packaging materials, accessories, labeling samples and then submitted the samples to the responsible unit for confirmation. After confirmation, the standard order is signed in accordance with the process. After passing the raw material test, the R&D center would contact the supplier (mineral raw materials, chemical raw materials and fuels) to deliver small quantity of raw materials for trial production in the production unit within the Company (responsible unit is confirmed for tracking results).

3. After the supplier's qualification is confirmed, the Supply Section and Technical and Sales Departments would conduct assessment and review of the supplier's legal certificates, fill in the new application form for the supplier, and after the countersignature and the approval of the Company's top executive, "New Supplier Application Form" (e-file, and a copy of the supplier's business license, tax registration certificate, and bank account information should be scanned for reference) in the ERP Supplier Application System should be filled in. After the top management of the Production Department approves, the filing staff should take care of the archiving. Different suppliers under the same legal person is not allowed to appear in the quotation and purchase of the same kind of materials. If violated, all the suppliers of the legal person shall be disqualified.
4. Qualified suppliers are required to log into the "Qualified Supplier List" (maintained when changes are made), and shall sign the contract in accordance with the Operation Standards for the Establishment of Procurement Contracts", which will go into effect after being signed and sealed by both parties.
5. The Supply Section organizes the assessment information and conducts evaluation of the qualified suppliers on a monthly basis and classifies the suppliers into three levels. Level A and Level B are qualified, while Level C and below means that the supplier needs to be informed for rectification. If there is no improvement for three months in a row, an appraisal plan has to be made. Relevant technical departments shall appraise the supplier and execute the conclusion of the signed assessment report.
6. If the abnormality is found in the supplier's environment control in routine inspection, prompt notification is made for rectification to ensure the effect of improvement. If significant abnormality is found, the supplier requires the rectification and re-evaluation before being listed on the qualified supplier list again.



4

Positive Approaches for Environmental Protection



4.1 Environmental Management

4.2 Energy Use and GHG Management

Special Column for Energy Conservation –
Waste Heat Recovery in Shandong Milim Plant

4.3 Pollution Prevention and Control

4. Positive Approaches for Environmental Protection

Performance:

Not	<ul style="list-style-type: none"> The Globe Union Group, including the Headquarter, Shenzhen Globe Union Enterprise, and Shandong Milim Plant, did not suffer from losses due to environment pollution or penalties during the reporting period of this Report
Shenzhen Globe Union Enterprise +13.27%	<ul style="list-style-type: none"> Shenzhen Globe Union Enterprise's environmental protection expenses increased by 13.27% in 2016 compared with 2015.
Shandong Milim Plant +599.4 RMB	<ul style="list-style-type: none"> Shandong Milim Plant's environmental protection expenses increased by +599,400 RMB in 2016 compared with 2015.
ISO14064-1	<ul style="list-style-type: none"> Shenzhen Globe Union Enterprise abides by the ISO14064-1 carbon verification, and GHG inventory was conducted during 2014-2016.
100% recyclable	<ul style="list-style-type: none"> The products and packaging materials at Globe Union are 100% recyclable and are handled at the client end.
energy intensity ↓ 2.26%	<ul style="list-style-type: none"> The power consumption at Globe Union's Headquarters in 2016 was 898,400kWh, the energy intensity reduced by 2.26% compared with 2015.
energy intensity ↓ 9.67%	<ul style="list-style-type: none"> The energy intensity of Shenzhen Globe Union Enterprise in 2016 reduced by 9.67% compared with 2015.
energy intensity ↓ 3.88%	<ul style="list-style-type: none"> The energy intensity of Shandong Milim Plant in 2016 was 14.98GJ/T, a decrease by 3.88% compared with 2015.
GHG emissions ↓ 7.28%	<ul style="list-style-type: none"> The GHG emissions at Globe Union's Headquarters in 2016 decreased by 7.28% compared with 2015.
↓ 2.57% ↓ 12.28%	<ul style="list-style-type: none"> The GHG emissions at Shenzhen Globe Union Enterprise in 2016 decreased by 2.57% compared with 2015, and the GHG emission intensity decreased by 12.28%.
↓ 4.3%	<ul style="list-style-type: none"> The GHG emission intensity at Shandong Milim Plant in 2016 decreased by 4.3% compared with 2015.
↓ 6,534 kWh	<ul style="list-style-type: none"> In 2016, Globe Union's Headquarters continued to replace the lighting equipment with energy-efficient one and reduced 6,534 kWh of electricity consumption compared with 2015.
↓ 208.2 tons/CO ₂ e	<ul style="list-style-type: none"> Shenzhen Globe Union Enterprise's energy conservation measures in 2016 reduced approximately ↓ 208.2 tons/CO₂e of GHG emission.
1,800Tce	<ul style="list-style-type: none"> Shandong Milim Plant continued the optimization of waste heat recovery, saving 1,800Tce of energy in 2016.
have no significant impact	<ul style="list-style-type: none"> Owing to the nature of its industrial process, Globe Union is not a high-water consumption industry, and all its operating bases have no significant impact on the source of water.

↓ 19%	<ul style="list-style-type: none"> The water intensity of Shenzhen Globe Union Enterprise in 2016 decreased by 19% compared with 2015.
↓ 0.64%	<ul style="list-style-type: none"> The water intensity of Shandong Milim Plant in 2016 decreased by 0.64% compared with 2015.
recovery rate of process water 60%	<ul style="list-style-type: none"> The recovery rate of process water of Shenzhen Globe Union Enterprise in 2016 was 60%.
approximately saved 199,033 T/year	<ul style="list-style-type: none"> The water conservation measures in Shandong Milim Plant in 2016 approximately saved 199,033 T/year of water usage.
Waste heat recovery in Shandong Milim Plant	<ul style="list-style-type: none"> Waste heat recovery in Shandong Milim Plant: By using the kiln waste heat for heat storage to provide heat for molding in the production process based on the production needs, reducing the boiler start, pollutant emissions, achieving energy conservation and environment protection.
no penalties were imposed	<ul style="list-style-type: none"> Globe Union follows the regulations of air pollution concentration control of the local governments, and no penalties were imposed due to excessive emission of air pollutants in 2016.
no cases of major leak	<ul style="list-style-type: none"> Globe Union follows the regulations of wastewater discharge concentration control of the local governments, and no cases of major leak, impact on the biodiversity values of water runoff discharged and discharging wastewater exceeding legal standard in 2016.
↓ 7%	<ul style="list-style-type: none"> The amount of wastewater discharged in Shenzhen Globe Union Enterprise in 2016 decreased by 7% compared with 2015.
↓ 0.78%	<ul style="list-style-type: none"> The amount of wastewater discharged Shandong Milim Plant in 2016 decreased by 0.78% compared with 2015.



4.1 Environmental Management

• Environmental protection expenditure

Globe Union Group includes the Headquarters, Shenzhen Globe Union Enterprise and the Shandong Milim Plant. The Group was not imposed any penalties due to any environmental pollution during the reporting period.

Category	2015			2016		
	Globe Union's Headquarters (NTD 1,000)	Shenzhen Globe Union Enterprise (RMB 1,000)	Shandong Milim (RMB 1,000)	Globe Union's Headquarters (NTD 1,000)	Shenzhen Globe Union Enterprise (RMB 1,000)	Shandong Milim (RMB 1,000)
Air pollution control		400	700		460	700
Water pollution control		3,536	288		3,687	288
Waste disposal (general waste)	8.2	1,152		7.6	1,623	
Certification costs for environmental systems			297		50	334.6
Education fees for environmental protection training					8	
Personnel costs related to environmental protection		280	183.6		285	183.6
Hardware expenditure related to environmental protection		210	2,769		205	3,330.8
Total environmental expenditure	8.2	5,578	4,237.6	7.6	6,318	4,837

- Note: The expenditures for the Headquarters are indicated in NTD and those for Shenzhen Globe Union Enterprise and Shandong Milim in RMB.

4.2 Energy Use and GHG Management

• Management Approaches for Energy & Resource Usage and GHG Management

Due to the increasing tight global energy supply, the lack of active energy management will result in increased costs and lower the market competitiveness. Both Shenzhen Globe Union Enterprise and Shandong Milim have made management policies in an attempt to enhance the Company's economic efficiency through management practices.

In terms of waste disposal of general waste, Globe Union's Headquarter does not have significant impact, but classification of recyclable waste is still conducted in accordance with the current legal regulation. The recyclable waste is subdivided into items of PET bottles/ plastic containers/ paper containers/ glass/ metal/ general paper recycling/ battery donated to public welfare organizations as the funds to charity/ CD. The Headquarters indeed fully discharges domestic wastewater into the effluent discharge in the processing area and follows the sewer use management rules of the Taichung Export Processing Zone.

We focus on the resource management in accordance with the government's environmental requirements as the implementation direction and also include energy management into our KPI of the departments in an attempt to reduce manufacturing costs through energy conservation management to enhance the Company's competitiveness in the market. As an enterprise that fulfills its corporate social responsibility, we ensure that all the environmental indicators and standards will be met. The Management Department of the Shenzhen Globe Union Enterprise is in charge of the energy conservation management, and it conducts an annual energy conservation assessment and rewards. Professional environmental protection companies are commissioned for the treatment of waste water and waste. Shenzhen Globe Union Enterprise complies with the carbon accounting and GHG inventories (ISO 14064-1), Measures for Management of Carbon Emissions in Shenzhen

City, Guangdong Province Effluent Standards for Pollutants and Cleaner Production Initiative, while internally abides by the Measures for Industrial Safety management, Measures for Environment Safety Management and Measures for Waste Treatment Management. GHG inventory was conducted in 2014-2016 at Shenzhen Globe Union Enterprise, and a 600 m³ (cubic meters) emergency wastewater pond was excavated to ensure the waste water discharged will meet the standards. Meanwhile, cleaner production audits are carried out to enhance management and reduce emissions.

Shandong Milim Plant targets at energy management and stops using raw coal, working toward the full use of natural gas, namely clean energy as the fuel. In addition, water conservation and water recycling is also promoted to increase the utilization of reclaimed water, reducing the water consumption per unit of output. Shandong Milim Plant sets up management goals for various energy and resource management. For example, the goal of water intensity in is 9.5m³/T (sanitary porcelain), the reuse rate of reclaimed water 50%, and the waste recycling rate 100%. The Energy Conservation and Environmental Protection Section was set up at Shandong Milim Plant for effective control of energy and resources. This Section established relevant systems, such as the input of water reclamation and the investment in two wastewater treatment stations to process production wastewater. Shandong Milim Plant complies with the Norm of Energy Consumption Per Unit Products of Architecture and Sanitary Ceramics, Emission Standard of Pollutants for Ceramics Industry, and the internal system of ISO14001 which stipulates the internal audit of cleaner production, water and electricity management practices, wastewater treatment standards and so on and gradually replaces the coal-fired boilers with natural gas boilers, keeps the monthly statistics on water use, and manages the use of water resources to increase water recycling rate. There are two wastewater treatment stations for the treatment of production wastewater, and 50% of it is reclaimed for reuse and the rest is discharge when reaching the discharge standards. On the other hand, general waste is recycled and sell it to other plants as the secondary raw materials.

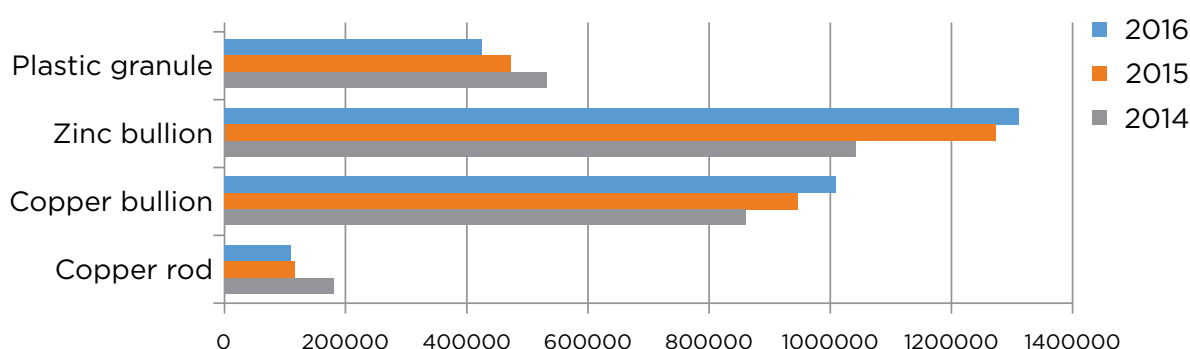
• The Use of Raw Materials

Globe Union is committed to the protection of the natural environment in product design, manufacturing and packaging materials design process. We use copper alloy, zinc alloy, stainless steel, plastic, rubber, silicone and other recyclable materials in our design, and the company's European electronic products are required to meet the WEEE collection target, so our product and packaging materials are 100% recyclable and can be processed by the clients. We believe that we play a very important role in the efforts and management of providing our products and services to customers and the society, and we also play an important role in environmental protection and maintenance of natural resources.

» Shenzhen Globe Union Enterprise

The main raw materials used in the Shenzhen Globe Union Enterprise are copper rod, copper bullion, zinc bullion and plastic granule. The statistics of raw materials use in 2014-2016 is shown in the following table.

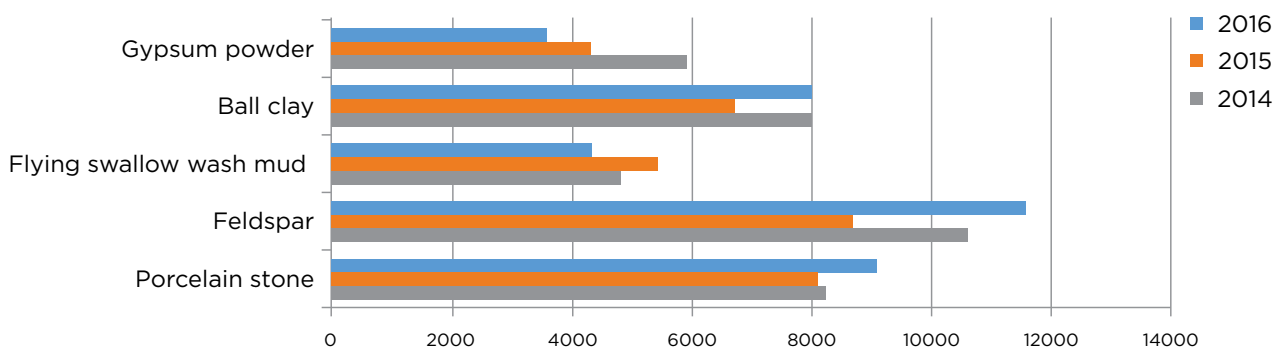
Type of raw materials	Amount (unit)	2014	2015	2016
Copper rod	KG	179,745.80	115,603.38	107,573.50
Copper bullion	KG	861,775.70	947,058.82	1,010,688.12
Zinc bullion	KG	1,042,872.89	1,271,827.74	1,310,090.14
Plastic granule	KG	533,436.57	472,019.12	423,239.61



» Shandong Milim Plant

The major raw materials used in Shandong Milim Plant include porcelain stone, Feldspar, Flying swallow wash mud, ball clay, and Gypsum powder. The statistics of amount of the major raw materials usage in 2014-2016 is shown in the following table.

Type of raw materials	Amount (unit)	2014	2015	2016
Porcelain stone	tons	8,233.00	8,111.00	9,091.00
Feldspar	tons	10,630.00	8,670.00	11,586.00
Flying swallow wash mud	tons	4,829.00	5,431.00	4,343.00
Ball clay	tons	8,009.00	6,722.00	8,023.00
Gypsum powder	tons	5,930.00	4,324.00	3,589.00



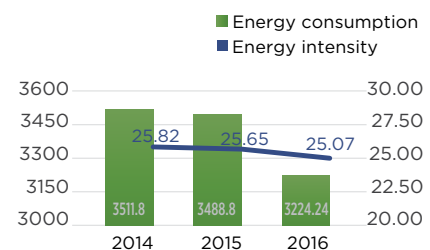
- Note: About 4% of the recycled porcelain power is used in the formula for products in the ceramics factory (the recycled porcelain powder is from crushing the defective products).

• Energy Management

» Globe Union Headquarters

The electricity consumption of Globe Union Headquarters in 2016 calculated by purchased electricity reached 898,400 kWh. Compared to 2015, the energy intensity reduced by 2.26%.

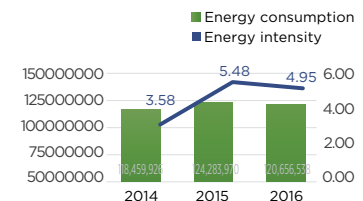
Energy consumption of Globe Union's Headquarters in 2014~2016				
Item \ year	Unit	2014	2015	2016
Electricity consumption (kWh)	kWh / year	975,500	969,000	894,400
Energy consumption (GJ)	GJ	3,511.80	3,488.80	3,234.24
Number of all the employees in the Headquarters (person)	person	136	136	129
Energy intensity	GJ/ person	25.82	25.65	25.07



» Shenzhen Globe Union Enterprise

The energy Shenzhen Globe Union Enterprise mainly uses includes electricity, gasoline, diesel and natural gas. In 2016, the energy intensity of Shenzhen Globe Union Enterprise decreased by 9.67% compared to 2015 due to the increased unit output.

The energy use intensity of Shenzhen Globe Union Enterprise in 2014 - 2016				
Item	Unit	2014	2015	2016
Electricity consumption	(kWh) / year	23,860,000	2,4910,000	24,549,000
Gasoline consumption	L / year	50,273	42,393	49,643
Diesel fuel consumption	L / year	70,452	38,869	13,000
Natural gas (LNG) consumption	m ³ / year	798,879	891,799	849,554
Total energy consumption	MJ	118,459,926.22	124,283,970.88	120,656,538.93
Output of faucets	Unit	33,060,000	22,670,000	24,360,000
Energy intensity	MJ/ Unit	3.58	5.48	4.95

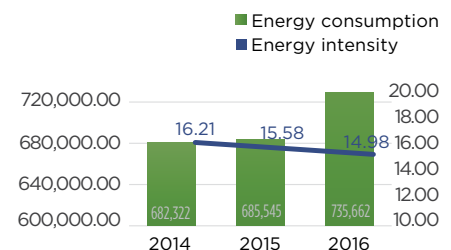


- Note: The output of faucets was used as the unit of measure for the calculation of Energy Intensity in Shenzhen Globe Union Enterprise in 2016.

» Shandong Milim Plant

The total energy consumption in Shandong Milim Plant in 2016 was 735,622GJ, a 7.31% increase compared with 2015. In 2016, the energy intensity was 14.98GJ/T, decreased by 3.88% compared with 2015 mainly because of the utilization of waste heat recovery equipment.

Energy consumption in Shandong Milim Plant in 2014-2016				
Item	Unit	2014	2015	2016
Electricity consumption	kWh / year	22,440,000	24,610,000	27,880,000
Raw coal	T / year	10,020	10,004	10,002
Natural gas (LNG) consumption	m ³ / year	11,030,000	10,910,000	11,990,000
Total energy consumption	GJ	682,332	685,545	735,662
Total output	tons	42,100	44,003	49,125
Energy intensity	GJ / T	16.21	15.58	14.98



- Note: The number of employees was used as the denominator for energy intensity calculation for the Headquarters, which was different from the calculation for both the Shenzhen Globe Union Enterprise and Shandong Milim Plant (where the output of products was used as the denominator) because there was no production activity in Taiwan Headquarters.

• Greenhouse Gas Inventory

In order to solve the problem of global warming and effectively mitigate the impact of climate change, Globe Union has actively promoted energy conservation and carbon reduction. We have not yet implemented the ISO 14064 Greenhouse Gas Inventory System. This report uses the main energy sources (including electricity, gasoline, diesel and natural gas) the Headquarters, Shenzhen Shenzhen Globe Union Enterprise and Shandong Milim Plant use for the calculation of GHG emissions. Since the ISO 14064 Greenhouse Gas Inventory System was only implemented in Shandong Milim Plant, this Report uses the main energy sources (including electricity, gasoline, diesel and natural gas) for the calculation of GHG emissions.

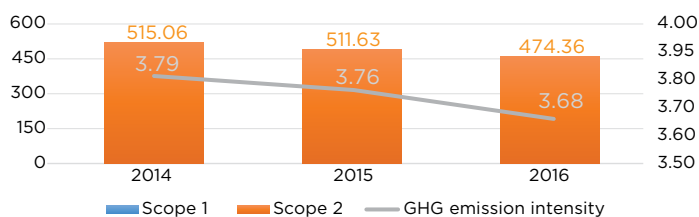
» Globe Union's Headquarters

In 2016, the total GHG emissions at the Headquarters reached about 474.36 tons of CO₂e, 7.28% lower than that in 2015. However, the GHG emission intensity is reduced by 2.13% compared with 2015 due to the decrease in the number of employees in the Headquarters.

GHG emissions from the Headquarters in 2014 -2016				
	Unit	2014	2015	2016
Scope 1 (oil, gas)	metric tonnes CO ₂ e / year	-	-	-
Scope 2 (electricity)	metric tonnes CO ₂ e / year	515.06	511.63	474.36
Total emissions= Scope 1+ Scope 2	metric tonnes CO ₂ e / year	515.06	511.63	474.36
Total number of employees in the Headquarters	person	136	136	129
GHG emission intensity	metric tons CO ₂ e / person	3.79	3.76	3.68

Note:

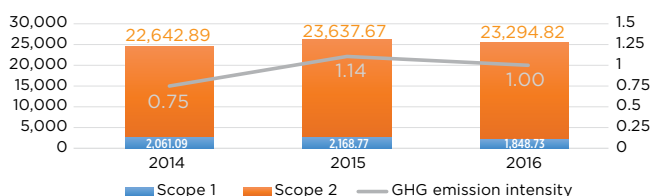
- The calculation is made based on the power coefficient at 0.528 CO₂e announced in EPA's 2016 GHG Emission Coefficient Factor Inventory v.6.0.3
- This emissions have not been verified by a third party.
- The target user of this report is EPD. Therefore, the relevant emission factors refer to the Greenhouse Gas Emission Factor Management Tables 6.0.1 and 6.0.2 versions (Jan, 2016) of the EPD. The relevant emission factors shall be calculated in the unit of weight, volume or electricity as metric tons, kiloliter or 1,000 KWH according to the data sources of each emission source.
- Taiwan's greenhouse gas statistics are mainly based on electricity use of Scope 2. Scope 1 is not included in the calculation due to smaller proportion.



» Shenzhen Globe Union Enterprise

In 2016, the total greenhouse gas emissions of Shenzhen Globe Union Enterprise reached about 25,143.55 tons of CO₂e, which was 2.57% lower than that of 2015, and the greenhouse gas emission intensity is reduced by 12.28%.

GHG emissions from Shenzhen Globe Union Enterprise in 2014 - 2016				
	Unit	2014	2015	2016
Scope 1 (gasoline + diesel + natural gas (LNG))	metric tonnes CO ₂ e / year	2,061.09	2,168.77	1,848.73
Scope 2 (electricity)	metric tonnes CO ₂ e / year	22,642.89	23,637.67	23,294.82
Total emissions= Scope 1+ Scope 2	metric tonnes CO ₂ e / year	24,703.98	25,806.44	25,143.55
Output of faucets	Unit	33,060,000	22,670,000	24,360,000
GHG emission intensity	tons CO ₂ e/ unit	0.75	1.14	1.00



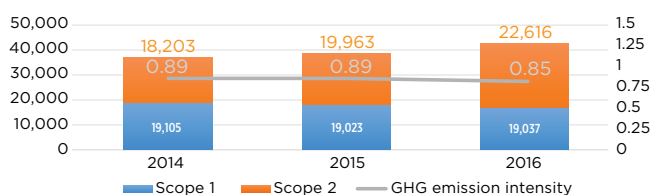
Note:

- The power emission factor was 0.9183(KgCO₂e/kWh), the power factor of the southern region of the 2016 China Regional Power Grid Baseline Emission Factor.
- The output of faucets was used as the unit of measure for the calculation of Energy Intensity in Shenzhen Globe Union Enterprise in 2016.

» Shandong Milim Plant

In 2016, the total greenhouse gas emissions of Shandong Milim was 41,654 tons of CO₂e, increased by 11.64% compared with 2015. The GHG emission intensity in 2016 was 0.848TCO₂e/T, a decrease of 4.3% compared with 2015 mainly because of the utilization of waste heat recovery equipment.

GHG emissions from Shandong Milim Plant in 2014 - 2016				
	Unit	2014	2015	2016
Scope 1 (raw coal + natural gas (LNG))	metric tonnes CO ₂ e / year	19,105	19,023	19,037
Scope 2 (electricity)	metric tonnes CO ₂ e / year	18,203	19,963	22,616
Total emissions= Scope 1+ Scope 2	metric tonnes CO ₂ e / year	37,308	38,986	41,653
Total output	tons	42,100	44,003	49,125
GHG emission intensity	metric tonnes CO ₂ e / tons	0.89	0.89	0.85



- Note: The power emission factor was 1.000 (KgCO₂e/kWh), the power factor of the North China of the 2016 China Regional Power Grid Baseline Emission Factor.

• Energy Conservation and Carbon Reduction

In response to the issues of global climate change and the increasing awareness and demands for environmental protection, energy saving and carbon reduction, Globe Union has committed to energy saving and carbon reduction in order to fulfill its corporate social responsibility as a global citizen. We have constantly promoted energy-saving conditions and matters to colleagues in the assembly, such as reducing the frequency of opening the doors and windows when turning on the air-conditioner, turning the lights and the faucets off when leaving, doing waste classification, complying with relevant laws and regulations for pollution prevention and control, and continuously improving energy efficiency performance. The energy-saving measures and carbon reduction amount in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant are illustrated as follows:

» Globe Union's Headquarters

The Headquarters continued to gradually replace the old lighting equipment with energy-saving ones, and reduced electricity consumption by 6,534 kWh compared with 2015.

Energy saving measures and estimated carbon saving for each operational location of Globe Union			
Year	Energy saving measures	Measures	Estimate carbon saving
2015	Replacement of the lighting equipment + time controller	Downlight lighting is changed from the BB lamps to LED lamps (the energy consumption of each lamp is reduced from 27W to 10W), which can automatically light up at the required time without fear of human waste.	$50 * 17W * 12 \text{ hours} / 1000 = 11 \text{ kWh/day}$
	The electricity costs of air-conditioning equipment accounted for about 1/3 to 1/2 of the company's total electricity costs	During the seasons other than summer, as long as the temperature does not exceed 26 degrees, the company does not turn on the chiller unit, which can significantly reduce electricity costs. On weekdays, automatic switch system is used (which can significantly reduce the negligence when employees forget to switch off). In cold weather, the chiller unit is manually switched on. There is almost a 1 to 3 months of period for winter. Regular maintenance of chiller unit can reduce the generation of high pressure of the ice machine, equal to the electricity savings. Before the start of summer electricity rate and during summer, it is continuously advocated that the setting temperature of the A/C should be at 27 degrees.	According to the actual electricity cost, the chiller unit is in operation at 74 kWh per hour. The circulating water of the motor of the air conditioner is in operation at 20 kWh per hour. When the air conditioner is not turned on, the electricity cost can reduce by $94 \text{ kWh} * 3.7 \text{ dollars} * 12 \text{ hours} = 4174 \text{ dollars}$.
2016	Continuous replacement of lighting equipment/ improved toilet time controller	Downlight lighting is continuously changed from BB lamps to LED lamps (from 27w to 16w), and each lamp can reduce 11w of energy consumption. It was found that the automatic sensor time controller in the restrooms could not automatically shut down the lights within the normal time. Electromagnetic contactors were installed on the time-controlled equipment and the broken automatic time sensor devices were also replaced to fully control the power costs of lighting in the restrooms. Periodical dirt cleaning and water change of the cooling equipment of heat-exchange equipment of the air condition unit was maintained to avoid high pressure of the ice machine that can prevent the demand charge from Taiwan Power Company for exceeding the contract capacity (which means the electricity bills will not go up for no reason). The smooth operation of the ice machine can help control electricity costs.	A decrease of 6,534kWh of power consumption compared with 2015.

» Shenzhen Globe Union Enterprise

The power conservation measures in 2016 saved 240,000 kWh of electricity, equivalent to a reduction of 208.2 tons of CO₂e.

2015-2016 Energy saving measures and estimated savings			
Year	Energy saving measures	Measures	Estimate carbon saving
2015	Energy -saving management	Audit	220 thousand kWh
	Replacement of energy-saving equipment	Replacement of energy-saving lamps	280 thousand kWh
2016	Replacement of energy-saving equipment	All the 250W high bay lights in the die, zinc die-casting, surface treatment departments, copper factory and copper casting were all replaced by 150W LED high bay lights. Energy saving fluorescent lamps were gradually phased out.	240 thousand kWh

» Shandong Milim Plant

The optimization of waste heat recovery was continued with great performance, and the energy saving was up to 1,800Tce. Other energy saving equipment, such as solar collectors and reformed ball mill liners were also put in.

2015-2016 Energy saving measures and estimated savings			
Year	Energy saving measures	Measures	Estimated saving
2015	Waste heat utilization of the hanging basket system	For the phase II installation of the hanging basket lines on the upper side of the 90-meter tunnel kiln in Plant 2, space temperature was utilized for product drying to save energy.	Energy saving of 600Tce.
	Reformation of the ball mill high aluminum liner	The internal stone linings of the 7 ball mills were changed into high aluminum lining to increase the amount of loading and reduce grinding time.	The production capacity increased by more than 50%. The reduced grinding time of the ball mill saved the electricity costs by more than 50%, which saved an annual costs of 1.2 million dollars, approximately 1.2 GWh of electricity.
	Introduction of the waste heat of the kiln into the drying chamber	The waste heat of the kiln was introduced into the molding area, molding drying room and mold drying room for product drying.	The annual recovery of waste heat can be converted to about more than 800 tons of raw coal.
	Elimination of high-energy consuming equipment	The energy-consuming 80 cubic meters shuttle kiln was replaced by the new energy-saving 120 cubic meters shuttle kiln.	The estimated annual saving can reach 200Tce.
2016	Replacement of the lighting equipment	The interior lights in the workshop were replaced by LED lights.	The estimated energy saving is 2,000KWH/year.
	Waste heat recovery optimization	Optimization of the use of waste heat generated in the kiln.	The estimated energy saving is 1,800Tce.

2015-2016 Energy saving measures and estimated savings			
Year	Energy saving measures	Measures	Estimated saving
2016	Reformation of the ball mill high aluminum liner	The internal stone linings of the ball mills were changed into high aluminum lining to increase the amount of loading and reduce grinding time.	The production capacity increased by more than 50%. The reduced grinding time of the ball mill saved the electricity costs by more than 50%, which saved an annual costs of 960,000 dollars, approximately 960,000 KWh of electricity.
	Waste heat utilization of air compressors	Phase II waste heat recovery of three air compressors.	The annual recovery of waste heat can be converted to about more than 600 tons of raw coal.
	Solar collector equipment	Used solar energy to heat up the water temperature in the boiler.	The estimated annual energy saving is 666,4KGce.

• Water Resources Management

Globe Union is not a high water consumption industry according to its industrial process characteristics. The operating bases have no significant impact on its water sources. Water-use data of the corporate Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant in 2014-2016 are shown in the table below.

» Globe Union Headquarters

The 2016 total water consumption in the Headquarters was 3,796 tons due to the abnormality of the water supply switch after the cleaning of the air-conditioning cooling system. The water intensity in the Headquarters in 2016 was 29.43 tons/total number of employees, an 11.27% increase compared with 2015.

Item	2014	2015	2016	The proportion of change in 2016 compared with 2015	Water source
The water consumption of Taiwan Headquarters (tons)	4,572	3,597	3,796	+5.5%	Shigang Reservoir in Taichung
Water consumption intensity (ton / person)	33.62	26.45	29.43	+2.93%	

» Shenzhen Globe Union Enterprise

The 2016 total water consumption in Shenzhen Globe Union Enterprise was 393,914 tons. Due to the limited use of production water, the installation of water-saving devices on the faucets as well as the decreased number of factory workers, the water intensity in 2016 was 0.0161 ton/unit, decreased by 19% compared with 2015.

Item	2014	2015	2016	The proportion of change in 2016 compared with 2015	Water source
The water consumption of Taiwan Headquarters (tons)	608,485	451,178	393,914	-13%	Fuyong Lixin Reservoir
Water consumption intensity (ton / person)	0.0184	0.0199	0.0161	-19%	

- Note: The output of faucets was used as the unit of measure for the calculation of Energy Intensity in Shenzhen Globe Union Enterprise in 2016.

» Shandong Milim Plant

The 2016 total water consumption in 2016 was 10.93m³/T, an increase of 19.79% compared with 2014. This was mainly because of the introduction of automated high-pressure grouting equipment and the unit of water consumption of the circulation glazing line was higher than that in the original process.

Item	2014	2015	2016	The proportion of change in 2016 compared with 2015	Water source
Ground water usage (m ³)	384,200	452,900	482,113	-6.45%	The production water is all groundwater from the well in the nearby Jiangjianzhuang Village.
Tap water usage (m ³)	-	24,635	54,896	+122.84%	
Total (T)	42,100	44,003	49,125	+11.64%	
Water consumption intensity (m ³ /T)	9.13	10.86	10.93	-0.64%	The drinking water is from the municipal tap water.

- Note: The calculation of water intensity used the product weight as the denominator.

• Water Saving Measures

Water conservation measures taken in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant are detailed in the following tables.

» Globe Union's Headquarters

Water conservation measures and estimated savings in the Headquarters			
Year	Water saving	Measures	Estimate savings
2015	Water conservation is promoted in the assembly.	Water conservation announcement will be posted and the staff will check and stop excessive use of water after finding it immediately. In winter, the water consumption is up to 170 m ³ per month when cold circulating water is not turned on compared with the summer.	<ul style="list-style-type: none"> The total water consumption in 2013 is 4571 m³. The total water consumption in 2014 is 4258 m³. The total water consumption in 2015 is 3597 m³. The average water savings of 22% between 2013 and 2015.
2016	Renewal of water-saving equipment	Installed water-saving films at the water end of all the faucets, and automatic sensing device on a number of faucets so that the faucet can automatically provide water when in use and stop water supply when the users leave.	To avoid the incidences of forgetting to turn off the faucets after use.

» Shenzhen Globe Union Enterprise

Water use for production was not much. In 2016, the process water recovery rate was 60%, and the water consumption was mainly for staff use. Therefore, water-saving measures focus on the teaching and promotion of these measures and the installation of water economizers on the faucets.

» Shandong Milim Plant

2016 water conservation measures and estimated savings in Shandong Milim Plant		
Energy saving measures	Measures	Estimate savings
Replacement of water-saving equipment	The toilets in the entire factory were replaced by water-saving toilets.	Estimated to save 100 tons/year of water
Increase the use of reclaimed water	Shandong Milim Plant established the waste water treatment plant to collect all the production waste water in the company for centralized treatment. After treatment, part of the treated water meeting the standards is reclaimed for washing the ground, toilets, spilled coal of the boiler, and ground of the company, and lawn irrigation.	Saving 197,733T/year of water
Use of circular water	Recycle desulfurization water in the boiler, experiment water in the lab, and the spray water for dust removal in the of the dust removal equipment for reuse.	Saving 1,200T/year of water

Waste Heat Recovery in Shandong Milim Plant

1. Purpose

To achieve the optimization of the waste heat system of the kiln. Based on the original waste heat utilization system in the kiln, secondary recovery is conducted for the incompletely recovered part. For the energy saving and reduction in consumption, the waste heat in the kiln is stored and then depending on the production need, the stored heat is provided for the molding to meet production requirements. This reduces the opening of boilers and pollutant emissions, reaching the goal of energy saving and environmental protection.

2. Principles and Programs

To conduct the secondary recovery of the summer exhaust heat of the tunnel kiln and shuttle kiln and the incompletely recovered heat in winter for the heat exchange through the heat sink and for heat storage through storage tank. The heat exchange medium is water. Water passes through the stainless steel pipe from the water storage tank, and is transported to the heat exchanger for heating by water pump for heating. The heated water is flown back to the water storage tank for storage. Then the heat is transmitted to the workshop that requires heat through the water pump and the heat sink is used for heat spreading.

Based on the production status of Shandong Milim Plant, combined with the existing layout of production lines and demands for waste heat, energy conservation programs are set up respectively.

• 2.1 Program for Plant 1

To install six low temperature heat exchangers above the exhaust flue gas or the hot air pipe on the two tunnel kilns and two shuttle kilns in Plant 1, and centralize the hot water heated in the heat exchangers and store it in three 200 cubic meters of storage tanks. Hot water in the storage tank is supplied to the areas requiring heat for molding on the 1st, 3rd and 4th floors in Building 01#, 2nd floor in Building 03#, and 2nd and 3rd floors in Building 05# through heat-exchanger pump and the sub-tank pipes. The hot water pipes spread heat through 136 fan radiators in an area of around 13,000 square meters to meet the production requirement for molding.

• 2.2 Program for Plant 2

To install five low temperature heat exchangers above the exhaust flue gas or the hot air pipe on the two tunnel kilns and one shuttle kiln in Plant 2, and centralize the hot water heated in the heat exchangers and stored it in two 200 cubic meters of storage tanks. Hot water in the storage tank is supplied to the molding workshop to Area C, D, and F where heat is required in the night time, high-pressure water tank, high-pressure split 3/4# area, and Drying Room for the Model Section in Plant 1 through heat-exchanger pump and the sub-tank pipes. The hot water pipes spread heat through 59 fan radiators in an area of around 7,000 square meters to meet the production requirement for molding and the demands in the model drying room.

3. Name of the input equipment

Equipment	Number of unit
Hot water heat exchanger	11
Water tank	5
Water pump	24
Fan	13
Heat sink	195



Heat exchanger and on-site pipe

4. New Technics, New Technology

The original waste heat management was more extensive. The hot air was sent to the workshop to provide heat for the entire workshop. The temperature in the entire workshop was unified, and the temperature in some areas that did not require heat was also very high, which was not suitable for operations requiring on-site staff and also caused waste of heat. Now the method for waste heat utilization is to provide precise heating for a certain area or a production line. The heat can be supplied when needed and stopped when not in use, saving the heat and improving the on-site working environment.

The hot water heat exchanger was installed for the recovery of the excess heat in the kiln during the day to be converted into hot water for storage. In the nighttime when the demands for hot water is higher, the heat stored in hot water is converted to hot air, which is sent to the area where heat is needed.

5. Evaluation of input and efficiency

Category	Amount of investment (NTD 10,000)	Heat recovery (10,000 Kcal/ Year)	Raw coal saved (T/ Year)	Annual cost savin (Raw coal NTD 640 /T)
Plant 1	800	Amount of heat recovered from four kilns 1,933,920 Kcal/ Year	3,516.2T/Year	2.25 million dollars
Plant 2	400	Amount of heat recovered from three kilns 1,026,082 Kcal/ Year	1,865.6T/ Year	1.19 million dollars
Total	1,200		5,381.8T/ Year	34.4 million dollars

6. On-site layout and part of the equipment



Circulating pump



Water tank

4.3 Pollution Prevention and Control

• Management Approach for Pollution Prevention and Control

Pollution prevention and control management is a prerequisite for Globe Union's normal production and operation. It is not only an embodiment of the Company's fulfillment of its corporate social responsibility but also an essential part to establish a good corporate image. This not only ensures that Globe Union will not be imposed any penalties by competent agencies for causing pollution but also serves as an important driving force for Globe Union to improve its production mode and enhance its production efficiency. The current policy is to abide by the laws and regulations, prevent environmental pollution, standardize production management, optimize the living environment, strengthen energy utilization, and continuously improve the efficiency. The basic requirement is that the waste water, waste gases and noise must meet the regulatory standards. The General Affairs Section of the Administrative Department in Shenzhen Globe Union Enterprise and the Energy Conservation and Environmental Protection Section of the Technical Department in Shandong Milim Plant are in charge of pollution prevention and control operations. Pollution control and monitoring equipment was set up as required by the local governments so as to continuously ensure that local regulatory requirements can be met.

• Air Pollution Prevention and Control

According to the air pollution emission concentration control of local governments, there was no penalty caused by excessive air pollution emissions in 2016 as there were no relevant test values related to air pollution emissions of the Headquarters. In Shenzhen Globe Union Enterprise, the Environmental Protection Agency in China did not require Shenzhen factory to conduct the test for VOCs, TSP, and Sox values, and therefore, there was only NOx values.

The monitoring values of the air pollutants of TSP, Sox and NOx in 2016 all met the Emission Standard of Air Pollutants for Boiler in Shandong Province. Data from Shenzhen Globe Union Enterprise and Shandong Milim Plant are shown in the following tables.

» Shenzhen Globe Union Enterprise

Shenzhen Globe Union Enterprise not only treats and reuses waste water generated during the manufacturing process, it also recycles plastics, cartons and scrap copper. In addition, it also actively reduces the use of electroplating process, gravity die-casting and polishing process for surface treatment and makes use of PVD (Physical vapor deposition) process to reduce air pollution generated during the manufacturing process.

Air pollution detection item	2015			2016		
	Emissions (kg)	Emission standard (ppm)	Annual average reference value (ppm)	Emissions (kg)	Emission standard (ppm)	Annual average reference value (ppm)
NOx	437	200	46	420	200	41

» Shandong Milim Plant

Shandong Milim Plant uses coal-fired boilers and chimney emission. With the expansion of waste heat recovery, dependence on coal-fired boilers is greatly reduced. The monitoring values of the emissions are all in line with the provisions of Shandong Provincial Government.

Air pollution detection item	2015			2016		
	Emissions (kg)	Emission standard (ppm)	Annual average reference value (ppm)	Emissions (kg)	Emission standard (ppm)	Annual average reference value (ppm)
TSP	526	30	8.18	158	30	4.15
SOx	4,580	200	64.7	2,920	200	79.7
NOx	5,630	300	89.9	4,730	300	140

• Water Pollution Control

According to the wastewater discharge concentration control of local governments, there was no penalty caused by the major leakage, the impact of biological diversity of the water discharge runoff by the organizations and excessive waste water discharge in 2016. The sewage test values all met the local discharge standards. The data of the Shenzhen Globe Union Enterprise and Shandong Milim Plant are given in the following tables.

» Shenzhen Globe Union Enterprise

The discharge of waste water in Shenzhen Globe Union Enterprise in 2016 decreased by 7% compared with the previous year, and all the monitoring values all met the standards. Waste water in Shenzhen Globe Union Enterprise is treated in the waste water treatment plant, and when the treated waste water meets the discharge standards, part of it would be reclaimed while the rest is discharged into the local drainage system and run off into the sewage treatment plant set up by the local government.

Wastewater Discharge in 2015- 2016				Unit: m ³
Factory	2015	2016	The proportion of change in 2016 compared with 2015	
Shenzhen Globe Union Enterprise	68,994	63,979	-7%	

Water pollution discharge detection from Shenzhen Globe Union Enterprise in 2015- 2016				
Water pollution detection item	2015		2016	
	Emission standard (ppm)	Annual average reference value (ppm)	Emission standard (ppm)	Annual average reference value (ppm)
COD (mg/L)	200	40.16	200	120
BOD (mg/L)	The local Environmental Protection Bureau did not require Shenzhen factory to conduct the test for BOD.		100	75
SS (mg/L)	200	5.41	200	150

» Shandong Milim Plant

The discharge of waste water in Shandong Milim Plant in 2016 decreased by 0.78% compared with the previous year. The fact is, the water consumption of the new automated manufacturing process increased, and the total amount of waste water also increased. After the reuse rate of reclaimed water was increased, the total discharge amount was still decreased slightly. The monitoring values of waste water in Shandong Milim Plant all meet the standards. The waste water is treated in the waste water treatment stations, and when the treated waste water meets the discharge standards, part of it would be reclaimed. The unused part is injected into Meiling Lake in Shandong Province for irrigation purposes.

Wastewater Discharge from Shandong Milim Plant in 2015- 2016				Unit: T
Factory	2015	2016	The proportion of change in 2016 compared with 2015	
Shandong Milim Plant	128,000	127,000	-0.78%	

Water pollution discharge detection from Shandong Milim Plant in 2015- 2016				
Water pollution detection item	2015		2016	
	Emission standard (ppm)	Annual average reference value (ppm)	Emission standard (ppm)	Annual average reference value (ppm)
COD (mg/L)	120	24.6	120	23.5
BOD (mg/L)	60	7.2	60	4.9
SS (mg/L)	50	6	50	8

• Waste Management

The waste management at each factory continues to reduce the amount of waste produced and all types of waste are disposed of by qualified local waste disposal companies for recycling and treatment. The solid waste in Shenzhen Globe Union Enterprise mainly include cutting fluid, waste lacquer thinner, waste oil, electroplating sludge and oil removal agent. Hazardous industrial waste is stored in the factory's hazardous waste warehouse first, and when it reaches a certain amount, it will be entrusted to be handled by professional hazardous waste removal and disposal vender approved by the government, and it is reported to the government environmental protection department for the record. The solid waste in Shandong Milim Plant mainly include waste slag, waste porcelain, waste gypsum and filter mud, and it is all commissioned to be recycled by external vendors as raw materials for secondary use. Globe Union's waste did not cause harm or hazard to the society and environment.

The waste output at each operating base of Globe Union between 2015 and 2016					
Factory	Type of waste	Item	Waste treatment	Quantity in 2015 (tons)	Quantity in 2016 (tons)
Globe Union's Headquarters	General industrial waste	D-1801 Domestic waste	<ul style="list-style-type: none"> General business waste is commissioned to be transported by the cleaning team in the processing zone to the incineration plant in Houli to be burned out. The recyclable waste in the Company is divided into paper containers/ plastic containers/ PET bottles/ metal/ battery/ CD/ glass and paper. The waste handling fee was adjusted to NT2,650 dollars/ton (NTD 2,250 dollars/ton in 2015) (From 2013 to 2016, the waste handling fee reduced by 34.7%), and the recyclable waste was handed over to qualified vendors for follow-up recycling treatment. 	3.77	2.86
Shenzhen Globe Union Enterprise	General industrial waste	Cutting fluid	Disposed by the Shenzhen Municipal Waste Treatment Station	6	6.2
		Waste lacquer thinner	Disposed by the Shenzhen Municipal Waste Treatment Station	4	4.5
		Waste oil	Disposed by the Shenzhen Municipal Waste Treatment Station	0.8	0.9
	Hazardous industrial waste	Electroplating sludge	Disposed by the Shenzhen Municipal Waste Treatment Station	822.6	1,082.67
		Oil removal agent	Disposed by the Shenzhen Municipal Waste Treatment Station	34.3	77.6
Shandong Milim Plant	General industrial waste	Waste gypsum	Commissioned to be treated by qualified vendor	2,767	2,532
		Waste slag	Commissioned to be treated by qualified vendor	3,685	4,044
		Waste porcelain	Commissioned to be treated by qualified vendor	3,721	3,389
		Filter mud	Commissioned to be treated by qualified vendor	1,788	1,860

• The Corrective Measures for Pollution Control of Globe Union

Globe Union's factories continue to implement management measures to reduce waste to stay in line with the strict government standards, and continue to at least comply with the laws and regulations. Many measures are ongoing, such as investment in equipment and the promotion of 7s.

Item	Target	Program	Description of current situations	Implementation
1	Three waste (water, gas, noise) control	Set three waste standards in accordance with national standards, and invest in oil to electricity conversion, the optimization of the wastewater treatment systems and noise insulation equipment.	We continued to promote the improvement of wastewater, waste gas and noise.	Exhaust gas treatment system can reduce the CO2 content around the factories and communities, while wastewater equipment optimization is in operation after the inspection and acceptance.
2	Resource recycling	Improve product yield, reduce the generation of waste and strengthen the contests of 7S in order to reduce the waste of resources.	We conduct monthly reviews of product yield and commend excellent units implementing 7S well.	We make harmless, reduce and recycle the waste produced in accordance with environmental requirements in order to effectively ensure that it does not affect the surrounding environment.
3	Energy saving	In order to find out the problems in the energy use, the special environmental technology company was commissioned to conduct the audit of energy use, while the company proposed and implemented 28 programs of cleaner production review.	In the energy management system, we establish a sound management mechanism, set up a series of energy saving systems and make an assessment.	We reinstall the lighting, water and electricity equipment by using energy-saving lamps, water valves and the repair of buildings such as dormitories and plants for saving energy and reducing pollutant emission concentration and the total emissions.



5

**Holding Hands, Stepping
Forward**



5.1 Employee Relations

5.2 Employee Compensation and Benefits

5.3 Occupational Health and Safety Management

5.4 Social Care and Feedback

Public Welfare Column

- Hope Media

5. Holding Hands, Stepping Forward

Performance:

Shenzhen Globe Union Enterprise more than 67.35%	<ul style="list-style-type: none"> In 2016, more than 67.35% of the management position holders and above in Shenzhen Globe Union Enterprise are local residents.
Shandong Milim Plant 87.5%	<ul style="list-style-type: none"> The proportion of hiring residents as management position holders or above in Shandong Milim Plant in 2016 was 87.5%.
Shenzhen Globe Union Enterprise ↓ 17.18%	<ul style="list-style-type: none"> The 2016 turnover rate in Shenzhen Globe Union Enterprise decreased by 17.18% compared with 2015.
Shandong Milim Plant ↓ 4.31%	<ul style="list-style-type: none"> The 2016 turnover rate in Shandong Milim Plant decreased significantly by 4.31% compared with 2015.
3.1%	<ul style="list-style-type: none"> Globe Union's Headquarters hired 4 physically and mentally challenged employees in 2016, accounting for 3.1% of the overall staff, exceeding the 1% prescribed by the law.
No difference in the salary	<ul style="list-style-type: none"> The male and female employees in Shandong Milim Plant and Shenzhen Glove Union Enterprise enjoy "equal pay for equal work", and there was no difference in the salary.
All have to receive the performance appraisal	<ul style="list-style-type: none"> The male and female employees in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant all have to receive the performance appraisal.
Shandong Milim Plant 100%	<ul style="list-style-type: none"> The proportion of employees joining the union in Shandong Milim Plant reached 100%.
Shenzhen Globe Union Enterprise 100%	<ul style="list-style-type: none"> 100% of employees in Shenzhen Globe Union Enterprise are protected by the collective agreement.
submitted through the trade union improvement rate of proposals was 91%	<ul style="list-style-type: none"> In 2016, a total of 2,809 proposals were submitted through the trade union, of which 2,084 cases were undertaken and 1,998 cases were improved, and the improvement rate of proposals was 91%.
social insurance payment and coverage rate 100%	<ul style="list-style-type: none"> Both the social insurance payment and coverage rate in Shandong Milim Plant in 2014-2016 reached 100%.
NTD 5,000	<ul style="list-style-type: none"> The Welfare Committee in the Headquarters provided subsidies of NTD 5,000 every year for club activities.
OHSAS18001	<ul style="list-style-type: none"> Promote the OHSAS18001 Occupational Health & Safety Management System Certification. Dedicated staff conduct three levels of education and training to new employees, conduct occupational health checkups for employees, purchase professional equipment for regular testing and inspection of positions in contact with occupational hazards.
Shenzhen Globe Union Enterprise 85.7%	<ul style="list-style-type: none"> Shenzhen Globe Union has set the Safety and Health Committee, and the labor representatives account for 85.7% of the safety committee.
Shandong Milim Plant 93.33%	<ul style="list-style-type: none"> Shandong Milim Plant has set the Safety and Health Committee, and the labor representatives account for 93.33% of the safety committee.

Safety Production Standardization was certified	<ul style="list-style-type: none"> In 2016, Shandong Milim Plant's Safety Production Standardization was certified by the Safety Supervision Bureau of Weifang City.
No major occupational safety incident occurred	<ul style="list-style-type: none"> No major occupational safety incident occurred in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant during the reporting year.
No cases of occupational disease occurred	<ul style="list-style-type: none"> No cases of occupational disease occurred in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant in 2016.
NTD 102,400	<ul style="list-style-type: none"> The Headquarters gives long-term support for Taichung City Industrial Park and makes a fixed contributions on a regular basis. The amount of contribution in 2016 was NTD 102,400.
book donation	<ul style="list-style-type: none"> The Headquarters gives long-term support to Taiwan Reading and Culture Foundation & Philanthropic Library by book donation.
RMB 13,000	<ul style="list-style-type: none"> In 2016, Shenzhen Globe Union Enterprise made a contribution of RMB 13,000 and participated in the Shenzhen Baoan International Marathon as the service volunteer.
awarded the advanced unit employment of persons with disabilities	<ul style="list-style-type: none"> In 2015, Shandong Milim Plant was awarded the advanced unit with super ratio of arrangement for employment of persons with disabilities by Weifang City.
Hope Media Foundation	<ul style="list-style-type: none"> The Hope Media Foundation was established in 2016, and it is hoped that through the operation of the foundation, the disadvantaged groups in the society can be assisted.

5.1 Employee Relations

• Management Approach of Employment and Labor Relations

Globe Union's core value is "to be a Positive Force in the world", and the corporate culture is to inspire teamwork, encourage learning and pursue performance. Such organizational atmosphere shows that Globe Union attaches great importance to the development of talents and cares about the members in this organization, hoping that through constant learning and growth, all the employees in this Group can actively develop themselves and their professional potentials. We hope to see every employee within the Group can obtain a sense of achievement from work, and thus reaching the maximum synergy of the teamwork at Globe Union.

Globe Union attaches great importance to human rights. For all the employees in the Headquarters and the production bases, there is no difference in employment opportunities regardless of gender, religions and political parties. We strive to create a good and equal environment, ensuring non-discrimination. The safety and health issues in the workplace are controlled to cooperate with the implementation of government decrees in order to provide a positive working environment for Globe Union's employees.

Solid employment and labor relations enable outstanding employees to have a clear direction for their career, enhance the coherence and solidarity, facilitate the reaching of goals of the echelon construction, and stabilize the retention of staff that can be beneficial for the continuous development of the Company. The stability of staff enables the qualified new employees to fit into the team and the senior employees to have more stable development. The goal is to reduce the monthly turnover rate by 10% in Shenzhen Globe Union Enterprise. Therefore, the Training Group was

set up in 2017 to establish management practices for training and set the KPI for the annual training programs. Employees are encouraged to participate in important courses and the internal lecturers are also paid. The goal of Shandong Milim Plant is to keep the turnover rate at no more than 15%, and the HR Department has recruited the training staff, and also set the KPI of the talent echelon construction. Multi-level lecturer system is established for the management of lecturers at different levels. Incentive policies are formed by setting the selection and training programs for internal lecturers and the echelon talent management programs.

As of the end of 2016, the total number of employees within Globe Union Group worldwide amounted to 5,677. The operating and production bases overseas all uphold the principle of creating job opportunities in the local area and most of them adopt the practices of hiring local employees (including high level managers). The following table contains the employment structure in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant.

» Table of the employment category distribution of Globe Union in the recent three years.

The Headquarters and Shandong Milim Plant do not employ temporary or contract employees, and the number of contract employees in Shenzhen Globe Union Enterprise decreased year by year, and the employment of contract personnel stopped in 2016. Most of the employees in the three locations are between 30 and 50 years old. In terms of the gender of the employees, since the labor intensity is higher, there are more males in the factories, while the ratio of gender in the Headquarters is about 1:

Year			2014 (# of people)			2015 (# of people)			2016 (# of people)		
Item / Gender		Age	Head-quarters	Shenzhen Globe Union Enterprise	Shandong Milim Plant	Head-quarters	Shenzhen Globe Union Enterprise	Shandong Milim Plant	Head-quarters	Shenzhen Globe Union Enterprise	Shandong Milim Plant
Irregular staff (Formal employees)	Male	Under 30 years old	4	463	171	5	534	235	5	392	225
		30-50 years old	53	1,034	814	56	1,090	899	46	1,215	882
		51 years old and above	9	31	105	8	38	104	7	38	101
	Female	Under 30 years old	6	259	106	7	274	136	5	178	139
		30-50 years old	61	453	649	57	484	693	60	592	725
		51 years old and above	3	0	25	3	2	19	6	4	13
Contract employees	Male	Under 30 years old	-	294	-	-	94	-	-	0	-
		30-50 years old	-	79	-	-	52	-	-	0	-
		51 years old and above	-	0	-	-	0	-	-	0	-
	Female	Under 30 years old	-	110	-	-	39	-	-	0	-
		30-50 years old	-	45	-	-	38	-	-	0	-
		51 years old and above	-	0	-	-	0	-	-	0	-
Total			136	2,768	1,870	136	2,645	2,806	129	2,419	2,805

• Distribution of Staff Positions at the Globe Union's Headquarters

Most of the employees in the Headquarters are between 30 and 50 years old, and the number of females holding managers and above positions continued to increase.

Year			2014	2015	2016
Item / Gender		Age	(# of people)	(# of people)	(# of people)
Managers and above	Male	Under 30 years old	0	0	0
		30-50 years old	14	14	11
		51 years old and above	9	8	5
	Female	Under 30 years old	0	0	0
		30-50 years old	5	6	8
		51 years old and above	0	0	0
Non-manual staff	Male	Under 30 years old	4	5	5
		30-50 years old	39	42	35
		51 years old and above	0	0	2
	Female	Under 30 years old	6	7	4
		30-50 years old	56	51	54
		51 years old and above	3	3	5

• Distribution of Staff Positions at Shenzhen Globe Union Enterprise

The ratio of local staff holding the position of managers and above kept increasing, and the ratio of it reached 67.35% in 2016.

Managers and above at Shenzhen Globe Union Enterprise								
The total number of managers and above			2014		2015		2016	
2014	2015	2016	No. of cadres in China	The proportion of the total number	No. of cadres in China	The proportion of the total number	No. of cadres in China	The proportion of the total number
44	42	49	23	52.30%	22	52.40%	33	67.35%

• Distribution of Staff Positions at Shandong Milim Plant

The ratio of local staff holding the position of managers and above at Shandong Milim Plant in 2016 was as high as 87.5%.

Year			2014	2015	2016
Item / Gender		Age	(# of people)	(# of people)	(# of people)
Managers and above	Male	Under 30 years old	0	0	0
		30-50 years old	7	8	8
		51 years old and above	4	4	4
	Female	Under 30 years old	0	0	0
		30-50 years old	5	1	0
		51 years old and above	0	0	0

Year			2014	2015	2016
Item / Gender		Age	(# of people)	(# of people)	(# of people)
Non-managerial staff	Male	Under 30 years old	171	235	225
		30-50 years old	807	891	874
		51 years old and above	101	100	97
	Female	Under 30 years old	106	136	139
		30-50 years old	649	692	725
		51 years old and above	25	19	13

Managers and above at Shandong Milim Plant								
The total number of managers and above			2014		2015		2016	
2014	2015	2016	No. of cadres in China	The proportion of the total number	No. of cadres in China	The proportion of the total number	No. of cadres in China	The proportion of the total number
15	17	16	13	86.67%	15	88.24%	14	87.5%

• Overview of New Employment and Turnover at the Headquarters

The employment rate at the Headquarters remained flat, and the turnover rate was 18.6%, slightly higher than the previous years due to the adjustment and adaptation of internal organizations and unit functions.

The number of new employees at the Headquarters in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)
Under 30 years old	2	50.00%	22	33.33%	2	40.00%	4	57.14%	3	60%	0	0
30-50 years old	7	13.21%	5	8.20%	9	16.07%	0	0	6	13.04%	5	8.06
51 years old and above	3	33.33%	2	66.67%	1	12.50%	0	0	1	14.29%	1	20
Total number of new employees	21				16				16			
Total number of employees	136				136				129			
Total employment rate (%)	15.44%				11.76%				12.40%			

The number of retired/resigned employees at the Headquarters in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)
Under 30 years old	0	0	1	16.67%	1	20%	3	42.86%	2	40%	1	25%
30-50 years old	9	16.98%	3	4.92%	6	10.71%	4	7.02%	13	28.26%	3	4.84%
51 years old and above	2	22.22%	1	33.33%	2	25%	0	0	5	71.43%	0	0
Total number of new employees	16				16				24			
Total number of employees	136				136				129			
Total turnover rate (%)	11.76%				11.76%				18.60%			

• Overview of New Employment and Turnover at Shenzhen Globe Union Enterprise

The employment rate in 2016 was 86.23%, and the turnover rate was 96.20%, achieving the goal of the turnover rate less than 1. This was mainly because Shenzhen Globe Union Enterprise started to encourage its employees to join training programs.

The number of new employees at Shenzhen Globe Union Enterprise in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)
Under 30 years old	1,107	146.24%	499	135.23%	1,313	206.12%	557	177.96%	790	201.53%	308	173.03%
30-50 years old	464	41.69%	200	40.16%	703	61.56%	299	57.28%	652	53.66%	334	56.42%
51 years old and above	1	3.23%	0	0%	2	5.26%	2	100%	2	5.26%	0	0%
Total number of new employees	2,271				2,876				2,086			
Total number of employees	2,768				2,645				2,419			
Total employment rate (%)	82.04%				108.73%				86.23%			

The number of retired/resigned employees at Shenzhen Globe Union Enterprise in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)
Under 30 years old	1,285	169.75%	604	136.69%	1,349	211.77%	572	182.75%	854	217.86%	353	198.31%
30-50 years old	737	66.22%	294	59.04%	759	66.46%	313	59.96%	749	61.65%	355	59.97%
51 years old and above	7	22.58%	2	0%	4	10.53%	2	100%	12	31.58%	4	100%
Total number of new employees	2,929				2,999				2,327			
Total number of employees	2,768				2,645				2,419			
Total turnover rate (%)	105.82%				113.38%				96.2%			

• Overview of New Employment and Turnover at Shandong Milim Plant

Most of the employees at Shandong Milim Plant are locals or citizens in the nearby cities, so the turnover rate was lower. In addition, the new automated process was introduced in 2016, lowering the labor intensity, resulted in the turnover rate at 14.96% in 2016, significant lower compared with 2015.

The number of new employees at Shandong Milim Plant in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)	# of people	Employment rate (%)
Under 30 years old	145	31.05%	49	10.49%	220	35.66%	66	10.7%	93	29.9%	50	16.03%
30-50 years old	147	31.48%	112	23.98%	206	33.39%	121	19.61%	83	26.69%	76	24.44%
51 years old and above	5	1.07%	9	1.93%	4	0.65%	1	0.16%	8	2.57%	1	0.32%
Total number of new employees	467				618				311			
Total number of employees	1,870				2,086				2,085			
Total employment rate (%)	24.97%				29.63%				14.92%			

The number of retired/resigned employees at Shandong Milim Plant in 2014-2016												
Year	2014				2015				2016			
Age \ gender	Male		Female		Male		Female		Male		Female	
	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)	# of people	Turnover rate (%)
Under 30 years old	93	28.53%	31	9.51%	155	38.56%	35	8.71%	104	33.33%	46	14.74%
30-50 years old	100	30.67%	85	26.07%	126	31.34%	74	18.41%	101	32.37%	43	13.73%
51 years old and above	9	2.76%	8	2.45%	5	1.24%	7	1.74%	11	3.53%	7	2.249%
Total number of new employees	326				402				312			
Total number of employees	1,870				2,086				2,085			
Total turnover rate (%)	17.43%				19.27%				14.96%			

• A Diverse Workplace

Globe Union's Headquarters employed a total of 4 employees with disabilities (all males, 2 between 30-50 years old and 2 aged 51 years old and above), accounting for 3.1% of the overall employees, surpassing the 1% prescribed in the Physically and Mentally Disabled Citizens Protection Act. Shenzhen Globe Union Enterprise employed 11 disabled employees in 2016, accounting for 0.45% of the overall employees, less than the stipulated number, and the Company paid the disabled person employment security fund as prescribed. Shandong Milim Plant hired 33 disabled employees, accounting for 1.58% of all the employees, reaching the employment ratio of 1.5 % of disabled persons of the welfare enterprises.

5.2 Employee Compensation and Benefits

Globe Union keeps positively striving for enhancing its capabilities and competitiveness in the HR management, including the productivity and the enhancement of work efficiency of the employees. We are committed to building and providing a high-quality work environment for the continuous growth of our employees. It is expected that the meaningful work content can be achieved with more reasonable remuneration. We hope to attract excellent talents through a sound management system and retain those who recognize the core values and corporate culture of the Company to grow and develop with Globe Union.

• The Compensation System

Based on the provisions of the salary management practices, the consideration of the contribution of the position to the Company and the external compensation level, Globe Union Group constructs a compensation system and structure with internal fairness and external competitiveness. The link between the salary and the level of position is the corresponding index of job importance. The standards of the compensation is set by referring to the educational background and experiences as well as the appropriate level of salary in the external market. In addition, supervisor allowances, bonuses and subsidies are provided. Overtime pay is also paid in accordance with the local legal laws and regulations. Year-end bonuses are paid based on the operating performance and the employees' remuneration is paid in accordance with the Corporate Charter. In our plants in Shenzhen and Shandong, all male and female employees get equal remuneration.

• Fair Evaluation System

All male and female employees at the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant were assessed in an objective manner through the annual "Personnel Review Conference" in 2015, which provides a fair promotion and development opportunity for employees.

Establishment of Trade Union and Welfare Committee

The related labor management measures of Globe Union have been complied with the relevant government laws and regulations, such as Labor Standards Act, Act of Gender Equality in Employment, Occupational Safety and Health Act and Labor Insurance Act. In addition, in order to maintain the smooth communication channel between labor and management and to ensure

the employees reach a balance between work and health, there is a Welfare Committee in the Headquarters and there are trade unions in Shenzhen Globe Union Enterprise and Shandong Milim Plant. All of them are labor organizations that operate independently to ensure the employees' right of association and consultation. The trade union of Shenzhen Globe Union Enterprise have the collective agreement with the Company, and the employees are 100% protected by this agreement. There is also a trade union in Shandong Milim Enterprise, and the proportion of employees joining the union reached 100%. Although the union has not signed a collective agreement with the Company, yet in 2016, a total of 2,809 proposals were submitted through the trade union, of which 2,084 cases were undertaken and 1,998 cases were improved, and the improvement rate of proposals was 91%.

The aim of the establishment of the Employee benefit measures in Globe Union is to further implement the spirit of corporate culture to embody the warmth and love of the family, meet the welfare needs of most employees, realize human and diverse welfares with the company's resources to promote the welfares, improve staff satisfaction and enhance the company's cohesiveness and attractiveness.

The current welfare measures of Globe Union Group are as follows:

Employee care and welfare measures	
Various welfare measures	Including annual bonuses, staff remuneration (according to the articles of the Corporate Charter), cash gift for birthday, maternity, funerals and festivals, staff and children education award scholarships, group travel grants, cash gift on Dragon Boat Festival and Mid-Autumn Festival and the year-end party.
Improved insurance system	Globe Union provides employees with the best care and protection. Employees are insured and all matters are handled according to Labor Standard Act and National Health Insurance Act. Besides, we provide group accident insurance for employees to increase their overall protection.
Employee health management	Annual health check
Retirement system	Old and new employee retirement system (Taiwan), social insurance (China)
Education and training	In order to strengthen the knowledge, skills and work attitude of the staff, Globe Union has established the practices for staff training and management for the employees to achieve their responsibilities and goals of tasks.

- Note: The Headquarters has the "list of employee benefits" while Shenzhen Globe Union Enterprise has the "employee empathy and sympathy measures".

» Welfare Committee in the Headquarters

In 2016, besides arranging quality employee tours as in the previous years, the Welfare Committee also cooperated the HR Department in the Headquarters and held two staff training activities. The successful activities enabled the senior executives and the employees to go outdoors. Besides, through the design of competition tasks, the staff could complete the tasks together as a team, which has a considerable degree of improvement in the interactions among departments and in the enforcement of our corporate spirit.



We have carefully planned various activities including ball games to encourage and motivate all the staff and workers. “Taiwan Tour” is designed as an award provided in the year-end party. We continue to make efforts to build a work environment full of warmth and love.



• Retirement System

The Employee Retirement Scheme for Globe Union and its domestic subsidiaries is applicable to all employees who are formally appointed. The employee retirement scheme established by the Company defines the contribution under the Labor Pension Act. 6% of the employee's salary is paid to the individual retirement account of Bureau of Labor Insurance according to The Employee Retirement Scheme. The Employee Retirement Fund has been funded into Labor Pension Fund Supervisory Committee and deposited into pension fund account in the name of Labor Pension Fund Supervisory Committee, which is completely separated from the Company and its domestic subsidiaries. The retirement arrangements for employees of other overseas subsidiaries of the Group and the contribution of pension to the relevant pension management business shall be governed by the local laws and regulations (defined contribution). In 2016, 3% of the employees in the Headquarters are applicable to the old labor pension system while 96% of the employees are applicable to the new labor pension system.

At Shenzhen Globe Union Enterprise, in accordance with the Regulations on Management of Housing Fund, 5% of salaries will be paid to the employees for housing provident fund per month. Besides, according to Social Insurance Law, employees will be paid 14% of the salary for social insurance charges per month, which includes the pension insurance, unemployment insurance, medical insurance, industrial injury insurance and maternity insurance. In addition to the various insurance subsidies, Shenzhen Globe Union Enterprise will provide employees with subsidies for them to learn a foreign languages to strengthen their abilities to be employed.

In Shandong Milim Plant, the proportions of contribution to the employees' social insurance are in line with the social security regulations. The proportions of the contribution are listed below.

Insurance	Endowment Insurance 26%		Medical Insurance 9%		Unemployment Insurance 1.5%		Work Indury 1.95%	Maternity Insurance
Contribution proportion	Company 18%	Individual 8%	Company 7%	Individual 2%	Company 1%	Individual 0.5%	Company 1.95%	Company 1%

The social insurance payment and coverage rate in Shandong Milim Plant in 2014-2016 both reached 100%, and related information is as follows.

	2014	2015	2016
Total number of employees	1,870	2,086	2,085
Number of social insurance payment	1,870	2,086	2,085
Social insurance coverage rate	100%	100%	100%

• The Implementation of Parental Leave without Pay

- Based on the provisions of the Labor Standards Act, Global Union's Headquarters formulates internal attendance management measures concerning pregnancy, childbirth, and post-natal childcare and provide different leaves, including paternity leave, parental leave without pay, nursing leave, child care leave, and family care leave. A total of three employees (two males and one female) in the Headquarters applied for parental leave without pay in 2106. The estimated number of employee reinstated was one (0 male and 1 female), and the number of the actually reinstated was one (0 male and 1 female), with the reinstatement rate at 100%. However, for the number of staff who continued to work one year after reinstatement, due to the career plan of one of the male employees, the retention rate was only 50%. There is no system of parental leave without pay, only maternal leave system according to the laws in China.

Headquarters (Year)	2014			2015			2016		
Gender / total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees applied for parental leave without pay of the year A	1	1	2	1	2	3	2	1	3
Estimated number of reinstated of the year B	0	0	0	1	2	3	0	1	1
Number of reinstated of the year C	0	0	0	1	1	2	0	1	1
Number of reinstated of the previous year D	0	1	1	0	0	0	1	1	2
Number of staff who continued to work one year after reinstatement E	0	1	1	0	1	1	0	1	1
Reinstatement rate of the year (C/B) (%)	N/A	N/A	N/A	100%	50%	67%	N/A	100%	100%
Retention rate of the year (E/D) (%)	N/A	100%	100%	N/A	N/A	N/A	N/A	100%	50%

- The description of parental leave system at Shenzhen Globe Union Enterprise:
 - » There is no system of parental leave without pay, only maternal leave system according to the laws in China.
 - A lying-in woman has 1 hour of breast-feeding leave daily (1 year after childbirth).
 - There are 178 days of maternity leave generally.
 - Pregnant and breast-feeding women cannot be dismissed, and the labor contract shall extend automatically even if it expires.
- The description of parental leave system at Shandong Milim Plant:
 - » There is no system of parental leave without pay, only maternal leave system according to the laws in China.
 - A lying-in woman has 1 hour of breast-feeding leave daily (1 year after childbirth).
 - There are 178 days of maternity leave generally.
 - Pregnant and breast-feeding women cannot be dismissed, and the labor contract shall extend automatically even if it expires.

The maternity leave related benefits in Shandong Milim Plant all conform to the Regulations of Shandong Province on Population and Family Planning.

Supplementary explanation:

- The leave system of Shandong Milim Plant
Employee leave and entitlement to vacations include vacations included and excluded in the benefit.
Vacations included in the benefit include: Public holiday, statutory holidays, wedding leave, bereavement leave, maternity leave (paternity leave, miscarriage leave, birth control leave), annual leave, and nursing leave.
Vacations excluded in the benefit include: sick leave, personal leave, and down time vacation
- Public holidays: Saturdays and Sundays are known as public holidays. The public holiday shifts of the following month are scheduled at the end of the current month, and each person shall have no more than 2 days off every

week. Special cases for more days off shall be personally applied in advance and after signed by the supervisor, it is then passed to the departmental statistician office and the schedule of shifts of the following month will be submitted at the end of the current month to the HR Section for the record. *Note: The staff taking the shift off shall make up the computer attendance before working overtime.

- Statutory leave: namely the legal holidays prescribed in the Labor Law, and the statutory leave is implemented in accordance with the legal standards. The Statutory leaves for all staff and workers include Spring Festival, Tomb Sweeping Day, Dragon Boat Festival, Labor Day, Mid-autumn Festival, Double Tenth Day, and New Year's Day. Statutory leave for some employees and workers is Women's Day. *Note: When the statutory holiday falls on Saturdays or Sundays, the holiday can be postponed and staff are entitled to have one day off on normal working days. However, when the Women's Day falls on the weekends, we tend not to postpone this holiday.
- Bereavement leave: When the immediate family member (parents, spouse, children, sibling) are deceased, the employee may be given a 3-day bereavement leave (with relevant death certificate).
- Maternity leave: Company employees enjoying the corresponding maternity leave should provide legal marriage and birth certificates, otherwise it would be regarded as sick leave. Maternity leave includes the public holidays and statutory holidays. Specific days are determined according to the following standards. Female employees enjoy 158 days of maternity leave generally (including second birth), and the leave of 15 days before the childbirth is included in the maternity leave. An increase of 15 days is given in case of dystocia; for multiple birth, 15 additional days are given for one more infant (birth approval certificate, birth certificate, C-section certificate, multiple birth certificate shall be submitted). Female employees having miscarriage within 4 months of pregnancy are given 15 days of miscarriage leave; those having miscarriage or abortion after 4 months of pregnancy are given 42 days of miscarriage leave. Abortion certificates, invoices and related information shall be submitted for the leave.
- Paternity leave: Male employees can enjoy 7 days of paternity leave for the childbirth. The leave dates shall be within one month before or after the date on the infant's birth certificate, and birth approval certificate and birth certificate (including second child) shall be submitted.
- Nursing leave: Within normal working hours in the company, the female employees are entitled to have one hour of breast-feed time (excluding lunch time) every day until the baby is one year of age.
- Employees enjoying the nursing leave can choose to take the leave between 11:00am-12:00pm or one hour before going home.
- Employees enjoying the nursing leave should provide relevant documents and fill in the "department contact list during nursing leave" and signed by the supervisor before taking the nursing leave.
- Annual leave: Those working in the Company for one year or more can enjoy annual paid leave, and the annual leave can be arranged depending on the actual operational needs of the company or some other time as desired. For staff in all departments and sections to take the annual leave, their supervisors would make the unified annual leave plan of the departments or sections and submit it for approval before it becomes effective. The days of the annual leave are calculated based on the seniority. a. Employees working in the unit for more than one year (inclusive) and less than ten years enjoy an annual leave of 5 days; b. Employees working in the unit for more than ten years (inclusive) and less than twenty years enjoy an annual leave of 10 days; c. Employees working in the unit for more than twenty years enjoy an annual leave of 15 days. The annual leave of the new employees of the first year is determined by the calculation and conversion of the remaining days in calendar days. After the conversion, the part that is less than 1 day does not count. The conversion formula is as follows: (the number of the remaining calendar days of the current year/365)* the number of annual leave the employee himself should enjoy throughout the year.

• The Minimum Period of Advance Notice for Operational Changes

- If the labor contract is terminated in accordance with the provisions of Article 11 or Article 13 of Labor Standards Act as well as the working rules of the Headquarters, the notice shall be given in accordance with the following provisions:
 1. Termination of the labor contract by notice: The Company shall not notify the employees to terminate the labor contract unless one of the following circumstances occurs:
 - The business ceases to operate or has been transferred;
 - The business suffers an operating loss or contraction;
 - Business suspension for more than one month is necessitated by force majeure;
 - A change in business nature requires a reduction of workers and the particular workers cannot be assigned to another suitable position;
 - A particular worker is clearly not suitable to perform satisfactorily the duties required of the position held.
 2. Advance Notice of Dismissal
 - Where an employee has worked continuously for more than 3 months but less than 1 year, a 10-day notice shall be given.
 - Where an employee has worked continuously for more than 1 year but less than 3 years, a 20-

day notice shall be given.

- Where an employee has worked continuously for more than 3 years, a 30-day notice shall be given.

According to the local labor regulations, the minimum period of advance notice for business changes is 30 days at Shenzhen Globe Union Enterprise and Shandong Milim Plant.

• Encouragement of Club Activities for Mental and Physical Harmony

In order to make employees maintain physical and mental balance at work, Globe Union Group, including the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant encourages the employees to establish clubs. The clubs established include bicycle riding club, fitness club, yoga club, volunteer club, photography club, mountaineering club, swimming club, table tennis club, calligraphy and painting club, badminton club, basketball club and dance club. The Welfare Committee in the Headquarters provided subsidies of NTD 5,000 every year for club activities.



• Career Development and Training

» Management Approach of Education and Training

Talent development is the basis of sustainable development for an enterprise. We are convinced that "the driving force of enterprise growth is to innovate and to develop the value of talents". Under the core business concept, we will promote the recognition of corporate culture by the training of new employees. We will also create personal growth for our employees and strengthen the overall competitiveness of the enterprise through general courses and professional training.

In order to improve the staff quality in Shenzhen Globe Union Enterprise, there are a certain qualifications for the manpower in the class and section level, completion rate of new certification, and the learning coverage rate of key positions. In 2017, we set up a Training Team under HR Department and provide support to employees with training needs. We provide lecturer fees for internal lecturers and encourage employees to participate in education programs to enhance their qualifications. Internally, we have set up the training management practices, and externally, we cooperate with the government's Dream Realization program to assist our staff and workers to obtain subsidies for external studies programs.

Shandong Milim Plant focuses on the suitability of employees and positions, and combined with the goal of echelon building of manpower, it is responsible for the training and education of skills needed for key positions, to complete the construction of supporting lecturer system. There are trainers under the HR Department. In 2017, the Company continue to strengthen the construction of a team of internal lecturers, encourage employees to upgrade themselves, and we provide support to those in need of trainings. Internally the lecture fee is provided for internal lecturers to encourage employees to enhance their qualifications. Shandong Milim Plant holds skill competitions from time to time and provides prizes and to encourage employees to keep learning for the upgrade of themselves.

» Training System

The learning and development system includes introducing new entrants, general education and professional training. The practices include OJT, Off-JT, SD, cross-border dispatch, overseas visits, rotation of positions and other means of capacity-building.

We agree that "to be of kindred spirits" is the root to bring out highly effective synergy. Therefore, we attach great importance to the "new staff induction training". On the day of registration, new recruits will be trained by HR specialists in the new staff induction training. In addition to the clear description of the Group history, the organization and operation model, product introduction, regulations and work rules, public affairs and employee benefits, the corporate culture and visions, entrepreneurial spirits, business philosophy and other values system are clarified. The purpose is to seek those with "kindred spirits". New employees participate in three-week professional training with the guidance and assistance from the supervisor/ senior staff, to facilitate new employees to rapidly adapt to work, in order to maintain the steady development channel.

The Training Achievements at Globe Union Group (including the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant)						
Year	2015			2016		
Course category	Number of courses	Total number of training hours	Number of trainees	Number of courses	Total number of training hours	Number of trainees
Human Resources Management	54	1,941	718	61	3,521	843
Industrial Safety Training	17	23,551	4,067	29	33,012	24,970
Internal Audit	13	203	77	11	65	14
Quality Management	14	763	266	30	5,363	1,731
R & D Technology	124	1,659	504	118	2,610	474
Accounting Management	46	1,449	1,499	44	2,204	354
Information Management	493	352	590	30	830	292
Sales Management	269	400	1,731	55	1,638	286
Orientation Training	88	3,853	1,532	64	2,448	408

» Safety Drills

Although the Globe Union's Headquarters is a low-risk workplace, we also attach particular importance to the safety and health education of workers. In addition to safety and health education, we conduct professional fire drills with professional resources of fire brigade on a regular basis to provide a workplace in which employees have nothing to worry about.



5.3 Occupational Health and Safety Management

• Management Approach of Occupational Health and Safety Management

Globe Union Group's production bases are located in Shenzhen and Shandong. According to the Law of the People's Republic of China on Work Safety, production and business operation units shall possess the conditions for safe production stipulated in this Law, other relevant laws, administrative regulations and national standards or industry standards. Those that do not meet the safety production conditions shall not engage in production and business activities. The same law also stipulates that provided production safety accident occurs due to the fact that the main person in charge of production and business units does not fulfill the safety production management responsibility, depending on the severity of the accident, the safety supervision department shall impose a fine of 30%-80% of the annual income. Effective management of occupational health and safety can avoid fines, furthermore, it can also effectively reduce accidents, injuries, occupational disease and property loss, enhance the production and economic efficiency of the enterprise, establish a good corporate image and enhance the competitiveness of the enterprise.

Shenzhen Globe Union Enterprise implements the Occupational Health and Safety Management (GB/T28001-2011) and manages the occupational health and safety risks with the established and implemented management approach of occupational health and safety. At the same time, standardization of safety production is also promoted. By the implementation of OHSAS18001 certification, three-level education training for new employees by specially-assigned staff, occupational health checkups, and the purchase of professional equipment for regular inspection of occupational hazards exposed positions. Furthermore, in accordance with external systems of the OHSAS18001 certification standards and the relevant state laws and regulations, the internal Quality/ Environment/ Occupational Health and Safety Management Manual, Safety Management Measures, Occupational Health and Safety Management Measures, Management Measures for Risk Factor Identification and Assessment, Occupational Health and Safety Monitoring and Measurement Approach, Environmental Occupational Health and Safety Indicators and Program Value Management Approach, Management Measures for Occupational Health Safety Operation Control, Monitoring and Measurement Management Measures, legal regulations and other management measures requiring identification and control, it is expected to reach the goal of 0 fatal and severe accident, 0 fire accident, 100% completion rate of three-level education training for new employees, injury rate per 1,000 employees <4, and 100% certificate holders. Shenzhen Globe Union Enterprise started the implementation of Occupational Health and Safety Management System in October, 2016, and passed the certification of OHSAS18001 Occupational Health and Safety Management System in March, 2017.

Globe Union Group belongs to the sanitary ware manufacturing industry, and the main process include the molding, processing and assembling of hardware and ceramics. The process includes crushing of raw materials, high temperature melting molding, primary treatment, polishing grinding, etch cleaning, spraying, electroplating, etc. This industry involves the storage and use of raw materials and high toxic chemicals. The existed hazardous factors include poisoning and suffocation, fire and explosion, electric shock, burn, mechanical damage, and hit by other objects.

In addition to risks in general business, economic and legal environment, the Company focuses on the prevention of risks to the environment and work safety based on the actual conditions. Moreover, the Company also set relevant safety management system and safety responsibility system as well as the operation procedures of safety production of the position, and regular safety inspection is conducted by a third party. Details are given as follows.

1. The development of safety management system and safety responsibility system include safety production responsibility system, safety production management system, proceeding system of safety meeting, safety and health education and training system, safety production inspection system, safety production duty system, safety management and storage system of highly toxic chemicals, labor protection product management system, safety inspection and maintenance system of the production facilities, fire/flame/fire protection system, staff health examinations and special occupational disease checkup system, waste treatment and safety management system, work accident management system, accident prevention system, social insurance, emergency rescue and so on.

2. Safety Production Operation Procedures

The Company has established a safety production procedures for positions, including electrician, bench drill, lathe, electroplating, spraying, grinder, air compressor, mechanical maintenance, generator, transformer, welding, punch machine, hydraulic press CNC, forklift, shop traveler, chemicals, etc.

3. Occupational Health Management

Globe Union's production plants provide workers with a full range of labor protection products, such as the protective masks, protective gloves, protective shoes, goggles, cast boilers for staff working in the toxic chemical related places and protective clothing, gloves, helmet, eye shield for staff working beside kiln, protective clothing, gloves, helmet and eye shields for staff working near the kiln, adding mask, protective clothing and ear plugs to staff working on a position beside the polishing machine.

*Photos of protective measures



In terms of the dedicated organization, Shenzhen Globe Union Enterprise set up the Safety and Health Committee, composed of a total of 14 factory managers from the factories, responsible for formulation responsibilities of each manager and clearly define the concept that “the management of production is the management of safety”. This committee is led by the Management Department, and a regular meeting is held every month to review the occupational safety and health related problems existed in the factories and to propose improvement plans. Among them, the number of labor representatives is 12, accounting for 85.7% in the committee. Shandong Milim Plant also set up the Safety and Health Committee, composed of a total of 15 members, and among them, the number of labor representatives is 14, accounting for 93.33% in the committee. In 2016, Shandong Milim Plant's Safety Production Standardization was certified by the Safety Supervision Bureau of Weifang City.

• Workplace Safety Indicators

No major occupational safety incidents or occupational diseases occurred in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant during the reporting year, showing the fruitful results of the Group's efforts and measures of occupational safety management in the workplace.

The safety indicators of the operating bases at Globe Union in 2015-2016		Globe Union's Headquarters		Shenzhen Globe Union Enterprise		Shandong Milim Plant	
Year	Calculation rule	2015	2016	2015	2016	2015	2016
Injury Rate (IR)	(Total number of disabling injuries / total working hours) * 200,000	0.623	0.647	0.474	0.299	0.498	0.192
Occupational Disease Rate (ODR)	(Total number of occupational disease / total working hours) * 200,000	0	0	0	0	0	0
Lost day rate (LDR)	(Total workday loss / total working hours) * 200,000	3.1	2.59	4.79	5.64	33.398	6.772
Absenteeism rate	(Total absence days / total number of working days for all employees per year) * 100%	0.28%	0.23%	0.71%	0.67%	0.869%	0.969%
Annual death toll	-	0	0	0	0	0	0

• Employee Health Management

The annual staff health checks is held once at our Headquarters every two years. The health check items are as follows:

Staff health check-up in the Headquarters in 2014-2016		
Year	2014-2015	2016
General health check items	Blood routine examination / urinary examination / liver function test / blood glucose test / renal function test / bone density / blood lipid examination / upper abdominal sonography / X-ray examination.	
Number of persons who take general health examinations	Number of persons actually receiving health examinations: 126	Number of persons actually receiving health examinations: 117
General health examination fee (NTD)	500*126= NT\$ 63,000	500*117=58,500
Special health check items	No special hazards in the workplace	No special hazards in the workplace



» Shenzhen Globe Union Enterprise

In 2015, the number of employees receiving occupational health examination was 2,646, and no occupational diseases occurred. In 2016, the number was 1,900, and no occupational diseases occurred.

Staff health check-up in Shenzhen Globe Union Enterprise in 2014-2016			
Year	2014	2015	2016
General health check items	Blood pressure, physical examination, chest X-ray, serum glutamate pyruvate transaminase		
Number of persons who take general health examinations	2,769	2,646	1,900
General health examination fee (RMB)	40 yuan / person	40 yuan / person	40 yuan / person

» Shandong Milim Plant

In 2015, the number of employees receiving occupational health examination was 946, and no occupational diseases occurred. In 2016, the number was 780, and no occupational diseases occurred.

Staff health check-up in Shandong Milim Plant in 2014-2016				
Item	Positions and items for the health check-up	2015	2016	Health examination fee
1	Physical exam items for workers exposed to ceramic dust: Routine medical examination, blood routine exam, urine routine exam, EKG, chest DR, pulmonary function test	422	210	RMB 160
2	Physical exam items for benzene exposed workers: Routine medical examination, blood routine exam, urine routine exam, EKG, abdominal B-ultrasound, blood sugar, ALT	39	36	
3	Physical exam items for noise-exposed workers: Routine medical examination, blood routine exam, urine routine exam, EKG, otology routine exam, pure tone audiometry	33	48	
4	Physical exam items for workers exposed to dust and high temperature: Routine medical examination, blood routine exam, urine routine exam, EKG, chest DR, pulmonary function test, blood sugar, ALT	452	486	
Total		946	780	

5.4 Social Care and Feedback

With the original intention of giving back to the community, Globe Union always takes an active part in public welfare and social care activities. Over the years, we have actively participated in the welfare and encouraged our employees to work together to make some contributions to the community and society. We strive to instill endless running water into this piece of warm land through the continuous effort. We attach great importance to the issue of continuous learning.

Factory	Participation in Public Welfare Activities
Globe Union's Headquarters	<p>【Promotion of Reading】 Special emphasis is placed on continuous learning. We believe that through reading and learning, we can help more children open the window to see the world, so we provide long-term sponsorship to promote book reading. We give long-term support to Taiwan Reading and Culture Foundation & Philanthropic Library by book donation</p> <p>【Social Welfare】 We give long-term support for Taichung City Industrial Park and make a fixed contributions on a regular basis (most of the employees in the headquarters volunteer to have long-term participation). The amount of contribution in 2016 was NTD 102,400. We have long launched donations of invoices within the group for activities held by Genesis Social Welfare Foundation in Tanzi.</p>
Shenzhen Globe Union Enterprise	<p>In 2016, the volunteer workers paid a visit to the elderly homes and donated 1500 yuan per visit. We donated 10, 000 yuan to the Shi Zan Lin Ka You Miao Primary School in Qinghai. The fees for holding Care for the Elderly on Mid-autumn Festival Activity: 1,500 yuan. We also participated in the Shenzhen Baoan International Marathon as the service volunteer.</p> 
Shandong Milim Plant	<p>The public infrastructure investment in 2016 was for internal operation only, and there were no social donations. However, Shandong Milim Plant has long been an active participant in community activities. In 2016, the activities we participated included the United Safety Production Working Conference in Fangzi District, the United Front Work & Religious Work Meeting, Labor Day Conference, Industrial Energy Management Seminars and so on. In addition, in 2015, we were awarded the advanced unit with super ratio of arrangement for employment of persons with disabilities by Weifang City.</p> 

Public Welfare Column

Hope Media

The Chairperson of Globe Union, Mr. Scott Ouyong, has spared no efforts in promoting public welfare for many years. In addition to promoting substantive efforts to make contributions to the communities at the operating bases within the Group, Hope Media was also established in November, 2016, aiming to help the disadvantaged groups through the operation of the Foundation. The profile of this foundation is as follows.

The aim is to create a media platform to integrate the new media and media for the reports on good and beautiful things in Taiwan, advocating public welfare and justice issues, and the spirit of "seeing what is right and do it" in an attempt to improve the indifference in the society. Hope Media can cross link various types of non-profit organizations for better effects. Meanwhile, it can also directly reach those needy individuals to provide necessary and timely assistance so that those in need can benefit directly from it and get the most substantial help they need.



Hope Media has actively carried out activities since its establishment, and the summary of two activities held in December 2016 is presented as follows.

Hydrovege Christmas Concert

This concert bazaar was held on December 24th, 2016, on a hydroponic farm in front of the Yuemei Police Station in Houli with Hope Media as the organizer and Help Care Association served as the unit in charge. More than 300 participants participated in this activity, and three community units and three school units jointly planned this activity. Through this special event, people in the communities in Houli learned how children in the disadvantaged families learn and grow in the churches. Participants also understand the potentials of children and also the intentions of schools and educational institutions.





Launching Ceremony of the Establishment of Hope Media

The launching ceremony entitled “Stringing together the hope to spread public welfare” was held in Howard Taichung in December 2016.

The effects of this Launching Ceremony includes the followings.

- » Subsidy and resource sharing: In this event, NTD360,000 was donated to provide subsidies for 16 public welfare organizations. 16 non-profit organizations and their representatives were invited to deliver speeches and have exchanges through various departments to fulfill the original intention of information exchange and resources sharing.
- » Advocacy and impact: Through the event design and combined with the TV & media, news anchor people were invited to release related message via social networks. The release reached a total of 6,174 people and 2,001 views.

The responses the Foundation received in the first quarter after establishment



Appendix

Appendix : GRI (Global Reporting Initiative) G4 Index

Category / Aspect	G4/Notes	G4/Notes	Related CSR Report Section	Page(s)
1.STRATEGY AND ANALYSIS				
Core	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from the Chairperson	
Comprehensive	G4-2	Provide a description of key impacts, risks, and opportunities.	Message from the Chairperson	
2.ORGANIZATIONAL PROFILE				
Core	G4-3	Report the name of the organization.	3.1 About Globe Union	31
Core	G4-4	Report the primary brands, products, and services.	2.1 Products and Services	17
Core	G4-5	Report the location of the organization's headquarters.	3.1 About Globe Union	31
Core	G4-6	Report the number of countries where the organization operates.	3.2 Operation Overview	34
Core	G4-7	Report the nature of ownership and legal form.	3.1 About Globe Union	31
Core	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	3.2 Operation Overview	34
Core	G4-9	Report the scale of the organization	3.1 About Globe Union	31
Core	G4-10	The total number of employees	5.1 Employee Relations	77
Core	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	5.2 Employee Compensation and Benefits	82
Core	G4-12	Describe the organization's supply chain.	3.4 Supply Chain Management	49
Core	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	3.1 About Globe Union	31
Core	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	3.3 Integrity Management	41
Core	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2.3 Perfect Quality	23
Core	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	3.1 About Globe Union	31
3.IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
Core	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	3.2 Operation Overview	34
Core	G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	1.2 Management of Material Issues	11
Core	G4-19	List all the material Aspects identified in the process for defining report content.	1.2 Management of Material Issues	11
Core	G4-20	For each material Aspect, report the Aspect Boundary within the organization	1.2 Management of Material Issues	11
Core	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	1.2 Management of Material Issues	11
Core	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this Report	2
Core	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report	2
4.STAKEHOLDER ENGAGEMENT				
Core	G4-24	Provide a list of stakeholder groups engaged by the organization.	1.1 Identification and Communication	8
Core	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1.1 Identification and Communication	8
Core	G4-26	Report the organization's approach to stakeholder engagement	1.1 Identification and Communication	8
Core	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	1.1 Identification and Communication	8
5.REPORT PROFILE				
Core	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this Report	2
Core	G4-29	Date of most recent previous report (if any).	About this Report	2
Core	G4-30	Reporting cycle (such as annual, biennial).	About this Report	2
Core	G4-31	Provide the contact point for questions regarding the report or its contents.	About this Report	2

Category / Aspect	G4/Notes	G4/Notes	Related CSR Report Section	Page(s)
Core	G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the external assurance report.	About this Report	2
Core	G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About this Report	2

6. GOVERNANCE

Core	G4-34	Report the governance structure of the organization, including committees of the highest governance body.	3.3 Integrity Management	41
Comprehensive	G4-48	Report the composition of the highest governance body and its committees.	3.3 Integrity Management	41
Comprehensive	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	3.3 Integrity Management	41
Comprehensive	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	3.3 Integrity Management	41
Comprehensive	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	About this Report	2
Comprehensive	G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: -Performance-based pay -Equity-based pay -Bonuses -Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	3.3 Integrity Management	41

7. ETHICS AND INTEGRITY

Core	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	3.1 About Globe Union	31
Comprehensive	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	1.1 Identification and Communication	8
Comprehensive	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	1.1 Identification and Communication	8

8. ECONOMIC

* Economic Performance	G4-DMA	Report management guidelines regarding to economy aspects.	3.2 Operation Overview	34
	G4-EC1	Report the direct economic value generated and distributed.	3.2 Operation Overview	34
	G4-EC3	Report the organization's defined benefit plan obligations.	5.2 Employee Compensation and Benefits	78
	G4-EC4	Report the financial assistance received from government.	3.2 Operation Overview	34
Market Presence	G4-EC6	Report the percentage of senior management at significant locations of operation that are hired from the local community.	5.1 Employee Relations	73
* Indirect Economy Impacts	G4-EC7	Report the extent of development of significant infrastructure investments and services supported.	5.4 Social Care and Feedback	94
Procurement	G4-EC9	Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation.	3.4 Supply Chain Management	49
* Patents	PT1	Types and numbers of annual patent applications and patent approvals.	2.2 High-value Research and Design	18

9. ENVIRONMENTAL

Materials	G4-EN1	Materials used by weight or volume.	4.2 Energy Use and GHG Management	56
* Energy	G4-DMA	Report the management guidelines for energy management.	4.2 Energy Use and GHG Management	56
	G4-EN3	Report the energy consumption within the organization.	4.2 Energy Use and GHG Management	56
	G4-EN5	Report the energy intensity.	4.2 Energy Use and GHG Management	56
	G4-EN6	Report the amount of reductions in energy consumption.	4.2 Energy Use and GHG Management	56
	G4-EN7	Report the reductions in the energy requirements of sold products and 2.4 Green Products services.	2.2 High-value Research and Design	18

Category / Aspect	G4/Notes	G4/Notes	Related CSR Report Section	Page(s)
* Water	G4-DMA	Report the management guidelines for water.	4.2 Energy Use and GHG Management	56
	G4-EN8	Report the total volume of water withdrawn from various sources.	4.2 Energy Use and GHG Management	56
	G4-EN9	Report the total number of water sources significantly affected by withdrawal.	4.2 Energy Use and GHG Management	56
	G4-EN10	Report the total volume of water recycled and reused and as a percentage of the total water withdrawal by the organization.	4.2 Energy Use and GHG Management	56
* Emissions	G4-DMA	Report the management guidelines for emission.	4.2 Energy Use and GHG Management	56
	G4-EN15	Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent.	4.2 Energy Use and GHG Management	56
	G4-EN16	Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.	4.2 Energy Use and GHG Management	56
	G4-EN18	Report the GHG emissions intensity ratio.	4.2 Energy Use and GHG Management	56
	G4-EN19	Report the amount of GHG emissions reductions.	4.2 Energy Use and GHG Management	56
	G4-EN21	Report the amount of significant air emissions, in kilograms or multiples for NOx, SOx, and other particular matters.	4.3 Pollution Prevention and Control	70
* Effluents and Waste	G4-DMA	Report the management guidelines for effluents and waste.	4.3 Pollution Prevention and Control	70
	G4-EN22	Report the total volume of planned and unplanned water discharges by destination and quality of water.	4.3 Pollution Prevention and Control	70
	G4-EN23	Report the total weight of hazardous and non-hazardous waste by variety and disposal method.	4.3 Pollution Prevention and Control	70
	G4-EN24	Report the total number and total volume of recorded significant spills.	3.3 Integrity Management 4.3 Pollution Prevention and Control	41 70
	G4-EN26	Report water bodies and related habitats that are significantly affected by water discharges based on the criteria. Report Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	4.3 Pollution Prevention and Control	70
* Products and Services	G4-DMA	Report the management guidelines for products and services.	2.2 High-value Research and Design	18
	G4-EN27	Report quantitatively the extent to which environmental impacts of products and services. Report the management guidelines for compliance.	2.2 High-value Research and Design	18
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	4.2 Energy Use and GHG Management	56
* Compliance	G4-DMA	Report the management guidelines for compliance.	3.3 Integrity Management 4.3 Pollution Prevention and Control	41 70
	G4-EN29	Report the monetary value of significant fines and the number of nonmonetary sanctions.	3.3 Integrity Management	41
Overall	G4-EN31	Report total environmental protection expenditures.	4.1 Environmental Management	56
Supplier Environmental Assessment	G4-EN33	Report the number of suppliers subject to environmental impact assessments and corresponding actions.	3.4 Supply Chain Management	49
Environmental Grievance Mechanisms	G4-EN34	Report the total number of grievances about environmental impacts filed, addressed through formal grievance mechanisms.	1.1 Identification and Communication	8

10.SOCIAL LABOR PRACTICES AND DECENT WORK

* Employment	G4-DMA	Report the management guidelines for employment.	5.1 Employee Relations	73
	G4-LA1	Report the total number, rate of new employee hires and rate of employee turnover during the reporting period, by age group, gender and region.	5.1 Employee Relations	77
	G4-LA2	Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees by significant locations of operation.	5.2 Employee Compensation and Benefits	82
	G4-LA3	Report the total number of employees that were entitled to parental leave, took parental leave, returned to work after parental leave ended, who returned to work after parental leave ended, and who were still employed twelve months after their return to work, by gender.	5.2 Employee Compensation and Benefits	82
* Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	5.2 Employee Compensation and Benefits	82
* Occupational Health and Safety	G4-DMA	Report the management guidelines for occupational health and safety.	5.3 Occupational Health and Safety Management	90
	G4-LA5	Report the level at which each formal joint management-worker health and safety committee typically operates within the organization and the percentage of the total workforce represented in formal joint management-worker health and safety committees.	5.3 Occupational Health and Safety Management	90
	G4-LA6	Report types of injury, injury rate (IR), occupational diseases rate(ODR), lost day rate (LDR), absentee rate(AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers) by region and gender.	5.3 Occupational Health and Safety Management	90
	G4-LA7	Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	5.3 Occupational Health and Safety Management	90

Category / Aspect	G4/Notes	G4/Notes	Related CSR Report Section	Page(s)
* Training and Education	G4-DMA	Report the management guidelines for training and education.	5.2 Employee Compensation and Benefits	82
	G4-LA9	Report the average hours of training that the organization's employees have undertaken during the reporting period, by gender and employment category.	5.2 Employee Compensation and Benefits	82
	G4-LA11	Report the percentage of total employees by gender and by employee category who received a regular performance and career development review.	5.2 Employee Compensation and Benefits	82
Diversity and Equal Opportunity	G4-LA12	Report the percentage of individuals within the organization's governance bodies in each of the following diversity categories: gender, age group, minority groups and Other indicators of diversity where relevant.	5.1 Employee Relations	77
Equal Remuneration for Women and Men	G4-LA13	Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	5.1 Employee Relations	77
Supplier Assessment for Labor Practices	G4-LA15	Report the significant actual and potential negative impacts for labor practices identified in the supply chain and the corresponding actions.	3.4 Supply Chain Management	49
Labor Practices Grievance Mechanisms	G4-LA16	Report the total number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms.	1.1 Identification and Communication	8

11.HUMAN RIGHTS

Non-discrimination	G4-HR3	Report the total number of incidents of discrimination and the actions taken to resolve the cases.	3.3 Integrity Management	41
Freedom of Association and Collective Bargaining	G4-HR4	Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk and the corresponding actions taken.	5.2 Employee Compensation and Benefits	82
Child Labor	G4-HR5	Report operations and suppliers considered to have significant risk for incidents of child labor and measures taken by the organization to contribute to the effective abolition of child labor.	3.3 Integrity Management	41
Forced or Compulsory Labor	G4-HR6	Report operations and suppliers considered to have significant risk for incidents of forced or compulsory labor and the measures taken by the organization to contribute to the elimination of all forms of forced or compulsory labor.	3.3 Integrity Management	41
Indigenous Rights	G4-HR8	Report the total number of identified incidents of violations involving the rights of indigenous peoples and the measures taken to stop the violations.	3.3 Integrity Management	41
Supplier Human Rights Assessment	G4-HR11	Report the number of suppliers identified as having significant actual and potential negative human rights impacts and corresponding measures taken.	3.4 Supply Chain Management	49
Human Rights Grievance Mechanisms	G4-HR12	Report the total number of grievances about human rights impacts filed, addressed and resolved through formal grievance Mechanisms.	1.1 Identification and Communication	8

12.SOCIETY

Local Communities	G4-SO1	Report the percentage of operations with implemented local community engagement, impact assessments, and development programs.	5.4 Social Care and Feedback	94
Anticorruption	G4-SO5	Report the total number and nature of confirmed incidents of corruption and the corresponding actions taken.	3.3 Integrity Management	41
Anti-competitive Behavior	G4-SO7	Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	2.3 Perfect Quality	23
* Compliance	G4-DMA	Report the management guidelines for compliance.	3.3 Integrity Management	41
	G4-SO8	Report the amount of significant fines and the number of non- monetary sanctions.	3.3 Integrity Management	41
Supplier Assessment for Impacts On Society	G4-SO10	Report the number of suppliers identified as having significant actual and potential negative impacts on society and the corresponding measures taken.	3.4 Supply Chain Management	49
Grievance Mechanisms for Impacts On Society	G4-SO11	Report the total number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	1.1 Identification and Communication	8

13.PRODUCT RESPONSIBILITY

* Customer Health and Safety	G4-DMA	Report the management guidelines for customer health and safety.	2.3 Perfect Quality	23
	G4-PR1	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	2.3 Perfect Quality	23
	G4-PR2	Report the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period by type of outcomes.	2.3 Perfect Quality	23

Category / Aspect	G4/Notes	G4/Notes	Related CSR Report Section	Page(s)
* Product and Service Labeling	G4-DMA	Report the management guidelines for product and service labeling.	2.3 Perfect Quality	23
	G4-PR3	Report the 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 requirement.	2.3 Perfect Quality	23
	G4-PR4	Report the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	2.3 Perfect Quality	23
	G4-PR5	Report the results or key conclusions of customer satisfaction surveys.	2.3 Perfect Quality	23
Marketing Communications	G4-PR6	Report sale of banned or disputed products.	2.3 Perfect Quality	23
	G4-PR7	Report the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	2.3 Perfect Quality	23
* Customer Privacy	G4-DMA	Report the management guidelines for customer privacy.	2.3 Perfect Quality	23
	G4-PR8	Report the total number of substantiated complaints received concerning breaches of customer privacy and losses of customer data.	2.3 Perfect Quality	23
* Compliance	G4-DMA	Report the management guidelines for following law and regulations.	2.3 Perfect Quality	23
	G4-PR9	Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	2.3 Perfect Quality	23



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GLOBE UNION INDUSTRIAL CORP.

ASSURANCE REPORT OF INDEPENDENT AUDITORS FOR

THE YEARS ENDED DECEMBER 31, 2016

Assurance Report of Independent Auditors

Table of Contents	Pages
i 、 Cover	1
ii 、 Table of Contents	2
iii 、 Assurance Report of Independent Auditors	3-4
iv 、 Appendix	
Appendix A The sustainability performance indicators selected by Globe Union and their applicable criteria	5-6

Assurance Report of Independent Auditors

To: Globe Union Industrial Corp.

1. Scope

We have been engaged by Globe Union Industrial Corp. ("Globe Union") to perform a limited assurance engagement in relation to and report on selected sustainability performance indicators included in Globe Union's 2016 Corporate Responsibility Report ("the Report").

Regarding the sustainability performance indicators selected by Globe Union and their applicable criteria, please refer to appendix A.

Management Responsibility

Globe Union is responsible for the preparation of 2016 corporate responsibility report in accordance with adequate criteria, including referencing to Global Reporting Initiatives ("GRI") G4 Guidelines and Sector Disclosures, and for the design, execution and maintenance of internal controls in regard with report preparation to support the collection and presentation of the Report.

Independent Auditor's Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with *ISAE3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* developed by the International Auditing and Assurance Standards Board (IAASB).

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of Globe Union's internal controls when determining the nature and extent of procedures, our review was not designed to provide assurance on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with Globe Union's management and personnel to understand the Globe Union's implementation of overall corporate social responsibility and reporting process;
- Understanding the main stakeholders of Globe Union and their expectations and needs as well as interaction protocols by interview or examination of documentation and how Globe Union responded to those expectations and needs;

- Performing analytical procedures on selected sustainability performance indicators; gathering and checking other supporting documentation and management information obtained; testing on sample basis if necessary.
- Reading Globe Union's corporate responsibility report to ensure the implementation of overall corporate social responsibility and reporting process is consistent with our understanding.

3. Limitations

Non-financial information contained within corporate responsibility reports are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with SAS No. 46 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in *The Norm of Professional Ethics*, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

5. Conclusion

Based on our procedures and obtained evidence, nothing has come our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability indicators in accordance with applicable criteria. In addition, nothing has come our attention that causes us to believe that any material modifications or adjustments should be made to the Report in accordance with GRI G4 the core option.

Ernst & Young



29 December, 2017
Taichung, Taiwan

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.

Appendix A

No	Page	Table of Contents	The Sustainability Performance Indicators	Applicable Criteria
1	23	Perfect Quality /High-quality Manufacturing and Services – the Key to Our Sustained Growth	There was neither violation of product health services and marketing laws and regulations in our products nor the event of prohibition of the product sale in 2016. In addition, no litigation involving anti-competitive conduct, antitrust and monopolistic measures were reported in 2016.	Statistical data prepare by Globe Union
2	35	Operation Overview /Financial Performance	Financial Information (Condensed Consolidated Income Statement - Consolidated)	Statistical data prepare by Globe Union
3	41	Integrity Management	Our operation is open and transparent, and we operate with integrity. In 2016, there was no serious breach of integrity causing any fine.	Statistical data prepare by Globe Union
4	59	Energy Use and GHG Management/ Energy Management	The energy use intensity of Shenzhen Globe Union Enterprise and Shandong Milim Plant in 2016	Finnacial information relased to pulic
5	61	Energy Use and GHG Management/ Greenhouse Gas Inventory	GHG emissions from Shenzhen Globe Union Enterprise and Shandong Milim Plant in 2016	Statistical data prepare by Globe Union
6	71	Pollution Prevention and Control	Water pollution discharge detection from Shandong Milim Plant in 2016	Statistical data prepare by Globe Union
7	80-82	Employee Relations	Statistics of Employment Rate Statistics of Employee Turnover Rate	Statistical data prepare by Globe Union

No	Page	Table of Contents	The Sustainability Performance Indicators	Applicable Criteria
8	92	Occupational Health and Safety Management/ Workplace Safety Indicators	No major occupational safety incidents or occupational diseases occurred in the Headquarters, Shenzhen Globe Union Enterprise and Shandong Milim Plant during the reporting year, showing the fruitful results of the Group's efforts and measures of occupational safety management in the workplace.	Statistical data prepare by Globe Union