



2017

# Corporate Social Responsibility Report

  OCEAN 

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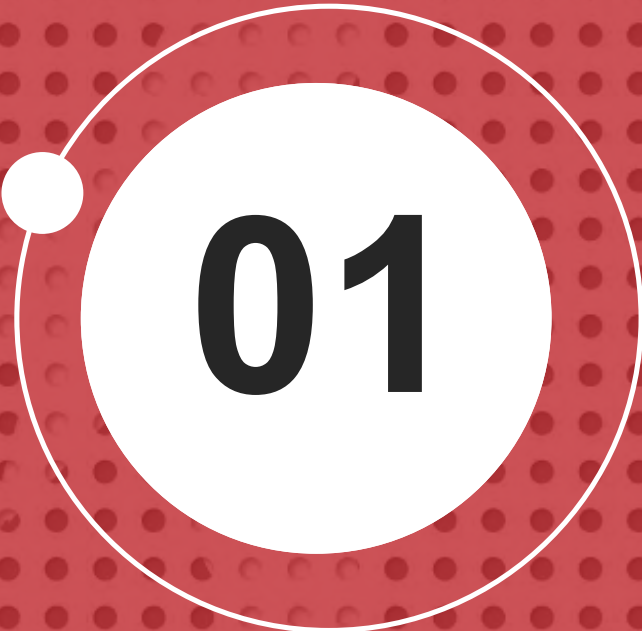
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# About CSR Report

This corporate social responsibility (CSR) report was conducted by OCEAN Technologies Co., Ltd in 2017. The time frame, the range, the contact details and other related information would be listed as follows:

## **|OCEAN's Sustainable Development Goals (SDGs) in 2017|**

This report, created in 2017, is OCEAN's first CSR report, revealing its performance in corporate social responsibility and sustainable development goals in 2017.

## **|Report Range|**

With the focus on the major issues, the range of this report includes the following – strategic planning, administrative policy, key issues, responses, event performance and other information. The report's boundaries are set to include OCEAN Technologies Co., Ltd. and its stakeholders – shareholders, clients, suppliers, government units and the community.

## **|Information Revelation|**

The revenue, costs and other related financial information are all calculated in New Taiwan dollars and notarized by the certified public accountant. "Local" mentioned in the report is referred to the countries or areas where operation bases are located. Any suggestions are welcome to contact our CSR report team.

## **|Information Orientation|**

The information in this report was based on the core-selected sections from Global Reporting Initiative (GRI) and GRI Standards.

## **|External Endorsement|**

This information in this report is confirmed and certified to meet the demands of AA1000AS 2008 by the third verification party, SGS Taiwan.

## **|Report Production and Management|**

The data stated in this report was collected from each responsible department, which organized and consolidated the figures from daily operation management, educational trainings, issue discussions and interview records as referrals. According to GRI Standards and the requirement, the company's performance in economic, environment and society areas is evaluated. The collection, measurement and calculation of all data are based to meet the local regulations. If there are no specific "local" regulations, the international standards would then apply. If no appropriate international standards are available, the industry standards and routines would be adopted.

If you have any doubt or suggestion regarding this report, please contact us.



OCEAN Technologies Co., Ltd

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# About OCEAN Technologies

## [Words from the Chairman]

This report, created in 2017, is OCEAN's first CSR report, revealing its performance in corporate social responsibility and sustainable development goals in 2017.

### **The Efforts to Broaden the Future Market**

The situation of the global market is highly unpredictable and competitive. OCEAN has been actively seeking professional agencies and partners to cooperate in the hope of broadening our sphere. Under the various economic, political and cultural circumstances, the market developing must consider risk diversification factor and set up the markets in all continents to avoid the financial, economic and political impacts from certain clients or areas. In so doing, the business can grow steadily.

### **The Development of the Future Products**

OCEAN has focused on the production of CNC Drilling EDM machine. Currently, the company has also looked into developing the markets in tooling, aerospace industries to meet the clients' needs, such as strict demands in the re-melting process, speeding up the work process and the replacement of the Four-Axis with Five-Axis Drilling EDM Machines to handle challenges from more complex and irregular objects. Besides our expertise in existing products, the company is looking into developing products for the industries in tooling and aerospace to reduce the single-product risks. As the demands of micropore technology is on the rise, it would be also one of OCEAN's future products.

Although the company has successfully produced aerospace products, there remains room for improvement to win higher-end clients. At the end of the improvement project, it's hoped to help raise the level of the CNC EDM Drilling machines, to allow the technology to apply to a wider scope and to better the competence. In addition to improving the industrial skills, the manufacturing industry and its related fields can also be upgraded. Continuous skill developing and growing can also prevent the company from falling into the vicious cycle of price-undercutting competition due to the capability divide. It also helps to enter the platform set by the developed countries, promote the brand image to the world and increase the market shares. The clients in Taiwan can also enjoy the lower company starting-up cost in the beginning by utilizing locally made machines instead of imported ones, which also lowers the bar to join the aerospace industry.

It's hoped that the continuing development in molding, automobile, electronic part, medical, tooling, aerospace and other related industries could boost the global market shares. Right now, the company's overseas distributors are located in more than 35 different countries. We hope that the OCEAN's products can take up 70% of the market shares just like the ocean occupies 70% of the earth.

### **The Efforts behind the Human Resource Development**

In the future, the company will recruit locally first to create more job opportunities for the local community, which can help cut down the employee turnover rate. Professional education and training programs will be provided to cultivate outstanding workers as the backbone of the company's steady growth. A complete series of professional trainings and planning nourishes excellent teams, allows the company and the staff to grow together, which increases added values and raises international market competence. It's a win-win situation for both the company and its staff as both parties enjoy the profits in the end.

# About OCEAN Technologies

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## [Words from the Chairman]

### **Working with the Suppliers**

The majority of our suppliers need to actively better their skills and management. We look forward to creating a win-win situation by supporting and learning together to create more work opportunities and higher profits for the small and medium enterprises in Taiwan.

### **Future Planning, Direction and Branding**

The company's future goals are maintaining the great performance in Drilling EDM Machines, actively developing Micro Electro-Discharge Machines and aerospace high-end models, broadening the medical care and aerospace markets and improving the sales.

Except very few ODM clients, all the overseas distributors sell our products under the brand of OCEAN, indicating the company's great reputation in CNC EDM Drilling machines. In the future, we'll continue to expand our reseller market to enable the clients to equate CNC EDM Drilling machines with 

We look forward to becoming the benchmark in CNC EDM Drilling machines and the designated brand for the global aerospace industry.

Sunny Liao  
Chairman



# About OCEAN Technologies

## [OCEAN Technologies Co., Ltd.'s SDGs]

The global sustainable development and corporate social responsibility are at the core of OCEAN's corporation. We look forward to influencing other enterprises and generating more positive energy. In 2016, the United Nations officially listed 17 SDGs with 169 targets in motions, which can be categorized into three aspects – environment, economics and society. Before the arrival of 2030, these goals would serve as the guideline for all countries to work toward and fulfill.



After carefully examining how the performance of OCEAN's programs in the sustainable development, the enterprise capability and the stakeholders affected the CSR issues, OCEAN decided to actively respond to the following targets – No. 2, Zero Hunger, No. 4, Quality Education, No. 8, Employment and Economics Growth, No. 12, Responsible Consumption and Production, No. 13, Climate Action, No. 16, Peace and Justice and No. 17, Partnerships for the Goals, in the hope to join other countries on the global sustainable development stage and work together toward the success of SDGs.

## [Corporate Image of the Year]

- ◆ **Year 2011** Machine Tools Industry Award 2011 for Excellence in Research and Innovation
- ◆ **Year 2016** International Management Council (IMC) "National Innovation and Technology"
- ◆ **Year 2017** The 26th National Award of Outstanding SMEs Industrial Innovation Award Winner 2018



# About OCEAN Technologies

## [Corporation Concepts and Sustainable Vision]

OCEAN is dedicated to providing the best products with strict quality control systems. Based on honesty and integrity, we aim to form long-term partnerships with our clients. The continuous innovation is the fuel for the growth of the sustainable development. Hence, the core concepts of OCEAN are – Quality Priority, Service First and Sustainable Development.

### Quality Priority

Strict quality control and supervision are to provide our clients satisfying products of excellence.

### Service First

OCEAN is committed to upgrading the manufacturing skills and the quality of the products to meet our clients' needs and expectation. With the trust from the clients, we always look into providing the most satisfying service. OCEAN closely collaborates with all clients to form long-term partnerships and create the win-win situation.

### Sustainable Development

With steady financial growth, sustainable development and continuing innovation, OCEAN hopes to serve our clients with the most up-to-date technologies.

## A. Goals and Strategies

Since the establishment of the company on Nov. 6th, 2000, OCEAN has insisted on Quality Priority, Service First and Sustainable Development to provide the best equipments, the most responsive sales service to our clients and continuous innovation as the company's foundation. OCEAN also hopes to produce the most efficient equipments for the clients and create the best welfare for all employees. Since 2011, OCEAN has invested in aerospace industry and continuously developed related equipments and functions. So far, OCEAN has successfully sold its aerospace products to SNECMA in France, GE Keppel in Singapore, EGAP in Taiwan, Honeywell in Europe and Pratt & Whitney in the U.S.A. The next goal of OCEAN is to become the benchmark of CNC EDM drilling machines and the designated brand for the global aerospace industry.

## B. Future Development Strategies

Short-term Strategy	Maintaining the existing orders from all areas and actively developing the aerospace field. Some aerospace products have been purchased by many known aerospace companies from different countries.
Mid-term Strategy	Within 3-5 years, the sales from the aerospace area will take up 50% of the company's revenue.
Long-term Strategy	Within 5-10 years, OCEAN hopes to increase the aerospace sales to 70% of the company's revenue, 50% market shares in the aerospace area and become the designated brand of the whole aerospace industry, 70% market shares of Drilling EDM Machines from all related areas and serve as the benchmark enterprise.

OCEAN is planning to develop high-precision, high-performance and high-efficiency smart CNC EDM Drilling machines to meet the needs demanded in the highly developed aerospace, medical care and tooling industries. In so doing, it'll help strengthen our competence in the market competition.

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# Stakeholders

## Identifying Stakeholders

Stakeholders are referred to both groups and individuals who either influence OCEAN or are influenced by OCEAN. According to the levels of influence, 10 stakeholders were selected. From there, OCEAN CSR Committee voted 7 major stakeholders, including OCEAN (high-ranking executives and employees), shareholders, clients, suppliers, communities and government units.

It's essential to build effective communication channels with the stakeholders to help fulfill the corporate social responsibility (CSR) and continue sustainable development. OCEAN's exerted itself to transparent and effective communication and via the various communication channels, the stakeholders can follow the major issues of CSR, understand OCEAN's performance in CSR and forward their expectation to OCEAN.

## Stakeholder Communicating

OCEAN values effective communication with the stakeholders and has created a website to ensure the fundamental communication channel can be easily accessed.

### Contact Person

- Email: barbara@octec.com.tw
- Manager, Hu Jinfang: 04-23394805 ext. 209

OCEAN selected top 5 major issues from the stakeholders, who had filled out the questionnaires regarding OCEAN's CSR performance. The issues along with the communications forms are listed as below:

Stakeholders	Issues of Concern		Communication Channels/Frequency	
High-Ranking Executives	Business Performance Financial Information Risk Management	Innovative Researches Product Responsibility	meetings(weekly/monthly)/manager meeting(monthly) Labor Management Meeting (Seasonally) Electronic Bulletin Board (from time to time)	Employee Mailbox/E-mail Report and counseling
Employees	Business Performance Employer-employee Relations Workplace Health and Safety	Cultivating Talents and Educational Training Labor Conditions	meetings(weekly/monthly)/ manager meeting(monthly) Labor Management Meeting (Seasonally) Electronic Bulletin Board (from time to time)	Employee Mailbox/E-mail Report and counseling
Shareholders	Financial Information Trustworthy Management Risk Management	Customer Relationship and Property Management Social Participation	Board of Directors Meeting (seasonally) Financial Report (annually)	Annual Shareholder Meeting Company Website

# Stakeholders

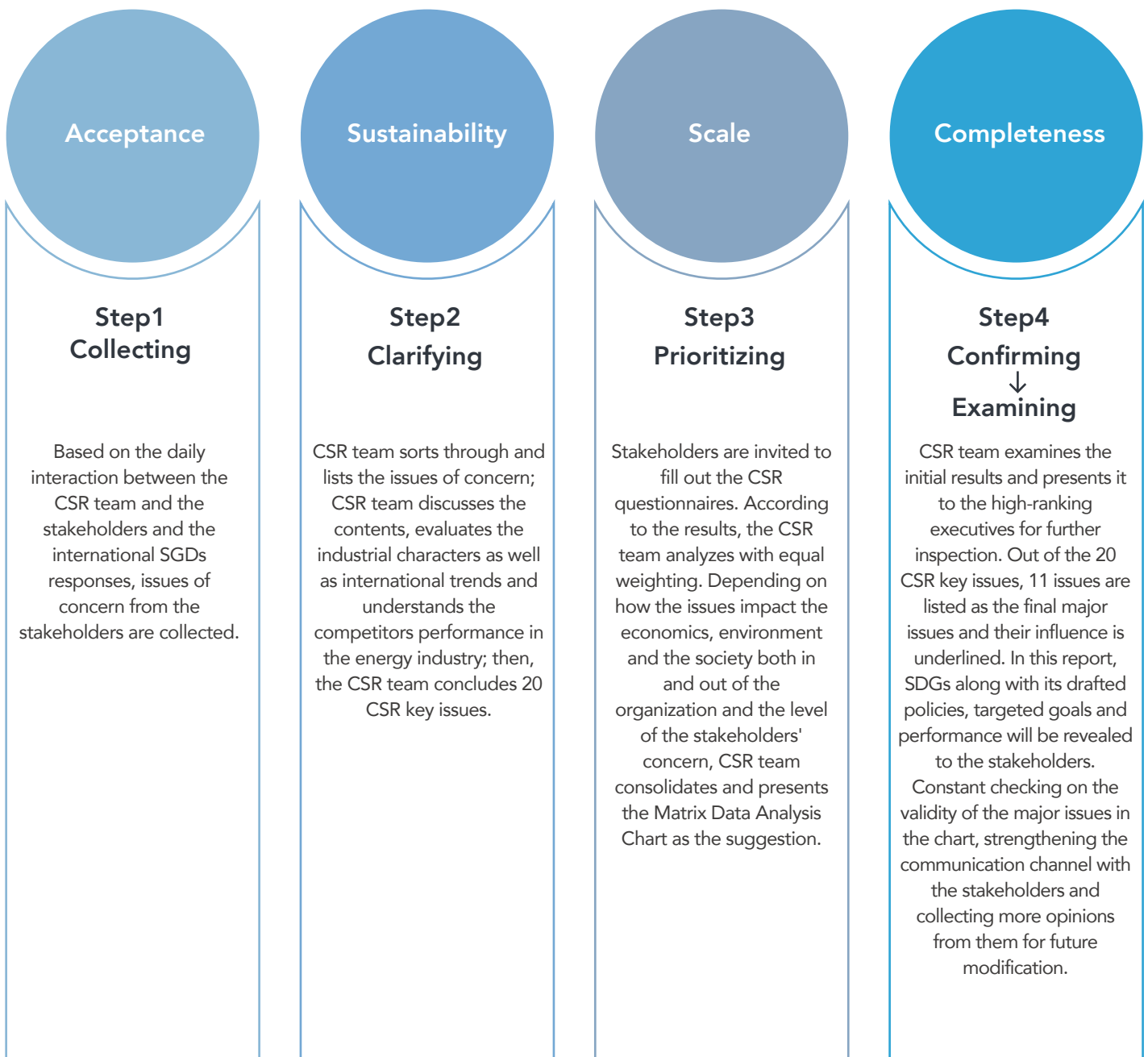
## [Stakeholder Communicating]

Stakeholders	Issues of Concern		Communication Channels/Frequency	
Clients	Integrity Corporation Laws and Codes of Ethical Conducts Risk Management	Innovative Researches Supplier Management	Client Satisfaction Survey (annually) E-mail (from time to time)	Client Visiting Video Conference
Suppliers	Laws and Codes of Ethical Conducts Innovative Researches Labor Rights	Employer-employee Relations Customer Relationship and Property Management	Supplier Auditing (annually) Random Visits	Year-end Party (year) E-mail
Community	Environmental Management Employer-employee Relations Workplace Health and Safety	Social Participation Product Liability	Enterprise Website Holding Community Activities	Visiting the village chief, the residents and the minority groups
Government Units	Innovative Researches Employer-employee Relations Workplace Health and Safety	Product Liability Intellectual Property Rights	Meetings/forums/seminars or letters with the government units	Questionnaire and Interview Random Auditing

# Stakeholders

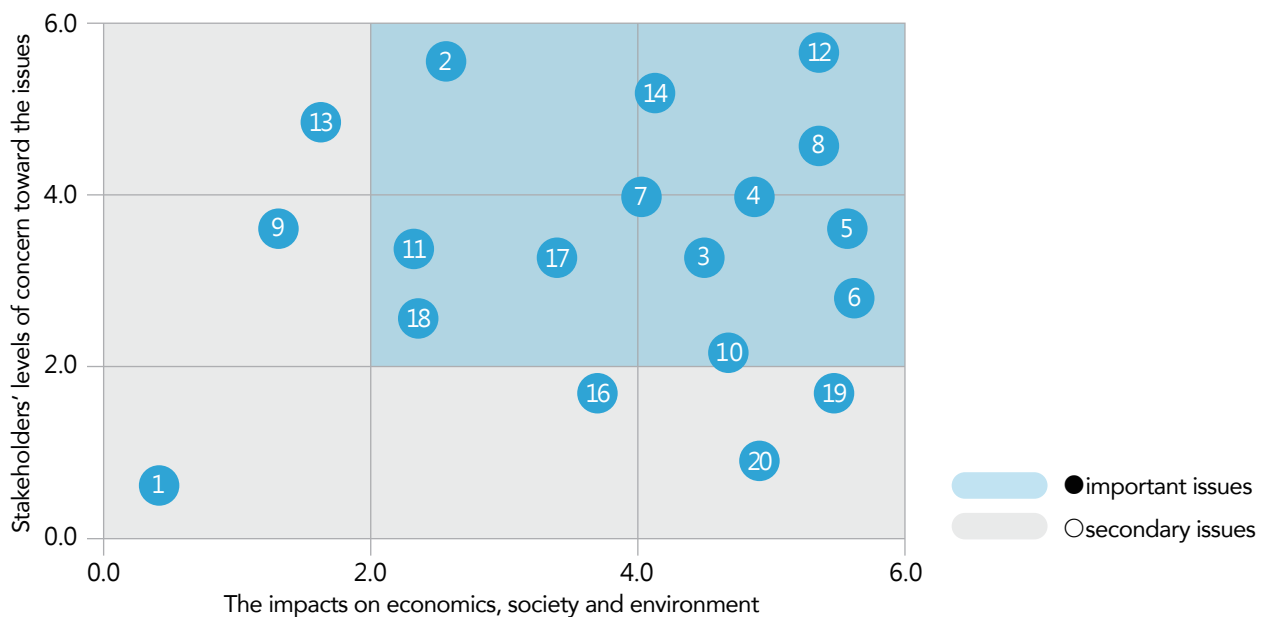
## |Informing Stakeholders Analyzed Major Issues|

Based on the nature of sustainability, the scale, the completeness and the stakeholders' acceptance, OCEAN concluded a cycle of five steps via data collecting, clarification, prioritizing, confirming and examining to come up with the major analysis for the stakeholders.



# Stakeholders

Matrix Data Analysis Chart of Major Issues



- |                               |  |
|-------------------------------|--|
| 1 Corporate Governance        | 11 Social Participation                        |
| 2 Business Performance        | 12 Product Liability                           |
| 3 Risk Management             | 13 Job Opportunities                           |
| 4 Environmental Management    | 14 Intellectual Property Rights                |
| 5 Employer-employee Relations | 15 Labor Conditions                            |
| 6 Integrity Management        | 16 Customer Relationship / Property Management |
| 7 Green Products              | 17 Supplier Management                         |
| 8 Innovative Researches       | 18 Talent Cultivation and Educational Training |
| 9 Financial Information       | 19 Workplace Health and Safety                 |
| 10 Labor Rights               | 20 Laws and Codes of Ethical Conducts          |

A questionnaire was sent out to the stakeholders to clarify the intensity of the issues. 47 copies were returned regarding 20 sustainable development issues. Their answers helped OCEAN analyze their levels of concern. Next, 3 high-ranking executives from OCEAN evaluated the impacts on the economics, environment and society from the sustainable development issues. The evaluation was then organized into the chart. Within the high-impact areas (high-high/high-medium/medium-high) are the 10 major issues regarding the sustainable development in this report.

# Stakeholders

To focus even more closely on the issues concerned by the stakeholders, the CSR team this year referred to the global trends, clarified the meanings delineated in the issues, reduced the number of issues whose ranges are too wide to cover and added new issues according to the trends taking place both in Taiwan and the world. The 11 issues of the year, 2017, are listed as below:

Clients	Major Topic	Nature	Underlined Adjustment
Economics	Intellectual Property Rights	●	Combined into Innovative Researches to exhibit the management performance
Society	Social Participation	○	Social participation is OCEAN's annual plan and is disclosed as an important topic.
	Talent Cultivation and Educational Training	○	Talent cultivation is an important issue for OCEAN. CSR team discussed and listed it as one of the major issues in 2017







Continuing with innovative and sustainable approaches, OCEAN CSR team listed all major issues highly concerned by the stakeholders in 2017 and created a system in the concepts of PDCA – Plan, Do, Check and Action to regularly evaluate the effectiveness of the system for the best results. It's hoped to boost OCEAN's global market shares and raise its economic performance. As for the demands on lowering the environmental impacts posed by the supply chain, OCEAN would request the suppliers to ensure that their equipments meet the environmental preservation requirements to tie in with OCEAN's designs built to conserve energy and reduce carbon emission



# Stakeholders






## [Clarifying Major Issues]

According to the analysis of the major issues, a cycle of five steps were drawn to respond to GRI, the administrative policy, internal and external impacts of the boundaries as well as the SDGs as the following:

Issues of Great Concern	The Meaning and Impacts to OCEAN	GRI Standard		Goals in 2017	Responding Chapters of Administrative Policy	Impacted Parties			Corresponding SDGs	
						Internally	Externally			
Economics	Business Performance	Continuously improving sales performance to ensure stakeholders' rights. More product designs to raise the market shares.	201 Economic Performance	201-1	Raising Market Shares	4.2 Business Status 4.3 Corporate Governance 7.1 Product Research and Innovation 6.5 Employee Benefits	OCEAN (high-ranking executives and employees)	Shareholders Clients	Suppliers Community	 Employment and Economic Growth
	Integrity Management	OCEAN's business concepts are built on integrity and honor, which are what the society values in an outstanding enterprise and the cornerstones of the sustainable development.	205 Anti-corruption 307 Following Environmental Regulations	205-1 205-2 205-3 307-1	Continuing integrity and accurate management for sustainable and healthy developments.	4.6 Abiding Laws and Codes of Ethical conducts	OCEAN (high-ranking executives and employees)	Shareholders Clients And suppliers	Suppliers Community	 Peace, Justice And strong Institutions
	Risk Management	Understanding that green-energy products play a key role in easing global climate change and OCEAN's challenge to design energy-conserving and carbon-reducing products. Via risk management to strengthen competence.	201 Economic Performance	201-2	The goal in 2017 is to reach 3 objectives.	4.5 Risk Management	OCEAN (high-ranking executives and employees)	Shareholders Clients	Suppliers Government Units	 Affordable Energy
	Innovative Research	Facing the global rapid development in technologies and the ever-changing market needs, OCEAN will continuously innovate and develop new designs. Understanding the clients' needs of innovative products to attract more clients.	301 Raw Materials	302-5	Increasing processing efficiency to create higher production	7.1 Product Research and Innovation	OCEAN (high-ranking executives and employees)	Shareholders Clients	Suppliers Government units	 Responsible Consumption And production
	Supplier Management	With the sustainable principles to manage the aspects of products, delivery, environment and employees as well as the codes of the ethical conducts. Reducing the impacts of OCEAN's products on the environment by demanding the suppliers to comply with the sustainable principles.	204 Purchase practice	204-1	Inspecting key suppliers in both written and visiting forms with the completion rate ≥80%	5.2 Supply Chain Management	OCEAN (high-ranking executives and employees)	Clients	Suppliers	 Partnerships for the Goals
Society	Talent Cultivation and Educational training	Developing professional and well-established career-developing systems and comprehensive welfare measures for the employees so they can concentrate on their work. In addition, OCEAN strives to provide professional and effective communication channels for its employees. The force of the team spirits is the cornerstone of OCEAN's manpower cultivation.	404 Training and education	404-1 404-3	100% educational training for both the existing employees and the new recruits	6.2 Employee Learning Development	OCEAN (high-ranking executives and employees)	Government Units		 Quality Education

# Stakeholders

## [Clarifying Major Issues]

Issues of Great Concern		The Meaning and Impacts to OCEAN	GRI Standard		Goals in 2017	Responding Chapters of Administrative Policy	Impacted Parties		Corresponding SDGs
							Internally	Externally	
Society	Employer-employee Relations	Based on the concept of building a happy and healthy workplace, multifaceted and equal employee welfare measures are established to allow OCEAN's staff to enjoy the work environment of quality and the enterprise culture of happiness. Stable employer-employee relations are the key to OCEAN's sustainable development.	401 Employer-employee Relations	201-3 401-1 401-2 401-3	Maintaining employees' satisfaction and working toward the happiness of the enterprise	6. Creating Shared Values 6.1 Diversified Workplace	OCEAN (high-ranking executives and employees)	Government Units	 Decent Work and Economic Growth
	Social Participation	Recognizing the concept of "Take from Society and Give back to Society", OCEAN takes great care of its employees while enthusiastically engaging in charity activities from many levels to boost its social image.	201 Economic Performance	201-1	Allocating 0.5-1% of the earning to minority groups	6.7 Caring the land and the society	OCEAN (high-ranking executives and employees)	Community Government Units	 Zero Hunger
	Product Liability	To ensure OCEAN's products meet the requirements from the international laws and regulations as well as the clients' demands, OCEAN makes sure that its products pass related certification tests. OCEAN provides comprehensive tailored services for his clients of different needs.	417 Marketing and Labeling	417-1 417-2	Providing warranty and product liability insurance to guarantee quality and clients' satisfaction	7.2 Production Liability	OCEAN (high-ranking executives and employees)	Shareholders Clients Suppliers	 Responsible Production and Consumption
Environment	Environment Management	ISO14001 Environmental Management System was employed to assist OCEAN's sustainable management. Via this system, it's hoped to reduce the impacts on our environment.	306 Wastewater and Waste	306-2	Obtaining ISO14001 Certificate	7. Working toward Sustainable Environment	OCEAN (high-ranking executives and employees)	Community Government Units	 Responsible Production and Consumption
	Green Products	The new electrical discharge circuit helps improve the processing speed and save energy. Corresponding with green designs of products to broaden the client network.	201 Economic Performance 301 Raw Materials	201-1 302-5	Raising processing efficiency and increasing production	5.1 Production Development and Innovation	OCEAN (high-ranking executives and employees)	Shareholders Clients Suppliers	 Responsible Production and Consumption

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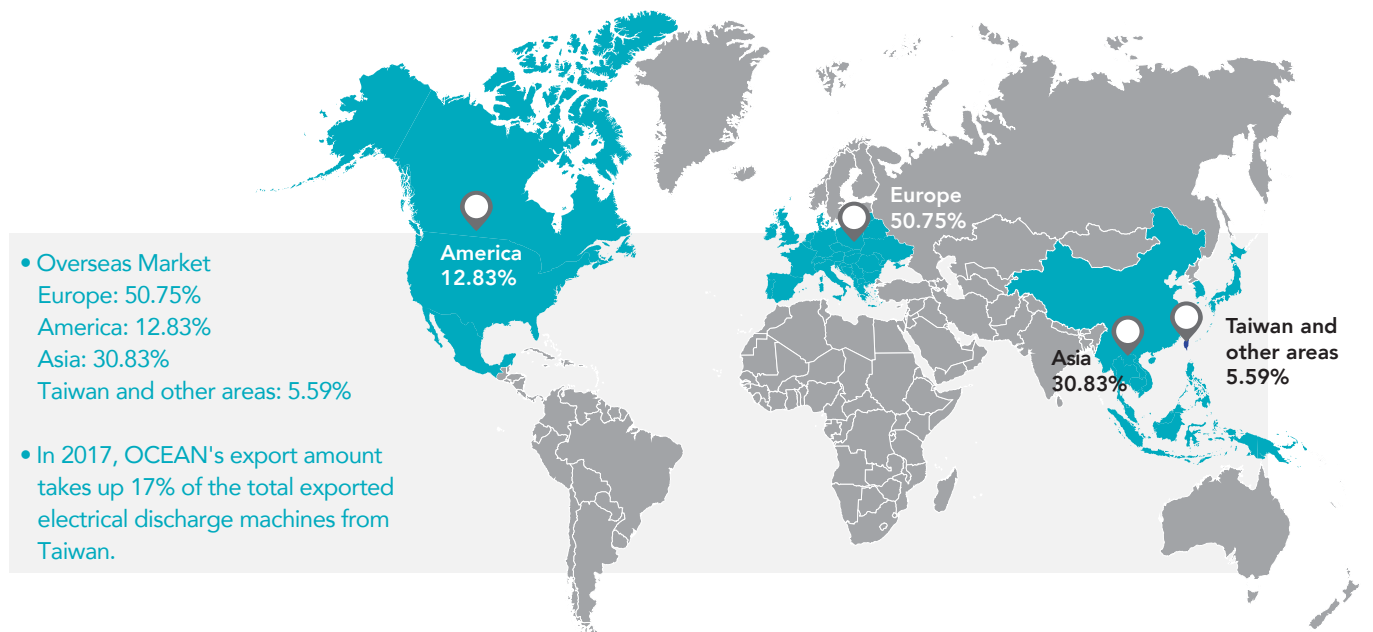
# Fulfilling Company Principles

Drill EDM Benchmarking Enterprise  
a Global Aerospace Industry Specific Brand

## [About OCEAN Technologies Co., Ltd]

OCEAN Technologies Co., Ltd. is located in Wufeng District, Taichung City. Established in 2000, OCEAN has been dedicated to providing the top quality of the equipments and the best service before and after the sales to our clients. We're proud to respond promptly to the clients' needs. The innovative sustainable development is the cornerstone of the company's growth. We hope to produce the most efficient equipments for our clients and create the best benefits for all OCEAN's staff. OCEAN started to expand its interest in the aerospace area and has developed related equipments with more functions. So far, OCEAN has successfully sold its aerospace products to SNECMA in France, GE Keppel in Singapore, EGAP in Taiwan, Honeywell in Europe and Pratt & Whitney in the U.S.A.

Global Locations (Distributors in five continents over 35 countries.)



In 2016, OCEAN became a member of Taiwan aerospace industry A-Team. In 2017, OCEAN cooperated with Aerospace Industrial Development Corporation (AIDC) on Smart Machine Strategy. Initiated by AIDC, the leading aerospace company signed up an agreement with 14 machinery companies to develop metal parts, composite materials and engines to attract international attention and business. OCEAN is the only Drilling EDM Machine manufacturer among the selected 14 companies.

# Fulfilling Company Principles

Drill EDM Benchmarking Enterprise  
a Global Aerospace Industry Specific Brand

## |About OCEAN Technologies Co., Ltd|

OCEAN is a member of the following organizations.

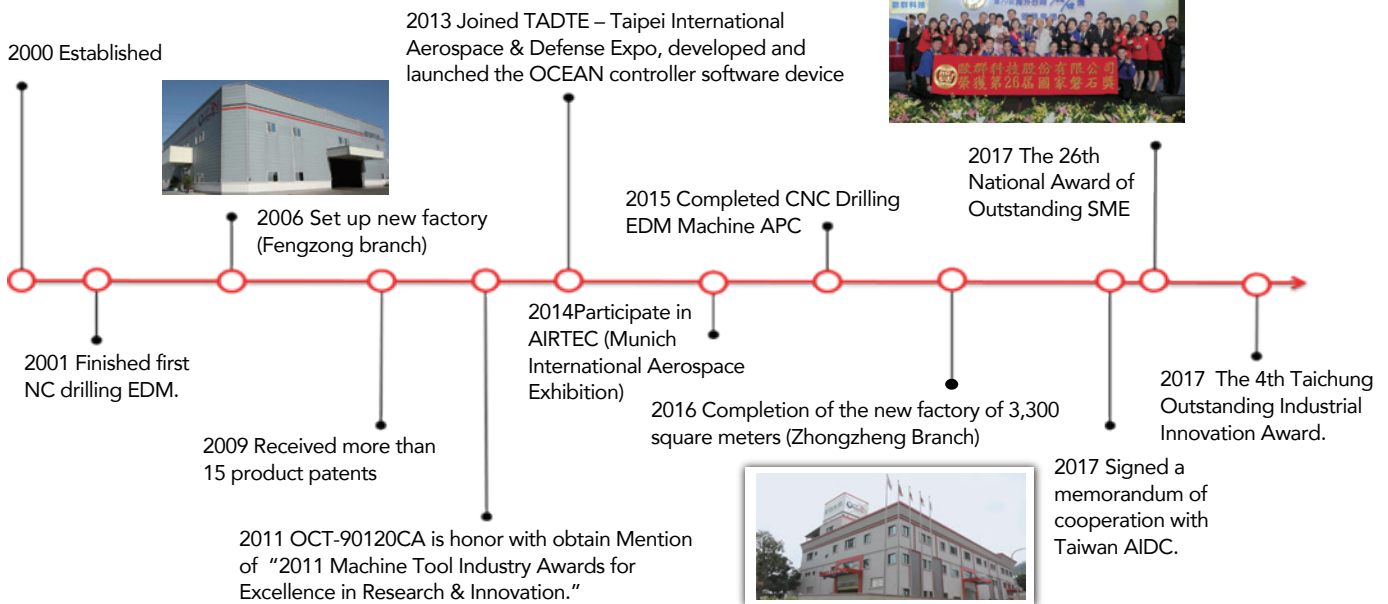
Item	External Organization	Status
1	Taiwan Association of Machinery Industry	Member
2	Taiwan Machine Tool & Accessory Builders' Association	Member
3	Small and Medium Enterprise Administration SME Award Association	Member
4	Taiwan Fund for Children and Families	Committee Member
5	International Management Council of Taichung	Member
6	Friends of the Police Association	Consultant
7	Taichung City Industrial Association	Member

### Basic Information

Company Name	OCEAN Technologies Co., Ltd.
Company Address	No. 1-1, Zhongzheng Rd., Wufeng District, Taichung City
Founded Date	November 6, 2000
Capital	NT 50,000,000
Shareholder Status	Liao Yuezhao (1,534,547 shares), Zhou Mingjian (767,274 shares) Chen Suchun (652,153 shares), Weng Hongzhi (767,274 shares)
Chairman	Liao Yuezhao
Main Products	1. Drilling EDM Machines 2. CNC Drilling EDM Machines 3. Micro Electro-Discharge Machine 4. Electrical Discharge Machine 5. CNC Electrical Discharge Machine
Number of Employees	38, including 2 informal employees.
Official Website	WWW.OCTECE.COM

# Fulfilling Company Principles

## Chronicle



## OCEAN's Main Products

Drilling EDM Machine is an extended model of the electrical discharge machines with three to (or) five axes to power. The theory is to have the bronze electrode in contact with the center where the water comes out to immediately heat or cool down for removing objects or drilling purposes.

OCEAN is a professional Drilling EDM Machine manufacturer. Electric discharge machines are important for molding production and have been widely applied to various areas, such as the turbine blades, automobile parts, knives (tooling) and watches.

Under the fierce competition of manufacturing technology, OCEAN made NEW sparking circuit technology for the aerospace industry demand which is further breakthroughs, and promoted the contribution Drilling EDM to a higher level of development. In response to the demand of the aerospace industry, the River 1000 is large Drilling EDM machine which can reach a workpiece of 1000mm\*1200mm and load 3000 KGS to meet the processing requirements of large workpieces for the aerospace industry. The first large Drilling EDM machine in Taiwan.



# Fulfilling Company Principles

## The Specialty of the Technology

The technology team consists of the professionals from four different countries – Taiwan, Germany, Japan and U.S.A. First, the distributors in Germany and the U.S.A. communicate the clients' needs and concepts to OCEAN. The experts in Japan then analyze and instruct OCEAN's developing team to create the desired products to meet the clients' needs.

**The specialty of this technology is its Three Highs and One Low strategy:**

**High Efficiency:**

The speed of HP1 Sparking Circuit is 40% faster than any other models (brands) and saves 30% of energy consumption.

**High Production Value:**

The smart processing system includes automatic tool/electrode changer, automatic guide changer and automatic part changer to increase the production by shortening the processing time.

**High Product Yield Rate:**

The instant drilling detecting control shortens the processing cycle and procedure effectively and provides the consistent drilling sizes. According to the materials, the yield can be 95% higher.

**Low Bar for Learning to Operate:**

OCEAN researched and developed Five-axis tool center point (TCP) control with (X,Y,Z,A,B five-axis synchronization). When it's combined with CAM software, also an invention from OCEAN, it can swiftly and easily handles irregular and complex objects, which especially fits the needs of aerospace parts.

## Worldwide Timely Services

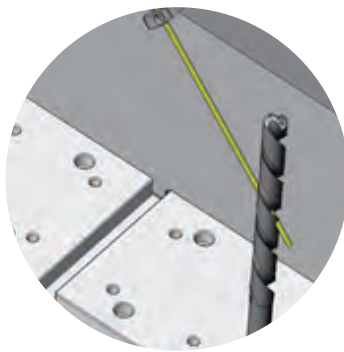
OCEAN is proud to provide the best service worldwide. Our distributors in more than 35 countries globally send their staff directly to the customers for product introduction and other services. To conduct effective communication and services of special needs without delay due to the time zones, a videoconference is also practiced.

Our distributors' speedy communication provides product information, sales service, technical assistance and repair to ensure that the customers can enjoy the equipments of the highest efficiency.

OCEAN also joins the international expos and product launch presentations with our distributors to keep up with the up-to-date information as well as strengthen the relationships with the distributors. OCEAN seizes all opportunities to introduce it's new products and get to know the clients' needs.

# Fulfilling Company Principles

The products can be utilized for the purposes of the following industries and areas:



Aerospace parts / CNC milling machine tooling / Watch parts



Irregular metal parts / Tire molding / Automobile parts / Powder metallurgic materials / hard alloy steel



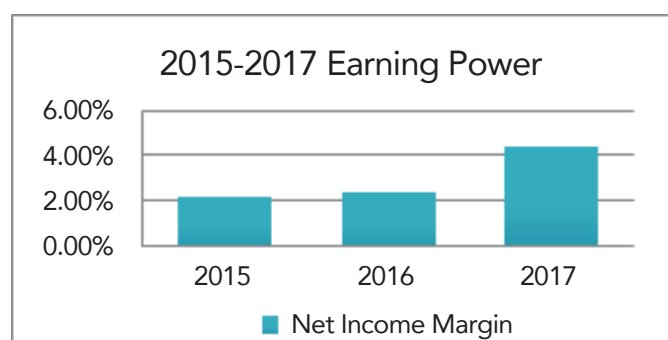
# Fulfilling Company Principles

## [Operation Summary]

The focus of OCEAN in 2017 is to continue developing the related equipments and broadens the functions demanded in the aerospace and tooling industries. Like ocean takes up 70% of the earth, the company, OCEAN, also hopes that its products will also reach 70% of the global market shares. Driven by providing the top quality, OCEAN's dedicated to sustainable innovation and operation. The immediate economic value of the company is divided into the following sections – costs, wages and benefits of the employees, dividends, taxes and retained earnings. The details are listed as below:

Business Performance: the revenue of OCEAN in 2017 was NT\$159,874, the net operating revenue was NT\$47,587, the operating expenses were NT\$39,075, the net operating profit was NT\$8,511 pre-tax income was NT\$8,587 and net profit was NT\$7,027.

### Jan. 2015~ Jun. 2017 Revenue Growth Rate



OCEAN's net sales growth in 2017 was 119% compared to the one in 2016 and the pre-tax income in 2017 was 125% growth of the previous year. There was also a significant growth in the shareholders' equity and the return of assets. (The software programs in 2017 also generated more gross profit.)

### Operational Performance

The immediate economic value of OCEAN in 2017 is divided into the following sections – costs, wages and benefits of the employees, dividends, taxes and retained earnings.

The details are listed as below:

Business Performance	Wages and Benefits
• Revenue: NT\$159,874	• All Wages: NT\$18,092,574
• Net Operating Revenue: NT\$47,587	• Annual Bonuses: NT\$1,773,994
• Operating Expenses: NT\$39,075	• Special Bonuses: NT\$1,261,327
• Net Operating Profit: NT\$8,511	• Three Major Chinese Holiday Bonuses: NT\$3,178,396
• Pre-tax Income: NT\$8,587	• Birthday Cash Gifts: NT\$21,600
• Net Profit: NT\$7,027	• Wedding/Maternity Benefits/Sickness and Injury Benefits/Funeral Condolence Gifts: NT\$25,800

### Volume of Sales from all Distributed Areas (Number of the Machines)

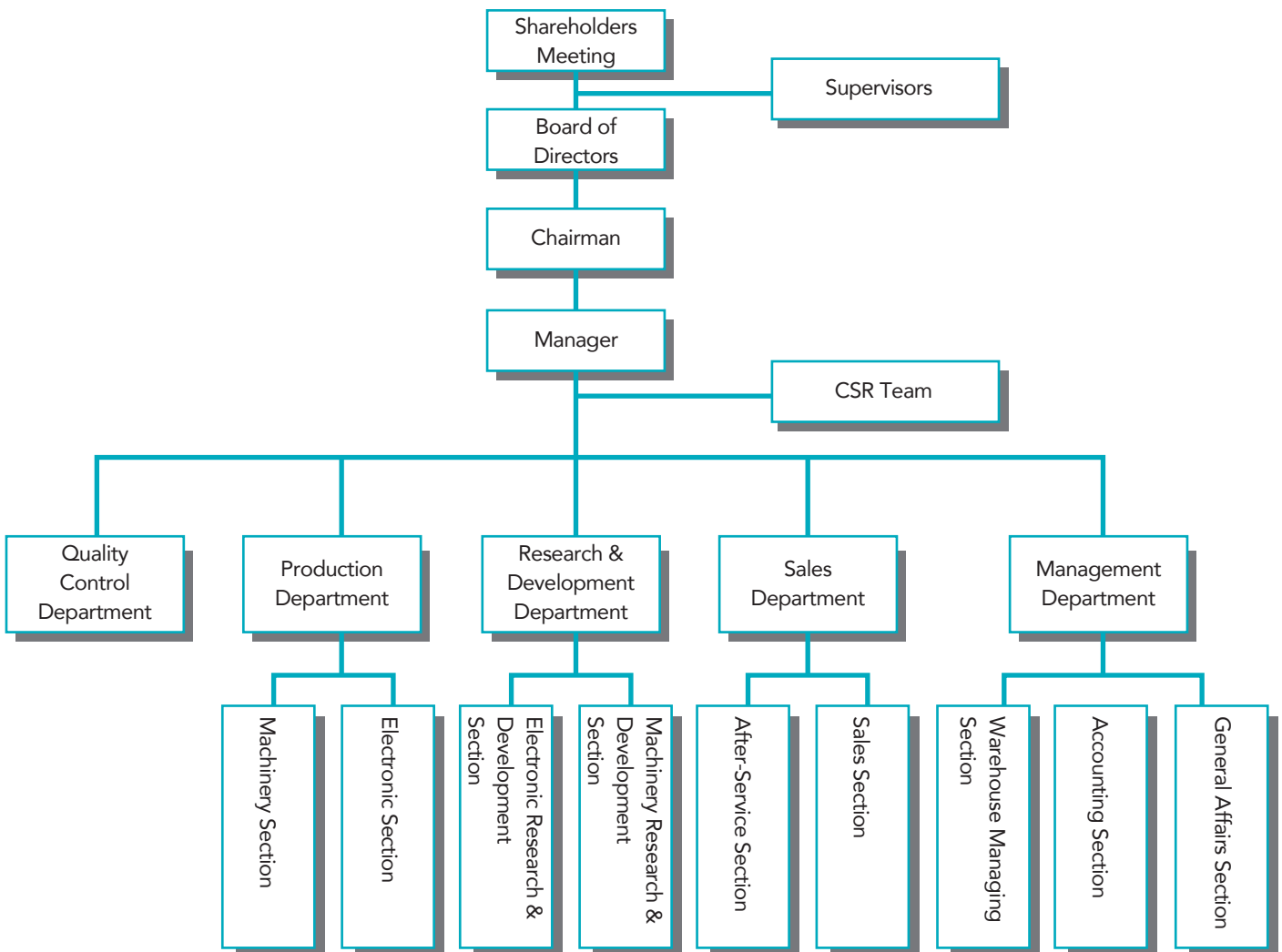
Year	Export Sales (Number of the Machines)				Domestic Sales	Number of the Machines
	America	Asia	Europe	Other		
2015	30	99	99	4	9	241
2016	16	82	117	2	6	223
2017	36	94	111	1	9	251

# Fulfilling Company Principles

## [Corporate Governance]

OCEAN Technologies Co., Ltd. was founded by seven shareholders. Currently there are 6 shareholders. The chart below lists the structure of the company: board of directors, supervisors, chairman, manager, five departments and ten sections.

### Organization



# Fulfilling Company Principles

## Board of Directors

The Board of the Directors, according to the regulations and the articles of incorporation, acts as the highest governing institution. The board instructs the company's policies, supervises the management level to create maximum profits for the company and the shareholders as well as respects the shareholders' rights.

Main Units	Roles
Chairman	Managing and planning the operation of the company while supervising the control operation for improvement
Manager	Business policy and strategy making, executing and supervising the whole process
CSR Team	Responsible of the company's Corporate Social Responsibility; ensuring integrity management and codes of ethical conducts; setting, planning and executing the management policies
Management Department	Managing, supervising and executing the company's information, administration, human resource, finance, accounting systems and their related affairs. Drafting, modifying the management systems and promoting public relations. In charge of setting up the managing, supervising and executing systems for production, supplies, procurement, export/import, tax and all the related affairs; responsible for maintaining the equipments for water, electricity, air-conditioning and their related tools; training and maintenance of the fire-prevention equipments; air pollution and wastewater management and control.
Sales Department	Planning, supervising and executing sales related programs - business expansion, marketing, customer service and handling customer complaints.
Research & Development Department	Researching, developing and producing new products; evaluating and testing new materials and equipments.
Production Department	Assembling products, planning and executing programs to increase manpower, yields and production efficiency.
Quality Control Department	Establishing and executing operation systems to control quality, document and instrument calibration; analyzing anomaly products and come up with solutions.

# Fulfilling Company Principles

## |Board of Directors|

### The Organization of the Board

According to the No. 14 Article, there are three managing directors and one supervisor with the serving term of three years.

### Voting System

According to the articles of the incorporation, the procedure of voting for the managing directors and the supervisors is the Single-name Cumulative Voting System.

### The Wages

The wages of the managing directors and the supervisors are determined by the shareholders' meeting. Their wages won't be affected by the company's sales performance.

### The Responsibilities of the Board

The managing directors and the supervisors must possess related backgrounds in business, finance, accounting or qualification desired for the position. To assemble a meeting, the board must clearly state the reason and announce it 7 days in advance with the exception of emergency to fulfill the responsibilities of the board and supervise the company's operation.

The main responsibilities of the board is to decide the corporate governing direction, examine the company's budget, finalize the closing account, establish important regulation systems as well as exercise important-position hiring and firing power and execute the resolution from the shareholders' meeting.

### Members of the Board

Duration: Sep. 16, 2015 – Sep. 15, 2018. Five meetings were held in 2017. The re-election meeting took place on Sep. 15, 2018.

Title	Name	Sex	Age Range	Experiences
Chairman	Liao Yuezhao	Female	Above 45	1. Chairman and Project Manager of the Sales Department of OCEAN Technologies Co., Ltd. 2. CORISMA MACHINE TOOL CO., LTD. 3. Guantong Electromachanical Corp.
Managing Director	Zhou Mingjian	Male	Above 45	1. Project Manager of the Production Department 2. Seven OCEAN Hydraulic Industrial Co., Ltd. 3. CORISMA MACHINE TOOL CO., LTD.
Managing Director	Chen Suchun	Female	Above 40	1. Sales Department of Chien Wei Precise Technology Co., Ltd. 2. FH Trust Stock Exchange Corporation 3. Jinding Stock Exchange Corporation 4. Guobao Stock Exchange Corporation
Supervisor	Weng Hongzhi	Male	Above 45	1. Project Manager of OCEAN Technologies Co., Ltd. 2. CORISMA MACHINE TOOL CO., LTD.

Age Range (Below 30: 0 person / 30~50: 4 people)

# Fulfilling Company Principles

## |Risk Management|

Global climate changes have been escalating with the increasing typhoons, droughts, floods and other extreme phenomenon, which has created serious impacts on our daily life and the enterprise operation. How to conserve energy and reduce carbon emission has become one of the major issues for the industries in this century.

For the past few years, OCEAN's research and developing team has applied its prowess in drilling DEM machines with innovation to upgrade the machines. In 2017, the processing speed is 40% faster and has consumed 30% less energy, a move from OCEAN to attract orders in green products as well as a green opportunity to compete with internationally known companies in Japan, Europe and America.

OCEAN has kept a close watch on the global climate changes and the countermeasures. Information of the potential risks caused by the climate changes has been collected to be analyzed for risk management to ensure the company's stable operation and competence.

### • OCEAN CSR Team

The leaders from the different departments of the company take turns to lead this team and the chairman is the director of the team. Operating in the concepts of P-D-C-A cycle, the team holds an annual meeting in the end of each year to share the voices from different fields. Authorized groups then examine the situation and come up with countermeasures. The chairman is in charge of coordinating and assisting each unit to organize CSR related promotional activities and track performance. After a year, the CSR report will be presented as the annual report for the board of directors.

The nature of the CSR project is cross-department with three aspects included – economics, environment and issues. Due to its complexity, the team performance will be linked to its organizational performance to raise the interaction and the effects as well as to ensure its substance.

### • OCEAN's Business Plans and Strategies in 2017

OCEAN launches annual corporation planning presentation, including the strategy map, business goals, operation plans and key performance indicators of the second half of the year (KPI). Strength, Weakness, Opportunity, and Threat (SWOT) analysis will be conducted on the manpower, equipments, finance, information and Political, Economic, Trends and Skill (PEST) situations. The aim is to discover the opportunities and threats to come up with solutions as the annual strategy map.

# Fulfilling Company Principles

SWOT analyzes OCEAN's weakness, external opportunities and threats as a move to focus on OCEAN's business plans.

Analyzed Business Plans and Strategies of 2017 are as follows:

## Strengths

- S1 Adapting to the ever-changing market needs, utilizing innovative products for speedy service, winning orders within a short time frame and raising performance and competence
- S2 Taking advantages of the company's unique skills, seizing international cooperation opportunities, improving skills and quality
- S3 Making use of the strong marketing power, joining international professional platform and sales network, accurately tuning into the needs of the aerospace industry for swift entrance to the aerospace market
- S4 Exercising lean management

## Weaknesses

- W1 Insufficient manpower and talents are hard to find

## Opportunities

- O1 Working with world known brands and bringing in their skills
- O2 Within the next 20 years, the aerospace market will rise to a US\$5.3-6.1 trillion entity. There will be growing needs in aerospace parts.
- O3 Technologies advancement, easy sales, online and OCEAN app programs.
- O4 Joining aerospace A-Team 4.0, strengthening human resources, and lean management
- O5 Industry-academic cooperative research project to increase the chances of recruiting talents

## Threats

- T1 Competition from Korea and Mainland China with their low prices
- T2 Taiwan government can't sign FTA with other countries; high import tariff causes more trade barriers.

# Fulfilling Company Principles

## Environmental Risk Control

By the end of 2018, OCEAN will be certified by the third verification party and introduce ISO14001 to the company. Environmental policies and aspect assessment will focus on the impacts, correspondence, improvement, management and fulfilling the programs of environment preservation to meet the government regulations.

In the future, the environmental assessment key points will be presented each year. According to the goals, targets and project management procedure, the assessment will be carried out.

## Internal Audit Management

Responsible Unit	Procedure
Managing representatives	Planning auditing schedule/assigning auditors
Auditors	Meetings before and after the audit/ auditing all departments
All departments	Review and improve
Responsible department	Correction and prevention programs
Managing representatives	Performance follow-up

# Fulfilling Company Principles

## [Laws and Codes of Ethical Conducts]

The entire staff must follow the practices as below:

- Receiving Trade Secret educational training
- Strengthening the concept of abiding the occupational codes of ethical conducts
- All staff must follow work regulations

1. Being loyal and obeying obligations	6. No prohibited activities at work	10. Following the dress codes
2. Fulfilling the staff's duties	7. Cleaning rotation regulations	11. Fulfilling trade secret obligations
3. Following the codes of moral conducts	8. Routine setting	12. Cooperation at work
4. Part-time jobs and competition are forbidden.	9. Overtime cooperation	13. Following handover guideline
5. Mercenaries and inappropriate profits are forbidden		

### New Recruits

- Must sign No. 12 article, Trade Secret and No. 13 article. Non-competition in the Employment Contract.
- Understand the company's policies and practices of CSR for one's own rights.
- Be responsible for personal behaviors; ensure the safety at work to relax the dependents; exercise the disciplines and protect the image of the company.

### Complaint Channels for any Illegal, Unethical or Dishonest Behaviors

OCEAN staff is strictly forbidden to take bribery. Complaint channels have been established for the shareholders to report anonymously for any unlawful activities. The complaints will be handed over to the chairman of the CSR team to investigate. Within 24 hours after we receive the complaint, the report will be passed to the responsible units to start the investigation process.

Reporting a Complaint:  
 E-mail address: barbara@octec.com.tw  
 Phone: (04)2339-4805 ext : 209  
 Fax: (04)2333-2038

### Regulation Compliance

Regulations Aspect	Regulation compliance
Financial Aspect	No fines or violation of the laws took place in 2017.
Environmental Aspect	No fines or violation of the environmental preservation laws took place in 2017.
Labor Aspect	No fines or violation of the Labor Standard laws took place in 2017.

- According to OCEAN's definition of major violation of laws, none took place in 2017.



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# Partnership Management

## [Customer Relationship Management]

Service First, one of OCEAN's key corporation concepts, is to provide the best service before and after the sales within the shortest time frame for our customers. After-sales service tours are organized in Taiwan to understand how the products perform and if there are any questions regarding operating.

A satisfaction survey is given out via mail or during the after-sales service tours. Based on the satisfied and unsatisfied items, the company evaluates and makes adjustment to raise the customers' satisfaction rate. At the management review meetings, which take place once in six months, the customers' feedback is used as a basis for improvement. Additional evaluation meetings will be called for when the following situations occur – the satisfaction rate gradually declines or the satisfaction rate reaches the target.

### Service Tour System

- Within Warranty Period: Once to twice a year.
- Expired warranty service takes place on an irregular basis.

OCEAN's satisfaction survey conducted in 2017 showed that the customers are satisfied with the quality and service in a satisfaction rate of 86%. For the past three years, the rate has maintained steadily above 80%, thanks to the excellent quality management and the outstanding information integrating system.

### Satisfaction Survey Results in 2017

Item	Taiwan	Overseas
Returned/ sent out Copies	6/7	208/239
Recovery Percentage	85.71%	87.03%
Average Satisfaction Rate	93.13	89.54
Targeted Rate	80	80
Status	Achieved	Achieved

The top three satisfied items in Taiwan and overseas:

- Customer Interaction
- General Service Performance
- Delivery Satisfaction Rate

### Customer Complaint Management Procedure

Customers' feedback and suggestions are OCEAN's driving force for improvement. Customers' requirements of the quality will be analyzed in the following procedure for improvement. At the end of the procedure, OCEAN will continue the follow-up service to demonstrate Service First attitude and to strengthen the bond with them.

To continuously improve and raise the quality standard, OCEAN collects related information of abnormal product behaviors, customers' complaints and returned goods to analyze and trace for betterment of the company. While the customers voice their needs and expectation, OCEAN strives to meet the requirements. The most complaints in 2017 are machinery related and the cause was already located – modified processing methods for certain parts. The improvement plans have been provided.

# Partnership Management

## Customer Complaint Management Procedure

Responsible Unit	Procedure	Form
Client	Verbal, fax, E-mail or phone Complaints	
	↓	Customer Complaint Record
Sales Department	Filed	
	↓	Customer Complaint Complete List
Quality Control Department/ Responsible Unit	Analyzed	
	↓	Customer Complaint Record
Responsible department	Countermeasure	
	↓	Customer Complaint Record
Responsible department	Prevention Measures	
	↓	Customer Complaint Record
Quality Control Department	Confirmation	
	↓	
Sales Department	Follow-up	
	↓	Sales return, purchase return, Discount certificate forms, sales return form, DEBIT Note
Sales Department	Discount After-sales standard service procedure	

# Partnership Management

## [Supply Chain Management]

Based on the supplier management standard procedure, a new supplier approval mechanism is established as follows to join the supply chain:

### • Supplier Evaluating Team

The team consists of members from the following sections – supplies, quality control, warehouse and development. The supplier's qualification will be assessed accordingly.

Supplies Section: To evaluate the suppliers' delivery, coordinate, service and prices.

Quality Control Section: To assess the quality of the suppliers' goods.

Warehouse Section: To supervise the sum, model inspection and delivery date of the suppliers' goods.

### • Evaluating Procedure

The Supplies Section and the General Affairs Section are in charge of finding suitable suppliers when there is procurement requirement.

Supplier Evaluating Team evaluates and fills out the Supplier Evaluating Form.

- 》 Qualified suppliers' information will be registered in ERP data system.
- 》 Disqualified suppliers' information will be filed into Supplier Info System.
- 》 Supplier Evaluating Team assesses the listed suppliers of the year and fills out the Supplier Assessment Form. The list consists of top 20 suppliers according to the total procured sum.
- 》 At the annual review meeting, disqualified suppliers will be decided. Suppliers whose goods have been rejected five times in a row can be reported to Supplier Evaluating Team by any responsible unit to be disqualified. After the team discusses and comes to an agreement, the proposal will be put into motion.
- 》 Disqualified suppliers can appeal to the responsible evaluating units. After the Supplier Evaluating Team conducts a joint review meeting and agrees, their qualification can be resumed.

Supplier Evaluating Team has completed its evaluation of the new potential suppliers and assessed the top 20 suppliers in 2017. The average performance is a satisfying 77.8% °

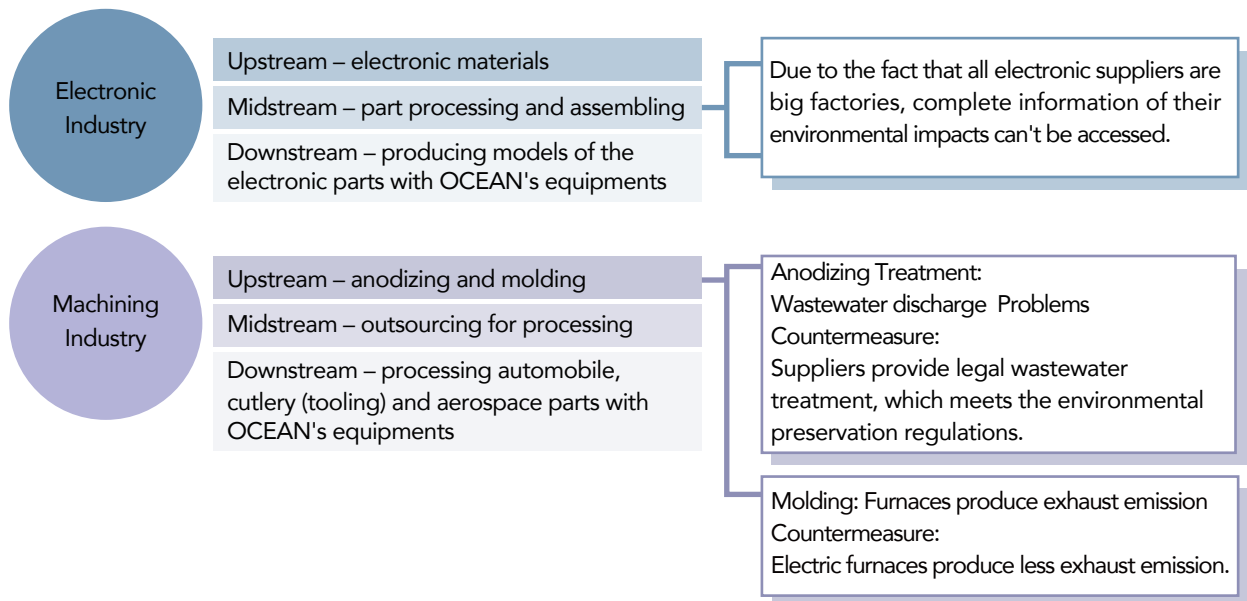
(To qualify for both the evaluation and the assessment, the suppliers have to score 60 points. OCEAN won't purchase from suppliers whose scores fail to reach 60.)

※Definitions: 1)The evaluation process is designed with a series of reviews for potential suppliers before an order is placed.  
2)The assessment procedure is reserved for suppliers who have worked with OCEAN already.

# Partnership Management

## [Supply Chain Management]

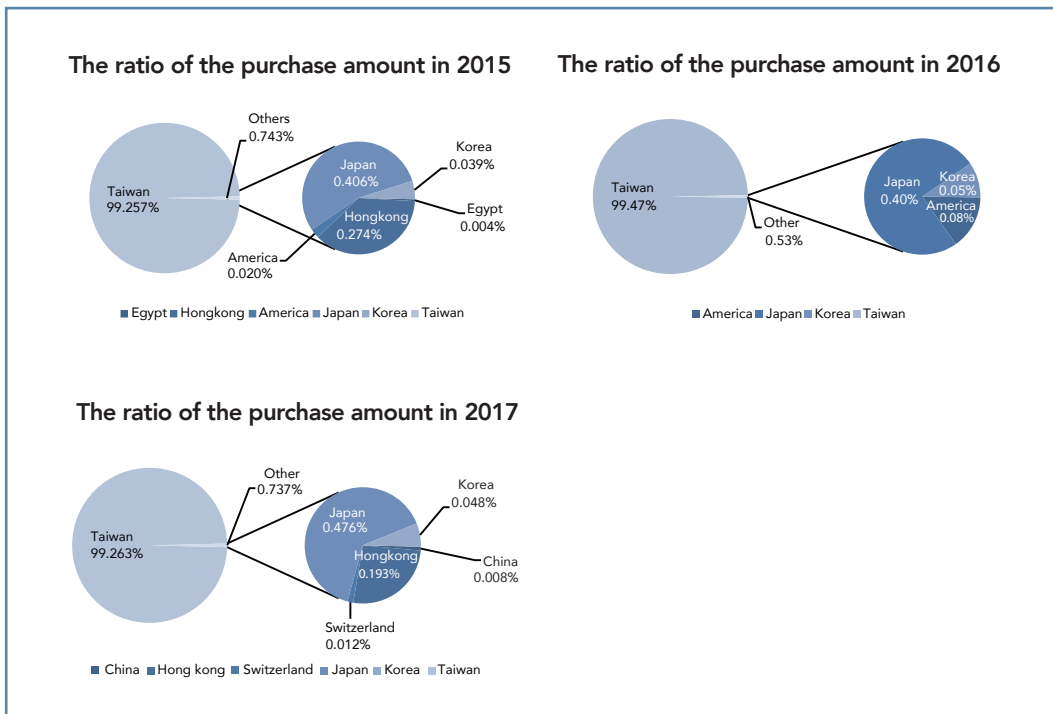
The structure of OCEAN's supplier chain and the countermeasures to the potential environmental impacts



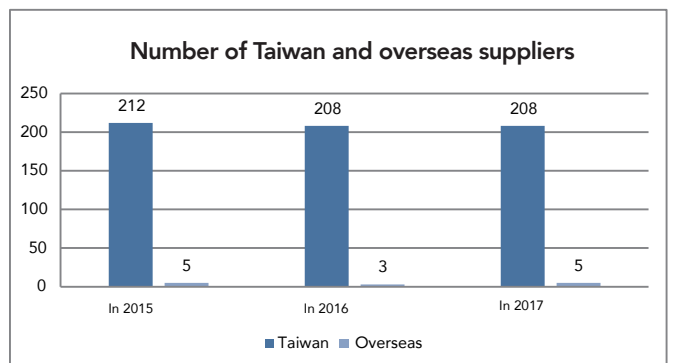
# Partnership Management

For the past three years, 90% of OCEAN's procurement (OCEAN and Taiwan's local supplier have been working for more than 90% of the average in the past three years. ) expenses go to the local suppliers with 7-10% to the processing section. ( 7~10% of them is processing costs )Some of suppliers have worked with OCEAN for more than eight years, which exhibits how OCEAN values the long-term partnerships with the suppliers.

## The ratio of the purchase amount in Taiwan and overseas for the past three years



To strengthen the cooperation with the suppliers, OCEAN has promoted localization for many years. On the premise of creating a win-win situation for both OCEAN and its suppliers, OCEAN shares the benefits of localization with its local partners.



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# Creating Shared Values

## [Diversified Workplace]

Established in 2000, and started out with the single digit of seven people. For the past 17 years, OCEAN has been dedicated to the corporation concepts – Quality Priority, Service First and Sustainable Development to provide a platform for the aspiring youth in Taiwan to deploy their talents.

The number of OCEAN's staff has been growing steadily to 38 up to the date of Dec. 31, 2017, including one subcontracted worker.

### Age Distribution of OCEAN Staff in 2017

The percentage of the staff under 30 years old is 23.68%; the employees in this category receive training to sharpen their skills and give out refreshing energy. The percentage of the staff between 30 and 45 years old is 60.53%; they are the driving force of the company with senior work experiences. The employees over 45 years old take up 15.79% of the company; they are the key leaders of the corporation.

### Formal Staff

Year	Formal												Total
	Taiwanese						Foreigner						
	Male			Female			Male			Female			
	under 30	30   50	above 50	under 30	30   50	above 50	under 30	30   50	above 50	under 30	30   50	above 50	
	2015	3	10	0	2	6	0	2	0	0	0	0	
2016	2	17	0	2	11	0	2	0	0	0	0	0	34
2017	5	16	1	2	11	0	2	0	0	0	0	0	37

### Subcontracted Staff(part-time)

Year	Subcontracted												Total
	Taiwanese						Foreigner						
	Male			Female			Male			Female			
	under 30	30   50	above 50	under 30	30   50	above 50	under 30	30   50	above 50	under 30	30   50	above 50	
	2015	0	1	0	0	0	0	0	0	0	0	0	
2016	2	1	0	0	0	0	0	1	0	0	0	0	4
2017	0	1	0	0	0	0	0	0	0	0	0	0	1



# Creating Shared Values

## According to Positions (including subcontracted staff)

Year	Taiwanese						Foreigner						Total
	Male			Female			Male			Female			
	general staff	section manager section manager	above assistant manager	general staff	section manager section manager	above assistant manager	general staff	section manager section manager	above assistant manager	general staff	section manager section manager	above assistant manager	
2015	8	3	3	6	0	2	2	0	0	0	0	0	24
2016	16	3	3	11	0	2	3	0	0	0	0	0	38
2017	16	4	3	11	0	2	2	0	0	0	0	0	38

## OCEAN' s New and Dismissed Employees Statistics in 2017

### 2017 New Employees (Percentages)

Year	Number															Percentage		
	Taiwanese						Foreigner						The total No. of new staff					
	Male			Female			Male			Female			Male	Female	The No. of new staff	The total No. of staff		
	under 30	30—50	above 50	under 30	30—50	above 50	under 30	30—50	above 50	under 30	30—50	above 50						
2015	1	4	0	2	1	0	0	0	0	0	0	0	5	3	8	23	22	13
2016	0	8	0	0	5	0	0	1	0	0	0	0	9	5	14	34	26	15
2017	5	2	1	0	1	0	0	0	0	0	0	0	8	1	9	37	22	3

Note: interns are excluded in this evaluation

# Creating Shared Values

## OCEAN' s New and Dismissed Employees Statistics in 2017

### 2017 Dismissed Employees (Percentages)

Year	Number															Percentage		
	Taiwanese						Foreigner						The total No. of dismissed employees		The total number of formal employees		Male (The No. of dismissed employees)	Female (The No. of dismissed employees)
	Male			Female			Male			Female			Male	Female				
	under 30	30—50	above 50	under 30	30—50	above 50	under 30	30—50	above 50	under 30	30—50	above 50						
2015	2	3	0	0	2	0	0	0	0	0	0	0	5	2	7	23	22	9
2016	4	4	0	1	2	0	0	0	0	0	0	0	8	3	11	34	24	9
2017	2	3	0	0	1	0	0	1	0	0	0	0	6	1	7	37	16	3

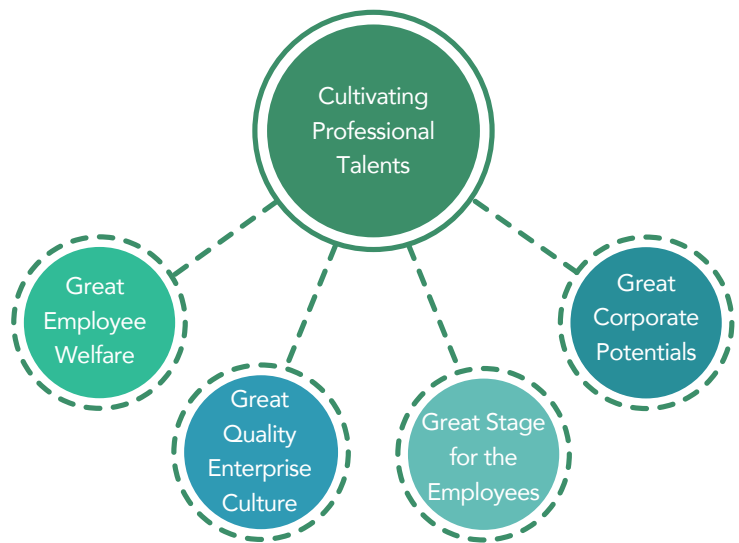
Note: interns are excluded in this evaluation

# Creating Shared Values

## [Employees' Skill Learning and Developing]

### Cultivating Talents

To ensure the effectiveness and the sustainability of developing the human resource, OCEAN has continuously provided corresponding courses according to the corporation culture, analysis of the needs of the policies, execution of the professional evaluation and demanded skills needed in different phases. The courses are designed via various learning channels both internally and externally to assist the cultivation of new talents and the career development in the hope of improving the corporation performance and growth.



### Talent Cultivating Measures

OCEAN recognizes that the developments in the corporation and the talent cultivation go hand in hand and play a key factor in its sustainable management. Hence, OCEAN exerts itself to cultivate talents effectively, assist its staff to strengthen their skills, emphasize the team spirits, create the sense of accomplishment from different aspects and embrace the challenges in the hope of solidifying the manpower in the company and generate new work values, which are the backbone of OCEAN's human resource cultivation.

To reach the goals stated above, OCEAN hires professional and experts to manage different fields and collaborates with the human resource section to organize training resources according to needed professional skills and the social trends. From the day the new staff start their jobs, a series of field-related courses are planned, such as new-recruit educational training and on-the-job training. At the end of the training, based on the evaluation sheets, hands-on performance and experience sharing, the learning performance will be reviewed for further adjusted training programs. All of the above practically increase the employee's capabilities, fully utilize the function of the performing stage, continuously boost the professional levels and create a win-win situation for the employees and the enterprise.

### 2017 General Training Content of Different Fields

Category		Training Content
New Staff	New Staff Educational Training	Introduction of the company's history, structure, welfare and benefits, labor safety education and training, products, the factory, information safety education and training and the understanding of sexism and sexual harassment
On-the-job Training	On-the-job Career Training	Internal and external trainings as well as professional courses, ex. ISO internal training

Note: 1. New Staff (seniority less than 3 months), on-the-job training (including the general staff and the section manager level staff)

# Creating Shared Values

OCEAN's on-the-job average training hours of the professional courses from both internal and external trainings in 2017

## 2017 Staff On-the-job training – courses and numbers of trainees analyzed chart

Course	General Training Course		Professional Training Course				Total
	External		Internal		External		
Number of courses	35		10		15		60
Percentage	58.33		16.67		25		100
Number of Trainees	Male	Female	Male	Female	Male	Female	Total Number of trainees
	30	21	30	21	30	21	124
Percentage	24.19	16.94	24.19	16.94	24.19	16.94	100

## 2017 Formal Staff Average Training Hours

Annual training hours		No. of staff	No. of Trainees	No. of Trainees
Direct Worker	Male	13	253.5	19.5
	Female	0	0	0
Indirect Worker	Male	11	110.5	10.05
	Female	13	237.5	18.27
General Worker	Male	16	162	10.13
	Female	10	149	14.9
Managing Position	Male	8	202	25.25
	Female	3	88.5	29.5

- Direct workers are referred to the employees of the production line. The others are the indirect workers.
- Managing positions are team leaders, deputed team leaders, section managers, deputy section managers, managers, assistant managers, chairman; the rest are general workers

Both regular and occasional courses organized either internally or externally are provided for OCEAN staff to better understand and familiarize the roles of their jobs for higher work performance and efficiency.

# Creating Shared Values

## Educational Training Measures

1. OCEAN covers all the external training costs for the employees assigned by the company.
  - a. When the staff is assigned for training within their working hours, they can apply for an official leave if the training can be completed within the working day; If the destination of the training is far or the training organization requires the trainees to stay overnight, the staff can apply for the coverage of the transportation, food and boarding from the company according to the "National Official Business Trip Measure" .
  - b. If the assigned trainees attend the training courses outside their working hours, they should cover their own expenses of the transportation, food and boarding. In principle, the training in this case can't be reported as overtime, however, cases approved by the project managers are exceptional.
2. For staff who attends external training courses out of their own will, they should cover the expenses of transportation, food and boarding themselves. The company can subsidize the training fee only for courses conducted after working hours. Receipts are required for reimbursement.
  - a. Managers and assistant managers NT\$8,000/year
  - b. Section managers and deputy section managers: NT\$5,000/year
  - c. Team leaders or employees: NT\$3,000/year

## Respecting Human Rights

OCEAN follows Labor Standard Law and its related regulations, supports and abides the Universal Declaration of Human Rights, the Global Compact and international conventions as well as respects the basic human rights recognized internationally. Hence, OCEAN protects all the legal rights of its entire staff and the equality in its employment policy - no discrimination regarding of sexes, races, ages, marital status, religions, political parties, birthplaces, sexual preferences, mentally and physically disadvantages. It's prohibited to hire any employees under 16 years old. Any action, which gives rise to child labor and forced labor is strictly forbidden.

No cases of violation of human rights or work discrimination were reported in OCEAN in 2017. In 2018, OCEAN is planning to introduce the written statement, Forbidding Workplace Bullying, all new staff must sign the agreement when joining the company. This agreement protects the freedom of the employees and clearly prohibits any forms of forcing the employees to perform out of their free will. To ensure a harmonious workplace as well as guarantee a safe workplace and the right to work, OCEAN especially published " Sexual Harassment Prevention Reward and Punishment System at Work" to demonstrate its zero-tolerance of any levels of bullying from across the board of the company.

The entire staff of OCEAN is equally responsible of assisting and ensuring the workplace is bullying free. For anybody who witnesses or hears any workplace bullying incidents, he or she should immediately inform the management department or utilize the report channels. Once the company receives the complaint, the investigation will be conducted in a non-disclosure way. When the allegation approves to be true, the involved parties will be punished accordingly.

No employees suffered from work discrimination in 2017.

# Creating Shared Values

## Employee Complaint Channels

OCEAN is proud in cultivating free and open organizational atmosphere and enterprise culture to encourage the staff to enjoy their work. Workplace Bullying Consultancy, complaint phone line (04) 23394805, ext. 209, fax line (04) 23332038 and email box/ Barbara@octec.com.tw are all served to collect and listen to the opinions and suggestions from our employees. In so doing, the employees' opinions and needs can be tended and assisted instantly. Any opinions and suggestions can all be reflected via the channels above. In 2017, no complaints were filed.

## [Post Assigning and Performance Management]

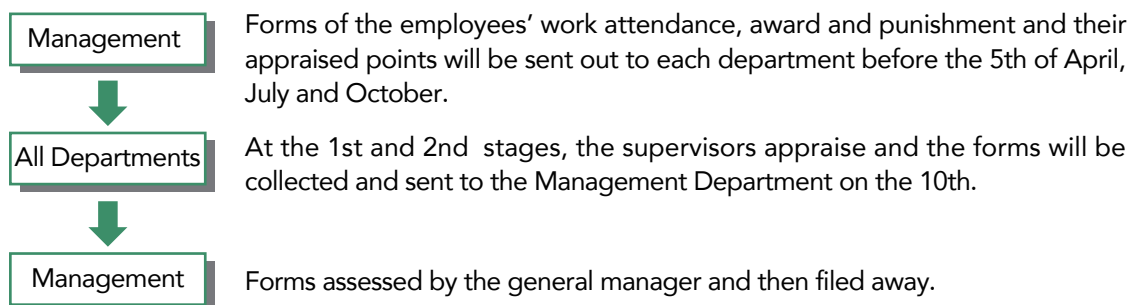
### Assessment Methods

The employees' work performance will be evaluated into the seasonal and annual assessment. The annual assessment is based on the averaged seasonal evaluation to provide the manager as a reference for the employees' annual work performance.

### Performance Appraisal Objects

The performance appraisal objects are categorized into the executives and the general employees; the entire formal staff will be assessed.

### Appraisal Procedure



# Creating Shared Values

## |Post Assigning and Performance|

To ensure the transparency of the assessment procedure as well as to realize the purpose of raising the employees' work performance, at the end of the appraisal, assessment-reviewing supervisors will meet their evaluated employees to commend their great seasonal performance and to give them the future goals. In so doing, the appraisal process helps to assist the employees to improve their abilities, enhance their weakness, strengthen the understanding of the common ground of the company and establish the direction of their performance development. At the end of the meeting, the employees will have to sign and confirm the points from the meeting, an important referral for the next appraisal. OCEAN also authorizes the supervisors to conduct interviews, which will be based for remuneration criteria. The following is the analysis of the work assessment in 2017.

### The ratio of the regularly assessed employees

Job Title	A total of 23 people in 2015				A total of 34 people in 2016				A total of 37 people in 2017			
	Employee No.		Percentage (Based on title, sex/a total No. of 37 people)		Employee Number		Percentage (Based on title, sex/a total No. of 37 people)		Employee No.		Percentage (Based on title, sex/a total No. of 37 people)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Assisting Manager above	3	2	13.04	8.70	3	2	8.82	5.88	3	2	8.11	5.41
Section Manager Deputy Section Manager	3	0	13.04	0	3	0	8.82	0	4	0	10.81	0
General Staff	9	6	39.13	26.09	15	11	44.12	32.35	17	11	45.95	29.73
Total	15	8	65.22	34.78	21	13	61.76	38.24	24	13	64.86	35.14

Note: The chairman's appraisal performance is determined by the average of the entire staff's assessed performance.

# Creating Shared Values

## [Employee Interaction]

OCEAN's believed that a clear, comprehensive and diversified communication system nourishes the growth and the sustainable development of the corporation. Hence, OCEAN has provided a multifaceted communication platform to listen to the employees' sincere opinions and suggestions. No labor-dispute cases took place in 2017.

- Monthly Exchange and Sharing: The employees share their experience with the help of PowerPoint.
- Seasonal Dining: Delicious food helps the bonding of the employees.

## Two-Way Labor-Capital Communication

Harmonious labor-capital relations and friendly workplaces are the key to sustainable development. Thus, in addition to the conditions mentioned above, OCEAN also fulfills the practice of labor-capital meetings, a platform to discuss important issues essential for parties, the corporation goals, visions, culture development and consensus bonding. Via this platform, the employees can honestly reflect their ideas and provide suggestions, which all contribute to the building of a friendly work environment.





# Creating Shared Values

## |Employee Benefits|

Based on the concept of "Take from the society and give back to the society" , OCEAN provides the following benefits according to the employees' needs – wedding cash gifts, maternity benefits, bonuses or gifts for three major Chinese holidays, employee children's scholarship, child financial support, premium mortgage programs for outstanding employees, 5S Competition Award, bonus and subsidy proposal programs and timely bonus distribution.

Employee benefits also include the year-end bonus, a minimum 5% of the employee's wage when the company makes profits, company trips and birthday cash gifts.

## Multiple Insurance Policy

To enable the employees to obtain more protection from the work place, besides the mandatory Labor Insurance and National Health Insurance, OCEAN also provides group insurance and business trip insurance with casualty and medical care included. According to the "Benefit Programs" , wedding cash gifts, maternity cash gifts, death subsidy, sickness and injury subsidies and major Chinese holiday subsidies are also generously incorporated. In addition, OCEAN allocates a sum as welfare fund to organize activities for the employees, such as gatherings and company trips.



# Creating Shared Values

## Welfare Expenses of the Years (NT\$)

Welfare Categories	2015	2016	2017
Wedding/birth/sickness and injuries/death subsidies	15,200	24,900	25,800
Cash gifts for three major Chinese holidays and birthdays	3,724,199	3,940,133	3,199,996
Company trip subsidy	264,552	266,419	172,840
Group Assorted Insurance covers life, casualty and medical care items (company covers all the expenses)	79,050	89,714	116,213
Meal subsidies	38,137	16,460	27,454
Health check subsidy	0	0	20,500
Company events (Labor Day and Year-end celebrations, club and recreational activities)	162,096	280,001 746,836<OPEN HOUSE including year-end party>	370,181

Wage Ratio									
Categories			2015		2016		2017		
			Male	Female	Male	Female	Male	Female	
Minimum Wage	Position	Administration Position	1	0.74	1	0.6	1	0.63	
		Skill Position	1	0.7	1	NA	1	NA	
		Managing Position	Assisting Manager Level	1	NA	1	NA	1	NA
			Manager Level	1	0.9	1	1.1	1	0.99
			General Manager	NA	NA	NA	NA	NA	NA
Wage	Position	Administration Position	1	0.53	1	0.64	1	0.71	
		Skill Position	1	NA	1	NA	1	NA	
		Managing Position	Assisting Manager Level	1	NA	1	NA	1	NA
			Manager Level	1	1.39	1	0.8	1	0.82
			General Manager	NA	NA	NA	NA	NA	NA

# Creating Shared Values

## Parental Leave without Pay

According to Article No.16 of Gender Equality in Employment Act, formal employees who have worked more than six months for the company can apply for parental leave without pay. This practice applies to every child in the family before he/she turns three years old. The duration of the leave can't exceed two years. If there are more than two children for the employee to care for, the duration of the maximum leave will be limited to two years of caring for the youngest child.

No employees applied for Parental Leave without Pay in 2017

## Parental Leave without Pay Application Percentage

Year	Application Category	Male	Female	Total	Parent Leave without Pay Percentage	Note
2017	Number of qualified parental leave without pay applicants (A1) (within three years after the maternity leave)	1	3	4	0	
	Actual number of parental leave without pay applicants (A2)	0	0	0		

## Reinstatement Rate from Parental Leave without pay

Year	Parenting Leave Application Category	Male	Female	Total	Reinstatement Rate from Parental Leave without pay	Note
2017	The expected number of reinstated employees from parental leave (B1)	0	0	0	0	
	The actual number of reinstated employees from parental leave in 2017 (B2)	0	0	0		

## Parenting Leave without Pay Rate

Year	Parenting Leave Application Category	Male	Female	Total	Parental Leave Rate	Note
2017	Number of employees came back from Parental Leave without Pay and worked more than a year (C1)	0	0	0	0	
	Number of reinstated employees from Parental Leave without Pay (C2)	0	0	0		

## Retirement System

When OCEAN was founded in 2000, the company employed the old Labor Retirement Pension system. However, the 2nd- tier New Labor Pension Plan was introduced later on and has been applied to all employees in the company. According to the new plan, 6% of each employee's wage will be allocated to his/her personal retirement pension account in the Labor Insurance Bureau. Besides this, the old plan is still in effect and OCEAN still allocates retirement preparation funds to the pension accounts. When the employees change jobs or the company closes down, their accounts won't be affected. Currently, 100% of the entire staff joins the new plan. The total amount allocated to the retirement pension accounts in the Labor Insurance Bureau in 2017 is NT\$830,000 while the retirement preparation funds in 2017 is NT\$948,000. The employees can also pay for their own pension programs within the range of 6% of their monthly wages. Because the averaged age of the entire staff of OCEAN is 34, far from the retirement age, as a result, no employees applied for retirement in 2017.

# Creating Shared Values

## |Safe and Healthy Workplace|

Employees are the most important assets of an enterprise. To pursue sustainable development, OCEAN spares no effort to ensure the safety and health of its employees. Thus, OCEAN is committed to constructing a safe and healthy working environment to effectively monitor the employees' health. Besides following the regulations in the Occupational Safety and Health Act, all staff is responsible of reducing the risks at work. Hence, OCEAN organizes safety and health education and training to prevent occupational injury and disease to safeguard the employees, suppliers, visitors and the related third parties.

### Safety and Health Management

The concepts – following the regulations, full participation, continuous improvement and zero-hazard, are at the core of OCEAN's policy to promote work safety and health. The Occupational safety and health management unit was established according to the regulation to draft, plan, monitor and instruct related departments to execute the safety and health management programs.

### Creating Zero-Hazard Working Environment

OCEAN provides a healthy and comfortable working environment to protect the employees from the chemical harm. Every six months, OCEAN conducts chemical exposure risk assessment and monitoring to differentiate, evaluate and control the risks related to the working environment. The company also adopts protection measures to continuously improve and reduce the risks from the working process.

To guarantee the safety and health of the workers and to avoid direct contact with chemical elements or carelessness-inflicted accidents, personal protection gear and normal saline are planned to be installed for effective responses. The usage of the gear will be demonstrated properly to ensure the safety of the workers.

### Health Check

The health of the employees is important to OCEAN. According to Labor Health Protection Act, OCEAN regularly provides the employees complete health checks to prevent occupational injuries and to ensure each employee is fully aware of his/her own health conditions. Any unusual results from the health checks will be evaluated and managed to see if there are any connection with his/her work. Related health consultancy will be also supplied to protect the mental and physical health of the employees.

# Creating Shared Values

## |Safe and Healthy Workplace|

### Disaster Prevention and Relief Measures

- Installing Emergency-Counteracting Equipments

An emergency should be tackled promptly and effectively to minimize the potential harm and loss. According to the nature of the operation, necessary emergency-counteracting equipments have been installed and necessary educational training and drills have been organized to make certain that when an accident takes place, the workers can utilize the equipments effectively to reduce the harm and loss.

- Fire Protection Drills

Only adequate preparation can turn peril into safety. Thus, to better equip the employees with the emergency-handling capabilities and to strengthen the preparation of fire protection, fire-protection workshops and drills are planned to be held every six months in 2018. It's hoped to educate the staff how to manage the crises and the fundamental common sense of fire protection. Via hands-on practices, the staff learns how to utilize the fire-extinguishing equipments correctly and get familiar with the procedure – minimizing the crisis, avoiding danger and seeking safety. Repeated drills enable the staff to react to emergencies with prompt and efficient measures, reduce the loss and guarantee the safety of the staff and the property of the company.

- Safety and Health Educational Training

All new employees must receive safety and health educational training to understand their work place and avoid the potential danger. The trainings include rules on hazard communication of dangerous and toxic materials, machine operating, emergency-handling drill and other danger related safety and health courses. These exercises are held once a year to raise crisis awareness of chemical usage and other operations. Prevention is better than cure, which is OCEAN's belief to guarantee the employees' safety and health.

# Creating Shared Values

## Disabling Injury Frequency Rate in 2017

The statistics of occupational injuries has shown that 2017 was a safe year; no occupation related crisis took place. OCEAN will still continue to improve, educate the safety and health concepts, fulfill the company's duty, cultivate the employees' enthusiasm in caring for the working environment, eliminate unsafe elements and behaviors at work and ultimately avoid the danger.

## Absence Rate(AR), Injury Rate(IR), Occupational Disease Rate(ODR), Lost Day Rate(LDR) in 2017

Sex	Days / Hours	Hours of Absence				Total Hours of Attendance(B)	(AR)(A/B)*100 (%)	No. of Disabling Injuries(C)	(IR) (C*1000000/B)	Total No. of OD (D)	(ODR)(D/B*1000000)	(LDR) (E*1000000/B)
		Occupational Injury (E)	Sickness	Leave	Total (A)							
Male	Days	0	0	5.5	5.5	8645	0.06	0	0	0	0	0
	Hours	0	0	44	44	69160						
Female	Days	0	18.8	9	27.8	7904	0.35	0	0	0	0	0
	Hours	0	150.5	72	222.5	63232						

Absence Rate Categories: occupational injury, sickness and general leaves.

Definition of Occupational Injury: The work-related injury takes place within the working hours at the workplace, which includes traffic accidents while going to or leaving work.

Note: Work-related Death – Zero  
Injury Rate: excluding minor injuries.

Lost Days: Calendar Days  
Lost Days: Starting from the day after the incident.



# Creating Shared Values

## |Environmentally Friendly and Socially Caring|

Embracing the concept of “Take from the society and give back to the society” , OCEAN has consisted the idea that the company is a big family. It fulfills its social participation from taking care of its employees’ welfare to actively engaging with charity work of caring for the minority groups.

### Employees’ Welfare Programs

- Providing fundamental employment benefits
- Providing scholarships and child-support subsidies for the employees’ children in 2017
- Great home mortgage support programs
- To create even better benefits for the employees, OCEAN is planning to share its profits and stocks with the outstanding staff, to promote them to the managing positions and to grow together.
- Providing subsidies for employees’ clubs

Subsidized Item	Condition	Sum	Result
Scholarships and child-support subsidies	<ol style="list-style-type: none"> <li>1. Child-support subsidies: preschool children</li> <li>2. Scholarship: elementary, junior high, high school students or teenagers</li> </ol>	<ol style="list-style-type: none"> <li>1. NT\$6,000/child/year</li> <li>2. Average Grades/Number of Students/Semester            Score 70~79 NT\$500/students/semester            Score 80~84 NT\$2,000/students/semester            Score 85~89 NT\$3,000/students/semester            Above 90 NT\$5,000/students/semester</li> </ol>	Total:\$240,500
Outstanding employees’ home mortgage support programs	<ol style="list-style-type: none"> <li>1. Employees who purchase their first houses and possess great credits can apply to the program. Repayment plans and collateral have to be presented. Under special circumstances, the term can be extended two more years.</li> <li>2. A minimum of two years working for OCEAN is required. After the department manager approves, the application is forward to the Management Department to present to the chairman for approval.</li> <li>3. During the mortgage support program, the sponsored employees must pay off their loan before leaving their posts.</li> <li>4. This program is applicable to the employees who purchased their houses after Jan. 1, 2015.</li> </ol>	<p>Each employee is allowed the amount of NT\$ 1 million.</p> <ol style="list-style-type: none"> <li>1. NT\$500,000 interest-free loan is provided under the condition of an installment plan or pay-up at one go within five years.</li> <li>2. NT\$500,000 loan with interest is also provided. The interest rate is determined by the time when the loan is approved from the bank (current rate is about1.5%). If the rate from the bank is higher or lower than 0.3%, including 0.3%, meaning the fluctuating range is <math>\geq 0.3\% \leq</math>), in this case, the interest rate should be adjustable under the condition of an installment plan or pay-up at one go within ten years.</li> </ol>	Two employees have been approved for their application.
OCEAN club subsidy Programs	<ol style="list-style-type: none"> <li>1. Minimum five employees are required to form a club and a leader is voted to organize the club.</li> <li>2. All clubs must register at the Management Department</li> <li>3. Each year, minimum four activities should be organized.</li> </ol>	The budget of each event is calculated on the basis of the actual number of participants. Each attendee is subsidized with NT\$200.	Already established: OCEAN running group. Total NT\$15,600

# Creating Shared Values

## Caring for the Society

- Sponsoring Azhaowu Charity Running Event in Wufeng District with NT\$100,000. Besides setting up a booth at the designated spot, OCEAN also organized food supply stops and a cheering team for this event.
- Donating NT\$80,000 to the local district office to distribute to the minority groups and to strengthen the parent-children relations. (0.5-1% of the company's profit is allocated to the minority groups annually to help out the children of special needs and their families.)
- Participating Taiwan Fund for Children and Families charity sales in Nantou County; sponsoring NT\$50,000 for the charity event; donating the total income from the charity sales of NT\$46,500; providing NT\$60,000 as the children's scholarship; allocating NT\$12,000 each month for the children and a minimum allocation of NT\$144,000 to the foundation.
- Sponsoring NT\$100,000 to the symphony charity concert to share the happiness of the city
- Donating NT\$100,000 to the International Education Exchange Fund of National Chiayi University
- Helping the local farmers and supporting organic environment by purchasing local toxic-free rice of 200kg
- Providing free parking lots for the neighbors
- Participating Amuping Tree Planting event to help increase greenery space, purify the air, effectively improve the life quality and prevent landslides – a move to raise public awareness of the importance of trees to the ecological balance of the environment.

## Social Contribution

- Providing internship opportunities to the students (ex. Nan Kai University of Technology and Ling Tung University) to allow them to exercise their skills, to cultivate talents of academic and hands-on experiences and to explore their potentials ; depending on their performance, besides the minimum wage, scholarships will be also allocated during their internship.
- Visiting schools and enterprises, such as Providence University, Nan Kai University of Technology, industry and commerce research centers and rotary clubs.

## Consumers' Rights

- All products produced by OCEAN are covered by US\$ 3 million product insurance and one year warranty; no matter it's the post-sales services, maintenance and repair, OCEAN is committed to its promises to its clients and hopes that consumers can enjoy the quality and are satisfied with the products.



# Creating Shared Values

## Environmentally Friendly Measures

- OCEAN's 2nd factory was completed in 2016; the roof was covered with insulation paint, each window was glued with insulation paper and fans are utilized to reduce the indoor temperature and the usage of the air-conditioning facilities.
- Waste is divided according to the recyclable criteria in response to the government's new policy; utilizing dissolvable tissue paper to reduce the trash amount.
- Urging the suppliers to reduce the disposable packaging when purchasing parts; three suppliers have changed their packaging to plastic containers, which can be used repeatedly.
- OCEAN developed innovative high-speed micro HP1 Sparking Circuit, which effectively raises 20-40% of the processing speed to provide the clients not only a faster and more efficient machine but also a more energy-saving product, 30% less energy-consumption of the original model and successfully serving the purpose of green energy.
- Loving our mother earth, OCEAN ordered 1,000 environmentally friendly chopsticks to be used in the factory. They're also great gifts for our guests to advocate for better care of our planet.

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# Creating Sustainable Environment

## |Product Research and Innovation|

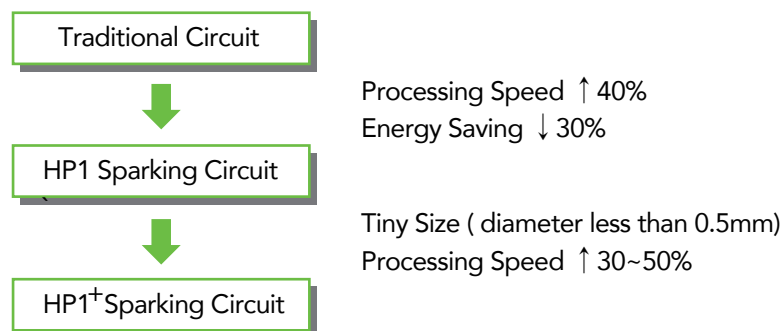
OCEAN is a professional company producing electrical discharge machining (EDM). It has abundant experiences and an outstanding corporation team, whose members study and innovate the clients' needs and assist the industry to upgrade to cutting-edge technologies. In 2016, OCEAN successfully developed HP1, which surpassed the internationally known companies in Japan, Europe and the states. The continuous research and innovation for the past few years have earned the company many patents and CE, EMC international certificates.

OCEAN's business has grown steadily with great potentials. Its important position in the global market has grown with the help of its wonderful team of marvelous developing and managing abilities. Insisting on quality priority and innovative spirits, OCEAN has produced high-tech micro electrical discharge machines and has distributed worldwide to more than 35 countries by the end of 2017. It's continuing the great work to join the aerospace industry around the world.

In response to the key points of the advanced researches, OCEAN tests repeatedly to adjust its designs and finally completed the development of the system to distribute in the global market.

## New Production and New Skill Development

Compared to the traditional circuit model, HP1 is 40% faster in processing speed and 30% lower in energy consumption. It perfectly serves the energy-saving purpose to protect our environment with high efficiency and performance. However, instead of stopping at where it was, OCEAN continued to develop and upgrade HP1 to HP1+ by bringing down the diameter to less than 0.5mm but bringing up the processing speed to 30-50% higher to complete the functions.



# Creating Sustainable Environment

## New Product Development

Program Year	Key Points of Innovative Development	Performance Report
2015	<ul style="list-style-type: none"> <li>Developed Product: Automatic Processing Production System, Automatic Tool/ Electrode Changer</li> <li>Completed CNC Four Axis Drilling EDM Machine APC development</li> </ul>	<ul style="list-style-type: none"> <li>Successful sales of 19 CNC Automatic Tool/Electrode Changers of approximate NT\$2.8 million</li> <li>Automatic production system reduces the cost of manpower and the time of changing tools and electrodes to raise production efficiency.</li> <li>CNC automatic production system saves processing time to increase production yield.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Developed Product: Brand new electrical discharge circuit products can be combined with other machines to increase 40% of the processing speed and to save 30% of energy.</li> <li>Completed HP1 Sparking Circuit development</li> </ul>	<ul style="list-style-type: none"> <li>Successful sales of 8 HP1 Sparking Circuit of approximate NT\$2.4 million</li> <li>The speed is 40% higher to reduce processing time and increase production.</li> <li>30% energy saving means unnecessary waste and serves the purpose of preserving the environment.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Developed Product: upgraded electrical discharge circuit products can be integrated with other machines to averagely raise the processing speed up to 30-50% higher.</li> <li>HP1 Sparking Circuit would be further developed to bring up the processing speed.</li> </ul>	<ul style="list-style-type: none"> <li>Successful sales of 65 HP1 and 3 HP1+ of approximate NT\$2.4 million.</li> <li>HP+ Compared to HP1, HP+ has a smaller hole with a diameter less than 0.5mm. It averagely raises 30-50% of the processing speed and cuts down the processing time to increase the production yield.</li> </ul>

In 2017, OCEAN successfully developed System for Break Through Function by Electrical Discharge Machine, Current Control Device for an Electrical Discharge Machine, Multi-Axis Electric Discharge Machine with Robot Arm with innovative and advanced technologies. To ensure the intellectual rights, OCEAN's professional developing team applied for the patent protection in countries where OCEAN's products have been distributed.

OCEAN owns a total number of 13 patents both in Taiwan and worldwide to protect its intellectual rights. OCEAN's continuing to innovate the technologies and apply for the copyrights.

# Creating Sustainable Environment

## Obtained Patents in 2017

Patent	Certificate No.	Country
Current Control Device for an Electrical Discharge Machine	CP-32781	R.O.C.
System for Break Through Function by Electrical Discharge Machine	CP-32782	R.O.C.
Multi-Axis Electric Discharge Machine with Robot Arm	CP-32783	R.O.C.

## Expected Patents in 2018

Patent	Country
CurreSystem for Break Through Function by Electrical Discharge Machinent	Europe
Current Control Device for an Electrical Discharge Machine	Europe

Obtained 13 items of patent

### Functions of the Patented Products:

- Current Control Device for an Electrical Discharge Machine: This is the HP1+ Sparking Circuit. Compared to the traditional circuit, it effectively raises the processing speed to 30-50% higher and saves 30% of the energy consumption.
- System for Break Through Function by Electrical Discharge Machine: Judging from the instant data from the discharge monitor and system stability analysis, the machine automatically controls the depth of each break through.
- Multi-Axis Electric Discharge Machine with Robot Arm: The elements of robot arms, automatic function detecting feature and production line managing software are designed to be easily integrated into the production systems of all major factories to provide the clients the most flexible automatic smart EDM.

# Creating Sustainable Environment

## Keeping the Roots in Taiwan

OCEAN started out in a small factory. In 2006, it purchased its first factory of 2,200 square meters and in 2016 the second factory of 3,300 square meters. OCEAN invited distributors and suppliers both from Taiwan and overseas to share its joy of growth. For the past 18 years, OCEAN has insisted on keeping its roots in Taiwan to create a multi-billion machinery industry in Taiwan.

## Green Products

OCEAN has invested heavily in its key technologies, cooperated with 100% Taiwan local teams to consolidate the professional knowledge of machinery, electronics, electrical engineering and information software and then developed. 90% of upstream, mid-stream and downstream raw material providers are locally operated in Taiwan. All in all, it's hoped to develop its own technologies and to create the production-marketing integration model.

Thus, OCEAN's machine products possess functions and quality found in international known brands but cheaper prices as the costs of the materials are lower compared to other overseas companies.

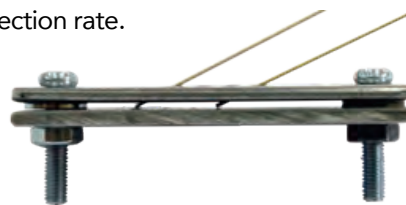
Instead of stopping at the success of developing the HP1+ electrical discharge circuit, OCEAN still continues to research and test to provide the clients better version of HP1+. In the future, OCEAN will keep up the innovation of the electrical discharge functions. The less than 0.5mm diameter feature also effectively raise the processing speed to 30-50% higher. For clients who handle great quantity of work, they can effectively reduce the production time but increase the production capacity.

## Special Features of HP1+ in 2017

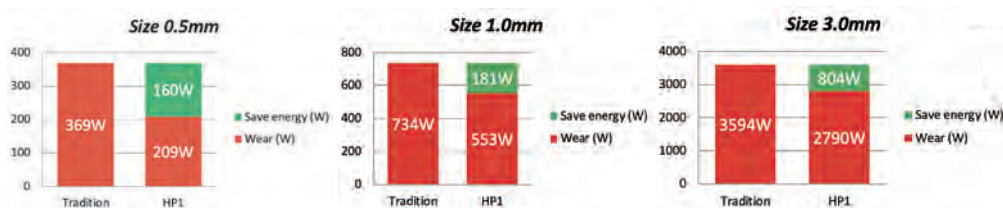
- High Processing Efficiency  
40% faster processing speed

Information	Time		Conclusion
	New generator HP1 (Special liquid)	Japan (Special liquid)	
Material : SAE4340 Size : Φ 1.5 Thickness: 102mm	2' 5"	4'	HP1 Speed ↑ 48% Wear ↓ 30% Save energy 28%

- High Product Yield  
Adopting the break-through control to reduce rejection rate.



- Energy Saving Chart  
Less Energy-consumption



New product HP1 & Standard type comparison – Save energy

HP1 Sparking Circuit not only effectively increases 30-50% of the processing speed but also saves 30% of the energy consumption to reduce unnecessary waste. The high efficient performance successfully helps the company produce products in an environmentally friendly way.

# Creating Sustainable Environment

## Product Liability

To ensure that OCEAN's products meet the demands required by the international laws and regulations, satisfy the clients' needs, pose low impacts to the environment and possess high competency, OCEAN has looked into having the products certified.



## Safety Regulation Certificate

OCEAN products have been certified with CE marking, ex. EN60204 and EN13849. The circuit designs and materials applied to the soft and hard wares also meet the highest standard in EU. OCEAN will provide CE Marking products to the clients in certain regions, such as EU.

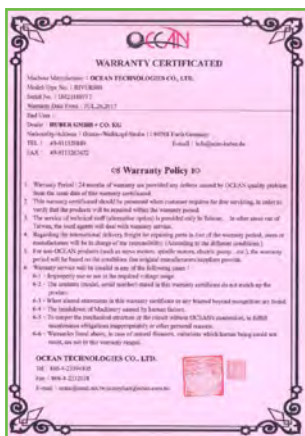
## Green Product Management

The raised processing speed, 30-50% higher and energy saving, 30% lower consumption of the products respond to the issue of environment preserving the energy saving.

## Product Safety Related Labeling

- Product Safety Certificate: CE, EMC Certificates

## Obtained Related Certificates



Consumer Protection Certificate



ISO Certificate



CE Certificate



EMC Certificate

## US\$ 3 Million Product Liability Insurance is Provided

- All products are labeled with safety instruction to safeguard the clients. OCEAN, a professional machine producing company, manufactures according to the clients' orders without any violation of laws and regulations.



# Creating Sustainable Environment

## |Quality Management Systems|

### Quality Policy – Quality Priority, Service First, Sustainable Development

- Quality Priority: Excellent quality is the bloodline of the sustainable development.
- Service First: Top service is the best guarantee for the clients.
- Sustainable Development: With excellent quality and top service, the number of clients grows and the employees' jobs are protected.

### Quality Goals

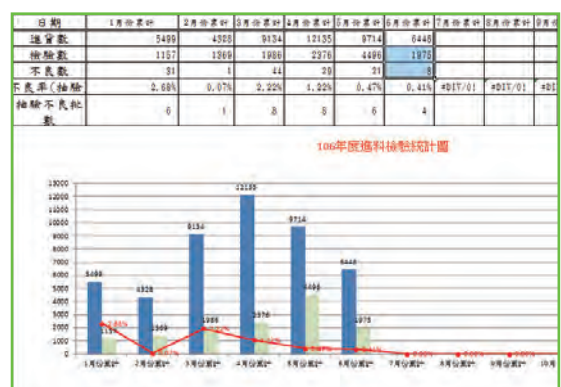
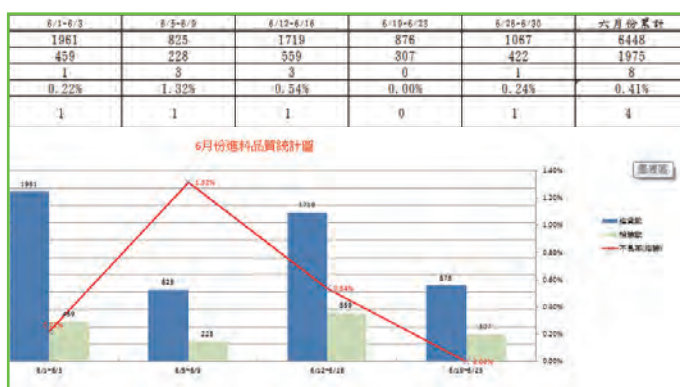
The managers from different departments evaluate the progress of the goals set in the management review meetings and modify the goals, management items and objective value.

### Modification of the Quality Goals

The quality goals based on the quality policy of the company will be reviewed at the management review meetings once in six months.

Based on one of the corporation concepts, **Quality Priority**, OCEAN provides products of excellent quality to clients to form stable long-term cooperation relations. Quality control units will strictly inspect the materials, production process and finished products to analyze and report the unusual phenomenon on a weekly or monthly base. It's hoped to raise the staff's awareness of quality.

Via effective quality control measures, the statistics of materials, production process, production yield, defect products customer complaints are designed into a chart as below to serve as the base for improvement. Thus, the effective quality control and products of zero defect have been OCEAN's ultimate goals.





# Creating Sustainable Environment

## |Environmentally Friendly OCEAN|

### Sustainable Environment Protection from OCEAN

There are 300 hundred-year-old trees especially planted in a friendly environment within OCEAN's factory. When the trees suffer from pests and diseases, professional treatment is sought after to ensure they grow healthily. In the office building, the air-conditioning control system, energy supervision and water usage are strictly monitored in an environmental protection approach to bring down the impacts to the environment and to promote the concept of preserving the nature among the staff. The best control mechanism is being researched for the effective systematic management. The entire staff of OCEAN strives to employ the most effective production method to preserve the natural resources.

### OCEAN's Responses to Energy Saving Policies

- The light bulbs utilized for the outdoor lighting equipments are being gradually replaced with LED and energy saving light bulbs.
- Heat-insulated paint is applied to the factory roof, heat-insulated papers are glued to the windows and air-conditioning running time and energy consumption are reduced.
- Trash is being sorted for recycling and 5S concept is advocated to urge the staff to work toward the goal of saving energy and reducing carbon emission.
- To eliminate the usage of disposable utensils, the staff prepares their own eating utensils.

To fulfill OCEAN's promises of sustainable development, ISO14001 will be introduced into the environment management system in 2018 and third-party verification system will be also exercised. At the same time, based on the corporation concept of "Environment and Economics are Equally Important" , OCEAN will get to the bottom of the problems to find solutions for sustainable development and oblige to the social responsibility with the spirits of continuous improvement. The environment management polices are as follows:

- Agreement Obligation
- Waste Reduction
- Resource Recycling and Reuse
- Pollution Prevention ( continuously improving)

### Waste Management

Waste reduction, recycling and effective reuse are the main objectives of the waste management. OCEAN also will continue to promote the importance of reducing waste and recycling the resources to instill the concept of environmental preservation in daily life.

OCEAN's industrial waste management strictly follows the official regulations. The contracted companies handling the waste disposal are 100% legal and professional to ensure that the disposal and recycling procedures meet the requirement.

# Creating Sustainable Environment

## |Environmentally Friendly OCEAN|

### Classification, Sum and Handling Methods of the Waste in 2017

Waste Classification		Annual Sum (ton)	Handling Method
Hazardous Industrial Waste	Zero	0	Handling Method
General Industrial Waste	Household Trash	7	Incineration
Recyclable	Paper	Cardboard boxes are recycled minimum once a week. The weight is not measured as the service is free of charge.	Recycling
	Waste Oil	Waste oil comes from testing the functions of the new products. The usage frequency is low and the oil is reused; hence, it's disposed irregularly.	Recycling

In a response to the reduction of the waste, OCEAN will continue to save energy and reduce the carbon emission. There were no cases of fines or sanctions posed on OCEAN due to any violation of the environmental laws and regulations in 2017.

**01 About CSR Report**

- Report Time Frame
- Report Range
- Information Revelation
- Information Orientation
- External Endorsement
- Report Production and Management
- Publishing Frequency
- Report Released Date

**02 About OCEAN Technologies**

- Words from the Chairman
- OCEAN Technologies Co., Ltd.'s SDGs
- Corporate Image of the Year
- Corporation Concepts and Sustainable Vision

**03 Stakeholders**

- Identifying Stakeholders
- Stakeholder Communicating
- Informing Stakeholders
- Analyzed Major Issues
- Clarifying Major Issues

**04 Fulfilling Company Principles**

- About OCEAN Technologies Co., Ltd
- Operation Summary
- Corporate Governance
- Board of Directors
- Risk Management
- Laws and Codes of Ethical Conducts

**05 Partnership Management**

- Customer Relationship Management
- Supply Chain Management

**06 Creating Shared Values**

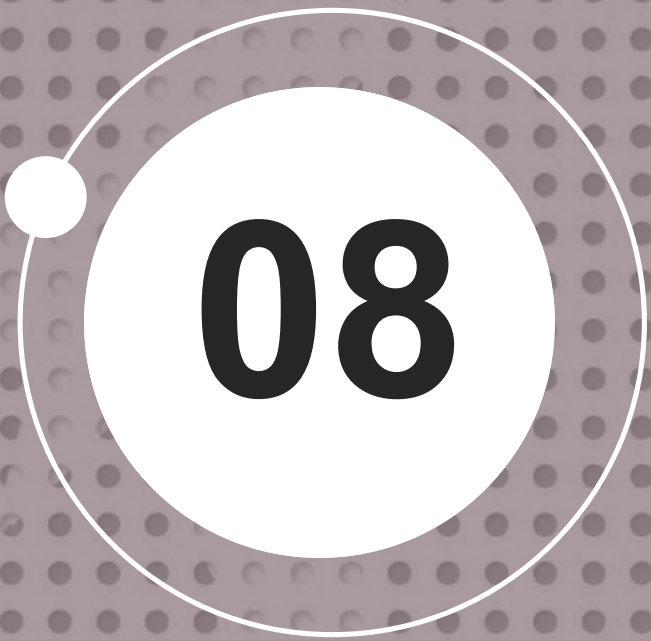
- Diversified Workplacet
- Employees' Skill Learning and Developing
- Post Assigning and Performance
- Employee Interaction
- Employee Benefits
- Safe and Healthy Workplace
- Environmentally Friendly and Socially Caring

**07 Creating Sustainable Environment**

- Product Research and Innovation
- Product Liability
- Quality Management Systems
- Environmentally Friendly OCEAN

**08 Appendixes**

- GRI Content Index
- Assurance Statement



# Appendixes

## | GRI Content Index|

Topic	GRI Standard	Revelation Content	Chapter	Page	Note	
Company Basic Information	GRI102	102-1	Company Name	2. About OCEAN	P.03	
		102-2	Operation, nature, brand, products and services of the company	2. About OCEAN	P.03	
		102-3	Head Office Location	2. About OCEAN	P.03	
		102-4	Operation Location	2. About OCEAN	P.03	
		102-5	Nature and Laws of the Ownership	1. About CSR Report	P.01	
		102-6	Market Products and Services	2. About OCEAN	P.03	
		102-7	Scale	1. About CSR Report 2. About OCEAN	P.02 P.03	
		102-8	Employees and other informal workers	6. Creating Shared Values	P.36	
		102-9	Supply Chain	5.2 Supply Chain Management	P.31	
		102-10	Major Changes of the Supply Chain	-	-	No major changes in the supply chain in 2017
		102-11	Precautionary Principles and Measures	4.5. Risk Management	P.26	
		102-12	Advocating	2.2. OCEAN SDGs in 2017 2. About OCEAN	P.06 P.03	
		102-13	Association Members	2. About OCEAN	P.03	
Corporate Policy	GRI102	102-14	High-ranking Decision Maker Announcement Company (organization) senior decision maker statement	2.1. Words from the Chairman	P.04	
Corporate Ethics and Integrity	GRI102	102-16	Values, Codes and Standards of Behaviors	4.6. Laws and Codes of Ethical Conducts	P.29	
Corporate Governance	GRI102	102-18	Governing Structure	4.3. Corporate Governance 4.4. Board of Directors	P.23 P.24	
Stakeholder Participation	GRI102	102-40	Stakeholders	3. Stakeholders	P.08	
		102-41	Collective Bargaining	-		No union establishment
		102-42	Choices and Identification of Stakeholders	3. Stakeholders	P.08	
		102-43	Ways of Stakeholder Participation	3. Stakeholders	P.08	
		102-44	Major Issues and Proposed Issues of Concern	3. Stakeholders	P.08	
Corporate Report Fulfillment	GRI102	102-45	Report is included in the Financial Statement	-	P.02	No subsidiary or affiliated company
		102-46	Defining the Content of the Report and its Boundaries	1. About CSR Report	P.01	
		102-47	Major Issue List	3. Stakeholders		
		102-48	Re-editing Information	-		Remaining the same
		102-49	Changes of the Report	-		No major changes
		102-50	Reporting Period	1. About CSR Report	P.02	
		102-51	Recent Report Date	1. About CSR Report	P.02	
		102-52	Reporting Period	1. About CSR Report	P.02	
		102-53	Corresponding Contact for Report Questions	1. About CSR Report	P.02	
		102-54	About GRI Standard Report Announcement	1. About CSR Report	P.02	
		102-55	GRI Index	8.Appendix	--	
		102-56	External Endorsement	8.Appendix	--	

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Topic	GRI Standard	Revelation Content	Chapter	Page	Note
Economic Performance	GRI103	103-1	Clarifying Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	4.2. Corporation Summary	P.22
				4.4 Corporate Governance	P.24
	103-3	How to Evaluate the Management	7.1 Product Development and Innovation	P.55	
			6.7. Environmentally Friendly and Socially Caring	P.51	
			4.2. Corporation Summary	P.22	
GRI201	201-1	Produced and Distributed Direct Economic Values	4.4 Corporate Governance	P.24	
			7.1 Product Development and Innovation	P.55	
			6.7. Environmentally Friendly and Socially Caring	P.51	
			6.5. Employee Benefits	P.45	
Procurement	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	5.2 Supply Chain Management	P.33
		103-3	How to Evaluate the Management	5.2 Supply Chain Management	P.33
	GRI204	204-1	The Ratio of the Procurement from the Local Suppliers	5.2 Supply Chain Management	P.33
Anti-Corruption	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	4.6. Laws and Codes of Ethical Conducts	P.29
		103-3	How to Evaluate the Management	4.6. Laws and Codes of Ethical Conducts	P.29
	GRI205	205-3	Confirmed Corruption Cases and Countermeasures	4.6. Laws and Codes of Ethical Conducts	P.29
Raw Materials	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	7.1 Product Development and Innovation	P.55
		103-3	How to Evaluate the Management	7.1 Product Development and Innovation	P.55
	GRI301	302-5	Reduce Product and Service Energy Consumption	7.1 Product Development and Innovation	P.55
Wastewater and Waste	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	7.4. Environmentally Friendly OCEAN	P.61
		103-3	How to Evaluate the Management	7.4. Environmentally Friendly OCEAN	P.61
	GRI306	306-2	Types and Treatments of Waste	7.4. Environmentally Friendly OCEAN	P.61

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## | GRI Content Index|

Topic	GRI Standard	Revelation Content	Chapter	Page	Note
Environmental Laws and Regulations	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	4.6. Laws and Codes of Ethical Conducts	P.29
		103-3	How to Evaluate the Management	4.6. Laws and Codes of Ethical Conducts	P.29
	GRI307	307-1	Violation of Environmental Protection Regulations	4.6. Laws and Codes of Ethical Conducts	P.29
Employer-Employee Relations	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	6. Creating Shared Values	P.36
		103-3	How to Evaluate the Management	6. Creating Shared Values 6.1. Diversified Workplace	P.36 P.37
	GRI401	401-1	New Recruitment and Staff Demission	6. Creating Shared Values 6.1. Diversified Workplace	P.36 P.37
		401-2	Full-time Employee Benefits (excluding temporary and part-time workers)	6.5. Employee Benefits	P.45
		401-3	Maternity Leave	6.5. Employee Benefits	P.45
Training and Education	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	6.2. Employee Learning Development	P.39
		103-3	How to Evaluate the Management	6.2. Employee Learning Development	P.39
	GRI404	404-1	Average Training Hours/person/year	6.2. Employee Learning Development	P.39
		404-3	Ratio of the Employees Accepting Performance and Career Development Audit	6.2. Employee Learning Development	P.39
Sales and Labeling	GRI103	103-1	Clarified Important Topics and their Boundaries	3.4. Clarified Major Issues	P.14
		103-2	Management Methods and Content	7.2. Product Liability	P.59
		103-3	How to Evaluate the Management	7.2. Product Liability	P.59
	GRI417	417-1	Requirement of Product/Service Information and Labeling	7.2. Product Liability	P.59
		417-2	Incidents of Failing to Provide Product/Service Information and Labeling	7.2. Product Liability	P.59

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## | Assurance Statement

**SGS** ASSURANCE STATEMENT

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE OCEAN TECHNOLOGIES CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017**

**NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by OCEAN TECHNOLOGIES CO., LTD. (hereinafter referred to as Octec) to conduct an independent assurance of the Corporate Social Responsibility Report for 2017 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the Octec's CSR Report of 2017 and its presentation are the responsibility of the management of Octec. SGS has not been involved in the preparation of any of the material included in Octec's CSR Report of 2017.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Octec's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101- Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016).

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

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

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

The assurance team was assembled based on their knowledge, experience and qualifications for the assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provision.

TWUPP 5008 Issue 1

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Octec's CSR Report of 2017 verified is accurate, reliable and provides a fair and balanced representation of Octec sustainability activities in 01/01/2017 to 12/31/2017.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

**AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**

Octec has demonstrated its commitment to stakeholder inclusivity and stakeholder engagement through communication to employees, customers, investors, suppliers, and other stakeholders to underpin the organization's understanding of stakeholder concerns. For future reporting, it is suggested to initiate surveys to Octec's stakeholders throughout the value chain to further enhance the effectiveness of the stakeholder engagement.

**Materiality**

Octec has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Processes for materiality analysis are suggested to be documented for future applications.

**Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

**GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, Octec's CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Octec's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives. Further disclosures on the requirements of GRI-405 are also recommended.

Signed:  
For and on behalf of SGS Taiwan Ltd.

  
David Huang, Director  
Taipei, Taiwan  
26 November, 2018  
WWW.SGS.COM

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Licensed Assurance Provider  
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