

# 2014 Corporate Social Responsibility Report



福懋興業股份有限公司  
FORMOSA TAFFETA CO., LTD.



# Corporate Social Responsibility Report

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Corporate  
Culture &  
Management

Management  
Overview

Corporate  
Social  
Responsibility  
and  
Contribution  
Activities

About  
this  
Report

Environmental  
Aspect



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# **I / Corporate Culture & Management**





# Corporate Culture and Management

## (I) Commemorating the Corporate Founders

“Do things with punctilious attitude and inquisitive mind.”  
“There is neither impossible nor easy thing in the world.”



Founders Wang, Yung-ching & Yung-tsai Brothers

王  
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會

Be diligent in making most use of brains/wisdom, be simple and thrift, and be dedicated to getting to the bottom of things.

Achieve perfection.

Aim at business sustainability.

Make contributions to society.

By Wang, Yung-ching



## (II) Business Philosophy



### (III) Vision

We have been going on being self-disciplined to supply customers with solutions to the various requirements, provide an outstanding R&D site, manufacture high-tech products, continuously innovate, and satisfy stakeholders to earn users' loyalty and social respect.

Furthermore, we emphasize the good character, competence, efficiency and creativity of our employees and encourage their fulfillment of protection of the living, ecology and environment. With aforementioned endeavors, it is hoped that brands of the company can stay world-famous and render customers' first choice.

### (IV) Corporate Value

- **Corporate Objectives**

Our objectives are to make both customers and the company grow and be mutually beneficial, to satisfy customers, users, stockholders, and employees, and to win their respect.

- **Corporate Mission**

Our mission is to quickly and faithfully provide exclusive products and the accompanied information/services to the customers.

- **Quality Policy**

Our quality policy is to surpass the improvement speed of the same trade, and share profits of growth with customers.

- **Cultural Image**

Our company is a professional manufacturer and has been running for years, which implies that it is of history, philosophy, integrity, responsibility, hierarchy, organization and that its techniques, experience, intellectual property, R&D, and previous performance are acknowledged. What we attach importance to are not only to keep our designs/techniques/equipment up-to-date, but to meet customers' needs, to better quality of products, and to enable the workforce to grow all around.

- **Customer Policy**

Our customer policy is to satisfy customers by serving them in a proactive manner.

- **Sustainable Development Policy**

Economic, social, and environmental policies can be referred to the general manager's 2013 Sustainable Development Statement in this report.

- **Sustainable Development Strategy**

The strategy is to create green manufacturing processes and products, promote lean production, raise resource efficiency, utilize environmentally friendly materials and equipment, and supply appliances that are ecologically safe so as to continuously grow and satisfy stakeholders' expectation.

**(V) Previous and Current Chairmen**



Previous Late Chairman Lai, Shu-wang  
from 1973 to 1998



Chairman Wang, William  
from Feb. 1998 till now



## (VI) 2013 Sustainable Development Statement



After WWII came to an end in 1945, countries around the world have put a lot of efforts into economic and technological development, which can be described as borderless competition; meanwhile, ecological environment has been subjected to severe destruction, such as climate change, ozone layer depletion, biodiversity loss, endocrine disruptors, widespread rainforest deforestation and overexploitation of mineral and energy resources etc., which in turn damages human health. Indeed, we only have one Earth! Nations and corporations should no longer pursue economic development at the expense of the ecology and environment; instead, a solution to coordinated and balanced development should be in place to minimize the burden imposed on environment. The rise in both supplies and demands is no less than a warning to the world's people to treasure and moderately consume resources because there is only one Earth!

The 21<sup>st</sup> century has been called the Environmental Century. The viewpoint for value measurement has moved from self-centered to ecologically-centered, which means humans are not the sole master of nature and not the only thing that can generate values any more, but rather have to maintain a symbiotic relationship with the ecology and environment. Like developments of humans and society, a company needs to make friends with surroundings for its sustainable development—that is, it cannot exempt itself from the ecology and environment so it has the responsibility to ask itself and suppliers to build a sound green supply chain. I do not believe that a company which is not in harmony with its neighbors can build a solid business that products containing hazardous substances can earn the long-term trust and support of consumers, and that a company can survive and forever develop in a destroyed ecological environment.

Today, brand customers and end consumers are becoming increasingly concerned about the safety, health and environmental protection, and such concern is also where Formosa Taffeta Co., Ltd. (FTC) derives its own business philosophy. With that concern in mind, FTC not only actively participates in ecological and environmental protection activities but also performs self-examination through the authentication of the third party. Moreover, we put all our efforts to conserve energy and reduce carbon emissions by advancing manufacturing processes, introducing state-of-the-art manufacturing equipment, and doing research and developing eco-friendly products. These efforts are our commitments to consumers and even the overall environment and preparation for future enforcement of legislation on carbon asset management, being carbon neutral, and greenhouse gas emission reduction, etc.

FTC issued its first Green Sustainable Development Report (GSD) in 2013, which is hoped to tightly combine environmental protection, and social values with sustainable development. A lot of corporate management literature reveals a trend that the ultimate goal of enterprises has transferred from maximizing profits to maximizing synergy of efforts to execute business, protect environment, and fulfill social responsibility.

The vision of FTC is creating a green factory by gradually introducing green buildings, making processes eco-friendly, following criteria of GHS(Global Harmonized System) and using green materials, reducing resource and energy consumption per unit, developing environmentally friendly products and green technology, offering skin-friendly, and non-toxic fabrics so as to meet social, customers' and product users' expectations, build and maintain a sustainable green enterprise, promote the growth of a green society, and eventually to restore the Earth to its original state as the peaceful, benevolent and joyful Garden of Eden.

I announced FTC's six major business policy at the start of 2013, and one of them was Green Sustainable Brand. The specific goals of this policy were green packaging, green materials, green production, green emissions, green supply and green use. I hope this virtuous cycle will bring about the bountiful green fruit, namely, green sustainable development!

General Manager

謝永銘  
2013.05.16

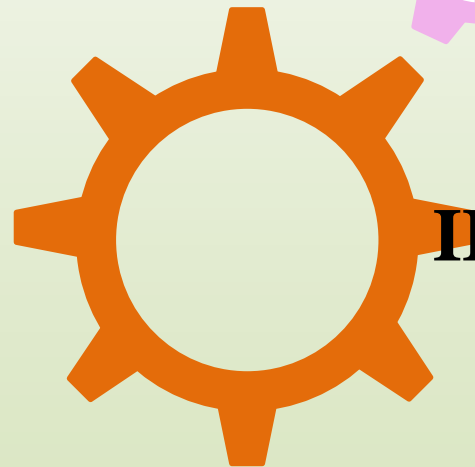
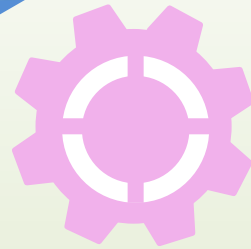
## (VII) Annual Business Policy

By the end of each year, our general manager Mr. Xie-ponders business policies of next year. First, he writes down what he come up with, reviews and modifies the script over and over again, and then call a meeting to decide the final form. Next, the final form is printed in copies, which are then delivered to subsidiary companies, and hung in the hall or conference room of every unit of all subsidiaries to remind everyone about this policy.









## **II / About this Report**





## About this report

### (I) Rules of Edition

The framework of this report is based on the Global Reporting Initiative's (GRI) G4 Sustainability Reporting. Disclosed information in this report is on the overview of sustainable development policy, management methods and performance indicators, and includes three principles—inclusivity, materiality and responsiveness—of AA1000 APS (Accountability Principles Standard) so that we can obtain the assurance statement issued by SGS. What are covered is disclosed on the basis of materiality, stakeholders inclusiveness, sustainability context; completeness, and the quality of this report is in light of principles of balance, comparability, accuracy, timeliness, reliability and clarity.

Financial data is all in New Taiwan dollars; other relevant performance data is presented with international indicators or illustrated with notes beside the data and charts.

The scope of this report is from January 1<sup>st</sup>, 2014 to December 31<sup>st</sup>, 2014 and covers some current situation in 2015. For invested subsidiaries over which FTC has, based on shareholdings, operational control or significant influence, Formosa Taffeta (Zhong Shan) CO., LTD., Formosa Taffeta (Changshu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., and Formosa Taffeta Dong Nai CO., LTD. are, for the first time, brought into this disclosure for this year because they are in the same industrial classification as FTC. The disclosed information is mainly related to overall environmental safety, health, performance of conservation of energy and water, and so forth.

As for the Petroleum Business Division, its information of the usage of resources, emissions, and human resource is not included since its industrial nature—rather than a manufacturer, the Petroleum business Division is a retail service provider whose products are from other supplier—differs from that of FTC. Moreover, its 106 gas stations are physically located outside the plant, which means that sources of its consumed energy and resources such as water, electricity, etc., are different from those of the other divisions in Taiwan. Another reason for its exclusion from this report is that about 95% of its own workforces do not work at the base. What is disclosed this time is its financial status in the consolidated financial statement and report that is audited by accountants; such disclosure is a requirement of Financial Supervisory Commission (FSC). In the future, we will consider the full disclosure of this Division.

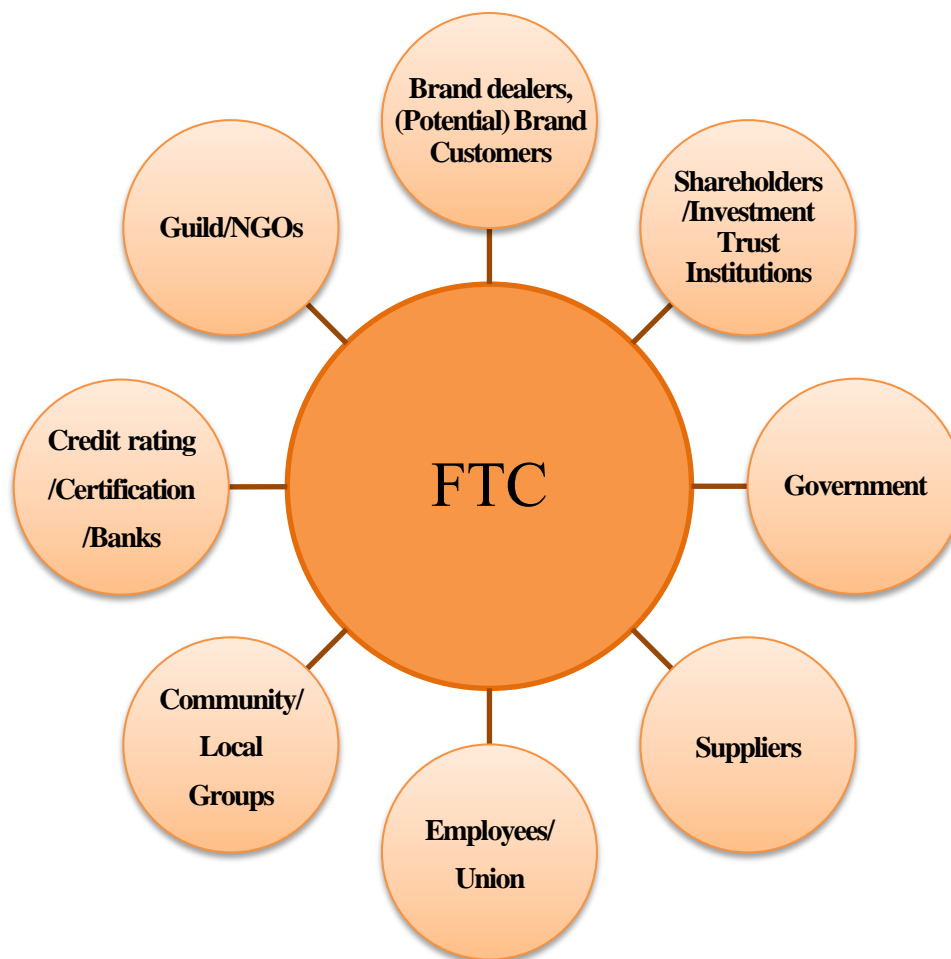
This report is a collection of stakeholders' prioritized issues in economic, environment and social aspects. It is written in both Chinese and English, and scheduled for its first official publication in December of this year. Afterwards, a corporate social responsibility report of FTC will, in compliance with the requirement of FSC, be published no later than June every year. The accessible link of this report is [http://www.ftc.com.tw/doc/2014\\_FTC\\_CSR\\_Report\\_en.pdf](http://www.ftc.com.tw/doc/2014_FTC_CSR_Report_en.pdf).

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886-5-5573966 Ext.7011  
t1000@ftc.com.tw

## (II) Stakeholders Engagement and Key Topics Identification

### i. Stakeholder Identification and Communication

Through the discussion of CSR committee, the identified stakeholders who will be greatly influenced by activities, products and services of FTC are shown as follows.

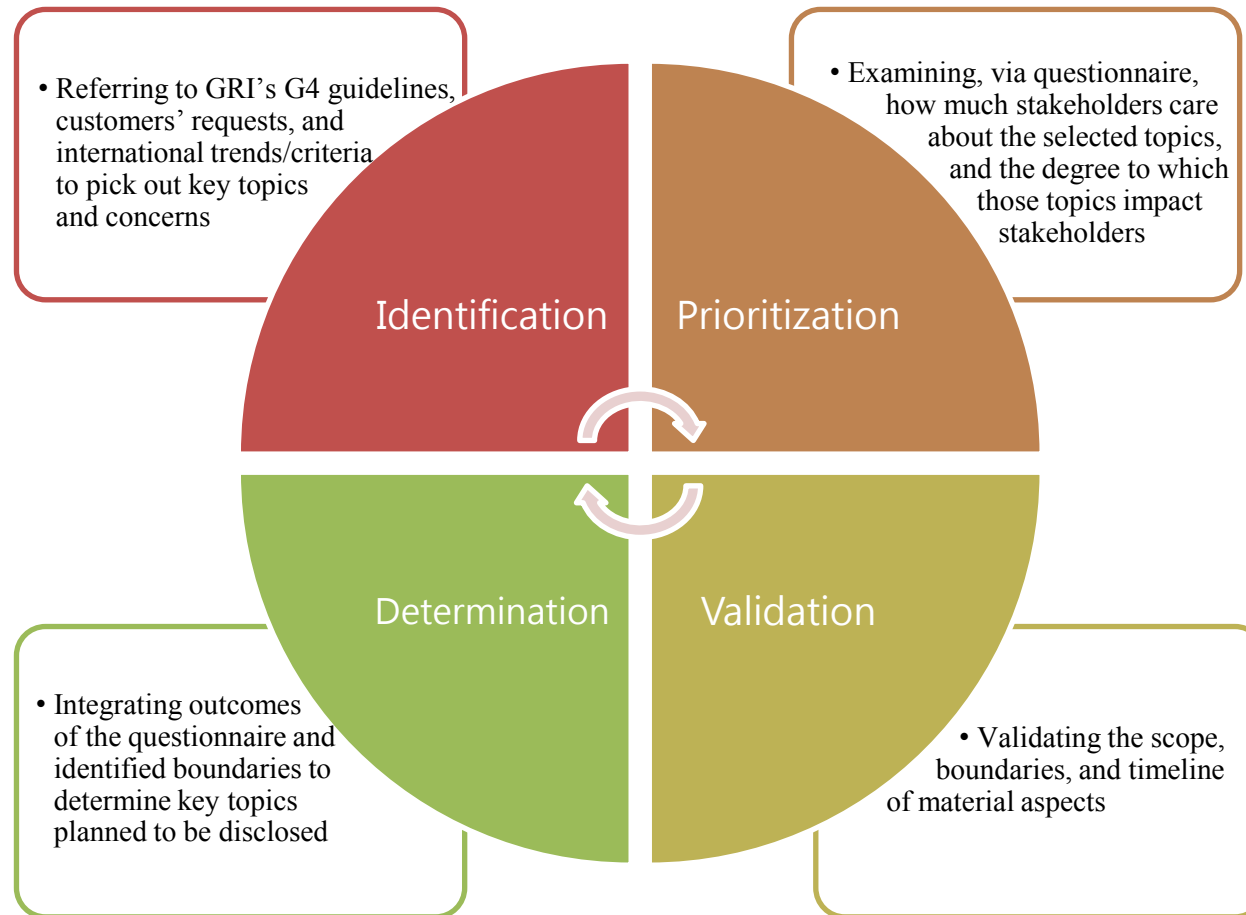




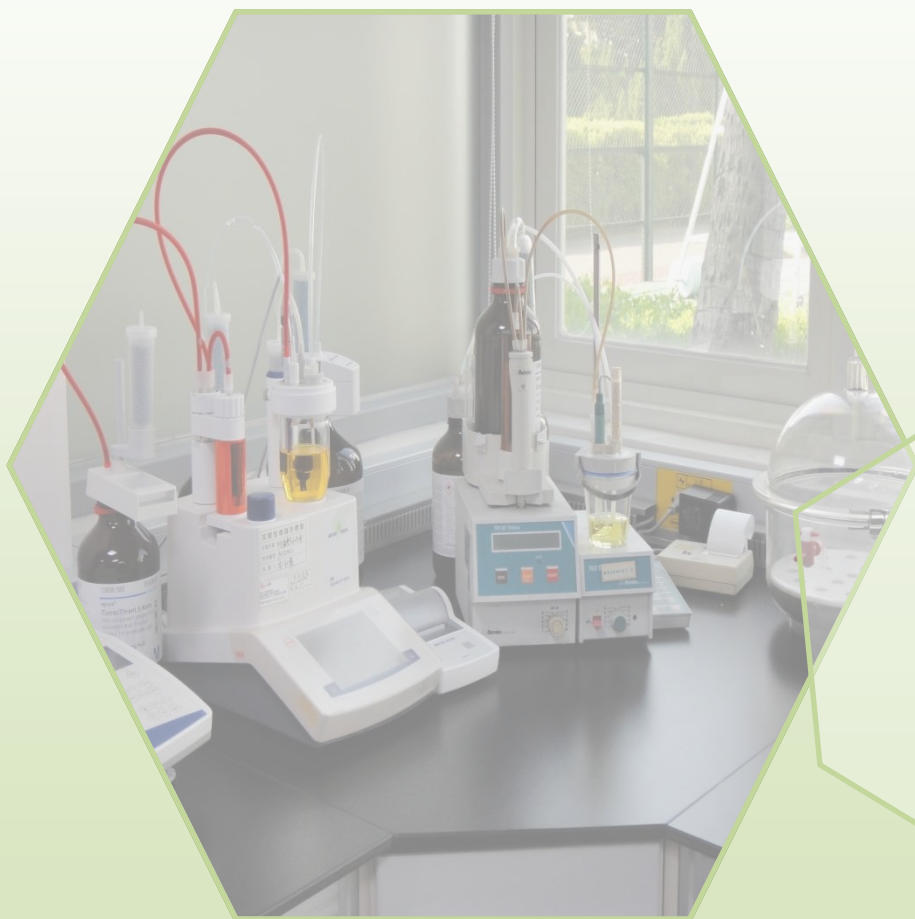
## ii. Key Topics and Concerns of Stakeholders

Stakeholders	Key Topics and Concerns	Ways of Communication	Frequency
Brand dealers, (Potential) Brand Customers	Competitiveness in quality, quantity, delivery time and price, supplies and demands, services or strategic cooperation; the state of conservation of raw material, energy, and water and the state of waste/exhaust/effluents discharge reduction; interaction with stakeholders, the legality of employment processes and related regulations, the management system of safety of workplace, the extent of safeguards of gender equality, humanized management, customer privacy, and human rights.	Telephone/e-mail /Personal Interview	Occasionally
Shareholders/ Investment Trust Institutions	Anticipated objectives, states of actual performances, profitability, dividend allocation, and long-term shareholdings of foreign investors and juridical persons of investment trust.	Board Meetings/the Shareholders' Meeting	Every Two Months /Annually
		Stock Affairs Office/Spokespeople as Interviewees/Letters	Occasionally
Government	Environmental protection system and certification, exhaust and effluents discharge inspection, waste management and pollution prevention, pension policy, water and energy conservation projects, control over the usage and storage of chemicals, labeling and safety of products, availability of the environment of fair competition.	Interview/Public Document/Teleconferences/Teleph one	Occasionally
Suppliers	Mutually beneficial partnership that enables each party to grow simultaneously, transparency of environmental protection information, compliance with the labor system, fairness of bidding and haggling, incoming quality control (IQC)	Telephone/e-mail/Face to face interview	Occasionally
Employees/ Union	Whether the stipulations of salaries, promotion, performance evaluation, training, rewards and penalties are specific and proper, whether employees are treated equally, whether the condition of working environment and the labor clause are in conformity with the international human rights protection clauses, and whether systems of job protection, welfare, and career planning and development, and the channel of communication are complete.	Face to Face Communication/ e-mail/Opinion Box	Occasionally
		Union/Employee Groups Meetings	Every Two Months
Community/ Local Groups	The existence of smooth channels of communication with the community, maintenance of public relations, involvement in community activities, concern for vulnerable groups, resource allocation for emergencies, the advocacy and sponsorship of social welfare services, fulfillment of energy consumption and reduction in carbon emissions and in environmental hazards, and control over the discharge of effluents and exhaust to the required extent.	Face to face communication Telephone	Occasionally
Credit rating/ Certification/Banks	The corporate financial state, market share, governance, shareholding ratio of shareholders, solvency, and competitiveness, continuous profitability, risk assessments, capital expenditure planning, future outlook, and the income of subsidiaries.	Personal interview/Letters	Occasionally
Guild/NGOs	The corporate image, independent or collaborative R&D of products, compliance with environmental protection regulations, coordination and promotion of public policies, and responses to unequal cross-straight ECFA tariff, trade barrier questionnaire, and TPP/RECP issues.	Personal interview Attend regular meetings	Occasionally Every Two Months

### iii. The Process of Key Topics Identification



Material topics, determined by the CSR Initiative Committee, are the backbone of this report; key topics and impacted boundaries of those topics can be looked up in the section of specific standard disclosure of GRI content index.





### III / Management Overview





## Management Overview

### (I) Corporate Overview

#### i. Corporate Profile

Formosa Fiber Co., Ltd. is the predecessor of Formosa Taffeta Co., Ltd. (FTC), and located at the outskirts of Touliu in Yunlin County. It was registered and jointly founded by Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), and several industrialists on April 19, 1973; its foundation was in the booming phase of Taiwanese textile industry and export trading. Its business aims at weaving, dyeing, printing, finishing, etc. of taffeta made of filaments of nylon and polyester. Not until January of 1979 is it renamed Formosa Taffeta Co., Ltd., and the time of its listing on the Taiwanese stock exchange is in December of 1985.

FTC plays an intermediary role in the textile industry chain in that it requires synthetic yarns, raw cotton, carbon fiber, etc. from material suppliers and its products are materials required by manufacturers of end items. Its specialization in know-how in weaving, dyeing, printing, finishing, etc. and aggressive innovation render itself a worldwide major supplier of taffeta that is of high capacity and quality. Moreover, it enjoys a good reputation for its endeavors to make its complex function fabrics, especially ones applied to sports and leisure wear, on a par with trends and the progress of international brands.

To diversify its operations, FTC, besides its original textile business, production of cotton yarn and cloth, tyre cord fabric, safety & life fabric, special finishes fabric, carbon fiber fabric, etc., has invested in manufacture of umbrella ribs and PE plastic bags, and the operation of gas stations. Over the past 40 years, it upholds its business philosophy of harmony, innovation, service and devotion by supplying in all sincerity its high-quality products, services and information to its down-stream customers in various industries so as to make human life better.

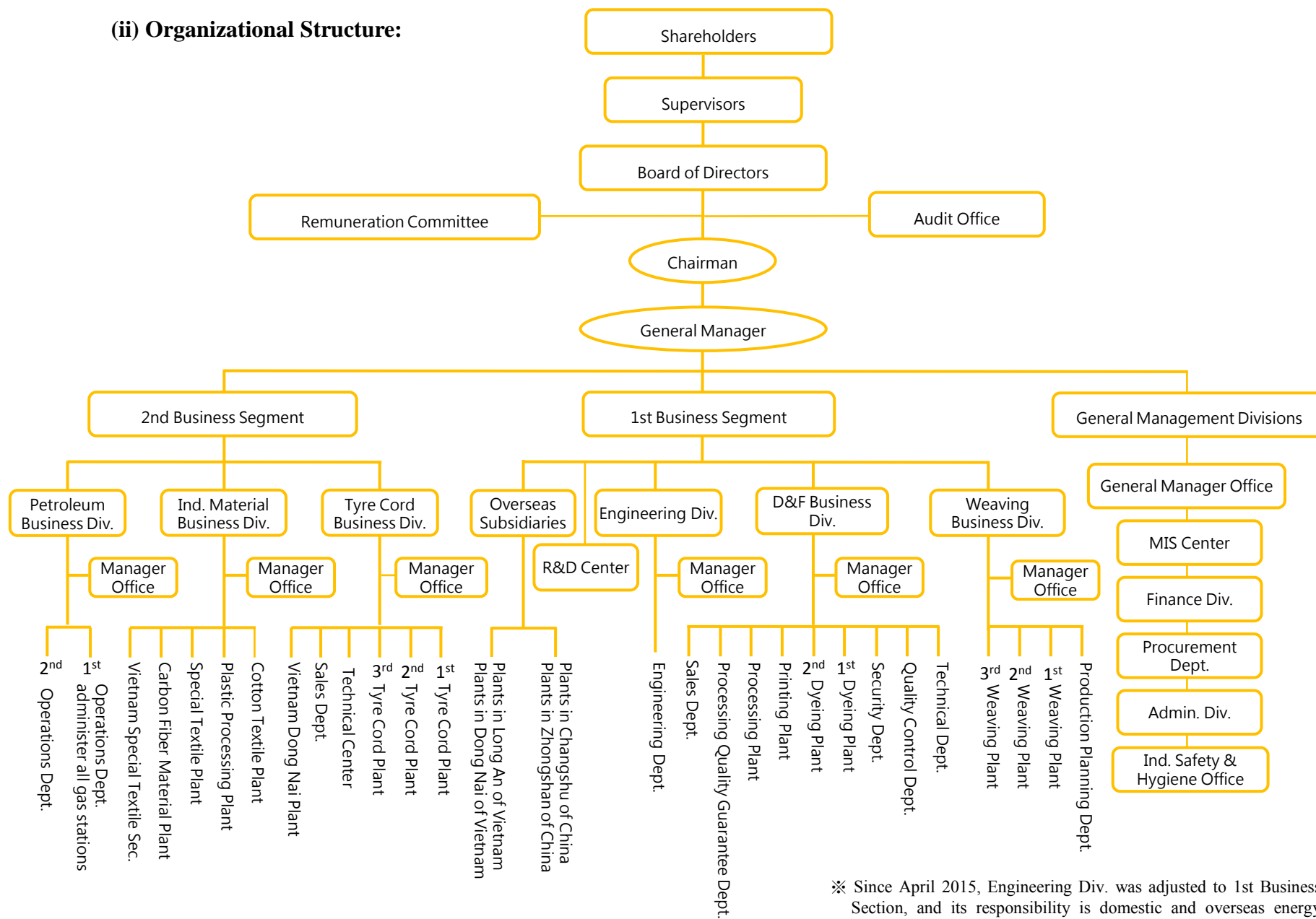
**(i) Overview of Subsidiaries**

Unit: NT\$ (in thousands)

Corporate name	Date of establishment	Address (as appeared on the license)	Paid-in capital	Scope of business
Formosa Taffeta (Zhong Shan) Co., Ltd.	81.12.3	167, South Shenwan Avenue, Shenwan Town, Zhongshan City, Guangdong Province 528462, China	1,402,085	Manufacture and sales of 1. Amine Nylon/ fabrics, polyester fabrics and 2. Umbrella ribs
Formosa Taffeta (Changshu) Co., Ltd.	94.4.4	1, Peng-Hu RD., Changshu New & Hi-Tech Industrial Development Zone, Jiangsu Province 21550, China	1,334,739	Dyeing and finishing of top-grade shell fabric. Rental and lease of own facilities and property management
Formosa Taffeta (Vietnam) Co., Ltd.	88.6.16 Reformed after M & A	Section 1, Nhut Chanh Com., Ben Luc Dist., Long An Prov., Vietnam	2,342,353	Manufacture, processing, dyeing and finishing of chemical fiber fabrics and curtain fabrics.
Formosa Taffeta Dong Nai Co., Ltd.	93.6.25	Nhon Trach 3 Ind. Zone., Hiep Phuoc Com., Nhon Trach Dist. Dong Nai Prov., Vietnam	2,590,434	Manufacture, processing, dyeing and finishing of chemical fiber fabrics
Formosa Advanced Technologies Co., Ltd.	79.9.11	329, Henan St., Touliu City, Yunlin County 640, Taiwan	4,422,222	IC Assembly, IC testing, modularizing turnkey solutions
Formosa Development Co., Ltd.	79.9.20	29, Ln. 224, Shiliu Rd., Touliu City, Yunlin County 640, Taiwan	161,000	Urban land consolidation, development, rental and sales of residential, business and factory buildings
Formosa Taffeta (Hong Kong) Co., Ltd.	78.4.11	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	1,357,783	Sales of filament/staple woven fabrics
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	83.8.24	Room B5, 7th Fl., Xiangyu Building, No.22, Xiang Xing 4th Road, Xiamen Logistics Park (Free Trade Zone), Xiamen 361006, China	15,273	Import, export and transit trades
Formosa Taffeta (Cayman) Co., Ltd.	103.3.12	Cassia Court, Suite 716, 10 Market Street, Camana Bay, Grand Cayman, Island KYI-9006	605	A holding Company
Schoeller F.T.C. (Hong Kong) Co., Ltd.	90.10.31	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	6,879	Trade in textile



## (ii) Organizational Structure:



※ Since April 2015, Engineering Div. was adjusted to 1st Business Section, and its responsibility is domestic and overseas energy affairs.



## ii. Products Introduction

### (i) Products and Scope of Application

Product Name	Scope of Application
Polyamine fabric/ Polyester fabric	Sleeping bagu, sails, garments, down-jacket, sportswear, o letq/hdgt erqj lpi , rglwtgy gct, jacketu, hunting clothing, hats, tents, airbeds, "wo dtgmru. 'r ctcuqn, golf umbrellas, beach umbrella, waterproof cpf " "dtgcvj cdng erqj lpi , waterproof cpf breathable skiy gct, gloves, cpf EMI shielding conductive fabrics.
Cotton fabric, blended fabric, fabricu kpgty qxgp y kj hkrco gpvlucr rg hldgt, pre-dyed plaid	Garments, jackets, shirts, umbrellas, backpacks, medical and health care products.
New functional yarn	In light of its functionality, such yarn can be individually or in a complex way applied to diverse woven/knitted fabrics for various apparel, bedding, health care products, sportswear, leisurewear, hats, coats, umbrellas, parasols, the special finishing usage, and so forth.
Combed cotton yarn, blended yarn	Yarn used with all kinds of woven and knitted clothing, year for cotton and blended fabrics, yarn for filament and spun mixed fabrics, yarn for pre-dyed plaid fabric.
Protective fabrics	Flame retardant, flame resistant fabric, air force flight suits, tank coveralls, special agent clothing, firefighting suit, arc welding suit, motorcycle clothing, cycling clothing.
Special use fabrics	Cleanroom garments for sterile rooms, medical surgeon gown, wrapping cloth, bullet-proof vest, stab clothing, bulletproof helmets, and speaker fabric.
Carbon fiber composite fabric	Sports equipment, bicycles, motorcycles, cars, aerospace industry, 3C products, industrial mechanical arm structure, building reinforcement, wind turbine blades.
Tyre cord fabrics	Various specification tyre cord, bead chafing fabric, conveyor belts, bicycle tire puncture resistant fabric, lining, high pressure rubber hose cord
Plastic bags	Plastic shopping bags, perforated bags, disposable bags.
Super diesel, 98, 95 and 92 octane unleaded gasoline and various motor oil, car wash clothing	Vehicle fuel, generator oil, lubrication, maintenance and cleaning oils.
Umbrella rib	Umbrella, parasols, golf umbrellas, outdoor umbrellas, beach umbrellas.

### (ii) Product Markets

#### ※ Textile materials and products:

Sales markets are located throughout the world and include Asia, Europe, the Americas. The majority of these goods are sold to Asia including Hong Kong (China), South Asia and the Middle East

#### ※ Petroleum products:

Petroleum products are only supplied to the domestic market. Domestic sales make up 100% of production.

#### ※ Tyre cord fabrics:

Besides domestic tire manufacturers, this product is also exported to Southeast Asia, Sri Lanka, the U.S., China, Japan, Korea and Eastern Europe. Export percentage is 83%.

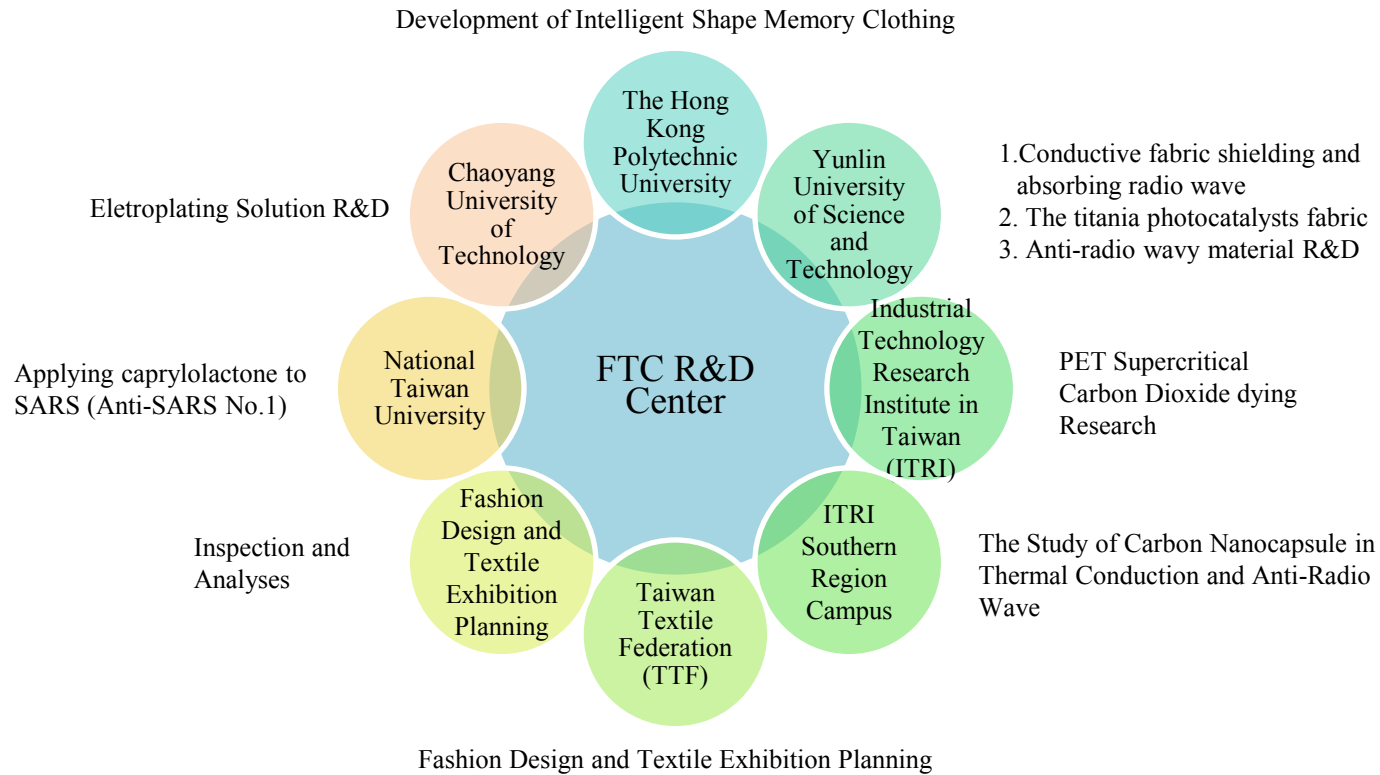
#### ※ Plastic bags:

Primarily sold to Japan. Secondary market South America. Export percentage 95%, domestic sale 5%.

### iii. External Associations Participation

We devote all effort to enhance our technical and competition level, and at the same time we actively participate in various industrial associations, such as Chinese Association for Industrial Technology Advancement, Textile Information Partnership, Taiwan Technical Textiles Association, Society for the Advancement of Material and Process Engineering, C2C (Cradle to Cradle), etc. Those are important relevant industrial associations, and by participating in these associations we get connected to the global development and improve interaction and cooperation among members.

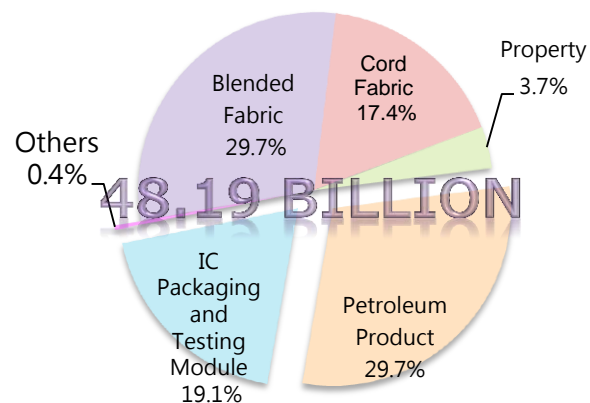
In addition, in order to enhance our ability in R&D, we also participate in industry-academic cooperation. This kind of cooperation is important in many ways, it can activate cooperate operation activities, stimulate professional R&D ability, elevate innovation ability, enhance technical, productivity and management level. Most important, cooperation R&D ability will be activated through industry-academic cooperation, and will be able to develop potentially high value-added products (or state-of-the-art products). The existing industry-academic cooperation is as follows:



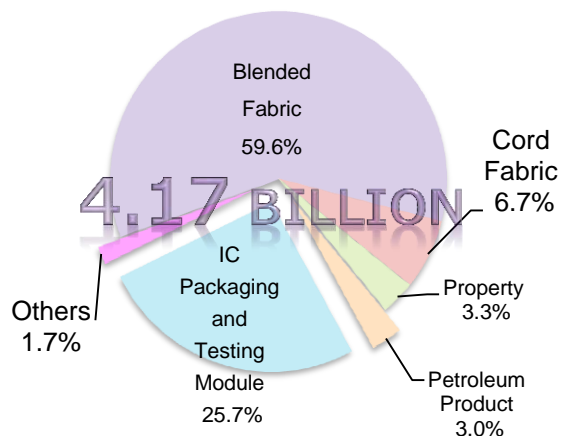
#### iv. Financial Information

FTC diversifies its investment in fabrics interwoven with filament or staple fibers, tyre cord fabric, industrial materials, gas stations, IC assembly and module, and other businesses. What contribute mostly to 2014 annual revenue are gas stations and fabrics interwoven with filament or staple fibers that account for 29.7% respectively. The profit of 2014, compared to that of 2013, grows by 75.45%; the ratio of contribution of each business is illustrated as follows. The most profitable business is the one of fabrics interwoven with filament or staple fibers, whose profit accounts for 59.6% of the total profit while the one of gas stations is the main source of stable cash inflows. Since FTC has good financial health, no financial support is asked for from the government in both 2013 and 2014. More detailed financial information is on <http://www.ftc.com.tw/ftc902.htm>.

**2014 Revenue Constitution**



**2014 Profit Constitution**



Year	2012	2013	2014
Annual Financial Overview (Unit: NT\$ in millions)			
Operating revenue	50,289	47,462	48,191
Operating Costs	45,570	42,893	42,451
Employee benefits expenditure	4,573	4,433	4,761
Income before income tax	2,954	2,660	4,172
Income tax expense	381	483	352
Net income	2,572	2,177	3,820
Technical and R&D Overview (Unit: NT\$ in millions)			
R&D expenditures	47	48	50
Investment Tax Credit (Unit: NT\$ in millions)			
Investment tax credit.	96	139	32
Earnings Per Share (Unit: NT\$/per share)			
EPS	1.47	1.27	2.09

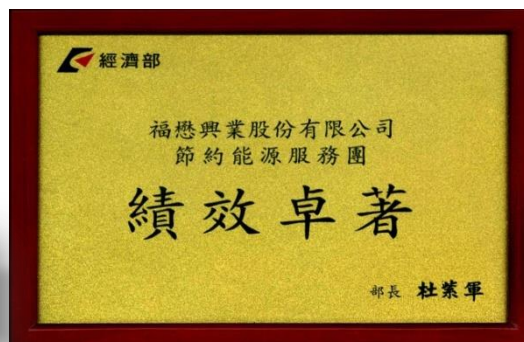
## v. Awards

Records of Awards are as follows:

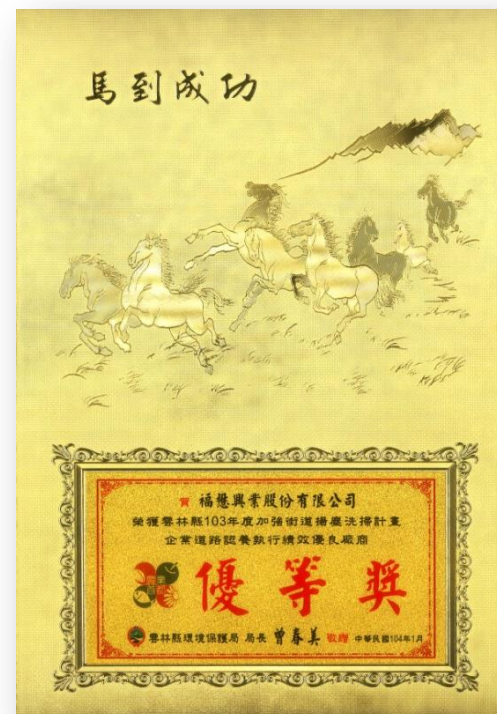
Award Category	Awarding Unit	Note
Energy Conservation Team	Ministry of Economic Affairs	Notable energy saving performance
Cradle to Cradle (C2C)	MBDC	Processing recycled PET bottles and products to microfiber material
Air Pollution Control Award	Environmental Protection Bureau	Minimizing flying dust and reducing spread of particles via road adoption



C2C Products Innovation institute awards certificate for Boometex® Recycled Polyester.



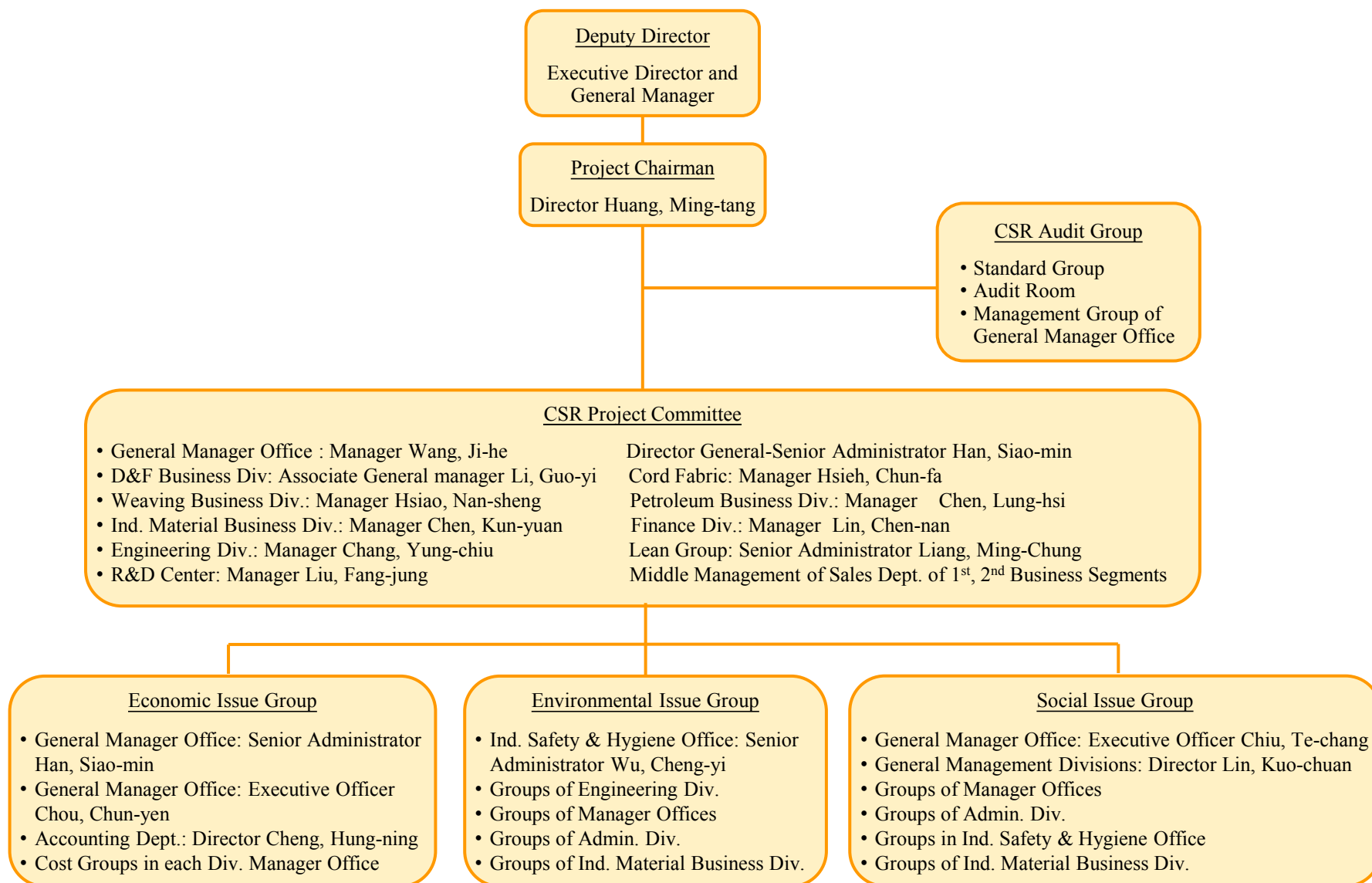
Energy Conservation Team



2014 Air Pollution Control Award

## (II) Corporate Governance

### i. Project Committee Structure & Responsibility of CSR (Founded on 2015.03.03)



## ii. Directors and Supervisors Information

Position	Name	Major Experience (Education)	Current Position in FTC and Other Company
Chairman	FCFC Representative Wang Wen-yuan	M.S., Dept. of Industrial Engineering, University of Houston	FCFC and subsidiaries Director (Chairman)
Managing Director	Kai Fu Enterprise Representative Hsieh Shi-ming	Institute of Technology graduate	Formosa Advanced Technologies Co. Ltd. Vice Chairman
Managing Director/ Independent Director	Cheng You	Vice Chair, Fair Trade Commission General Manager, Taiwan Television Enterprise, Ltd. MBA, National Chengchi University	Independent Director of Formosa Chemicals, Formosa Advanced Technologies, and Danen Technology Corp.
Independent Director	Wang Gong	Commissioner, Fair Trade Commission Director-general, Hsinchu Science Park Bureau Ph.D., MIT, USA	Professor, China University of Technology Independent Director of FCFC, Qisda Corporation, and Formosa Advanced Technologies Co., Ltd.
Director	FCFC Representative Hong Fu-yuan	Dept. of Chemical Engineering, Chung Yuan Christian University	General Manager of FCFC
Director	General Manager of FCFC	Dept. of Chemical Engineering, National Taipei Institute of Technology	Vice Executive President of FCFC
Director	FCFC Representative Tsai Tian-Hsuan	Dept. of Textile Engineering, Feng Chia University	Vice President of FTC
Director	Representative Li Min-chang	Dept. of Textile Engineering, Feng Chia University	Vice President of FTC
Director	Huang Ming-tang	Dept. of Chemistry, National Chung Hsing University	Vice President of FTC
Director	Hsieh Ming-de	Dept. of Mechanical Engineering, Kuang Wu Junior College	Yu Yuang Textile Chairman
Supervisor	Feng Hsing Investment Representative Lu Sheng-fu	Tam-Shui Vocational High School	FCFC General Manager Office Consultant
Supervisor	Lai Shu-wang Foundation Representative Li Man-chun	MS, Graduate School of Accountancy, National Chengchi University	Li Man-Chun Accounting Firm CPA
Supervisor	Huang Hao-chien	Dept. of Mechanical Engineering, Feng Chia University	None

※ Data Source: p.13 of 2014 Annual Report (till Dec. 31, 2014)



### iii. Internal Control Execution

#### (i) Internal Control Systems Statement

Corporate Internal Control Systems Statement of Public Companies  
Representing Both Design and Operating Effectiveness

( This Statement is applicable in cases where the portions of the statement concerning compliance with laws and regulations extend to all laws and regulations )

Formosa Taffeta Co., Ltd.  
Internal Control Systems Statement

Date: 20 March 2015

The Company states the following with regard to its internal control system during fiscal year 2014, based on the findings of a self-evaluation:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are responsibilities of its Board of Directors and Managers. The Company has established such a system aiming at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.
2. With its inherent limitations, the internal control system, though perfectly designed, provides only reasonable assurance of achieving the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment and circumstances. However, the internal control system of the Company is equipped with self-monitoring mechanisms, and the Company shall take corrective actions once a deficiency is detected.
3. The Company judges the design and implementation effectiveness of its internal control system based on the criteria provided in Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter, the "Regulations"). In alignment with the managerial control process the judgment criteria of internal control system specified in Regulations comprise of five components: 1. Environment control 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring. Each component then consists of several items. Refer to Regulations for details.
4. The Company has evaluated the design and implementation effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of 31 December 2014, its internal control system (including supervision and management of its subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and implemented, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on 20 March 2015, where among the 10 attending directors none expressed dissenting opinions and all assented to the content of this Statement.

Formosa Taffeta Co., Ltd.

Chairman: Wong, Wen-Yuan (signature)

General Manager: Hsieh, Shih-Ming (signature)

#### (ii) The investigative report of Entrusting CPA to examine the internal control system: None

#### iv. Remuneration Committee

##### (i) Remuneration Committee Members and Information

Identification <sup>1</sup>	Requirement Name	Meet One of the Following Qualifications and Have At Least Five Years of Work Experience			In accordance with independent conditions <sup>2</sup>								Number of Other Taiwanese Public Companies Concurrently Serving as a member in Remuneration Committee	Remarks <sup>3</sup>
		Have Work Experience in the Area of Commerce, Law, Finance or Accounting or Otherwise	Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of	Have experience in Commerce, Law, Finance, Accounting or Related to the Business Needs of the Company	1	2	3	4	5	6	7	8		
Independent Director	Cheng, You			✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Wang, Gong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Other	Lai, Wu-lang			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note:

- Fill in Identification with Director, Independent Director, or other positions.
- Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes
  - Not an employee of the company or any of its affiliates;
  - Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares;
  - Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
  - Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;
  - Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders;
  - Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
  - Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse;
  - Not been a person of any conditions defined in Article 30 of the Company Law;
- If the committee member serves as the director of the Board, specify if he/she complies with Paragraph 5 of Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter"



**(ii) Remuneration Committee Operating Status**

1. There are three members in Remuneration Committee.
2. Term of office for the member of Remuneration Committee is from Jun. 26, 2014 till Jun. 25, 2016. The Remuneration Committee held meetings for 2 times and the membership attendance as following table:

Position	Name	Attend ( B )	Entrusted Presence	Attendance Rate (%) ( B / A )(Note)	Remarks
Convener	Cheng You	2	0	100	Re-elected, Re-elected on Jun. 26,2014
Member	Wang Gong	2	0	100	Re-elected, Re-elected on Jun. 26,2014
Member	Lu, Wei	0	1	0	Re-elected, Re-elected on Jun. 26,2014 Dismissal, Nov. 24, 2014 passed away
Member	Lai, Wu-lang	0	0	0	Newly appointed on Dec. 19,2014 by Board of Directors

**Operating Status:**

1. Company Board of Directors decides to set up Remuneration Committee on Aug. 25, 2011. On Jul. 15 2014 hold the first meeting, and on Nov. 27, 2014 the second meeting. In addition to that, Feb. 25, 2015 held the first annual meeting.
2. Company Board of Directors appointed 3 Independent Directors as the members of Remuneration Committee on Jun. 26, 2014. Term of Office of Remuneration Committee is same as the Board of Directors.

**Other Remarkable Things:**

1. When the Board of Directors doesn't adopt or modify the suggestions of Remuneration Committee, the Board of Directors should explain accordingly, and noted the date of meeting, sessions, agenda and the Board Resolution, and how company is dealing with the suggestion (ex. Provide a better paycheck and explain in details): None.
2. As for the resolutions of Remuneration Committee, if any member opposes or have reservation to the resolution and if it is written in the minute or in any other written form, the date of Remuneration Committee meeting, session, agenda, and opinions of all members should be noted. : None.

Note 1: By the end of each year, if any member discharged from the position should note in the Remarks with discharge date. As for the actual attending rate (%), it is based on the actual meeting time and attending time during the term of office.

Note 2: By the end of each year, if there is a re-election, the date of election and the names of newly elected and discharged members should be filled in the form and noted in the Remarks. As for the actual attending rate (%), it is based on the actual meeting time and attending time during the term of office.

**v. Management Team**

Position	Name	Experience (Education)	Positions Concurrently Held in other Companies
General Manager	Hsieh Shih-ming	Institute of Technology graduate	Formosa Advanced Technologies Co. Ltd. Vice Chairman
Vice General Manager	Li Min-chang	Dept. of Textile Engineering, Feng Chia University	None
Vice General Manager	Huang Ming-tang	Dept. of Chemistry, National Chung Hsing University	None
Vice General Manager	Tsai Tian-hsuan	Dept. of Textile Engineering, Feng Chia University	None
Manager, Finance Div.	Lin Zhen-nan	Dept. of Accounting, Feng Chia University	None
Director, Accounting Dept.	Cheng Hong-ning	Dept. of Business Administration, Chinese Culture University	None
Senior Director, D&F Business Div.	Li Guo-yi	Dept. of Mechanical Engineering, National Taipei University of Technology	None
Manager, Weaving Business Div.	Hsiao Nan-sheng	Dept. of Mechanical Engineering, Ming Chi University of Technology	None
Manager, R&D Center	Liu, Fang-jung	Nanya Institute of Technology	None
Manager, Petroleum Business Div.	Chen Long-hsi	Air Force School of Anti-Aircraft Defense	None
Manager, Energy & Civil Construction Div.	Chang Yong-chiu	National Taipei University of Technology	None
Manager, Tyre Cord Business Div.	Hsieh Chun-fa	Dept. of Mechanical Engineering, National Taipei University of Technology	None
Manager, Ind. Material Business Div.	Chen, Kun-yuan	Department of Textile Engineering, National Taipei University of Technology	None

## vi. Corporate Overall Risk Evaluation

### (i) Financial risks:

2012~2014 Financial structure and liquidity statistics			
Item/Year	2012	2013	2014
Debt-to-equity ratio (%)	29.01	29.25	29.98
Current Ratio (%)	193.01	183.80	197.82
Quick Ratio (%)	114.37	106.09	118.53

Debt-to-equity ratios-in the vicinity of 30%, which indicated a sound financial status while figures of current and quick ratios represented adequate short-term liquidity, in which current assets were twice as much as current liabilities and quick assets (current assets minus inventory and prepaid expenses) were greater than current liabilities. Still, a credit line amounted to several billion NT dollars extended by bankers to be readily tapped at the Company's discretion eliminates cash flow problems.

As shown in the consolidated balance sheet of 31 December, 2014, accounts receivable plus notes receivable account for only 12.3% of consolidated revenue which keeps to minimum financial risk caused by delinquent debts.

### (ii) External Investment risk:

As shown in the Non-operating Income & Expenses Account in Financial Statement, all investments in the past 10 years have been proved to be profitable, and further, the annual profit amount tended to be greater than that of operating profit indicating the said investments being safe, fruitful and able to generate long-term gains. Moreover, it has been expected that the invested businesses may become public gradually to generate more financial interests.

### (iii) Inventory risk:

Inventories consist of raw materials, semi-finished goods and finished goods held in stock, among which raw materials, mainly composed of filaments, dyes and assistants, can be put into production again, while finished goods are piece goods. To minimize inventory risk, allowance to reduce inventory to market is set aside on a yearly basis.

### (iv) Risk of the transfer of management rights

1. FCFC has long been the largest shareholder of the Company,

holding 37.4% of shares since the Company's establishment more than four decades, rendering recognition to the Company for its business model, management team and performance, and creating vertical integration and synergy.

2. Big shareholder exerts substantial control over Board of Directors: Among the 11 directors, three are independent ones, five of the remaining ones (8 directors) are appointed by FCFC, and another two serve as General Manager and Vice president respectively. The way to compromise the Board of Directors represents the high stability of management rights.
3. Majority shareholding: In addition to FCFC holding 37.4% shares of the Company mentioned above, other members in Formosa Plastics Group such as Chang Gung Medical Foundation, Chang Gung University, Chang Gung University of Science and Technology, hold more than 11% shares plus shareholding owned by individual family members ensuring a majority shareholding to support a stable management team.

### (v) Risk of corporate conduct and ethics implementation

Formosa Plastics Group, with which the Company affiliated, upholds "Diligence, Perseverance, Frugality and Trustworthiness" as business philosophy. There is no doubt that a reputation and praise for honesty have long been established and inspired public confidence in the past 50 years. The code of practice has been implemented top down from the Board to all employees to prevent potential unethical conduct.

### (vi) Risk of product liability

As a manufacturer in the middle stream in the supply chain, unlike the business of gas stations that has to directly face consumers, FTC focus on the manufacture of textiles, tyre cord fabrics, shopping bags, and so forth. All products are neither for food nor for medicinal usage, which should result in no direct concern about product safety.

### (vii) Risk of customer-base concentration

100% customer loyalty has been the goal and glory the Company striving for. To achieve that goal the Company has long been devoted to maintaining close cooperation or coalition with customers, particularly with big brands, such as Nike, Adidas, Columbia, and Puma. With fabrics as its main products, which come from the sector of traditional industries, the Company has numerous competitors. The market share in any single country tends to be less than 3%. The company sells its product to many countries throughout the world covering five continents. Risk of customer concentration shall not be a concern.

**(viii) Risk of techniques owned by few**

Patent applications for textile technologies developed by the Company are filed jointly in the name of R&D team members and registered under Company name. Patents are not to be seized by individuals. Besides, unlike technologies and inventions in electronic industry, textile technologies are applied technologies with less intellectual property disputes. Moreover, as of 31 August 2015, the number of Plant Managers and Division Directors, apart from the four factories abroad, totals 74 and each has one's own specialty. Such risks that a handful of key persons together with key technologies to be lured away by rival companies do not actually exist.

**(ix) Risk of a shortage of key materials**

On the supplier management, tasks that have been undertaken for a long time are as follows:

1. Stability: The Company has established long-term relationships with diverse suppliers.
2. Diversified supply sources of identical materials are in place.
3. Sourcing from FPG: In every fiscal year, more than 50% of materials are purchased from FPG; the stability of supply sources is superior to that of other enterprises in the same line.

**(x) Risk of pollutants discharge**

The instruments that at all time monitor and analyze printing and dyeing effluent are set up in December 2014. These devices are linked to the system of Environmental Protection Bureau of Yunlin County, and the detected data is updated every 15 seconds. Whenever abnormal situations occur, the alarm system will be triggered, which can lower the industrial safety damage by coping with those situations in a timely manner. Being friendly towards the environment and neighbors in the community has been our ultimate goal of sustainable operations.

**(xi) Risk of strikes**

The Company's employment of employees, domestic and overseas alike, complies with local labor law. During the past four decades, strikes occurred in factories in Zhongshan and Vietnam because of ethnic conflict and pay raise. To avoid reoccurrence of such incidents, the Company has tried to balance ethnic identities and adjust employee benefits when recruiting. In addition, employee communication has been enhanced so that precautions can be taken at the very beginning.

**(xii) Risk of employees' pensions**

A sufficient amount of retirement reserve fund is allocated in compliance with regulations, which keeps employees from worries of no available pension to be drawn. In 2014, there are 87 retiring employees in the Taiwanese plant is 87, and the average disbursed amount is NTD1,751,598 per employee. As to the disbursement of pensions in plants of two overseas nations, its contribution rates are monthly contributed in light of local labor Acts, and therefore retirement benefits of overseas employees can be covered.

**(xiii) Risk of individual decision making**

As of 31 August 2015, among the Company's leadership, apart from the four factories abroad, there are 3 Vice Presidents and 18 Managers/Deputy Managers, with an average seniority of 30 years and unrivaled professional capacity. With the level of authority based on either monetary-value or nature of affairs, the decision making process goes bottom up to reduce the risk of being influenced by personal preference.

**(xiv) Risk of force majeure**

With five factory premises located across Taiwan, China mainland and Vietnam, the Company is unlikely at the risk of total loss or disruption of capacity as a result of natural disaster or conflagration hits in individual premise.

The result of the overall risk evaluation can be summed up with the following corporate credit rating table, referring to the related report published by Taiwan Ratings on 2015/07/31.

Year	Long-term Credit rating	Short-term Credit rating	Rating Outlook
2015	twA+	twA-1	Stable
2014	twA+	twA-1	Stable

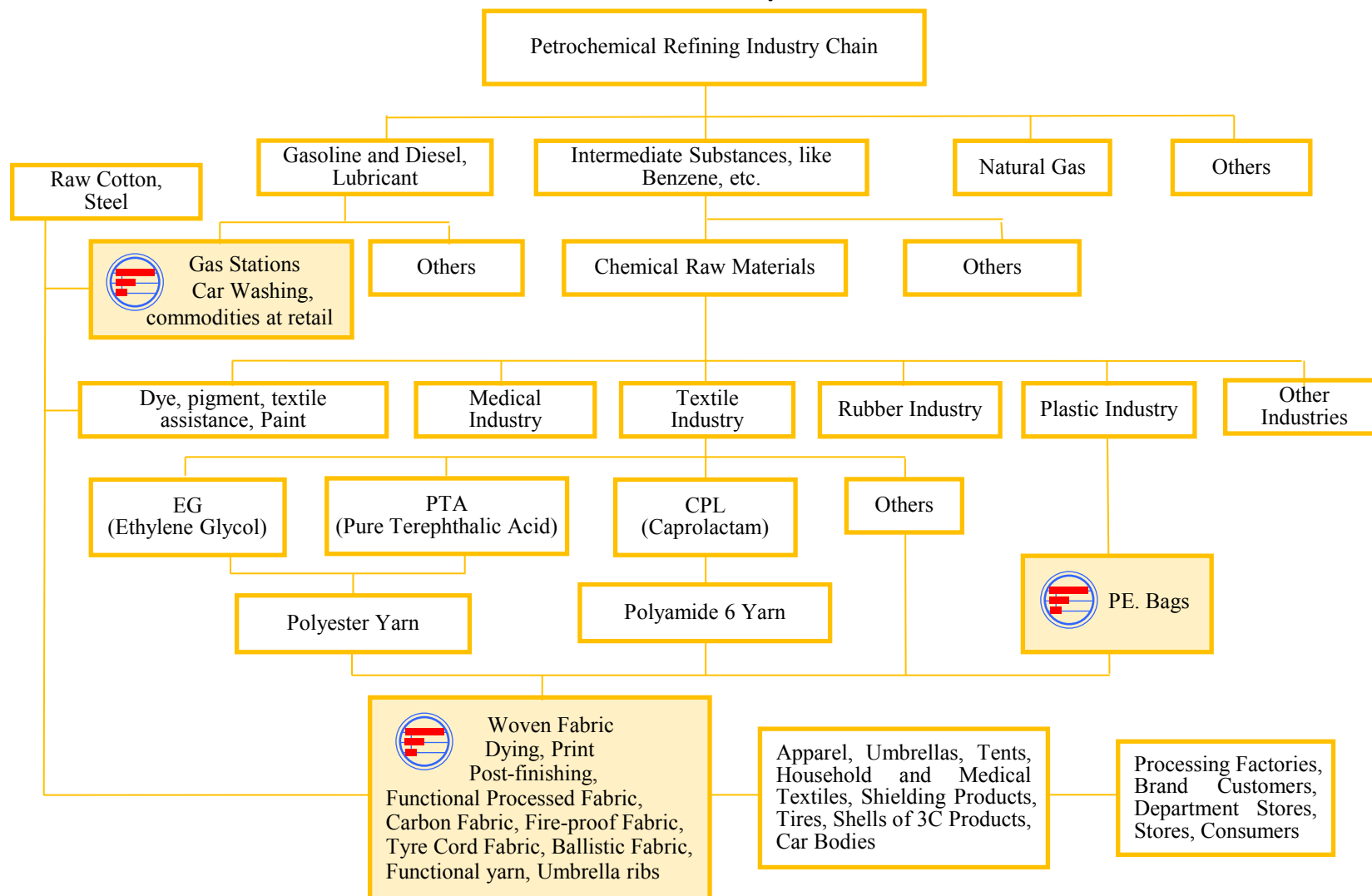
Note:

The above credit ratings indicate that overall analyses of the Company in terms of financial structure, competitiveness, and sustained profitability were rated good with risks lower than the average. More details can be read by clicking on <http://www.taiwanratings.com/portal/front/list?categoryCondition=B>.

## vii. The Relationship between the Company and the Textile Industry

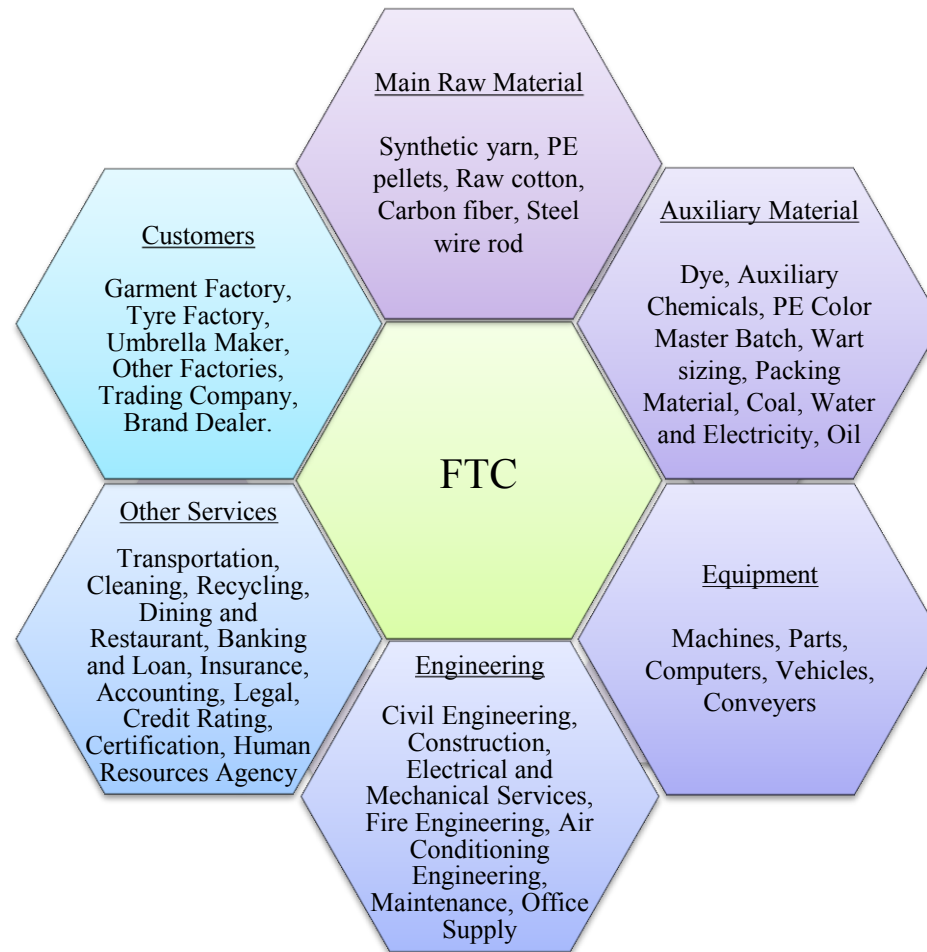
### (i) The Industrial Chain Structure and Corporate Undertaken Businesses

#### The Textile Industry Chain



## (ii) The Supply Chain Overview

FTC is in the middle course of Textile Industry, that is, we need to cooperate with upstream and downstream industries to survive. On one hand, there are two-ways or multi-directions trade/service, such as, supplying raw material, equipments, after-sales service, plant construction, maintenance, etc. to sustain daily operational needs. On the other hand, we need considerable amount of customers to support our business. We have wide variety of products & customized products, and our products can be used in various industries, such as, functional clothing products, tires, umbrella, clean-room garment, medical consumption materials, fire-proof material, 3C carbon fiber material, electric motor car body, etc. Therefore, the supply chain is complicated and showing a simplified chart as below:



### 1. Local Supplier Ratio

For having safety stock quantity, fast delivery, and post-sales services, the first priority of FTC raw material purchase is sourcing locally. Till Dec. 2014, FTC main raw material suppliers and their location are as follows:

Plant		Taiwan Plants					Zhong Shan Plant in China					Changshu Plant in China				
Raw Material		Raw Cotton	Wart Sizing	Dye	Auxiliary	Total	Raw Cotton	Wart Sizing	Dye	Auxiliary	Total	Raw Cotton	Wart Sizing	Dye	Auxiliary	Total
Number of Supplier		52	4	29	125	210	18	2	21	34	75	-	-	13	28	41
Location of Suppliers	Taiwan	47	4	27	119	197	10	2	4	9	25	-	-	3	6	9
	Japan	2	-	-	3	5	-	-	-	-	-	-	-	-	-	-
	USA	1	-	-	1	2	-	-	-	-	-	-	-	-	-	-
	Switzerland	-	-	2	2	4	-	-	-	-	-	-	-	-	-	-
	Africa	2	-	-	-	2	-	-	-	-	-	-	-	-	-	-
	China	-	-	-	-	-	6	-	17	25	48	-	-	10	22	32
	Vietnam	-	-	-	-	-	2	-	-	-	2	-	-	-	-	-
	Korea	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ratio		90.38	100.00	93.10	95.20	93.81	33.33	0.00	80.95	73.53	64.00	0.00	0.00	76.92	78.57	78.05

Plant		Lon An Plant in Vietnam					Dong Nai Plant in Vietnam				
Raw Material		Raw Cotton	Wart Sizing	Dye	Auxiliary	Total	Raw Cotton	Wart Sizing	Dye	Auxiliary	Total
Number of Supplier		20	6	15	43	84	21	7	21	49	98
Location of Suppliers	Taiwan	11	5	12	24	52	10	6	17	19	52
	Japan	-	-	-	-	-	-	-	-	-	-
	USA	-	-	-	-	-	-	-	-	-	-
	Switzerland	-	-	-	-	-	-	-	-	-	-
	Africa	-	-	-	-	-	-	-	-	-	-
	China	6	-	-	-	6	9	-	-	-	9
	Vietnam	3	1	3	19	26	2	1	4	30	37
	Korea	-	-	-	-	-	-	-	-	-	-
Ratio		15.00	16.67	20.00	44.19	30.95	9.52	14.29	19.05	61.22	37.76



## 2. Economic Benefits of sourcing Locally

- (1) In order to lower the transportation cost, environmental maintenance cost of raw material and to increase the local social interests, buying locally of raw material is FTC's one of the major policies.
- (2) FTC five plants in three locations (Taiwan plants, Zhong Shan plant, Changshu plant, Lon An plant, Dong Nai plant), main raw material (raw cotton, wart sizing, dye, auxiliary) local sourcing ratio (sourcing locally to total purchasing amount ratio) are as follows:

Raw Cotton Local Sourcing Ratio (Unit: %)					
Plant Year	Taiwan Plants	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Lon An Plant	Dong Nai Plant
2012	85.6	11.7	-	49.6	56.5
2013	88.7	16.2	-	54.7	31.7
2014	91.3	32.9	-	61.9	25.7

Remarks:

- Customers of global brands advocate local to local purchase and manufacturing, therefore, local sourcing ratio for yarn is relatively stable;
- Local sourcing ratio in Zhong Shan Plant is low, that is because the quality of local nylon filament yarn cannot meet customer's request;
- As for Changshu plant, there is no loom so this plant only purchases greige but not yarn;
- Yarns used in Dong Nai Plant are not purchased locally for currently Vietnam domestic has no suppliers supplying higher Danier yarns.

1 <sup>st</sup> Business Segment Dye Local Sourcing Ratio (Unit : %)					
Plant Year	Taiwan Plants	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Lon An Plant	Dong Nai Plant
2012	99.8	71.3	73.0	38.0	63.0
2013	99.8	72.5	72.0	32.5	58.4
2014	99.0	70.1	82.0	17.6	46.2

Remarks:

- Dye local sourcing ratio: Different yarns use different dyes, the amount of different dyes used varies according to the amount of different yarns.

1 <sup>st</sup> Business Segment Wart Sizing Local Sourcing Ratio (Unit : %)					
Plant Year	Taiwan Plants	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Lon An Plant	Dong Nai Plant
2012	100	0	-	34.7	28.3
2013	100	0	-	12.3	22.6
2014	100	0	-	3.7	18.2

Remarks:

- Chnagshu Plant in China has no loom, therefore, there is no need to purchase wart sizing. Applying technical developed in Taiwan, overseas plants import wart sizing from Taiwan but overseas plants' target is to find local suppliers.

1 <sup>st</sup> Business Segment Dyeing Auxiliary Local Sourcing Ratio (Unit : %)					
Plant Year	Taiwan Plants	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Lon An Plant	Dong Nai Plant
2012	89.8	71.5	83.0	22.7	35.2
2013	91.2	67.5	79.0	19.5	30.3
2014	92.7	70.9	80.0	18.3	35.8

Remarks:

- According to the above chart, Vietnam plants, both Lon An plant and Dong Nai plant, local sourcing rate is comparably low for the quantity and supplying ability of the local suppliers cannot meet the request.

2 <sup>nd</sup> Business Segment Dyeing Auxiliary Local Sourcing Ratio									(Unit:%)
Year	Plant	Raw Material	Latex	Pesorcino	Bridging Agent	HDPE.L-LDPE	Color Master Batch	Ink	Epoxy
2012	Taiwan Plants	Tyre Cord Plant	100%	0	98%	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100%
		Plastic Plant	-	-	-	100%	100%	100%	-
	Vietnam Plants	Tyre Cord Plant in Dong Nai	0%	0	0	-	-	-	-
2013	Taiwan Plants	Tyre Cord Plant	100%	0	72.8%	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100%
		Plastic Plant	-	-	-	100%	100%	100%	-
	Vietnam Plants	Tyre Cord Plant in Dong Nai	0%	0	0	-	-	-	-
2014	Taiwan Plants	Tyre Cord Plant	100%	0	97.5%	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100%
		Plastic Plant	-	-	-	100%	100%	100%	-
	Vietnam Plants	Tyre Cord Plant in Dong Nai	0	0	0	-	-	-	-

- Notes:
- Tyre Cord Plant in Dong Nai started operating since the fourth quarter in 2013, there were no main raw material suppliers so it was impossible to source locally.
  - 2013, Tyre Cord Plant in Taiwan, bridging agent had only 72.8% supplied by local suppliers for the ordered Polyester quantity dropped.
  - “Local Sourcing” means each plant buys from its domestic supplier, no matter the material is made locally or imported, and no matter the supplier is a manufacturer or a trading company.

(3) In order to increase local sourcing ratio, we occasionally examine local suppliers raw material (yarn, dye, auxiliary) if the quality can comply with our requirement then the supplier can be listed as a candidate of suppliers.

### (iii) Supplier Environmental Assessment

#### 1. Raw Materials

- (1) Suppliers are important partners in everyday operation, we focus on quality, delivery, price and will switch to raise supplier's social responsibility and management capability.
- (2) Sample provided by suppliers complied with environmental regulations is the main assessment to suppliers:
  - A. Oeko-Tex 100 audit and certification
  - B. EU REACH substance of very high concern (SVHC) content control standards and certification
  - C. Does not contain any organotin and certification
  - D. Does not contain any APEOs and certification
  - E. ZDHC restricted chemicals and content survey

- (3) Ensure suppliers supply material complied with the regulations to let manufacturers, users, consumers can feel relieved to use the products.
- (4) Suppliers have the responsibility to correct themselves, to make sure the raw material can comply with the latest regulations. When the raw material cannot meet the latest regulations, they have to supply substitutes and inform us accordingly.
- (5) Delivery of hazardous raw material has to comply with related regulations of safe shipment.
- (6) In addition to assessing the third party regularly, pay regular, occasional visit to ensure manufacturing process, raw materials complied with regulations.
- (7) If any of the third parties cannot meet the regulations, stop trading from them to ensure the safety of raw materials.

## 2. Materials

- (1) Priority of the purchase shall be given for materials that have approved by the International Environmental Protection Administration.
- (2) Priority of the purchase shall be given for materials that have received the Green Mark symbol approved by the Environmental Protection Administration, or products with the Energy Label approved by the MOEA and those products and materials that are made with recycled materials, low polluting, recyclable, raise social benefit or reduce social costs and have the same or equivalent performance. The procurement amount of these kind of materials in recent years are as follow:

Year	Amount (NT\$ in thousands)	Remarks
2012	1,549	Materials mentioned in this section include energy-saving equipment, environmental-friendly products and most do not have the need to be purchased regularly. By the year 2010-2011, most previous materials have been replaced with such eco-products, so only broken ones are replaced from year 2012.
2013	1,268	
2014	1,360	

### (iv) Suppliers' Delivery Changes

1. There is no significant changes in supply chains, therefore, following the existing standard to operate. To protect customers' right, we ask suppliers to notify us beforehand while they have trouble delivering (stop production, downtime, etc.). Under our strict control and suppliers cooperation, supply of materials are stable and we don't have any plan to change suppliers.
2. Through our effort, we have successfully reduced the consuming quantity as follows:
  - (1) As for auxiliary, we use bulk pack (monthly consumption 4000Kg), we negotiated with supplier to use reusable container (volume: 1000Kg) to reduce packaging material.
  - (2) We also negotiated with other suppliers to use environmental-friendly and recyclable material to pack.
  - (3) R&D Dept. devotes effort to develop new dye in order to reduce the quantity of dye, and this is good for environment conservation, reducing effluent discharge, less energy consumption. From the reduced consumption of dye can see the result of our effort.

Year	Purchasing Quantity ( KG )
2012	561,025.50
2013	567,624.12
2014	551,343.80

## (v) Customer Policy and Right Protection

### 1. Customer policy: Share the benefits of growth with customers

#### (1) Establish stable supply – demand relationship for new growth

Due to the synergistic relationship developed between the Company and our customers, creating a stable supply and demand relationship is a business issue that a company pursuing sustainable development needs to focus upon. FTC is highly concerned about the long term development of the industrial supply chain. By acting in tandem with customer international marketing efforts and building long-lasting mutual trust with our customers, the Company can establish a relationship founded upon honest transactions, fair pricing, stable supply and mutual benefit.

#### (2) Raise the competitiveness of mid and downstream customers

A company can only build a sustainable business if growth and benefits are shared together with mid and downstream customers. The company's R&D center discusses double-win market strategies with mid and downstream customers before new products are developed to promote smooth expansion of the new product supply chain as well as enhance customer competitiveness.

#### (3) E-commerce cuts costs and raises efficiency

In order to raise customer service efficiency, FTC has established a company website including customer on-line service system and internet promotion system to enhance customer service. Through the internet connection, customers can look up related product information, check real-time order production progress, inspection reports, warehouse transfer and transport status. In addition, a customer performance evaluation system, customer order estimate and tracking system, product inspection and testing system have been set up at the back-end of the system to improve customer service quality and satisfactions as well as reduce operating error costs.

### 2. Customer Information and Right Protection

In order to rigorously protect customer rights, FTC has specifically set up management guidelines to prevent the acquisition or disclosure of key information from both parties during business transactions to establish work standards and achieve the goal of long-term mutual beneficial relations. There has been no reported record on customer right infringements within the scope of this reporting year.

(1) Personal Information Management

Every section in FTC, collecting, using and processing personal information, especially customers' information, must conform to related internal procedures and laws and regulations to prevent the theft, alteration, destruction, loss or disclosure of personal or corporate information. To ensure the implementation of related safety measures, a FTC Personal Information Protection Management Team has been established and personal privacy, trademarks, patent rights, copyrights and business secrets are all listed under the company's information and right protection items. FTC relevant business sections have established strict information management SOPs to manage customer order information system controls, copyright management, sub-quality product warehouse controls, yarn dye pattern copyright management, and those sections also cooperate with the company's information systems to protect the key information and rights of customers.

(2) Transfer Printing Plate and Yarn Dyeing Pattern Copyright Management :

Copy right and all related information are locked in FTC order system, only through the designated authorization procedure and copyright certification the order will be put into production. Patterns, sample cloth, surplus cloth and sub-quality cloth are never released.

(3) Sub-Quality Product Warehouse Management:

The sub-quality products produced during the production process when identified with copyright setting will be stored and controlled based on their copyright period and the restriction will be waived only when customer and General Manager-level management are proved to eliminate any worry that sub-quality products will be released on the market.

3. Information Safety Management

FTC takes all necessary security, protection and management measures to protect information systems, including anti-virus systems, firewalls and user management software/hardware. User controls and log-in checks are used to ensure the secure use of each information system and equipment and prevent improper use, disclosure, intrusion, tampering, theft and damage. These related security measures ensure continuous operating, protect confidential information and customer rights. In addition, FTC can quickly respond to emergency situations such as earthquakes, fires, typhoons, power outages and lightning strikes so the normal operation of systems can resume in the shortest possible period. Permanent back-ups are kept to prevent the infringement of customer rights and disruption to continuing business operations.







## **IV / Environmental Aspect**





## Environmental Aspect

### (I) The Overview of Developing Sustainable Environment

Textile industry has a close relationship with general people's everyday life. In the midstream of textile industry, FTC, weaving, dyeing and finishing, spends 4-6% of total revenue in various energy cost. We continuously promote ISO14000 Environmental Management System to improve on the possible impacts on environment.

From 2007, FTC set up Energy Saving Promotion Team to integrate all the resources, including human, material, and funds, inside the company. In addition, the Team set up target/measures and plans to promote practical projects in order to enhance energy efficiency, reduce energy consumption in the hope of lowering greenhouse gas emission and the discharge of other kinds of pollutants.

Based on sustainable development and decreasing environmental impact, FTC takes the following actions:

- i. Organize Energy Saving Promotion Team to set up energy saving target/plan, develop energy-saving project and audit performance.
- ii. Set up standards for water, electricity, gas consumption and set up pollution limits for textile products, and make comparison and proves.
- iii. Set up energy consumption standards for equipment procurement and replacement.
- iv. Practice water, gas, and heat recycle and reuse to enhance energy efficiency.
- v. Practice waste management to reduce waste emission and protect environment.
- vi. Procure raw materials, dye, and auxiliary to meet the standard, in order to construct safe and environmental friendly production procedure.

### (II) Energy, Water Conservation and Pollution Management

Based on the concept of "Green Design, Clean Production", FTC continuously promotes various water and energy saving plans, periodically develops energy saving and carbon reduction measurements, and participates in technical exchange. Moreover, FTC actively takes part in case studies, improvement seminars, hands-on workshops, and comes up with feasible plans to work on and promote.

From Jan. 2007 to Dec. 2014, improvement cases accumulated to 491 and the benefit has reached NTD272,497,000 annually. The quantity of CO<sub>2</sub> emission has reduced to 90,380ton/per year. Reducing the quantity of procurement and emissions are FTC "Green Policy".

### i. Energy Conservation Policy

Global warming has led to climate changes and has threatened to the lives of human beings. In order to effectively control the quantity of CO<sub>2</sub> emission to reduce the impact of global warming, FTC introduced ISO50001 energy management system to reduce direct and indirect energy consumption and waste, to accurately control energy transformation need, to enhance the efficiency of energy consumption, and to strengthen energy reuse. FTC concrete measures are as follows:

- Electricity saving: providing specific improving directions and examining the performance accordingly.

1. Change the blades on the air conditioning circulation fan and the blades of cooling system fan to blades made with special materials and design to reduce electricity consumption.
2. Reuse the cooling water in air conditioner and reduce the electricity used in it.
3. Install inverter controls on the pump, fan and setting machine motors.
4. Lighting in plants switch to energy saving lamps..

5. Use high efficiency air compressor and cooling water facilities
6. 2014, Ministry of Economic Affairs had “Green Power, Good Power” campaign. Businesses can purchase Green Power to subsidize renewable energy generators, wind mill and solar energy. Buying Green Power can reduce businesses carbon emission intensity and let businesses to take part in energy conservation and show social responsibility. In this case, FTC bought 1.2 million kW Green Power.

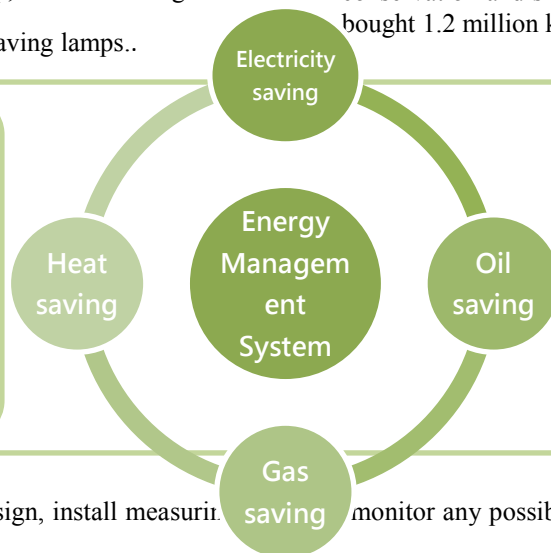
- Heat saving: recycle heat, steam cooling water, and use cogeneration facilities to enhance the heat efficiency of generating boiler.

- Oil saving:
  1. Install heat recycle devices in the chimney of boiler and forming machine.
  2. Install heat recycle devices in the chimney of boiler and forming machine.
  3. Use natural gas to replace fuel for forming machine.

- Gas saving:
  1. In addition to have good air pipe design, install measuring device to monitor any possible leaking and monitor air pipe to control leaking quantity to acceptable range.
  2. Through the control of the load of the air compressor, separately use high and low pressure, eliminate the artificial demand of compressed air to enhance efficiency and energy transformation efficiency.
  3. Use oil cylinder or electric motor to replace air compressor cylinder to reduce energy transformation consumption.

Note 1: ‘Artificial demand’ refers to any additional compressed air your system consumes beyond what is required to do a specific piece of work.

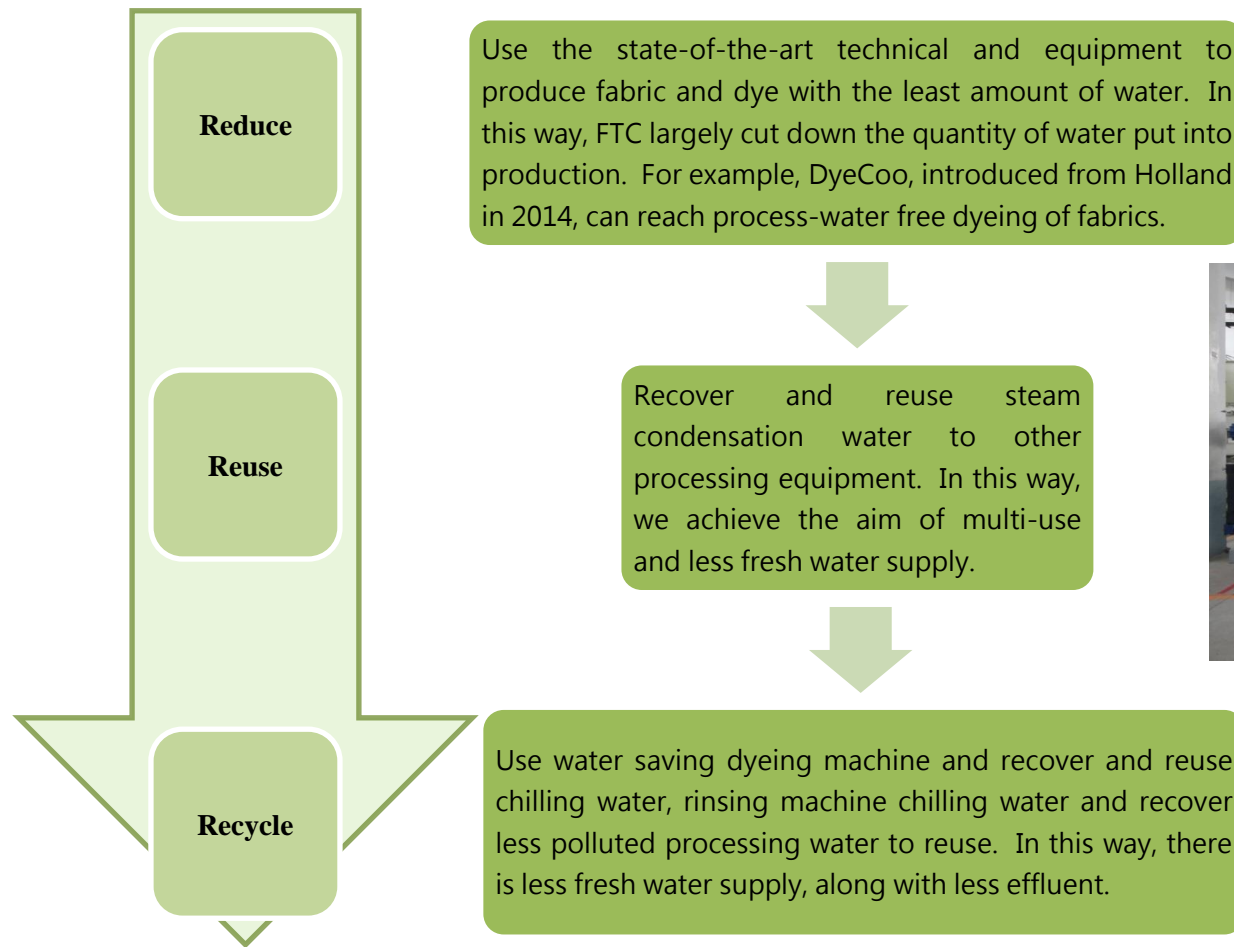
(Reference: 曾郁雯, Foundation of Taiwan Industry Service, “Introduction of technical application to save energy by using air compressor”, 環保簡訊, vol. 27, <http://setsg.ev.ncu.edu.tw/Portals/0/niki/環保簡訊/27期-2.空壓機節能技術應用介紹.pdf>)



## ii. Water Conservation Policy

The population growth, along with more and more industrialization, the limitation of water resources are obvious. Compared with other countries, the unique topography of Taiwan cannot reserve enough rainwater. Therefore, drought happens during the late winter and early spring and short of water supply becomes serious during that period. If we don't put effort in saving water, the cost of using water will certain rocket.

FTC water saving three main measures:



DyeCoo, super critical CO<sub>2</sub> fluid dyeing equipment

## Water Resource Recover Performance

2012-2014 Water recover statistics of five plants in three places:

Category \ Plant \ Year	Taiwan plant			Zhongshan plant in China			Changshu plant in China		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Original water supply (T/day)	13,080.5	12,968.4	13,217.4	2,494.8	2,199.1	1,636.5	1,925.4	1,856.7	1,748.7
Steam condensation water recovery amount(T/day)	726.4	913.3	1,041.6	265.8	244.5	233.7	155.8	162.1	155.3
Recovered water amount(T/day)	6,993.9	8,161.0	8,160.4	1,414.3	1,434.1	1,373.6	1,186.2	1,114.0	1,049.2
Total water amount(T/day)	20,985.8	21,391.5	21,276.0	4,077.5	3,775.1	3,114.1	3,236.4	3,132.8	2,953.2
Recovered water percentage(%)	33.30%	38.20%	38.40%	34.7%	38.0%	44.10%	36.70%	35.60%	35.50%
Effluent emission amount(T/day)	13,820.8	13,057.0	12,929.8	2,565.5	2,254.7	1,676.9	1,950.8	1,922.7	1,813.5

Category \ Plant \ Year	Long An plant in Vietnam			Dong Nai plant in Vietnam		
	2012	2013	2014	2012	2013	2014
Original water supply (T/day)	-	4,153.3	4,074.0	1,366.0	1,416.0	1,931.0
Steam condensation water recovery amount(T/day)	-	147.2	184.3	202.2	185.2	89.5
Recovered water amount(T/day)	-	3,117.1	3,393.8	2,892.6	2,871.5	2,024.5
Total water amount(T/day)	-	6,285.8	6,194.7	4,221.2	4,377.2	3,860.5
Recovered water percentage(%)	-	49.60%	54.80%	68.50%	65.60%	52.40%
Effluent emission amount(T/day)	-	3,149.0	2,775.7	1,292.3	1,472.6	1,799.9

Notes: 1. The above data is mainly from the D & F plants of each facility.

2. Running water had not been exploited in Long An plant in Vietnam till 2012, and water meters were not enough to precisely measure water use; therefore, data on water use in 2012 is not available. Water metering began from January 2013 when Long An plant started to exploit running water.

### iii. Effluents Discharge Policy

Related water pollution management measures have been established in accordance with government regulations. Effluent amounts have been reduced and effluent and sewage discharge standards are strictly implemented so effluent quality conforms to national discharge standards and environmental / ecologic impact is reduced.

Effluent treatments in different plants are as follows:

- Plants in Taiwan: Use biochemistry method, pure oxygen aeration decomposition treatment method, as the primary treatment, and the result is in accordance with national standard.
- Zhongshan Plants in China & Long An Plants in Vietnam: Use biochemistry method, anaerobic/aerobic bacteria, to decompose waste, and the result is in accordance with national standard.
- Changshu Plants in China & Dong Nai Plants in Vietnam: Basic effluent treatment, physical and chemical treatments, is first performed at the plants. The effluent is then sent to the local industrial effluent treatment plant for centralized treatment and released once the standards are met.

Regarding effluent collection, transport and pretreatment facilities, effluent source operation controls, monitoring and management procedures have been set up to manage effluent quality and amounts. The management items include:

- (i) Process effluent collection, transport and pretreatment facilities
- (ii) Domestic effluent collection, transport and pretreatment facilities
- (iii) Other effluent collection, transport and pre-treatment facilities
- (iv) Effluent quality and volume monitoring and testing
- (v) Evaluate production processes, purchase low energy consumption, low pollution, high efficiency, cutting edge technology equipment and green source materials.
- (vi) Research and development of green brand products



Filter-roller sludge dehydrator



Dissolved air flotation system



pH Adjustment System



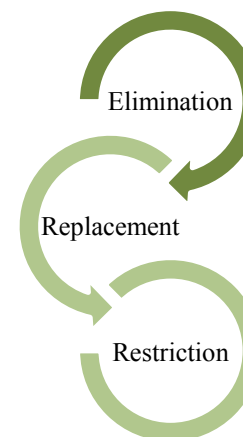
Monitoring Station



#### iv. Waste Reduction Measures

FTC waste management policy is in accordance with government related regulations. In addition to classification, there are registration & declaration through internet. The amount of waste is gathered from each department and managed accordingly. The management of waste is executed in accordance with the Regulations Governing the Management of waste treatment. The execution steps are as follows:

- Elimination: Review the cause of waste generation to take steps to reduce or eliminate accordingly. For example,, improve the processing to reduce defective product and use reusable containers.
- Replacement: Use reusable materials instead of disposable ones. For example, reuse blank on one side paper and use reusable cover cloth to replace PE plastic.
- Restriction: Set up a reduction goal. Review periodically to see the performance of waste reduction.

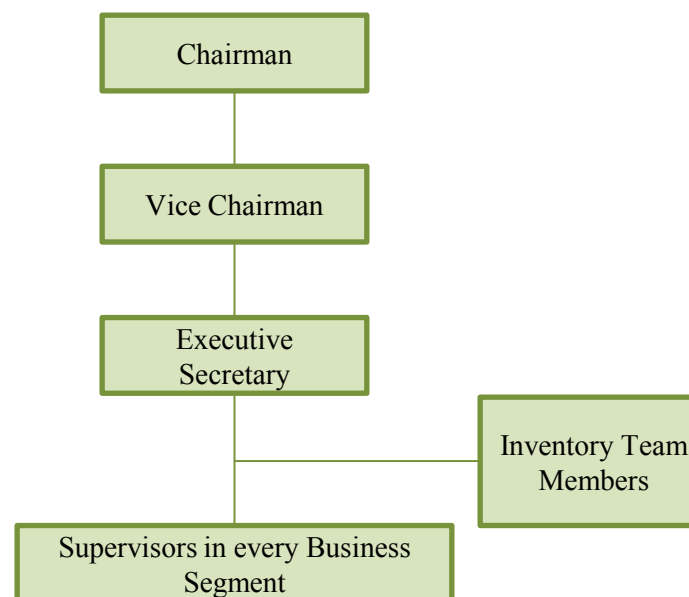


#### v. Air Pollution Reduction Policy

##### (i) Green House Gases Registration & Voluntary Reductions Promotion Council

According to the regulations in “Kyoto Protocol”, FTC established Green House Gases Registration & Voluntary Reductions Promotion Council (ISO14064-1 2006) to plan and promote green house gases registration. As for the regulations in ISO and GHG Protocol by World Business Council for Sustainable Development, FTC set up systematic Green House Gases Registration program, reduction program and systematic audit program. FTC will set up green house gases voluntary reduction program according to the audit results, and arrange efficient green gases emission management program in accordance with PDCA. Therefore, the production lines will stride forward towards less carbon emission. Both upstream and downstream supply chain will benefit from this green action. By this way, FTC will not only achieve the aim of promotion environmental concept but also take the business social responsibility.

##### Green House Gas Inventory & Voluntary Reduction Promotion Committee



**(ii) Air Pollution Control Equipment**

Combined with preventative maintenance, training and operation, each item of equipment is able to achieve its optimal treatment effect and effectively prevent air pollution.

Name of the Equipment	Function
EP Static Oil mist Treatment Equipment	Reduce oil & dust particle attached to the filaments
Wet Flue Gas Desulfurization	Reduce Sox & particles in the exhaust (Reduce smoke)
Selective Catalytic Reduction (SCR) Denitrification	Reduce NOx in the exhaust causing pollution
Activated Carbon Tower	Eradicate smell from exhaust
Pre-sprinkling Scrubbing Tower	Reduce dust from the exhaust
Particle Condensation device + VOCs	Reduce volatile organic compounds (VOCs) in the exhaust

**1. SO<sub>x</sub> 、NO<sub>x</sub> Prevention**

- Use of low sulfur fuel oil
- Washing and Scrubbing Tower and De-sulfate and de-nitrate prevention equipment
- Boiler exhaust stack waste heat recovery systems
- O<sub>2</sub> monitoring and microcomputer combustion control systems to enhance combustion efficiency

**2. VOCs Prevention**

- Particle Condensation device + VOCs
- Install emission, discharge pipes and multi-prevention measures in all plants

Air Pollution Control Equipments List			
1 <sup>st</sup> Plant		2 <sup>nd</sup> Plant	
Plant (Dept.)	Amount (NT\$)	Plant (Dept.)	Amount (NT\$)
1 <sup>st</sup> Area of Engineering Plant	534,000,000	2 <sup>nd</sup> Area of Engineering Plant	135,000,000
1 <sup>st</sup> Area of 1 <sup>st</sup> Dyeing Plant	24,606,800	2 <sup>nd</sup> Tyre Cord Plant	36,590,000
1 <sup>st</sup> Area of 2 <sup>nd</sup> Dyeing Plant	9,288,400	3 <sup>rd</sup> Tyre Cord Plant	23,380,000
2 <sup>nd</sup> Area of 2 <sup>nd</sup> Dyeing Plant	8,100,000	Total	194,970,000
3 <sup>rd</sup> Area of 2 <sup>nd</sup> Dyeing Plant	9,200,000		
3 <sup>rd</sup> Area of 1 <sup>st</sup> Dyeing Plant	9,320,000		
Printing Plant	6,072,400		
1 <sup>st</sup> Tyre Cord Plant	15,070,000		
1 <sup>st</sup> Area of Processing Plant	72,920,000		
2 <sup>nd</sup> Area of Processing Plant	107,380,000		
Total	795,957,600		
Total Investment Amount: NT\$ 990,927,600			

### (iii) The Control of Ozone Depleting Substances · ODS

In accordance with Environmental Protection Administrationures in all plantsol on substances that Deplete the Ozone Layer, and HCFC Consumption Management Act, FTC developed Air Pollutants Management Act, and the aim of the Act is to replace all the equipment containing chlorofluorocarbon, CFCs, and hydrochlorofluorocarbons, HCFCs, to zero ODS emission.

### (iv) Environmental Monitoring and Testing

Air polluting operation permits have been obtained for each related process in accordance with laws and regulations and operation is perform in conformance with the law. The permit expiry date and replacement application for environmental protection permits can be checked and controlled using the Company's computer system. The continuous monitoring system for the plants' fixed pollution sources (two smoke stacks for the cogeneration process) is connected real-time to the Yunlin County's Environmental Protection Bureau

so the entire process can be monitored by the competent environmental protection authorities.

Plant exhaust stacks are regularly tested in accordance with the law and the test results are reported to the Environment Protection Administration.

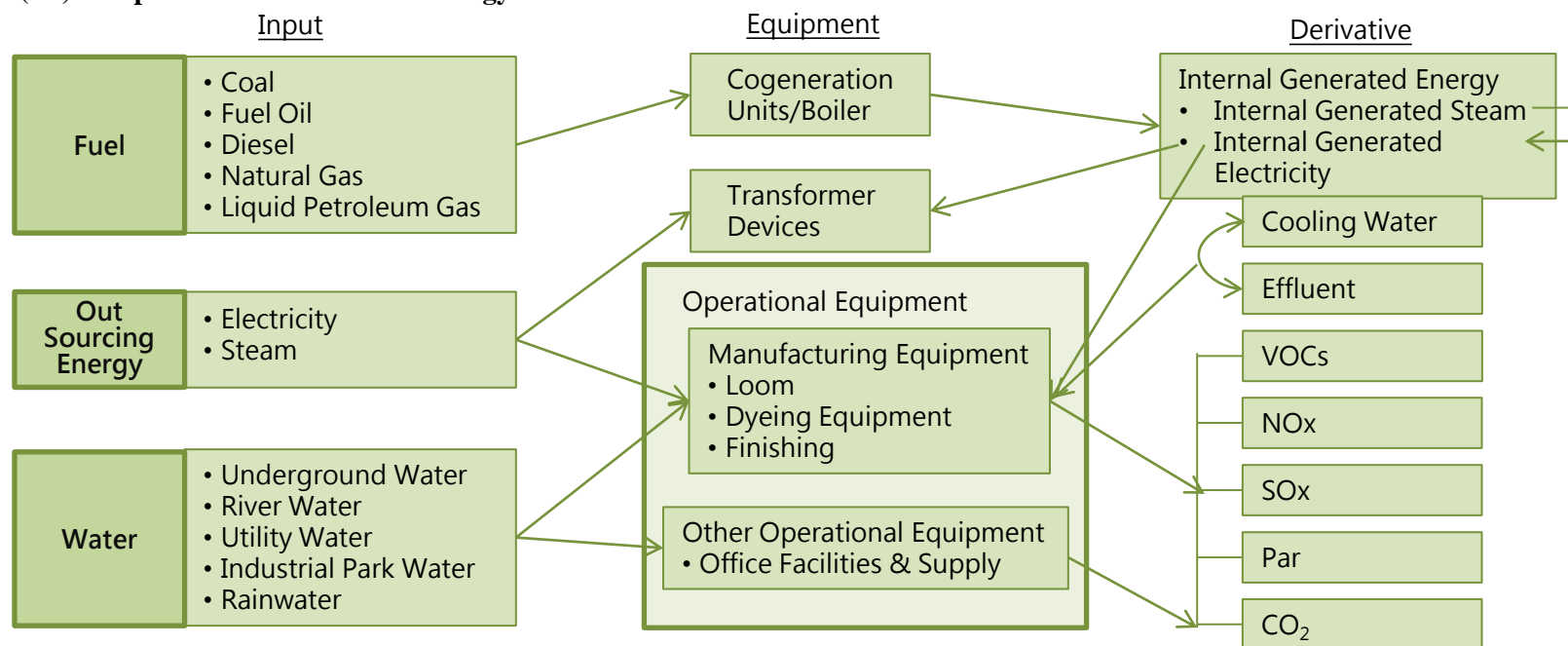
### (v) Diesel Vehicle Fleet Self-Management:

Signed diesel vehicle self-management for Yunlin-Chiayi South Air Quality Management District to ensure vehicle emissions conform to emission standards in order to maintain air quality

### (vi) Green Material Purchasing:

Preferential purchase of products with environmental protection symbols (including environmental friendly, energy saving, water saving and green building material symbols) to do our part for the earth and the environment. Materials procured with "Green Mark" in 2014 reached NTD 1,360,519.

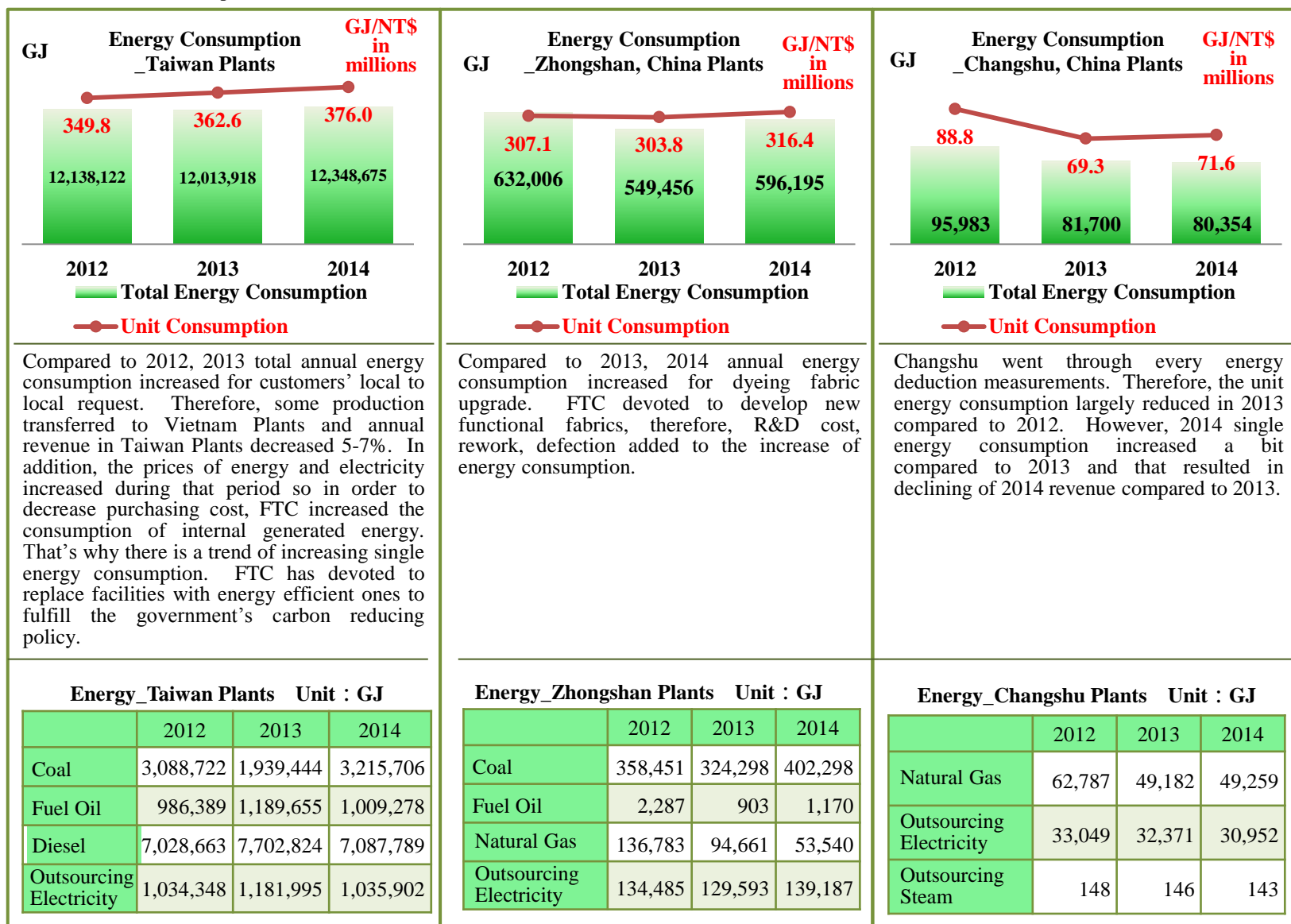
## (III) · Inputs and Derivatives of Energy and Water

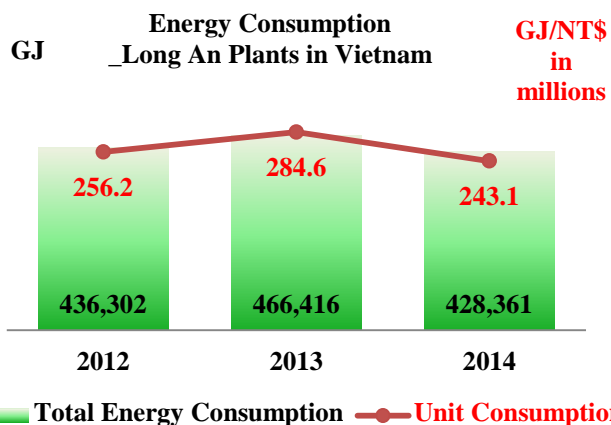


Generated energy and purchased energy, water resource use and derivatives of input energy/water

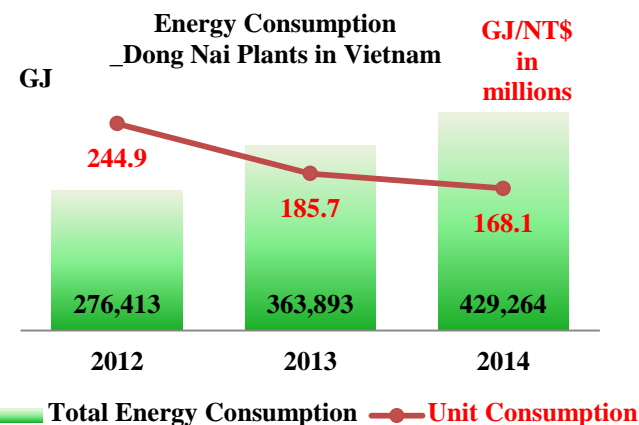
## i. Inputs of Energy and Water

Annual Consumption, of 2012-2014 in 5 Plants in 3 Places





Owing to the replacement of fuel oil with liquid petroleum gas, the annual energy consumption has decreased in 2014 compared to 2013.



Annual energy consumption increases year by year due to customers' local to local needs so orders are transferred from Taiwan to Dong Nai Plants. Production increase results in energy consumption increase. There are additional looms, dyeing machines, and newly constructed Tyre Cord Plant joining in operation in the fourth quarter of 2012, in the second quarter of 2013, after trial run these facilities are in full production so energy consumption increased accordingly. From the fourth quarter of 2013, the operation entered a stable pace, along with all energy saving measurements, so the energy consumption will decrease annually.

**Energy\_Long An Plants Unit : GJ**

	2012	2013	2014
Coal	194,896	226,733	277,451
Fuel Oil	121,831	114,013	22,693
Natural Gas	0	0	41
Outsourcing Electricity	119,575	125,670	128,176

**Energy\_Dong Nai Plants Unit : GJ**

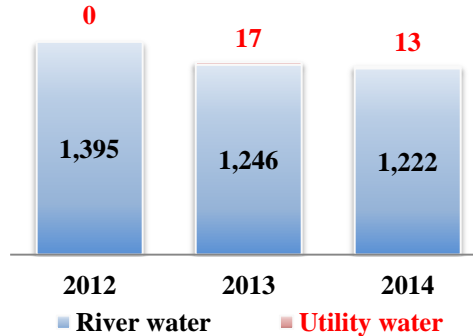
	2012	2013	2014
Outsourcing Electricity	97,341	159,186	213,777
Outsourcing Steam	179,072	204,707	215,487



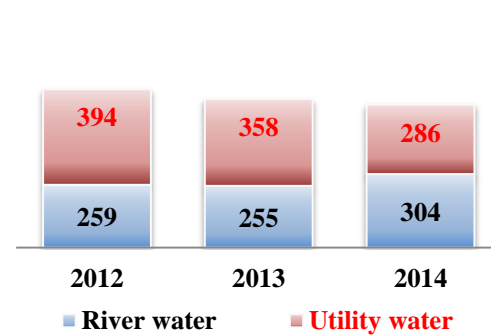
## Annual Water Supply, 2012-2014, 5 Plants in 3 Places

Major Water Resources  
of 5 Plants in 3 Places

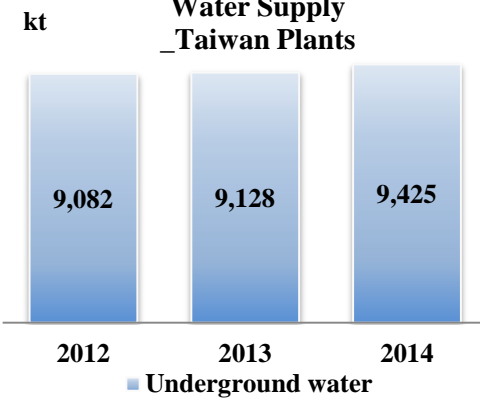
Taiwan	Underground water
China	River water, Utility water
Vietnam	Underground water, Industrial park water

Water Supply  
\_Zhongshan Plants, China

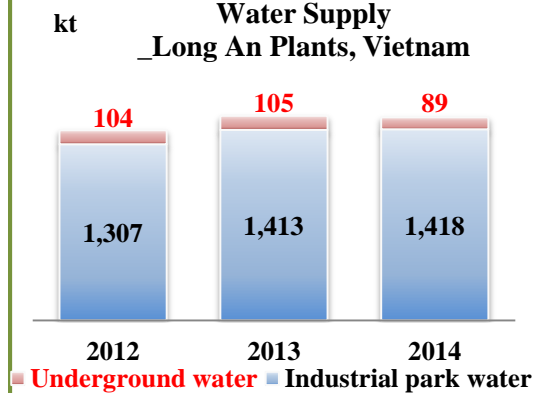
Before 2012, water for everyday life was processed internally, and from 2013, started using utility water.

Water Supply  
\_Changshu Plants, China

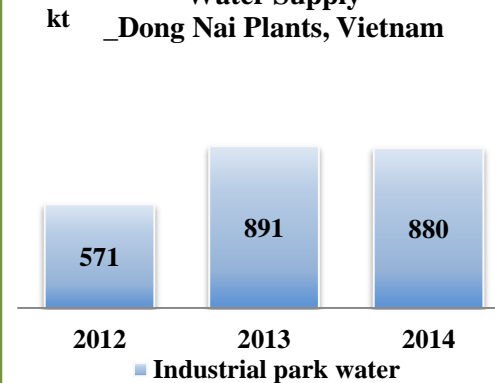
Changshu Plants adopted half-liquid-ratio dyeing technique and effluent recovery; therefore, the annual fresh water consumption decreased gradually.

Water Supply  
\_Taiwan Plants

As for customers' high quality requirement, to ensure the quality of dyeing process, and to enhance the Rubbing/Crocking color fastness, the consumption of water increased. In the future, using high rubbing color fastness dye and improving the dyeing process is the target to decrease the consumption of water.

Water Supply  
\_Long An Plants, Vietnam

Plant expansion in 2014 resulted in underground water consumption increase.

Water Supply  
\_Dong Nai Plants, Vietnam

2nd Weaving Plant went into mass production and Tyre Cord Plant in trial run in 2013 so the consumption of water increased dramatically. In regular production pace with water recover measurements, the total consumption decreased in 2014.

## ii. Derivatives of Energy and Water

### (i) Exhaust

- Greenhouse gases

Greenhouse gases generate mainly from three sources, as follows:

1. Stationary source:

Facilities, like co-generator, hot kerosene boiler, emergency generator, diesel generator, steam boiler, and cafeteria, will generate heat during everyday use.

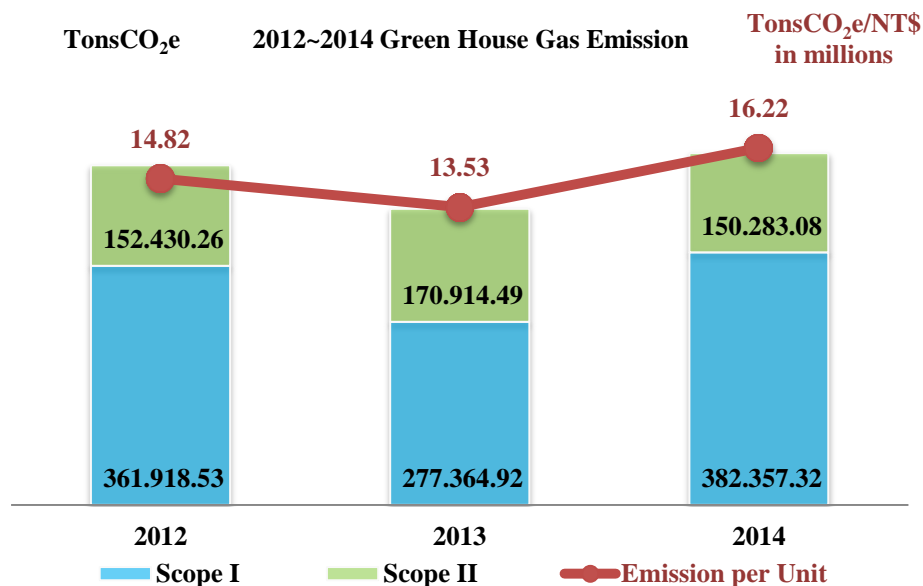
2. Moving source:

Transportation vehicles, cars, forklifts will generate heat in use.

3. Dissipation:

Internal cooling devices, air conditioner, refrigerators, super high voltage generator circuit breaker, carbon dioxide extinguisher, and septic tanks generate heat while in use.

In 2014, Scope I/Scope II in total green house gas emission are 71.79%/28.21%. The main source in Scope II is outsourcing electricity. As for other Scope III green house gases, data are not accessible. According to the regulation of government authority, Environmental Protection Administration, emission inspection will be enough and there is no need to quantization for year 2014. Commuters, subcontractors, customers' vehicles and general waste of businesses belong to Scope III.

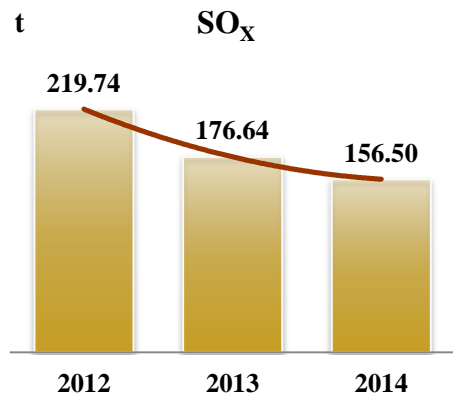


※ Emission per unit = annual total green house gas emission quantity (TonsCO<sub>2</sub>e)/ annual revenue (NT\$ in millions)

※ Green house gas emission quantity increased dramatically in 2014 that is due to the restart of newly renovated generator in operation, so that was not abnormal consumption.

### • Other Air Pollution

Emissions of Sulfate ( $\text{SO}_x$ ), Nitrogen oxide ( $\text{NO}_x$ ), Volatile Organic Compounds (VOCs) and Particles (Par) in 2012-2014:



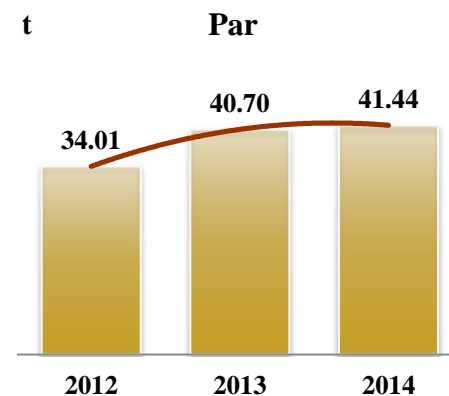
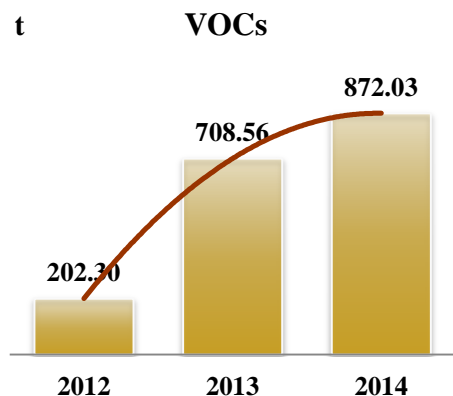
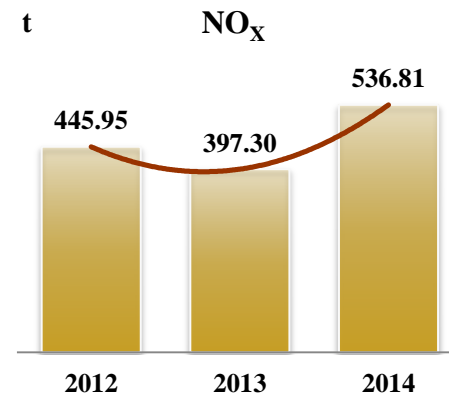
※ Source: Information reported to Environmental Protection Bureau of county government by FTC (Taiwan Premises)

※ The gradual fall of SOX emissions result from compliance with the requirement of Environmental Protection Bureau by lowering the concentration of emissions from 300ppm to 72ppm.

※ The increase of NOX emissions in 2014 can be attributed to the operation of new generators. During the replacement period, from Sep. 2012 to Feb. 2014, no coal is used as fuel to generate steam and electricity, which contributes an almost two successive years of emission decrease.

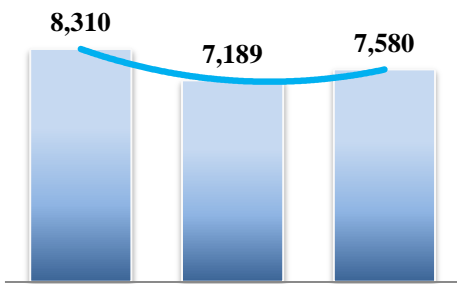
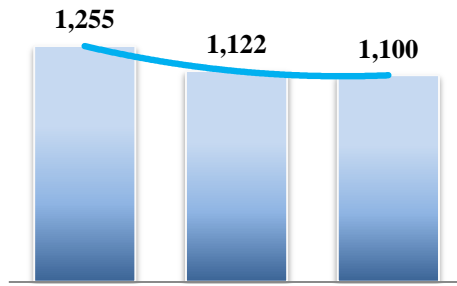
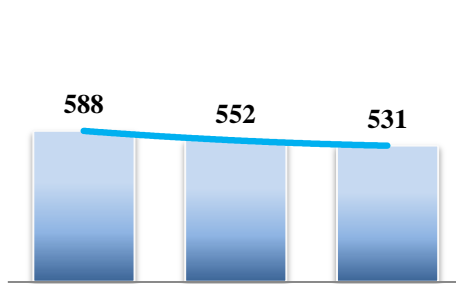
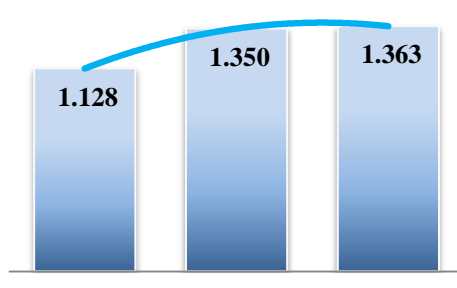
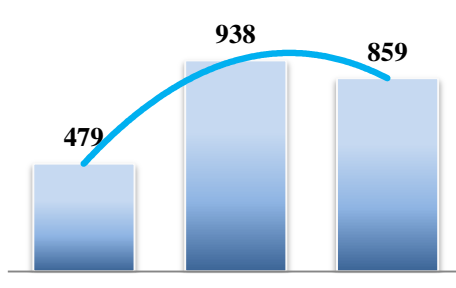
※ The increase of VOCs emissions is due to change of the calculation method—a mass balance approach, instead of a coefficient, 0.582 kg/ton, for the printing, dyeing and finishing industry announced by EPA—required, from the second quarter of 2013, by Environmental Protection Bureau, rather than an abnormal increase in consumption of volatile organic substances while the 23% increase in 2014 was due to production increase.

※ As for the Par emissions during 2012~2014, the malfunction of the generator set in 2012 brings the M01 co-generation system to a halt and results in fewer Par emissions in 2012 than those in 2013 and those in 2014.



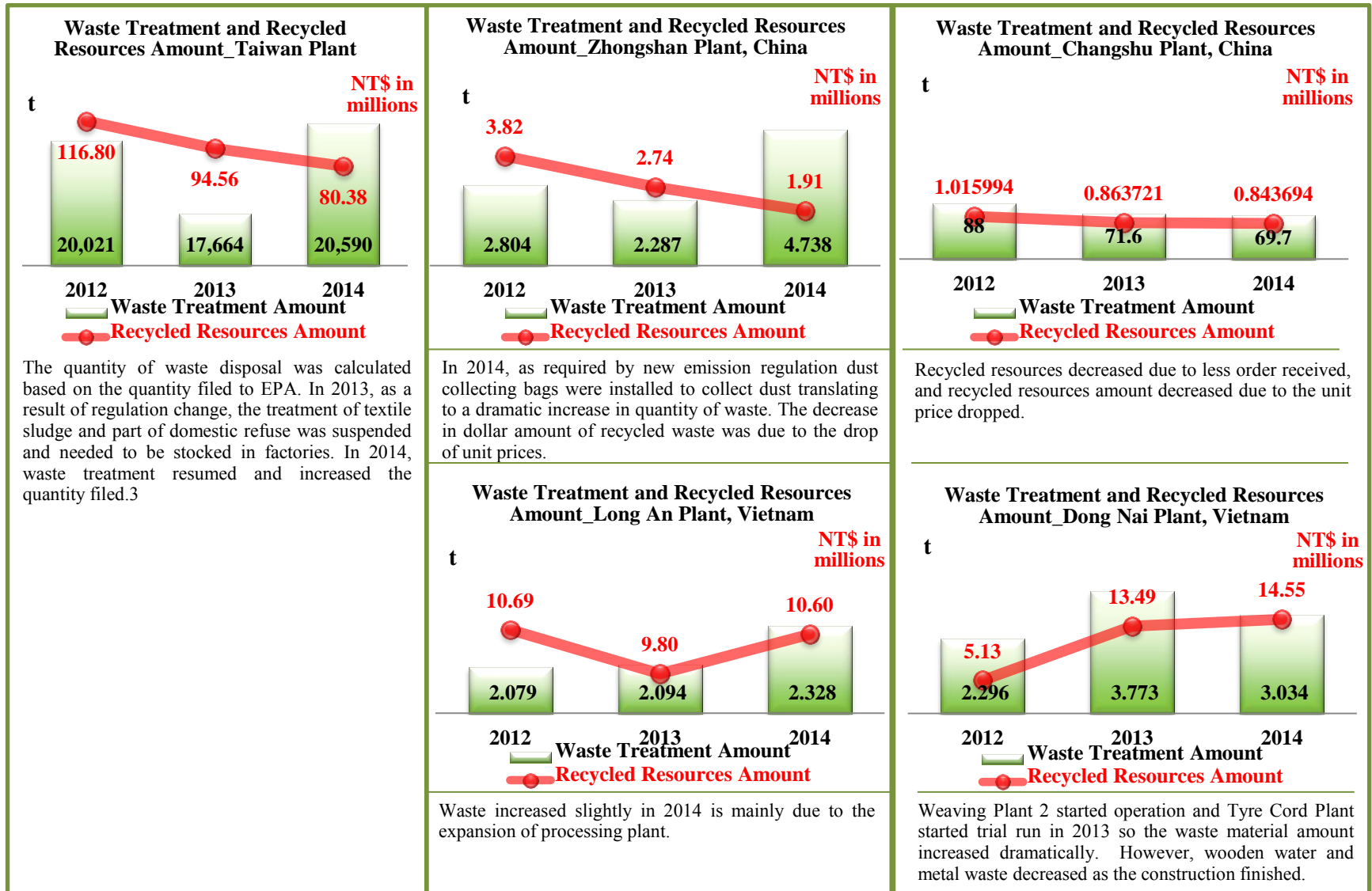
**(ii) Effluents**

2012-2014 Effluent Discharge of 5 Plants of 3 Places

<p>kt    <b>Effluent Discharge Amount</b>     <u>  Taiwan Plants</u></p>  <table><tr><th>Year</th><th>Effluent Discharge Amount (kt)</th></tr><tr><td>2012</td><td>8,310</td></tr><tr><td>2013</td><td>7,189</td></tr><tr><td>2014</td><td>7,580</td></tr></table>	Year	Effluent Discharge Amount (kt)	2012	8,310	2013	7,189	2014	7,580	<p>kt    <b>Effluent Discharge</b>     <b>Amount_Zhongshan Plants, China</b></p>  <table><tr><th>Year</th><th>Effluent Discharge Amount (kt)</th></tr><tr><td>2012</td><td>1,255</td></tr><tr><td>2013</td><td>1,122</td></tr><tr><td>2014</td><td>1,100</td></tr></table>	Year	Effluent Discharge Amount (kt)	2012	1,255	2013	1,122	2014	1,100	<p>kt    <b>Effluent Discharge</b>     <b>Amount_Changshu Plants, China</b></p>  <table><tr><th>Year</th><th>Effluent Discharge Amount (kt)</th></tr><tr><td>2012</td><td>588</td></tr><tr><td>2013</td><td>552</td></tr><tr><td>2014</td><td>531</td></tr></table>	Year	Effluent Discharge Amount (kt)	2012	588	2013	552	2014	531
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<p>As for customers' high quality requirement, to ensure the quality of dyeing process, and to enhance the Rubbing/Crocking color fastness, the consumption of water increased. In the future, using high rubbing color fastness dye and improving the dyeing process is the target to decrease the consumption of water.</p>	<p>From 2012 to 2014, effluent processing amount decreased due to the installation of a set of water recovery facility. In 2014, recycled water increased 110 thousand cubic meter and effluent discharge amount decreased accordingly compared to 2013.</p>																									
	<p>kt    <b>Effluent Discharge Amount</b>     <u>  Long An Plant, Vietnam</u></p>  <table><tr><th>Year</th><th>Effluent Discharge Amount (kt)</th></tr><tr><td>2012</td><td>1,128</td></tr><tr><td>2013</td><td>1,350</td></tr><tr><td>2014</td><td>1,363</td></tr></table>	Year	Effluent Discharge Amount (kt)	2012	1,128	2013	1,350	2014	1,363	<p>kt    <b>Effluent Discharge Amount</b>     <u>  Dong Nai Plant, Vietnam</u></p>  <table><tr><th>Year</th><th>Effluent Discharge Amount (kt)</th></tr><tr><td>2012</td><td>479</td></tr><tr><td>2013</td><td>938</td></tr><tr><td>2014</td><td>859</td></tr></table>	Year	Effluent Discharge Amount (kt)	2012	479	2013	938	2014	859								
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	<p>Effluents increase as capacity increases.</p>	<p>Weaving Plant 2 started operation and Tyre Cord Plant started trial run in 2013 so the effluent discharge amount increased dramatically. However, water saving measurements put into practice so the effluent decreased.</p>																								

## (iii) Waste

2012-2014 Waste Treatment & Recycled Resources Amount in 5 Plants of 3 Places are as those charts:



**(IV) Violations and Expenditures on Environmental Protection****i. Fines incurred by Violations of Environmental Regulations in the Recent three Years**

Item \ Year	2012	2013	2014
<b>Issuing Agency</b>	Environmental Protection Bureau, Yunlin County	Environmental Protection Bureau, Yunlin County	Environmental Protection Bureau, Yunlin County
<b>Amount</b>	NT\$ 112,000	NT\$ 542,000	NT\$ 12,000
<b>Other Loss</b>	0	0	0

Notes: We formally promote the CSR initiative from 2014, so what is presented in the above table only covers data of the headquarter in Taiwan. The related information of premises in China and Vietnam will be disclosed from 2015.

**ii. The Prevention & Estimated Expenditures/investments**

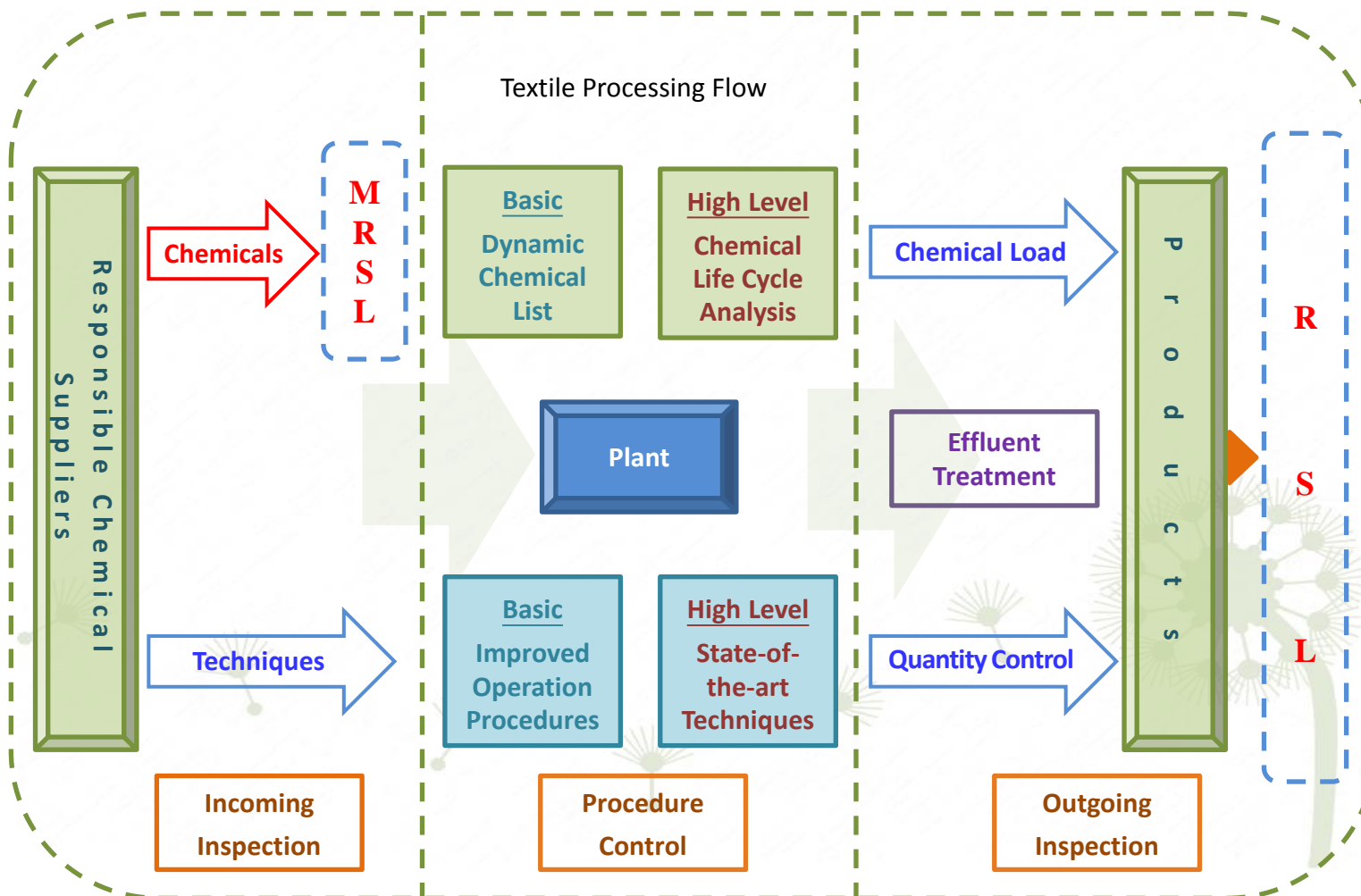
Pollution Prevention Equipment Purchase Expenditures for the Coming Two Years:

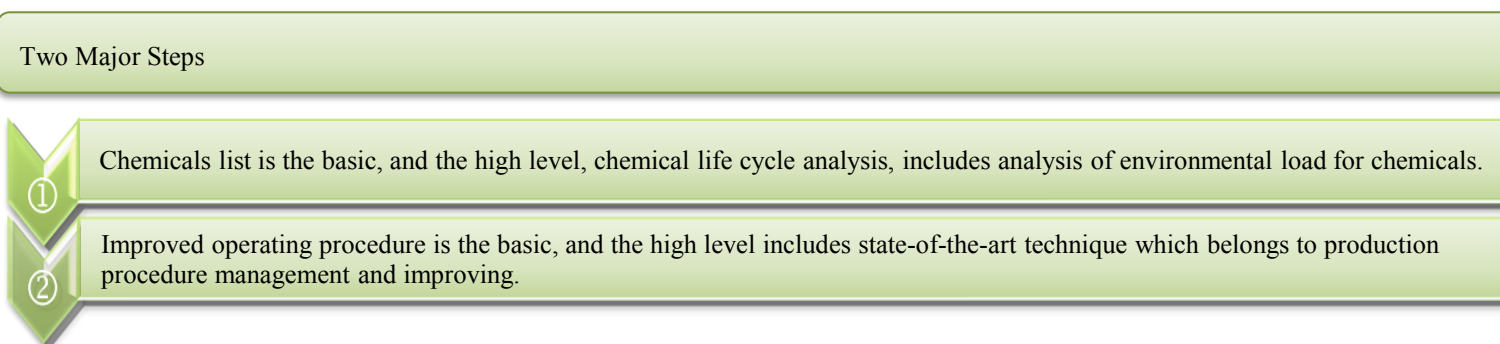
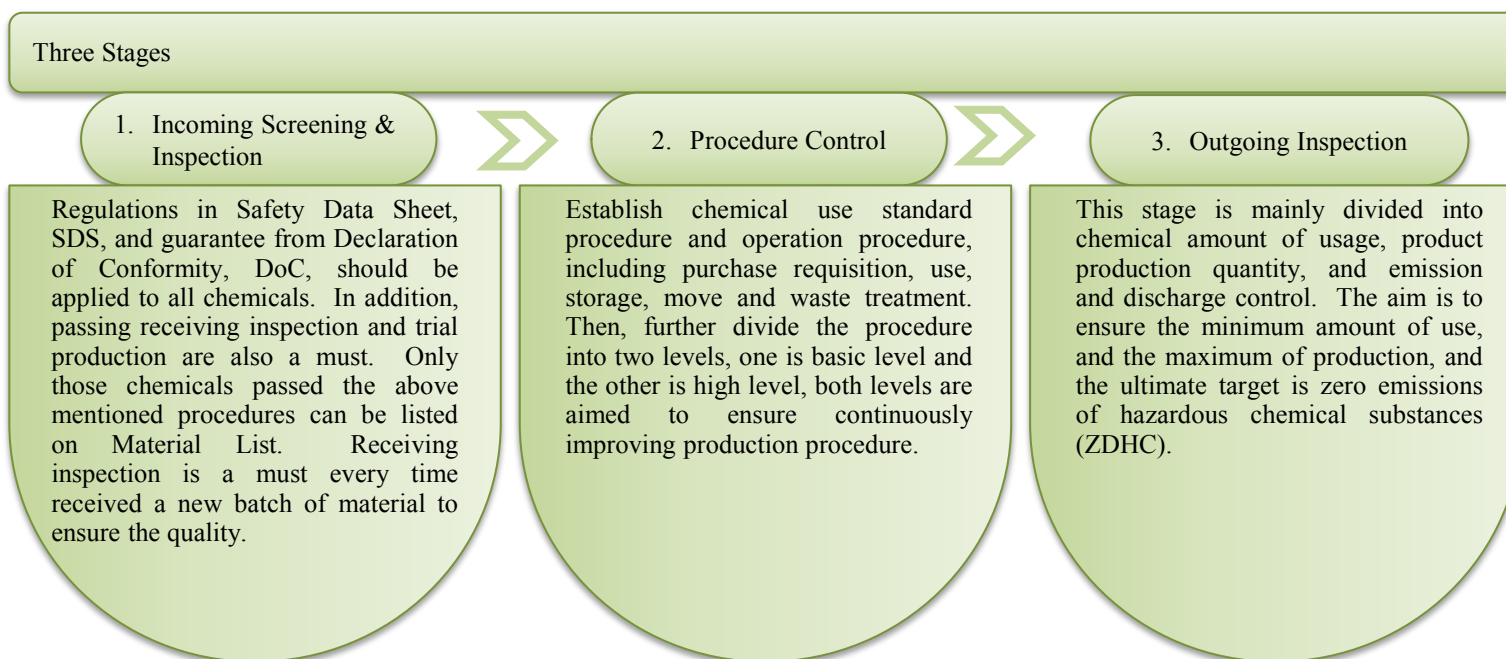
Item \ Year	2014	2015
<b>Planned purchase of pollution prevention equipment or expenditure content</b>	<ol style="list-style-type: none"> <li>1. Install one effluent CEMA detection system for Taiwan premises.</li> <li>2. Install effluent recovery facilities for Taiwan Plant 2, Zhongshan Plant, Dong Nai Plant, Long An Plant, total 4 set2.</li> <li>3. Install De-NOx facility in Zhongshan Plant for coal-burning boiler.</li> </ol>	<ol style="list-style-type: none"> <li>1. Install 3 sets of pre-sprinkling scrubbing tower for oil-burning boilers in Taiwan Premises.</li> <li>2. Improve aeration of effluent treatment in Zhongshan Plant.</li> <li>3. Install one set of water purification facility in Changshu Plant.</li> <li>4. Plan to set up an effluent treatment plant in Changshu Plant.</li> <li>5. Plan to set up 2 De-NOx facilities for a cogeneration plant.</li> </ol>
<b>Expected Improvement</b>	<ol style="list-style-type: none"> <li>1. Based on environmental protection laws and regulations.</li> <li>2. Reduce effluent discharge amount and reduce the cost of using water.</li> <li>3. Reduce the concentration of NOx in the smoke of boilers.</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce dust particles in boilers.</li> <li>2. Enhance the efficiency of effluent treatment.</li> <li>3. Reduce water consumption amount and reduce the cost accordingly.</li> <li>4. Reduce the discharge amount of effluent pollutant.</li> <li>5. Reduce the concentration of NOx in the smoke of boilers.</li> </ol>
<b>Amount</b>	NT\$ 40,000	NT\$ 145,500



## (V) Efforts at Green Sustainability

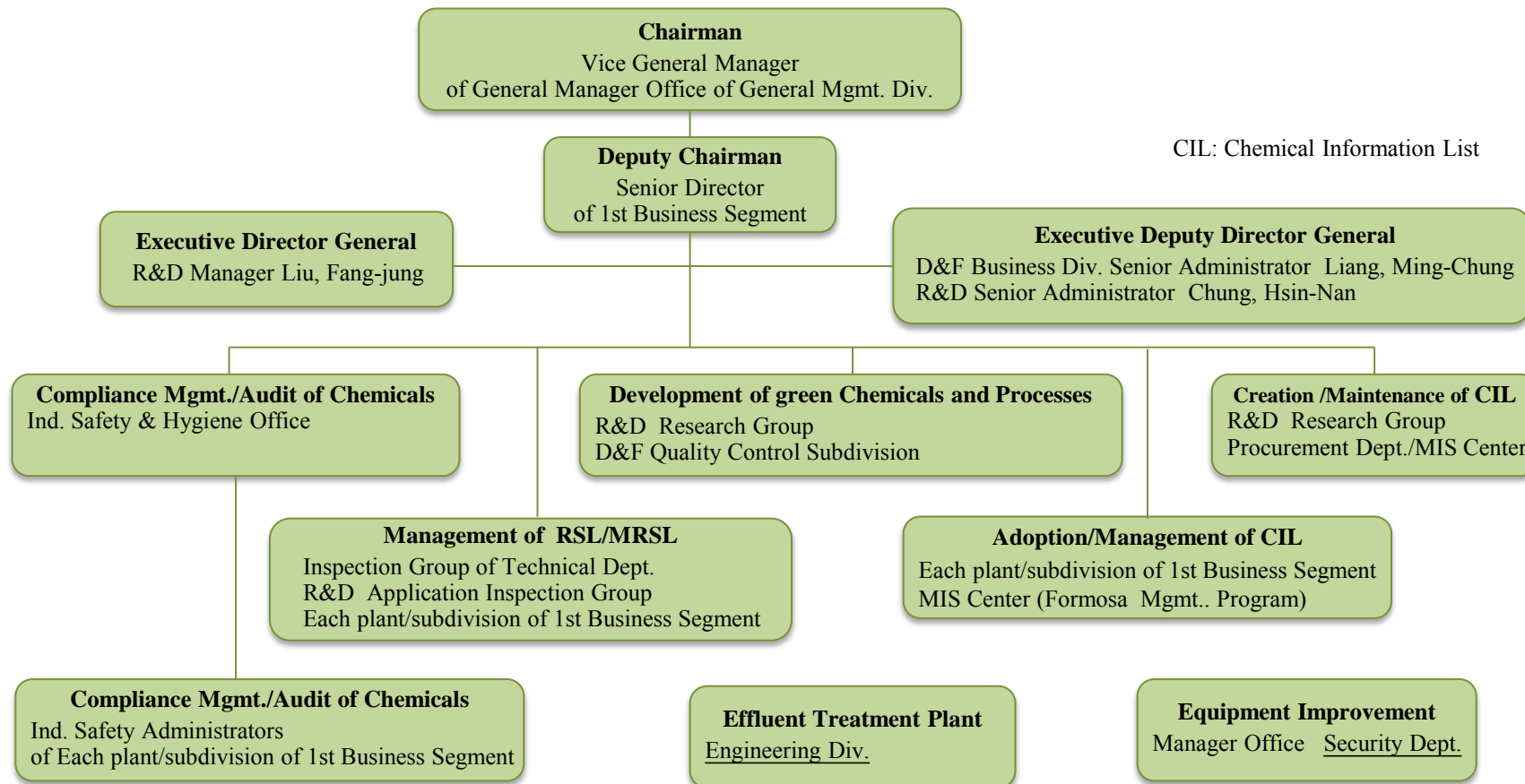
To achieve environmental protection, protect the safety of consumers and implement sustainable policy of FTC, all chemicals used in FTC must pass strict trial and test procedures to guarantee the quality and compositions complying with customers' and relevant regulations requests. In addition, we provide products and samples to the third party lab for inspection annually to ensure that materials and products are safe. As for chemical management, there are 3 stages, 2 major steps, promoting organization structure and short, mid-, long term objects as follows:





Through the above chemical control structure, FTC not only provide users with safe textile but also higher green material quality. Therefore, FTC is certainly one step further towards the aim of zero emissions of hazardous chemical substances (ZDHC).

In order to achieve the ultimate goal of zero emissions of hazardous chemical substances (ZDHC) by 2020, FTC signed a guarantee stating that all supplied materials do not contain certain hazardous chemicals in 2013 and are negotiating with suppliers to disclose material information in the future. This project promotion team is as follows:



**Department in charge and its relevant business:**

1. R&D Center: file raw material safety criteria, manage and control environmental guarantees submitted from suppliers, dye/chemicals receiving inspection.
2. Procurement Dept.: File suppliers' information of dye and chemicals.  
Note: Category No. 12 & No. 13 should be fully inspected. If suppliers applied for partial inspection, responsible procurement dept. should apply for approval from Procurement Team in General Manager Office in advance.
3. Technical Dept.: Certificate of Oeko-Tex Standare100, brand customer Restricted Substances List (RSL) review and approval, sign guarantees as per customers' request.

## ZDHC Short, Mid-, and Long-term Procedures

### Short-term Procedures:

1. Chemical inventory counting
2. Set up ZDHC data base, including GHS (Globally Harmonized System) SDS/TDS(Technical Data Sheet)/ Supplier information/COD (Chemical Oxygen Demand)/ Consumption
3. Put 11 items of ZDHC into strict control
4. Request Suppliers to provide 4 in 1 guarantee<sup>1</sup> /11 items in ZDHC guarantee
5. Use MRSLS to screen receiving materials
6. Gradually increase the use percentage of eco-friendly water repellent

### Mid-term Procedure:

1. Reduce the number of chemicals/using quantity/reuse
2. Compare the toxicity before purchase, and ask for the inspection report to check

### Long-term Procedure:

1. Establish the traceability for each fabric, including chemicals used in each batch and other details.
2. All products comply with ZDHC standard. Use water repellent as an example, FTC switched from long chain to short chain and aimed at de-fluoride products. (See the graph in the right side, and explain as follows:
  - According to the PFOA/PFOS, the USA, EPA management draft, water repellent have to decrease the quantity of C8 long chain year by year.
  - In order to fulfill the request to be environmental friendly, C6 short chain is now substitute for C8 long chain.
  - In the chart, the dotted line indicates the trend of consumption for water repellent from 2015 to 2017.
3. 2020 should reach the ultimate goal of zero emissions of hazardous chemical substances (ZDHC).

7. Technical Dept. is responsible for the leaving plant of RSL finished products.

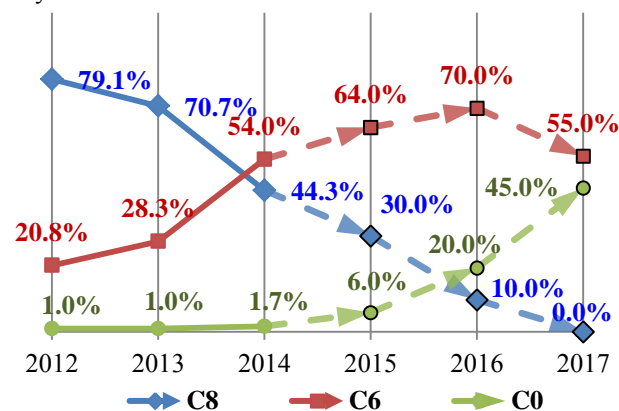
8. Formulate S.O.P. for chemical management

Note 1: 4 in 1 guarantee:

- To conform to Oeko Tex Standard 100®
- To conform to SVHC, Substances of very high concern, of REACH
- Organotin-free guarantee
- APEOs free guarantee

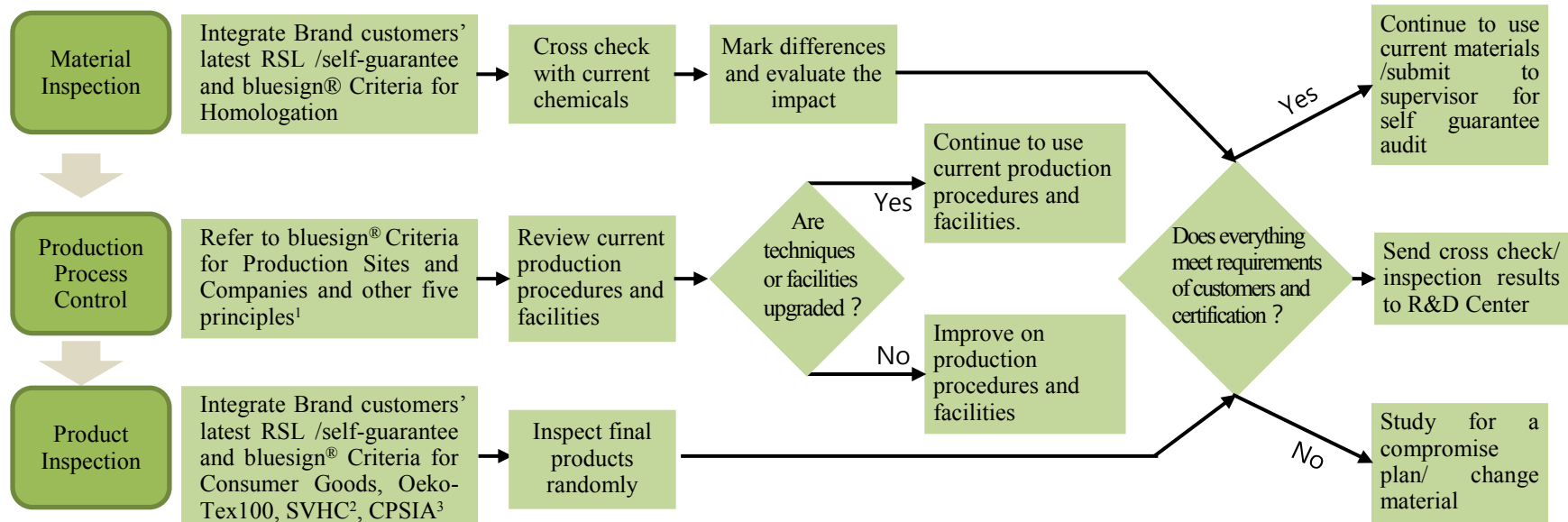
3. Count the COD (Chemical Oxygen Demand) for total chemical emission, and set up goals to reduce
4. Establish environmental friendly production procedure

Annual Consumption Quantity of Long Chain Water Repellent Replaced by Environmental Friendly Ones and the Forecast for next 2 years.



### Practical Execution Measures for the Three Stages

The procedures of controlling hazardous chemical of materials, production process, and final products are defining standards, implementing control, and then inspecting final products. Detailed procedures are as follows:



Note:

1. 5 Principles of bluesign® :

- (1) Resource Productivity: The bluesign® system helps optimizing the process efficiency by minimizing both energy and material input.
- (2) Consumer Safety: Due to its holistic approach the bluesign® system meets highest requirements to provide consumers ecologically high-quality textiles as well as a clear conscience.
- (3) Water Emission: The bluesign® system aims at minimize the amount of harmful substances and reduce the basic contamination of sewage. Encourage manufacturers to install a well-functioning effluent treatment. Air Emission:
- (4) Air Emission: The aim is to reduce CO<sub>2</sub> emissions by choosing adequate facilities and supervising production procedures in order to reduce greenhouse gas emissions and to make an active contribution to climate protection.
- (5) Occupation Health and Safety: When using chemicals during the textile production process, a careful and safe handling with regard to the employees' health is vital. bluesign® System will have positive effect on partners.

(For more information, please refer to "Taiwan Greening Your Life", website: <http://www.greentrade.org.tw/node/43646>)

2. SVHC : Substances of Very High Concern · currently there are 161 items on the list.

3. CPSIA : Consumer Product Safety Improvement · this act was put into effect from Aug. 14, 2008, asks manufacturers and importers to show inspection certification from a recognized third party.

### i. Green Materials – Hazardous Chemicals Control

To provide a basis for the safe management of hazardous material use, storage and transport by FTC and ensure work personnel and equipment safety follows environment, product safety, labor safety, fire prevention and traffic regulations, FTC has set up related controlling documents and standard operating procedures (SOP) to strengthen safety management, control work, safety and health facility & installation, emergency & accident handling, supervision and checking of hazardous chemicals by departments in order to minimize the hazards caused by these chemicals.

#### (i) FTC Chemical management Process Related Regulations:

Chemical Management Item	Management Procedure Established by FTC
<b>Hazardous material labeling and communication management</b>	Hazardous material labeling and communication management procedure
<b>Dangerous material management</b>	Public hazardous material procedure
<b>Chemical operation management</b>	Hazardous material operation guidelines
<b>Personnel management and training</b>	Instruction and training procedure
<b>Hazardous chemical operation environment</b>	Working environment supervising guidelines

#### (ii) Hazardous Chemical Control Banding, CCB

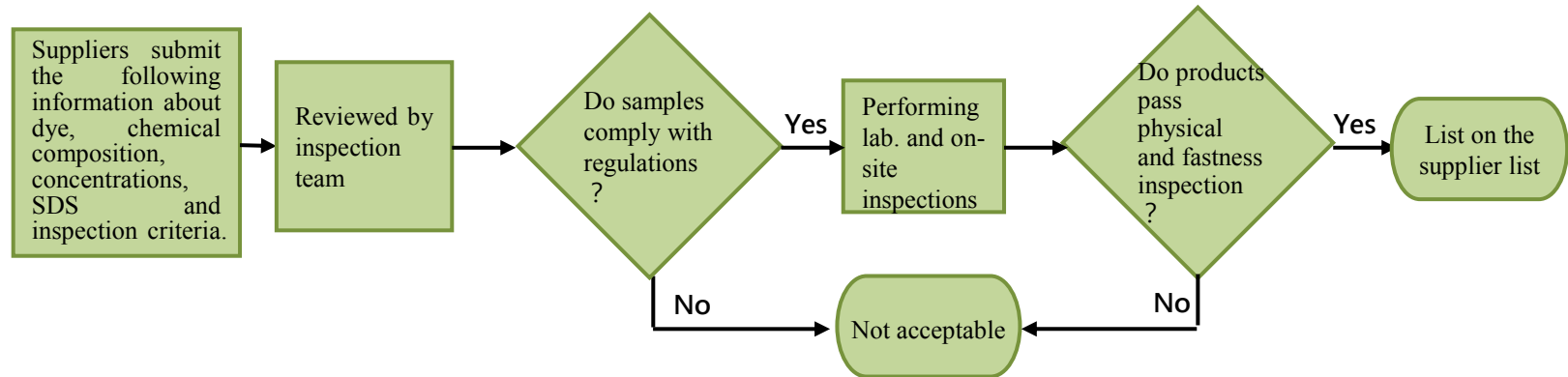
In accordance with Occupational Safety and Health Act and higher chemical control standards of stakeholders, FTC Ind. Safety & Hygiene Office established Chemical Control Banding. This classifies and assess hazardous chemicals according to the risk to health, spreading and quantity of use to provide control and implement details. After training of those personnel in Ind. Safety & Hygiene Office, each Dept. should establish its own “Hazardous Chemical Assess and Banding Schedule” and fulfill according to the schedule. As for the assessment, banding procedures, and banding practice record, each Dept. should keep in file for later inspection and trace.

#### (iii) Hazardous Chemical List Management

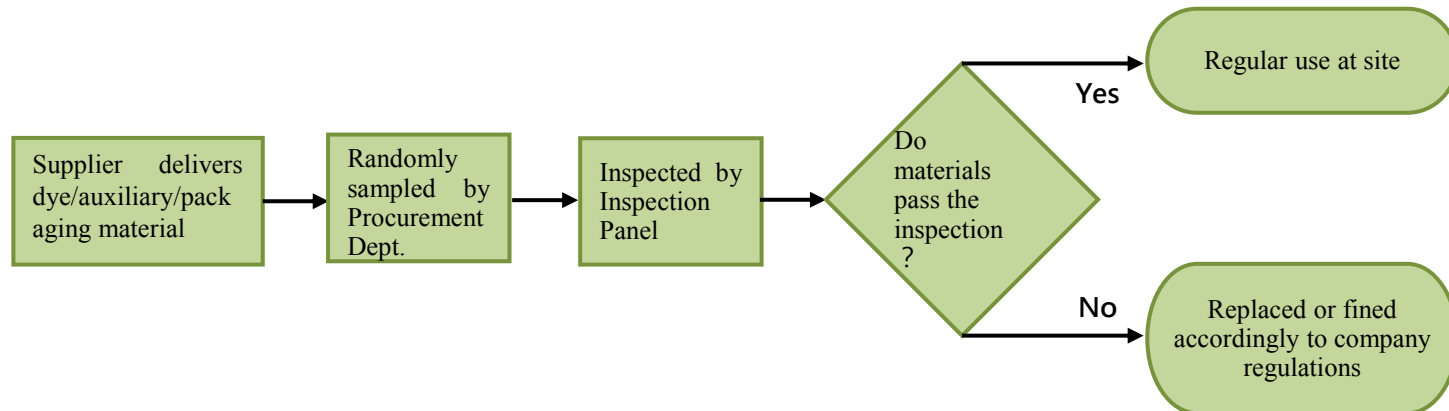
The Application Testing Team at the R&D Center is tasked with determining ingredient and quality standards for dyes, auxiliaries and packaging materials and quality judgment management for the above materials after arrival at the plant. Through the inspection of each lot of incoming materials, materials can be controlled from the source to ensure that quality meets customer requirements. In addition to having received ISO 9001, ISO 14001, ISO 14064, OHSAS 18001, SGS TOSHMS, Oeko-Tex®, bluesign®, product carbon footprint (PAS2050), GOTS organic cotton certifications, the Company also requires suppliers to conform to Oeko-Tex Standard 100®, EU REACH SVHC control standards and provide APEOs and organotin-free guarantees. If the products do not comply with the standards or the supplier is unable to provide a guarantee, then the products are not used for the customer order. The supplier is also asked to promptly make improvement so that the chemical agents conformed to environmental protection requirements. If the supplier fails to do so, then should be eliminated from supplier list.



### Establish Chemical list Management Procedure



### Receiving Material Inspection Procedures



#### (iv) Chemical Transportation and Storage Management

The chemical transport sites, tanks, pumps and other equipment at FTC departments all have spill barriers of a suitable height or spill prevention devices possessing an equivalent function to guard against the pollution hazard of chemical spills. FTC spares no effort with regard to chemical management. The Ind. Safety & Hygiene Office conducts full inspection of each section's chemical transportation and storage tank. All sites where chemicals are stored must be inspected before transport and storage is allowed. Non-conforming sites are notified to make improvements. After the improvements are completed, the Ind. Safety & Hygiene Office makes the chemical storage control signs and passes them to the responsible section for posting in a conspicuous location. In addition, the Standard Team at the Company's General Manager Office does 5S checks and the Ind. Safety & Hygiene Office performs unscheduled audits and monitoring.

#### (v) Global Harmonized System of. Classification and Labeling of Chemicals

A hazard communication program has been created to ensure the identification of hazardous materials and the potential risks of hazardous materials to personnel at each department in FTC, guarantee that hazardous materials used by each department conform to hazard communication regulations and prevent hazards from occurring. All personnel who use hazardous materials at departments in the Company should perform work in accordance with the procedures in the program and be familiar with the attributes of those related hazardous materials within their work area, emergency response measures and hazard prevention measures listed in the hazard communication program in order to prevent potential hazards.

The Company's Ind. Safety & Hygiene Office is responsible for the planning and oversight of related safety and health matters for each section in the company. Dissemination of hazard communication knowledge is done by related plant sections. Directors are responsible for oversight and promotion work. Safety officers at each plant and division section are responsible for the following matters:

1. Prepare and organize the hazard chemical list
2. Prepare the plant layout drawings of the hazardous chemical placement sites
3. Prepare hazardous chemicals signs
4. Organize and update the hazardous chemical safety data sheets as well as providing related explanations
5. Provide and supervise relevant personnel to receive Global Harmonized System of. Classification and Labeling of Chemicals training
6. Prepare the accident prevention and emergency response measure sheets
7. Assist Ind. Safety & Hygiene Office to promote Global Harmonized System of. Classification and Labeling of Chemicals training program
8. Inform all employees about the necessary measures for handling hazardous chemical

#### (vi) Instruction, Training and Emergency Response Drills

Every section has to hold Global Harmonized System of. Classification and Labeling of Chemicals training program for those personnel who use or may be exposed to hazardous substances at the workplace. Global Harmonized System of Classification and Labeling of Chemicals training program is also collected together for review and checking. The department using hazardous chemicals shall hold emergency response drills every six months and maneuver the possible real situations so that relevant personnel will be familiar with the emergency response procedures, steps, and techniques as well as how to use firefighting equipment. Review each drill to find imperfections to improve on those and keep a record of the drills and related corrective actions.



Water pollution drill assisted by Environment Protection Bureau\_1



Water pollution drill assisted by Environment Protection Bureau\_2



On-site chemical spill response drill

## ii. Green Production Processes

FTC embraces green sustainable development concepts and broadly uses recycled and reused resource materials and biomaterials, improved processes, energy conservation equipment to raise energy (resource) use efficiency which lowers carbon emissions and reduces environmental impact. In order to achieve this objective, the Company has currently adopted the following measures at this stage. These use rate of these measure will be adjusted for processes in the future based on market demands and general environmental trends:

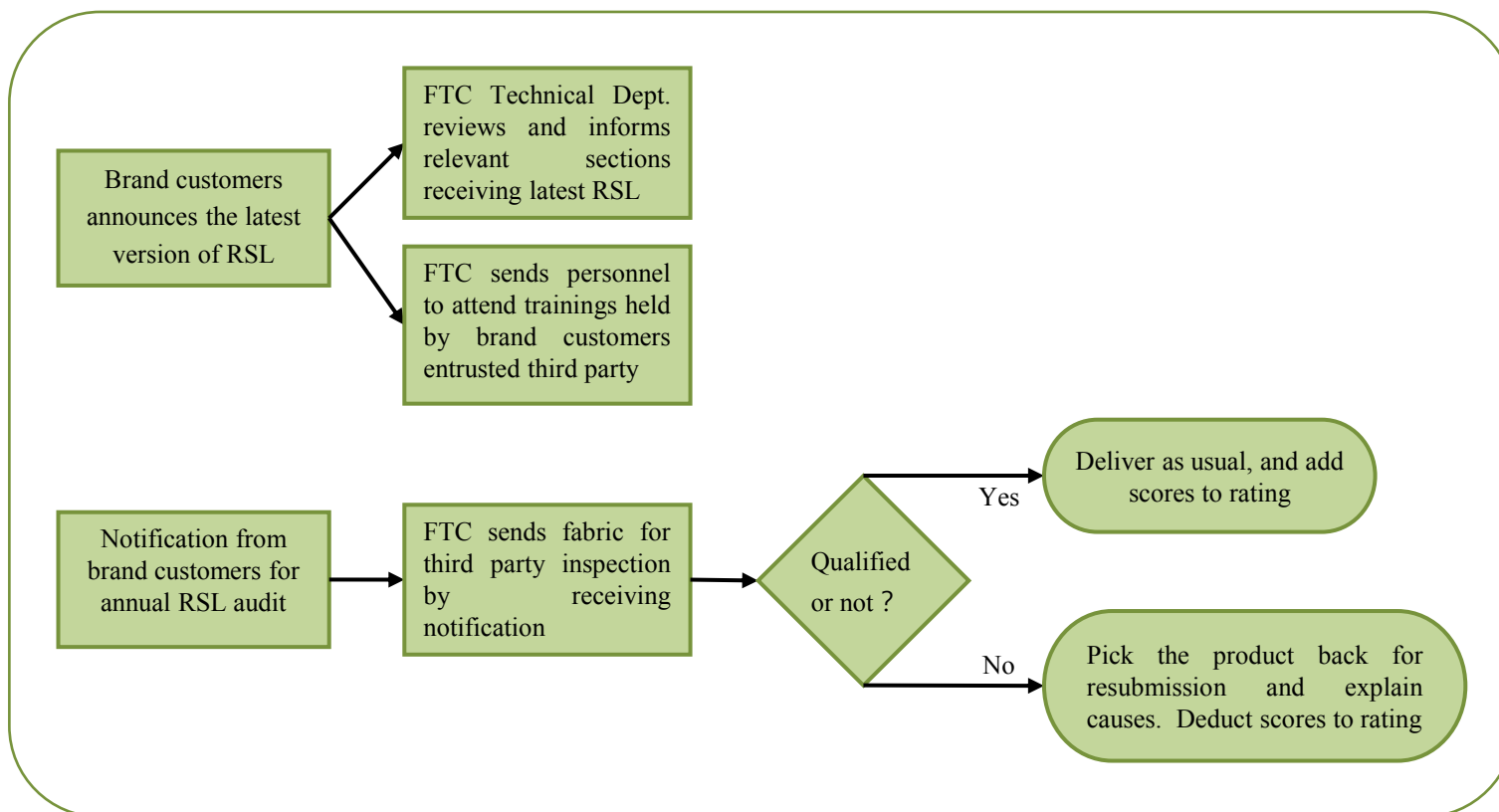
● Augment the development of recycled Nylon and recycled polyester fabric. Recycled fabric products currently make up 6%~8% of products (GRS Reg. No. : CU809578)
● Introduce Teijin Morphotex® interference colored fiber which provides trendy colors without the need for dyes and auxiliaries.
● Increase applications of bio-mass materials such as DuPont Sorona® fiber. The current percentage of applications for this type of bio-mass material is 1%~2%.
● Introduce dyeing and finishing chemicals made from plants that are cultivated in an ethical way to reduce consumption of petrochemicals.
● Use and promote organically grown cotton yarn and cloth. (GOTS and OE Reg. No.: CU809578)
● Create a dry transfer paper printed product line.
● Introduce short chain C6 and C4 fluoride water repellent and fluorine-free water repellent finishing agent. End the use of PFOA and PFOS. Currently short chain products is 30%~40% and increases steadily. Plan to reach 100% by 2018.
● Use halogen and antimony-free series fire retardant agent for fire resistance treatment.
● Use solvent-free wet reaction lamination adhesive.
● Dye and auxiliary suppliers should comply with EU REACH standards, Oeko-Tex® Standard 100 and provide APEO and organotin-free guarantee for all manufacturing processes. Randomly sample those materials for third party testing.
● Wet coagulation moisture permeable and water proofing process has DMF recovery and reuse advantages, expand use of this process in the production schedule and products to increase production line utilization rate.
● Solvent free water-based acrylic and PU replace conventional solvent based adhesive.
● Water-free process dyeing and finishing process equipment, techniques, research and introduction, such as super critical CO <sub>2</sub> fluid dye introduction evaluation and atmospheric plasma finishing advanced technique research.
● Waste heat / effluent recovery, actively transform concept from pre-engineering waste to post-engineering resource.
● Upgrade equipment, improve production procedure, and raise productivity to increase the rate of successfulness, and decrease rework.
● Introduce ZDHC and execute ZDHC.
● R&D on non-water repellent production procedure and strive for zero-water production procedure.

### iii. Green Products

#### (i) Final Products Inspection–Review of RSL from Brand Customers

Brand customers issue their own restricted substance lists each year, such as, NIKE, adidas, PUMA, Vf, etc., and would ask downstream suppliers to attend explanatory meetings for elaborating newly revised RSL and international controlling mechanism.

In order to follow brand RSL standards, FTC establishes self-control procedure as follows:



To the issue of the annual report, FTC has passed brand customers' RSL inspection, obtained Oeko-Tex ® Standard 100 certification. This shows FTC has serious attitude toward health and safety considerations for customer products. We certainly will keep these beliefs to continuously make progress on customer and environmental sustainable development. Moreover, FTC always seeks for stricter inspection and production control procedures.

## (ii) 24 Major Category of Products Passed Carbon Footprint Inspection

In line with PAS 2050: 2011 standard, FTC Lean System and R&D Center initiated and planned the company-wide inventory. The calculation of total greenhouse gas emissions that is generated by products from the raw material to manufacturing stage is used to implement energy control and efficiency improvement plans, enhance energy use efficiency and reduce CO<sub>2</sub> emissions in order to reach the operation objectives of low carbon manufacturing and decreasing impact on environment. Through the assistance of the Carbon Footprint Constancy Team at the Taiwan Textile Research Institute, FTC passed BSI certification and received product carbon footprint verification for 24 major categories of product, the world's, the highest number of verifications received at a single time.

24 major categories of product include all sort of functional fabric which will satisfy customers and 80% market demand, the products and functions are as follows:

Process	Function	Usage
Nylon /Polyester dyeing & setting process for woven fabrics	Regular dyeing & setting	Lining, shell fabric (customer can do further finishing and laminating)
Nylon /Polyester dyeing & wicking finishing process for woven fabrics	Wicking and fast drying	Sports & leisure apparel, jackets and golfing apparel
Nylon/Polyester dyeing & water repellent process for woven fabrics	Stain release, water repellence, breathability	Shell fabric, inner tent, sports & leisure apparel, jackets
Nylon/Polyester dyeing & water repellent & calendaring process for woven fabrics	Downproof, waterproof by construction, soft-touch	Vests, windbreakers, down jackets, sports and leisure jackets, fashion apparel
Nylon/Polyester dyeing & PU coating process for woven fabrics	Water repellent, breathable, windproofing, shine	Raincoats, windbreakers, sports & leisure jackets, fashion apparel, mountaineering jackets
Nylon dyeing & acrylic coating process for woven fabrics	Water repellent, breathable, wind proof	Umbrellas, tents, sports & leisure jackets, fashion apparel
Nylon/Polyester dyeing & laminating process for woven fabrics	Moisture permeable, waterproof, wind stopping, warmth retaining	Raincoats, windbreakers, sports & leisure jackets, mountaineering jackets
Nylon/Polyester printing & water repellent process for woven fabrics	Printing, anti-stain, moisture permeable, waterproof	Umbrellas, shell fabric, sports & leisure wear, beach pants, fashion apparel
Nylon/Polyester printing & water repellent & calendaring process for woven fabrics	Embossing, down proof, waterproof by construction, soft-touch	Lining, shell fabric, windbreakers, down jackets, sports and leisure wear, fashion apparel
Nylon/Polyester printing & PU coating process for woven fabrics	Moisture permeable, waterproof, wind stopping, coloring match, shine	Raincoats, windbreakers, sports & leisure jackets, fashion apparel, mountaineering jackets
Nylon Printing & acrylic coating process for woven fabrics	Moisture permeable, waterproof	Umbrellas, tents, sports & leisure jackets, fashion apparel
Nylon/Polyester printing & laminating process for woven fabrics	Moisture permeable, waterproof, wind stopping, warmth retaining	Raincoats, windbreakers, sports & leisure jackets, fashion apparel, mountaineering jackets

#### iv. Certificates of Environmental Friendly Production Processes and Products

Based on environmental protection, sustainable development, respect life, public welfare, and social feedback, from 2009 FTC received OHSAS 18001 & TOSHMS, ISO 14001, Product Carbon Footprint Verification Statement, and ISO/CNS 14064-1: 2006 Inspection, ect. Overseas plants also spare no effort to obtain various certifications. Current received certifications are as follows:

Certification Item	Plant Received				
	Taiwan	Changshu	Zhongshan	Dong Nai	Long An
Certificates of Eco Products & Production Processes: Oeko-Tex® Standard 100	✓	✓	✓		✓
GOTS Organic Cotton	✓				
OE Organic Cotton	✓				
GRS Polyester Recycle Standards	✓				
Organization level for quantification and reporting of greenhouse gas emissions and removals (ISO 14064-1)	✓				
Occupational Health and Safety Management Systems Certification (OHSAS 18001)	✓	✓	✓	✓	✓
Taiwan Occupational Safety and Health Management System Certification (TOHMAS Certificate)	✓				
Environmental Management System Certification 2004 (ISO14001)	✓	✓	✓	✓	✓
Quality Management System Certification 2008 (ISO 9001)	✓	✓	✓	✓	✓
bluesign® Standard Certificate	✓	✓	✓	✓	✓
Product carbon footprint Certificate PAS2050, 2011	✓				

FTC continues to undergo verification each year for related certification and passes third party certification prior to certification expiry date.

FTC displays great commitment to the environment, customers and company sustainable development. In addition to the alleviation of global climate change and promoting the formation of a green supply chain, FTC provide FTC products using companies in the textile industry supply chain an opportunity to achieve high marks for energy conservation and emission reduction.







## V / Corporate Social Responsibility and Contribution Activities



## Corporate Social Responsibility and Contribution Activities

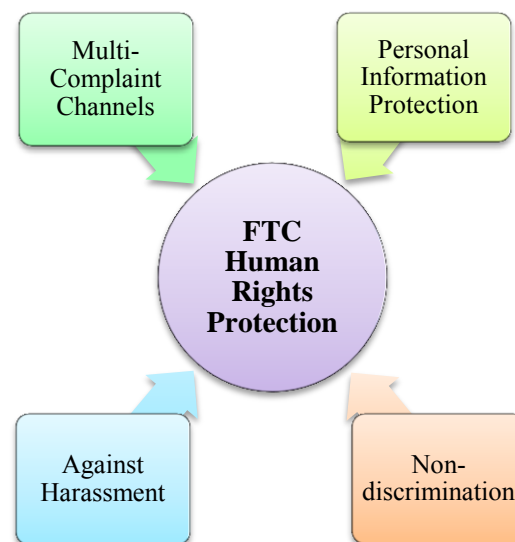
### (I) Employees: Creating a Healthy and Safe Working Place to Help Employees Pursue Better Career and Grow

The goal of FTC's Human Resource Department is to allow each person to work contently and make full use of their talents and expertise. In order to attract talented and capable people, the Company offers a steady salary, complete training, fair promotion and advancement system and full development of professional skills. The Company also cares greatly about employee physical and mental health, provides complete Employee Benefits program and has set up a wide range of communication channels to broadly accept employee suggestions and guarantee that the voice of each employee is listened to and valued.

#### i. Human Rights Protection

FTC strictly complies with domestic and overseas labor and human right regulations, fairly treats all employees, including:

- A. In accordance with Labor Standards Act, FTC set up Working Standards to protect the right of all employees. Personnel are treated fairly and equally regardless of the gender, age, ethnicity, religious faith or political views.
- B. In according with the Employment Service Act, FTC provides open, fair, justice job opportunities for all applicants.
- C. FTC sets up "the Regulations for Handling the Employed Complaint" to give employees multi-channels to express their opinions, such as, opinion mailbox, complaint sheet.
- D. Enforce non-discrimination according to "the Regulations for Handling the Employed Complaint".
- E. FTC sets up "Reward and Disciplinary Committee", and high level supervisors in each section have right to decide whether to reward or discipline when major events happened.
- F. Set up "Sexual Harassment Prevention Law" to enforce accordingly, and provide employees clear complaint channel to protect the right of employees.
- G. Set up "Personal Information Management Regulation" to safely process the information of all employees.
- H. FTC has had unions since 1976, the union regularly convenes board meetings which are attended by related company department managers and labor representatives fully communicate the opinions of employees to promote harmonious labor/management relations.

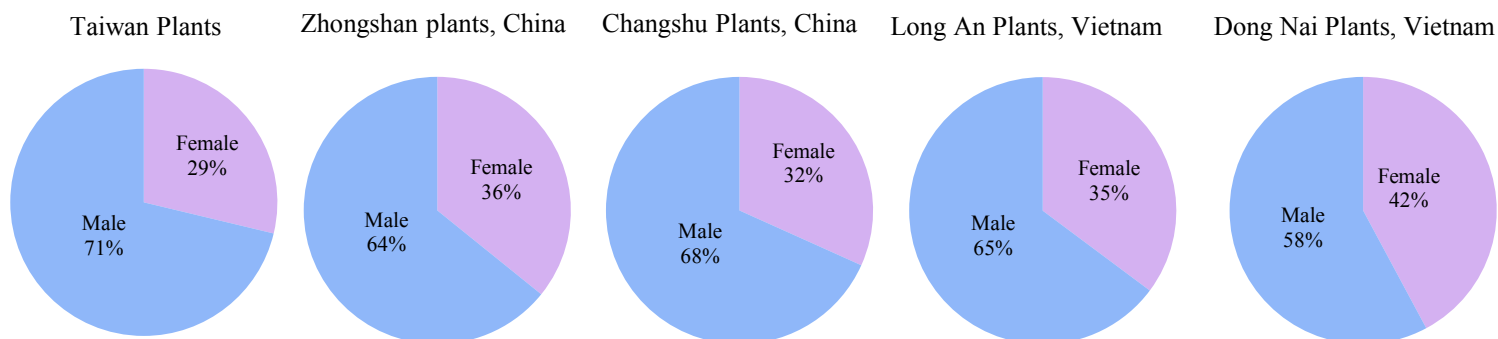


### (i) Employee Recruitment

Recruitment work at FTC is conducted according to principles of fairness, equality and transparency. In accordance with Labor Standards Act, FTC has never employed child labor. In addition, FTC not only provide fair opportunities for all employees according to their abilities, but also treats everyone equally regardless of the gender, age, ethnicity, religious faith or political views, marital status, appearance, disabled or not. As for the promotion, audit, training, reward and disciplinary, there are specific regulations for each, personnel can have fair opportunity with no discrimination or human right violation. Newly recruited personnel in 2014 are as follows:

2014, Newly Recruited Personnel in 2014 of 5 Plants in 3 Places

Category	Taiwan Plants			Zhongshan plants, China			Changshu Plants, China			Long An Plants, Vietnam			Dong Nai Plants, Vietnam		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Under 29	28	85	113	131	246	377	26	61	87	60	96	156	164	225	389
30~39	18	30	48	55	88	143	19	29	48	2	16	18	0	0	0
40~49	2	4	6	16	27	43	1	9	10	1	4	5	0	0	0
50~59	0	0	0	1	2	3	0	0	0	0	0	0	0	0	0
60 and above	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0
Total	48	119	167	203	364	567	46	99	145	63	116	179	164	225	389
Total Formal Employee	3,310			734			289			804			794		
Ratio of Recruits (accumulative total)	5.05%			77.25%			50.17%			22.26%			48.99%		



**(ii) Workforce Structure****Taiwan Plants**

With regard to the Company's human resource composition, regular employees made up 84.9% of all personnel in 2014 and temporary employees (including consultants, contract workers, foreign labor and part-time employees) only comprised 15.1% of personnel. The ratio of male to female is 2:1; average age is 42.6; average year of service is 18.5. The regular employee make up not less than 84% in recent 5 years, and foreign workers only make up 10% of all employees which is far lower than the employee limit, 25%, set by the government.

2012-2014, The Ratio of Male to Female, Average Year of Service and Turnover Rate in 5 Plants of 3 Places

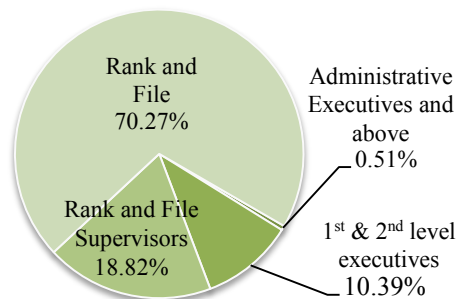
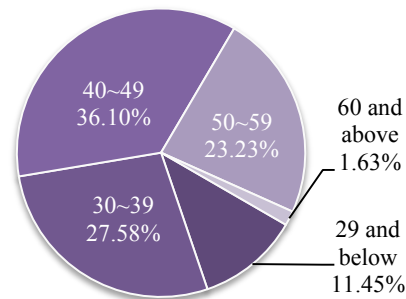
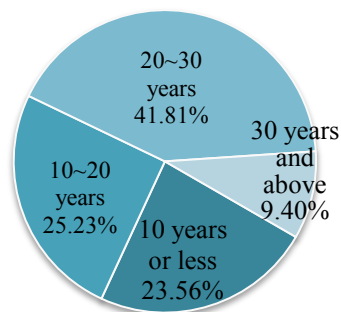
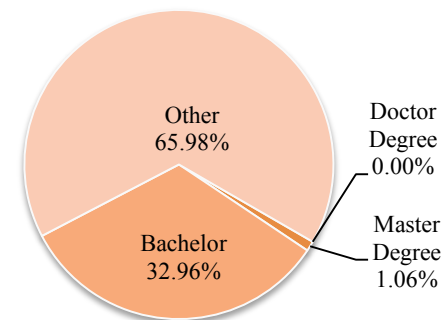
Year	Plant		Taiwan Plants	Zhongshan Plants, China	Changshu Plants, China	Long An Plants, Vietnam	Dong Nai Plants, Vietnam
	Item						
2012	Formal Employees	Male	2,275	447	184	375	258
		Female	1,083	280	120	381	297
	Temporary Employees	Male	259	0	0	0	0
		Female	140	0	0	0	0
	Total Personnel		3,757	727	304	756	555
	The Ratio of Male to Female		1:0.49	1:0.63	1:0.65	1:1.02	1:1.15
	Average Year of Service		18	5.2	3	7.8	2.4
	Turnover Rate (annual)		4.8%	62.8%	58.0%	18.3%	58.2%
2013	Formal Employees	Male	2,284	437	178	390	345
		Female	1,064	296	120	382	342
	Temporary Employees	Male	228	0	0	0	0
		Female	188	0	0	0	0
	Total Personnel		3,764	733	298	772	687
	The Ratio of Male to Female		1:0.49	1:0.68	1:0.67	1:0.98	1:0.99
	Average Year of Service		18.3	5.6	3	8.2	2.5
	Turnover Rate (annual)		6.8%	55.7%	54.6%	16.1%	46.8%
2014	Formal Employees	Male	2,254	458	170	424	401
		Female	1,056	276	119	380	393
	Temporary Employees	Male	276	0	0	0	0
		Female	313	0	0	0	0
	Total Personnel		3,898	734	289	804	794
	The Ratio of Male to Female		1:0.54	1:0.60	1:0.70	1:0.90	1:0.98
	Average Year of Service		18.5	5.4	3	8.4	2.8
	Turnover Rate (annual)		9.24%	62.0%	48.4%	15.2%	35.6%

Note: The ratio of male to female, average year of service, turnover rate only pinpoint regular employees ( not include retired personnel)



2014 Workforce Structure in Taiwan Plants

Category	Group	Female	Male	Total	Ratio
Position	Administrative Executives and above	0	17	17	0.51%
	1 <sup>st</sup> & 2 <sup>nd</sup> level executives	11	333	344	10.39%
	Rank and File Supervisors	54	569	623	18.82%
	Rank and File	991	1,335	2326	70.27%
Age	29 and below	115	264	379	11.45%
	30~39	416	497	913	27.58%
	40~49	406	789	1195	36.10%
	50~59	114	655	769	23.23%
	60 and above	5	49	54	1.63%
Year of Service	10 years or less	200	580	780	23.56%
	10~20 years	329	506	835	25.23%
	20~30 years	448	936	1384	41.81%
	30 years and above	79	232	311	9.40%
Educational Background	Doctor Degree	0	0	0	0.00%
	Master Degree	6	29	35	1.06%
	Bachelor	213	878	1091	32.96%
	Other	837	1,347	2184	65.98%
Subtotal		1,056	2,254	3310	

Group according to position  
Taiwan PlantsGroup according to age  
Taiwan PlantsGroup according to year of service  
Taiwan PlantsGroup according to educational background  
Taiwan Plants

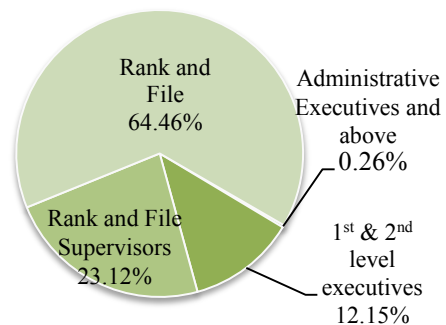
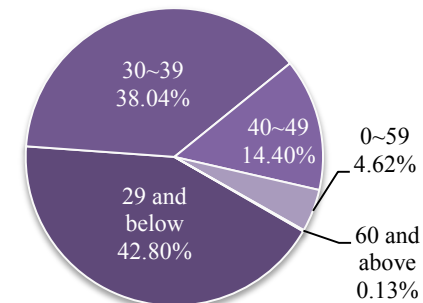
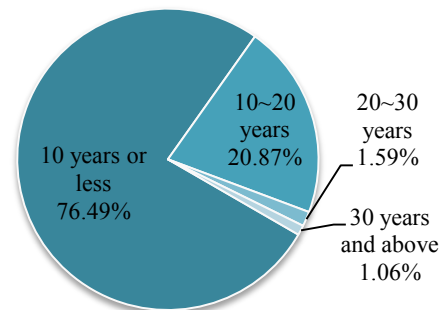
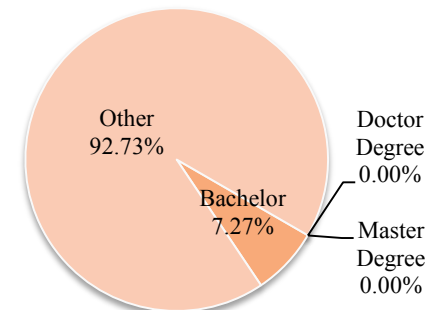
Notes: 1. FTC is a traditional labor intensive industry, so the ratio of male to female is 2 to 1. The statistics in the position category shows that high level management officers are all male so FTC will put more effort to cultivate female employees to increase workforce and management hiring diversity.

2. Explanation of positions: “Administrative Executives”, “1<sup>st</sup> Level Executives”, and “2<sup>nd</sup> Level Executives” mean executives and above, plant managers, and section managers respectively .



2014 Workforce Structure in Zhongshan Plants, China

Category	Group	Female	Male	Total	Ratio
Position	Administrative Executives and above	0	2	2	0.26%
	1 <sup>st</sup> & 2 <sup>nd</sup> level executives	20	72	92	12.15%
	Rank and File Supervisors	68	107	175	23.12%
	Rank and File	188	300	488	64.46%
Age	29 and below	120	204	324	42.80%
	30~39	116	172	288	38.04%
	40~49	34	75	109	14.40%
	50~59	6	29	35	4.62%
	60 and above	0	1	1	0.13%
Year of Service	10 years or less	223	356	579	76.49%
	10~20 years	53	105	158	20.87%
	20~30 years	0	12	12	1.59%
	30 years and above	0	8	8	1.06%
Educational Background	Doctor Degree	0	0	0	0.00%
	Master Degree	0	0	0	0.00%
	Bachelor	24	31	55	7.27%
	Other	252	450	702	92.73%
Subtotal		276	481	757	

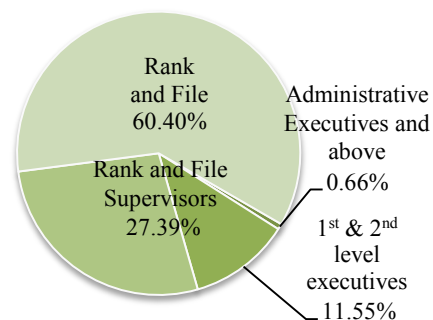
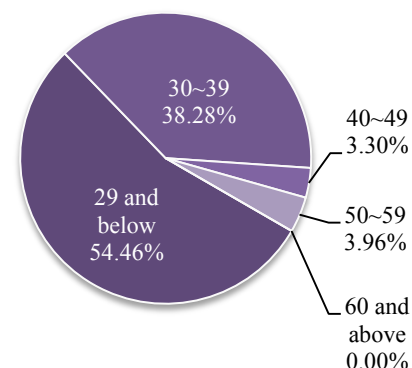
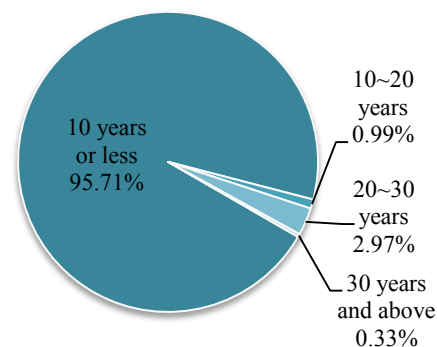
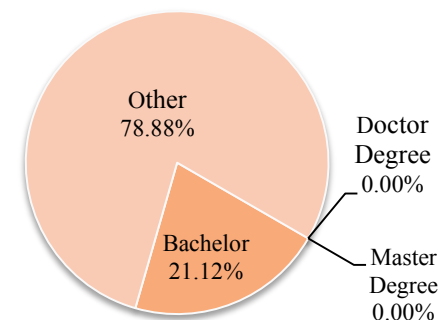
Group according to position  
Zhongshan Plants, ChinaGroup according to age  
Zhongshan Plants, ChinaGroup according to year of service  
Zhongshan Plants, ChinaGroup according to educational background  
Zhongshan Plants, China

Notes: 1. Zhongshan Plants in China consist of 734 local employees and 23 Taiwanese managers' overseas postings; the total is 757 employees.

2. Explanation of positions: "Administrative Executives", "1<sup>st</sup> Level Executives", and "2<sup>nd</sup> Level Executives" mean executives and above, plant managers, and section managers respectively.

2014 Workforce Structure in Changshu Plants, China

Category	Group	Female	Male	Total	Ratio
Position	Administrative Executives and above	0	2	2	0.66%
	1 <sup>st</sup> & 2 <sup>nd</sup> level executives	8	27	35	11.55%
	Rank and File Supervisors	30	53	83	27.39%
	Rank and File	81	102	183	60.40%
Age	29 and below	65	100	165	54.46%
	30~39	51	65	116	38.28%
	40~49	3	7	10	3.30%
	50~59	0	12	12	3.96%
	60 and above	0	0	0	0.00%
Year of Service	10 years or less	119	171	290	95.71%
	10~20 years	0	3	3	0.99%
	20~30 years	0	9	9	2.97%
	30 years and above	0	1	1	0.33%
Educational Background	Doctor Degree	0	0	0	0.00%
	Master Degree	0	0	0	0.00%
	Bachelor	25	39	64	21.12%
	Other	94	145	239	78.88%
Subtotal		119	184	303	

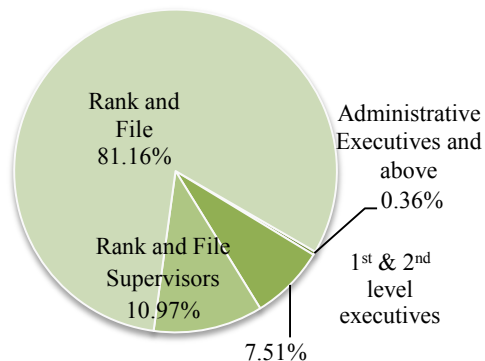
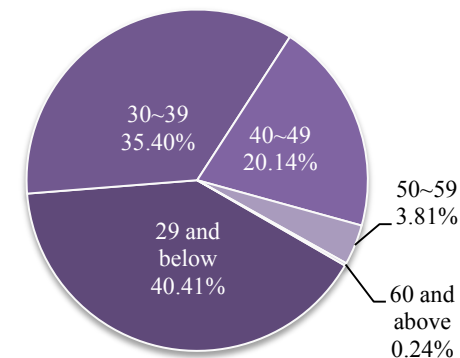
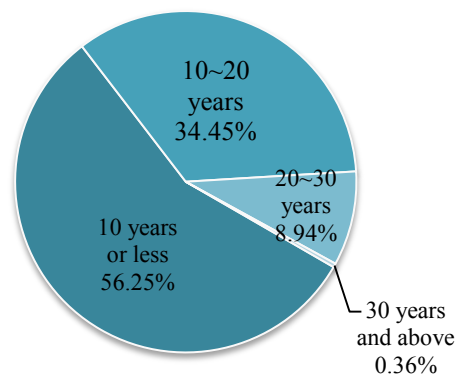
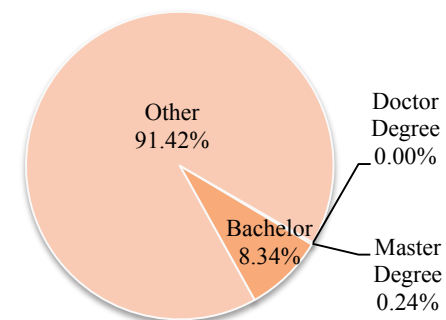
Group according to position  
Changshu Plants, ChinaGroup according to age  
Changshu Plants, ChinaGroup according to year of service  
Changshu Plants, ChinaGroup according to educational background  
Changshu Plants, China

Notes: 1. Changshu Plants in China consist of 289 local employees and 14 Taiwanese managers' overseas postings; the total is 303 employees.

2. Explanation of positions: "Administrative Executives", "1st Level Executives", and "2nd Level Executives" mean executives and above, plant managers, and section managers respectively.

2014 Workforce Structure in Long An Plants, Vietnam

Category	Group	Female	Male	Total	Ratio
Position	Administrative Executives and above	0	3	3	0.36%
	1 <sup>st</sup> & 2 <sup>nd</sup> level executives	11	52	63	7.51%
	Rank and File Supervisors	42	50	92	10.97%
	Rank and File	327	354	681	81.17%
Age	29 and below	157	182	339	40.41%
	30~39	138	159	297	35.40%
	40~49	71	98	169	20.14%
	50~59	13	19	32	3.81%
	60 and above	1	1	2	0.24%
Year of Service	10 years or less	197	275	472	56.26%
	10~20 years	144	145	289	34.45%
	20~30 years	39	36	75	8.94%
	30 years and above	0	3	3	0.36%
Educational Background	Doctor Degree	0	0	0	0.00%
	Master Degree	0	2	2	0.24%
	Bachelor	34	36	70	8.34%
	Other	346	421	767	91.42%
Subtotal		380	459	839	

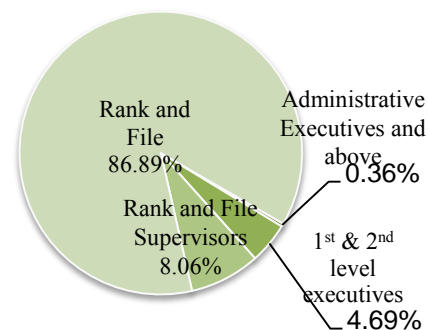
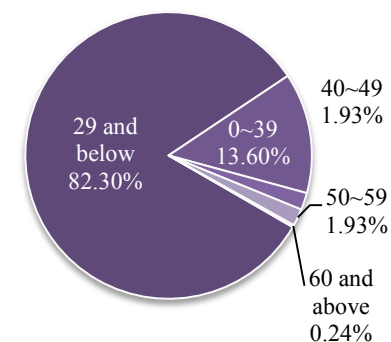
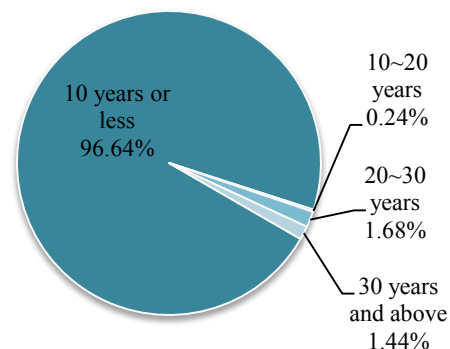
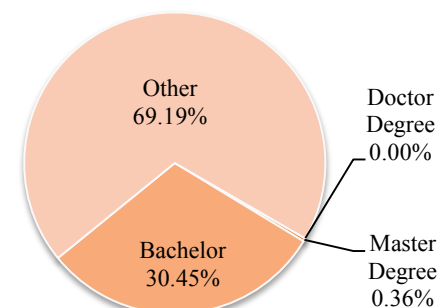
Group according to position  
Long An Plants, VietnamGroup according to age  
Long An Plants, VietnamGroup according to year of service  
Long An Plants, VietnamGroup according to educational  
background Long An Plants,  
Vietnam

Notes: 1. Long An Plants in China consist of 804 local employees and 35 Taiwanese managers' overseas postings; the total is 839 employees.

2. Explanation of positions: "Administrative Executives", "1st Level Executives", and "2nd Level Executives" mean executives and above, plant managers, and section managers respectively.

2014 Workforce Structure in Dong Nai Plants, Vietnam

Category	Group	Female	Male	Total	Ratio
Position	Administrative Executives and above	0	3	3	0.36%
	1 <sup>st</sup> & 2 <sup>nd</sup> level executives	3	36	39	4.69%
	Rank and File Supervisors	39	28	67	8.06%
	Rank and File	351	371	722	86.88%
Age	29 and below	353	331	684	82.31%
	30~39	37	76	113	13.60%
	40~49	3	13	16	1.93%
	50~59	0	16	16	1.93%
	60 and above	0	2	2	0.24%
Year of Service	10 years or less	392	411	803	96.63%
	10~20 years	1	1	2	0.24%
	20~30 years	0	14	14	1.68%
	30 years and above	0	12	12	1.44%
Educational Background	Doctor Degree	0	0	0	0.00%
	Master Degree	0	3	3	0.36%
	Bachelor	122	131	253	30.45%
	Other	271	304	575	69.19%
Subtotal		393	438	831	

Group according to position  
Dong Nai Plants, VietnamGroup according to age  
Dong Nai Plants, VietnamGroup according to year of service  
Dong Nai Plants, VietnamGroup according to educational background  
Dong Nai Plants, Vietnam

Notes: 1. Dong Nai Plants in China consist of 794 local employees and 37 Taiwanese managers' overseas postings; the total is 831 employees.

2. Explanation of positions: "Administrative Executives", "1st Level Executives", and "2nd Level Executives" mean executives and above, plant managers, and section managers respectively.

### (iii) Health and Safety

As for the disclosure information of health and safety, statistics are all about the situation in Taiwan plants, and do not include China and Vietnam plants except occupational hazard. Taiwan Plant 1 and 2 have set up Occupational Safety and Health Committee, employee representatives make up 56%, 76% of total committees complying with the regulation in Occupational Safety and Health Act, which calls for at least one third of which should be employee representatives. Under the supervising of the committee, FTC passed and received certification from OHSAS-18001/TOSHMS in Jun. 2009, and from Jun. 2012 the certification should be renewed every 3 years.. In order to take social responsibility, FTC will follow GRI criteria to have a healthy and safe system and let employees work healthier and more relieved.

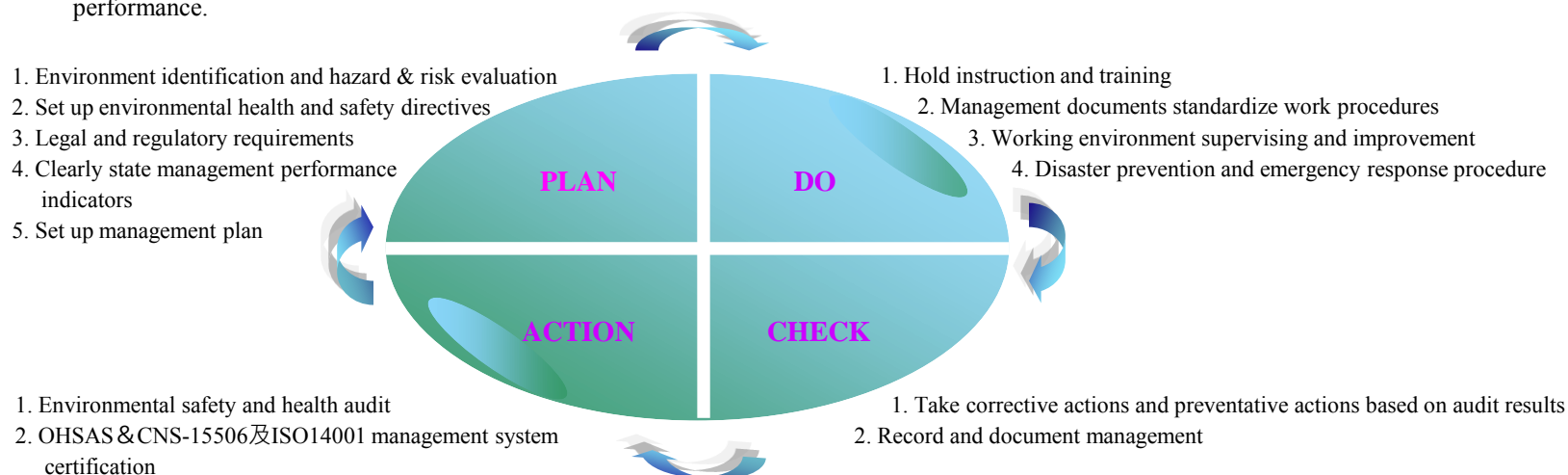
#### 1. Environmental Safety and Health Policy

In order to effectively manage health and safety, FTC set up the following relevant policy: :

- Strictly follow safety and health related regulation, and take stakeholders' advice and requests.
- Make good use of safety, health and environmental management facilities, strengthen pollution prevention and decrease the impact of hazardous event.
- Promote hazardous identification, risk evaluation and risk control to prevent injury and hazardous health event from happening.
- Promote energy saving and waste reducing to decrease the impact on the environment, personnel safety and health.
- Establish good relationship with neighbors, set up communication channels, practice routine inspection strictly, and review inspection result to make improvement accordingly.

#### 2. Occupational Safety and Health Management Plan:

The FTC labor safety and health management plan uses environment, safety and health organization management standard, laws and regulations, risk evaluation results as a source of information for the plan contents. The P-D-C-A management method uses the Plan, Do, Check and Action cycle to standardize, document and proceduralize environment, safety and health work. Safety and health management targets are achieved and problems discovered through ongoing health exams so corrections can be made promptly. Adopt ISO say, write and do spirit and utilize audit system to improve labor environment safety and health management performance.



Environmental Safety and Health Management Cycle Diagram

### 3. Hazard Identification, Risk Evaluation and Deciding Control Measures

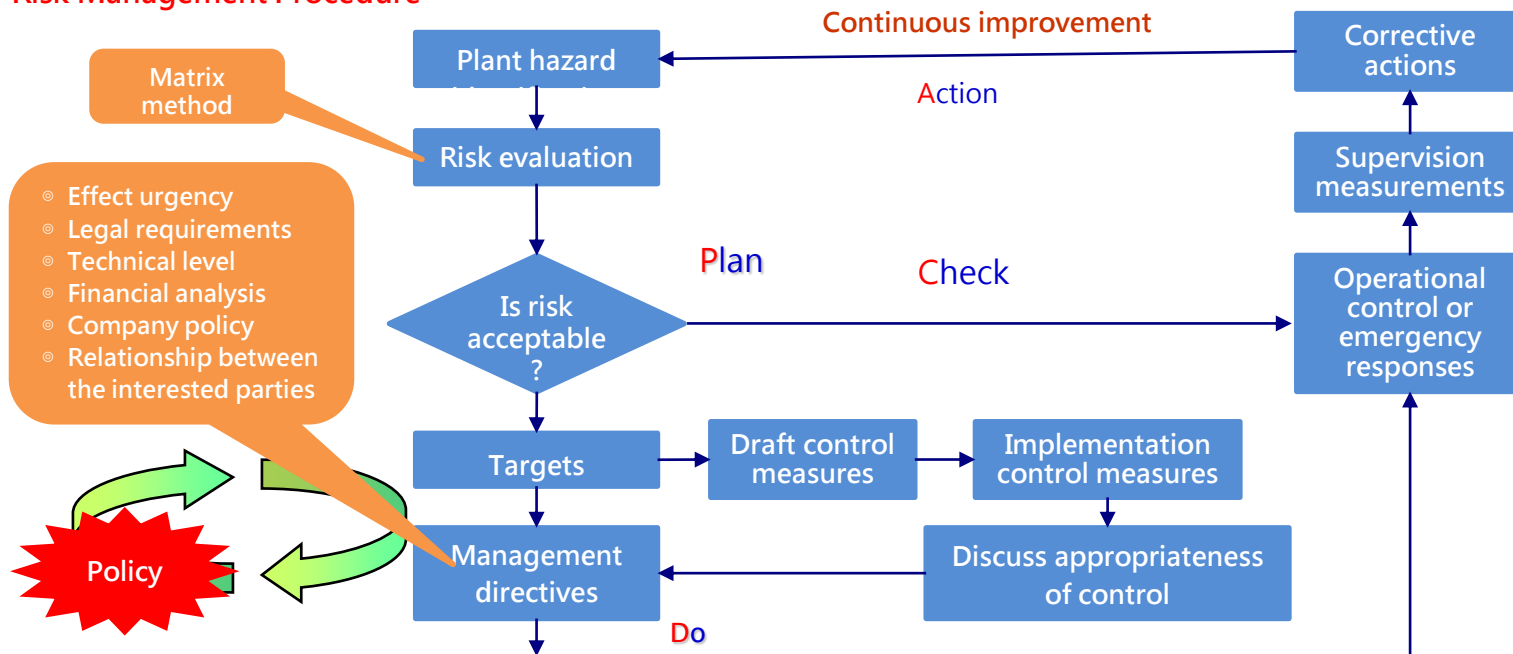
In order to identify the potential hazard in the environment and identify its possible impacts on the environmental safety and health from the aspects of production procedures, facilities, products and service. FTC Taiwan Plants evaluate and identify assessment factors to assess its potential impact on the environment, safety and health and take the necessary risk control measures. FTC performs regular audit, and before that FTC performs an overall risk evaluation, regarding the changes made to production procedure, activities, facilities, raw materials or working environment. In addition, FTC irregularly assess whether need to put newly derived risk in hazardous factor list and come up with counter measurements.

Statistics of Taiwan Plants hazardous identification, risk assessment and control measurement in 2014

Number of hazardous identification cases	Number of unacceptable high risk cases	Number of cases which has set up goals and improvements	Number of amend control management documents
5,162	23	23	51

According to the results of FTC Safety, Hygiene and Environmental Policy, business approach, stakeholders' opinions, regulations, critical environmental consideration and management inspections, and continuous improving employee safety and health measurements, FTC set up practical target for safety, health, and environmental targets. Moreover, FTC breaks down the targets to practical steps which can be measured quantitatively and the performance can be assessed accordingly.

#### Risk Management Procedure





#### 4. Working Environment Management

It should be first determined if hazard factors exist based on employee work environment status and evaluation of labor exposure conditions or not when doing testing of work environment. After doing sampling strategy and planning, third party professional environmental testing company is contracted to perform regular work environment testing to understand work environment conditions and protect the safety and health of work personnel. FTC environmental testing result analysis: Special health exam results over time referenced for noise work. For departments with similar exposure to high hazard levels, a representative worker is selected for a personal exposure sample. Due to industry attributes, the Company has purchased appropriate and effective noise protection gear and holds continuing instruction, training and inspections to ensure that workers wear noise isolation gear. Sections are instructed to improve noise source isolation to eliminate noise hazards. As for environmental testing for high temperatures, CO<sub>2</sub>, dust, organic solvents and designated chemical substances, test results over the years have shown that levels are within acceptable range. Ongoing equipment automation, protective equipment to improve the work environment, instruction on correct work methods and the proper use and management of protective gear is done to protect the health of workers.

Monitoring Operation Site	Monitored Item	Monitoring Period	Monitoring Points	Result
Indoor Central Air Conditioner	CO <sub>2</sub> , Carbon Dioxide	Once/6months	15	Within allowance
Noisy Operation Site	Noise (dB)	Once/6months	22	Above 85(dB), need to equip with sound insulation devices, such as earmuff and earplugs
Operation Site with particles	The fourth kind of total dust, the fourth kind of respirable dust,	Once/6months	4	Within allowance
Operation Site with Organic Solvents	Organic Solvent	Once/6months	19	Within allowance
Operation Site with Specific Chemicals	Specific Chemicals	Once/6months	15	Within allowance

#### 5. Health Management and Health Promotion

##### (1) General Physical Examination

New recruits should go to qualified hospitals or clinics to do this physical examination before report for duty. Meanwhile, establish “Employee Health Check Handbook” to regularly execute physical examination.

2014Taiwan Plants Regular Employee Physical Examination:

Age Level	Physical Examination Cycle	Number of employee taking part
40 and below	Once every 5 years	2015 physical examination
40 to 65	Once every three years	1,917
65 and above	Once a year	There is no one older than 65.

## (2) Specific Physical Examination

When new recruits are going to take “specially dangerous operations”, recruits should go to take special physical Examination within one week of report for duty. And the check should include special items pinpointing the need of each job. Job assignment should be based on the result of the exam not matter it shows “unsuitable for certain job” or not. As for those who work in special work site, FTC requires special physical examination once a year.

2014 Taiwan Special Physical Examination:

Special Item	1 <sup>st</sup> grade	2 <sup>nd</sup> grade	3 <sup>rd</sup> grade	Total number
Noise (hearing)	766	199	2	967
dust	7	1	0	8
Free radiation	2	0	0	2
Dimethyl Formamide	93	9	0	102
Total	868	209	2	1,079

In 2014, according to the physical examination results, those who belonged to the 2nd grade should further examine the health reports by infirmary and arrange health direction visit. Those who were 2nd grade should follow physicians' direction to see doctors periodically and take medicine if needed. As for hearing loss, high frequency sound (3000-6000 Hz) usually puts more damage on hearing, and then lower frequency (500-2000 Hz) is the second dangerous one. There were 2 workers whose hearing had been damaged so already transferred to other department in order to protect their hearing from further damaging.

## (3) Physicians' onsite house calls

According to “Labor Health Protection Regulation”, FTC has allocated physicians and nurses attending infirmary as scheduled. As for the attending frequency and number of personnel are all in accordance with related regulations to perform onsite house call.

Taiwan Plants Physicians and Nurses Allocation, and the Frequency of Onsite House Call

Plant	Number of Employees	Number of Medical personnel	Frequency of Physician's Onsite House Call
Taiwan Plants	3,898	4 (full-time)	9 times a month

## (4) Health Promotion:

The workplace health promotion activities at the Taiwan plants and planning and organizing personnel physical and mental health promotion activities.

2014 Taiwan Plants held the following activities:

Date	Activity	Number of Participants
2014/5/27	4 Major Cancer Screening	106
2014/7/24	promote health concepts, worker health lecture	112
2014/7/24	AED + CPR first aid training	119
FY2014	health direction, worker health lecture	525 attendances
2014/5/5-8	Basketball Contest	60
2014/7/6-10	Volleyball Contest	55
2014/8/10-14	Table tennis Tournament	56
2014/9/21-25	Badminton Tournament	55
Occasionally	Subsidize Clubs to hold outdoor Activities	19 clubs like Mountain Climbing Club, Picnic Club, Cycling Club, Dancing Club...

## 6. Emergency Response and Rescue

## (1) Emergency Response

According to Fire Services Act: Drill of fire fighting, communication and evacuation leading: shall be carried out at least once half a year, with each session not less than four (4) hours and a prior notice of the drill shall be served to the local fire department. In order to strengthen emergency response management, and have an established procedures for all departments to follow, FTC established "Emergency Response measurements Regulations" to set up a emergency response system, task team, emergency response plan, rescue criteria and emergency response drill. We can only reduce the loss during emergency by education and training during the ordinary time.

2014 Taiwan Plants Emergency Response Drills:

Emergency Response Drill	Frequency	Time Period	Number of Participants
Simulate 40 items	Twice/year	4hr/each time	3,898
Equipment used in the drill	Radio, Broadcast facilities, Fire Engines, Monitor Tower, Various extinguishers, mobile smoke ventilator, Emergency generator, torches, fire-fighting coats, Self-container Breathing Apparatus, stretchers, Emergency Kits, Ambulances, etc.		

## (2) Medical Care and Rescue

Since cardiovascular diseases have become one of the major causes of death domestically, in order to strengthen medical care and rescue, Taiwan Plants has already installed AED in the Security Office. While receiving emergency calls from department, the security officer will inform medical personnel and Ind. Safety & Hygiene Office to send ambulance to the spot in no time. Emergency medical technician should bring AED and other necessary device to perform first-aid. Infirmary has the responsibility to inspect, maintain, and manage AED device, and holds CPR + AED operation training periodically.

## 7. Occupational Hazard Statistics and Prevention

The company has an environmental safety and health management promotion organization for the implementation of each safety & health management item. There have been no cases of occupational disease but there have been a small number of occupational injuries that required personnel to request leave. FTC annually planned and held health education, health instruction, general/special physical examination, Doctor on site, emergency and related health promotion/care activities. Occupational hazard Statistics in recent 3 years as follows:

2012-2014 Occupational Hazard Statistics

Year	2012			2013			2014		
Country	Taiwan	China	Vietnam	Taiwan	China	Vietnam	Taiwan	China	Vietnam
Fatal Number.	0	0	0	0	0	0	1	0	0
Disabled	17	13	1	19	12	6	14	10	8
Frequency Rate, FR	1.96	6.65	0.35	2.46	6.76	1.70	1.84	5.53	2.01
Lost Day, LD	359	117	26	202	438	41	6,123	216	90
Severity Rate, SR	41	60	9	26	247	12	806 *	120	23
Absentee rate( AR)	0.33	1.73	0.96	0.34	2.01	0.86	0.40	1.99	0.83

Note:

- \* Disabling Injury Severity Rate (DISR) of Taiwan factories in 2014 was 806 days/million man-hours, a comparatively high figure due to a die-at-work incident resulted from myocardial infarction. The fatality is counted as 6000 days lost required by law.
- 1. Disabling Injury Frequency Rate (DIFR): No of DIs per million man-hours; FR= (No. of Dis × 1000000) divided by total man-hours worked
- 2. Number of days lost: Number of days off work temporarily or permanently - not counting day of injury and resuming to work, but counting all days in-between (including Sundays, holidays, and shutdown days) and days off work after resuming to work
- 3. Disabling Injury Severity Rate (DISR): No. of injured days off work per million man-hours; SR= (No. of injured days off work × 1000000) divided by total man-hours worked
- 4. Absence rate: Actual absence days (paid leave for personal affairs, sick leave, hospital admissions, absence w/o reasons) as the percentage of total days worked for the period under review; AR=absence hours divided by total work hours ×100%

To provide a basis for accident handling at each section, FTC has established an occupational hazard and accident reporting, investigation, analysis and statistics processing system. Accidents and false alarms throughout the company are directly reported by telephone and shared through the computer system to encourage work personnel to continually detect potential hazards. These reports have to be followed by the Manager in the Department to find out the real cause and report to Ind. Safety & Hygiene Office within 14 days. These cases may be assembled as safety promotion campaign to show to all employees. Incentives to submit corrective actions are handled according to Work Improvement Proposal Management Guidelines.

According to the Occupational Hazard Statics, most accidents happen for the careless of workers and that cause takes 90% of all accidents. Therefore, FTC enforces safety and health education and training to cultivate good working habits for all employees. Moreover, FTC periodically holds Emergency Response Drills to enhance workers' responsiveness in emergency, eliminate damages, injuries and impacts on the environment as well. Different jobs may need certifications, besides that Ind. Safety & Hygiene Office schedules "Safety, Health, and Environment training course/schedule". All related department should follow FTC "Education and Training Regulation" (100-20-P007) to schedule related courses for the following year by Nov. of the previous year and input the schedule into TN1 and print and submit to the manger for approval. Then the schedule should be sent to Ind. Safety & Hygiene Office for reference. Every department will hold education and training courses according to the schedule to strengthen educational training for all workers. It is hoped that the occupational hazard may decrease year by year.

## ii. Employee Rights and Benefits

### (i) Salary and Wages

#### (1) Salary and Wages

FTC established "Employee Promotion Regulation" to emphasize employee training and skill cultivation so employee can achieve their full potential and raise department performance. In addition, FTC established "Employee Salary and Wage regulation". The setting of salary standards for new employees is determined based on the education and experience level of the personnel required for the job. After entering the Company, salary or promotions are determined based on work performance each year.

#### (2) Excellent Job Security

In response to the fast changing business environment and constant advances in science and technology, the Company is committed to building a rationalized and lean organization but in very difficult years and tough economic climates, the Company will not let personnel bear the hardship alone because priority is given to protecting employees' right to work. A human resource system has been established to use job reassignment instead of lay-offs. As a result, there have been no major labor-management disputes over the years. Before adjustments or job changes are made to personnel or departments, the department supervisor first gives verbal notification and handles the matter according to regulations and procedures. On average, it takes seven days to complete the job reassignment procedure.

2014 Regular Employee Turnover of Plants in Taiwan Grouped by Age

Group		Female		Male		Total	
		Number	Ratio	Number	Ratio	Number	Ratio
Turnover Number	29 and under	54	54.0%	120	58.3%	174	56.9%
	30~39	39	39.0%	79	38.3%	118	38.6%
	40~49	7	7.0%	7	3.4%	14	4.6%
	50~59	0	0.0%	0	0.0%	0	0.0%
	60 and above	0	0.0%	0	0.0%	0	0.0%
	Subtotal	100	100.0%	206	100.0%	306	100.0%
Total		1,056		2,254		3,310	
Turnover Rate (annual accumulation)		9.47%		9.14%		9.24%	

2014 Regular Employee Turnover of Plants in China Grouped by Age

Group		Zhongshan Plant						Changshu Plant					
		Female		Male		Total		Female		Male		Total	
		Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Turnover Number	29 and under	105	55.6%	139	52.3%	244	53.6%	28	65.1%	73	75.3%	101	72.1%
	30~39	60	31.7%	90	33.8%	150	33.0%	15	34.9%	24	24.7%	39	27.9%
	40~49	19	10.1%	34	12.8%	53	11.6%	0	0.0%	0	0.0%	0	0.0%
	50~59	5	2.6%	2	0.8%	7	1.5%	0	0.0%	0	0.0%	0	0.0%
	60and above	0	0.0%	1	0.4%	1	0.2%	0	0.0%	0	0.0%	0	0.0%
	Subtotal	189	100.0%	266	100.0%	455	100.0%	43	100.0%	97	100.0%	140	100.0%
Total		276		458		734		119		170		289	
Turnover Rate (annual accumulation)		68.48%		58.08%		61.99%		36.13%		57.06%		48.44%	

2014 Regular Employee Turnover of Plants in Vietnam Grouped by Age

Group		Long An Plant						Dong Nai Plant					
		Female		Male		Total		Female		Male		Total	
		Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Turnover Number	29 and under	45	77.6%	47	77.1%	92	75.4%	112	100.0%	171	100.0%	283	100.0%
	30~39	11	17.9%	12	16.9%	23	18.9%	0	0.0%	0	0.0%	0	0.0%
	40~49	3	4.5%	2	2.4%	5	4.1%	0	0.0%	0	0.0%	0	0.0%
	50~59	0	0.0%	2	2.4%	2	1.6%	0	0.0%	0	0.0%	0	0.0%
	60and above	0	0.0%	0	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Subtotal	59	100.0%	63	100.0%	122	100.0%	112	100.0%	171	100.0%	283	100.0%
Total		380		424		804		393		401		794	
Turnover Rate (annual accumulation)		15.53%		14.86%		15.17%		28.50%		42.64%		35.64%	



### (iii) Employee Concern and Benefits

In order to let each employee work contently and fully make use of their expertise, FTC believes in treating our employees like family. At the initial stage of plant construction, suitable dining, lodging and recreation facilities are first placed. Afterward, the various welfare systems are planned based on employee long-term welfare considerations.

FTC not only considers national law, corporate culture, social norms and international trends but also makes sure to satisfy the food, clothing, housing, travel, education and entertainment requirement of personnel and their dependents so the lives of employee are free of related worries. Each plant has established Employee Benefits committees in accordance with the law which organizes travel and health activities and offers gifts (wellbeing goods) for the three major holidays, birthday gifts and club sponsorship. Education scholarships and kindergartens have been set up for children of employees at the Taiwan Headquarter.

1. Employee benefits or preferential measures, conforming to law and regulations, include:

- Establishing employee benefits committee\*
- Providing regular health exams to personnel (once every 5 years for persons under 40 years of age, once every 3 years for persons 40~65 years of age, once every year for 65 years of age)
- Half salary given if the period of sick leave and hospitalization leave is within 6 months in a calendar year (law states half salary be given if sick leave is no more 30 days, or otherwise, no pay will be given.)
- Five months average wage for funeral expenses and 40 months average wage in death compensation given to employees killed on the job in accordance with the Labor Standards Act. For non-job related death of employees, six months average wage is given as a consolation benefit.
- Compensations are given to employees for death, disability, injury or illness due to occupational hazards in accordance with the law.
- Providing service and safety footwear for work
- Providing health and sanitation instruction information to employees

2. Employee benefits or preferential measures, surpassing the law and regulations, include:

- Establishing mutual aid committee
- Preferential discounts on both self-payment medical costs, not covered under National Health Insurance, and health exams when employees and their dependents get treatment at Chang Gung Memorial Hospital\*
- Annual Employee Awards and Recognition with bonuses given to all award recipients
- Employee travel allowance
- Personnel fitness equipment
- Providing complete training and opportunities for advanced study
- Daily meal allowance
- Bonus for birthday and three Chinese festivals, and scholarships for employees and their children
- Benefit building, canteen, guest house, single employee and family dormitories

What above with a “\*” mark apply to regular employees, consultants and foreign labors.

### iii. Valuing Employees' Opinions and Fostering Harmonious Relations

Employees (human resources) and performance growth are closely linked. FTC is dedicated to maintaining harmonious labor – management relations and cares about protecting employee rights and listening to employee opinions. Smooth and varied communication channels and pathways are provided encourage employees to submit creative ideas.

Through regular meetings of the industrial union (labor/management union), welfare committee and other organizations, employees can provide suggestions and negotiate with the Company. The union regularly convenes board meetings which are attended by related company department managers and labor representatives fully communicate the opinions of employees. Employee opinions are not directly submitted through board of director channels at this time but FTC assigns priority to union opinions for major labor / management issues. Negotiations between executive management and union representatives help to reach a consensus which preserves harmonious labor / management relations. Personnel often provide opinions about employee benefits and other issues through proposals to various employee benefits committees. Physical opinion boxes are set up at conspicuous locations. Dedicated personnel create cases for processing and response. By providing smooth communication channels for opinions, solutions can be presented for problems.

To encourage employees to submit creative proposals, the employee work proposal improvement system (IE proposal) was initiated to allow company-wide personnel to submit creative idea and suggestions regarding management improvement issues. Personnel can submit creative ideas for joint discussion by related departments. By motivating employees to constantly search for problems and ponder innovative solutions, the proposals submitted by personnel are evaluated. After the proposals are found to be feasible, bonuses are awarded and the proposals are passed to responsible section for further planning and implementation in order to realize the step by step, inquisitive and perfectionist spirit of FTC.

Work improvement proposals over the past five years and corresponding bonuses						
Year		2010	2011	2012	2013	2014
Number of Proposals		5,561	5,726	4,836	4,697	4,476
Bonus		NT\$ 545,550	NT\$ 509,750	NT\$ 446,600	NT\$ 435,750	NT\$ 404,100
Effective Proposals	Effective Piece	37	48	21	23	6
	Bonus for Effective Piece	NT\$ 476,846	NT\$ 169,328	NT\$ 87,246	NT\$ 90,309	NT\$ 25,512
	Realized Benefit	NT\$ 88,089,637	NT\$ 73,777,110	NT\$ 37,669,045	NT\$ 23,971,003	NT\$ 4,949,208

#### iv. Employee Training and Development

People are the biggest asset of every business. Therefore, high quality workforce will be the key element for any business wants to develop. In order to cultivate high quality workforce, a company has to establish training courses to elevate employees' abilities in occupational fields. Besides, ethical and moral standard are important as well. Employees should not take their job advantage to accept any bribery, form collusion with outsiders or reveal secrets.

**(i) Training courses held by FTC mainly include the following categories:**

Category	Pre-job training for new employees	Basic job training	Job expertise training	Managerial Development Training
Target Personnel	New regular employees	New recruits and employees who are under foremen/group leaders and transferred to other units	Plant Managers, Directors and employees under the above mentioned level	Foremen, group leaders/ Managers/Plant Managers, Directors
Timing	After report for duty and before assign to specific position	Within three months of report for duty	Work condition changes and when specific training is needed	According to the need of management

In addition to the above categories, there is multi-skill training to encourage employee to keep flexibility, so when there is seasonal changes in productivity and facilities, employees can take this kind of training. And, "Training the Trainers to Train, TTT", is an more active training style. The aim of this kind of training is to cultivate lecturer from internal so that the techniques and experience can be passed down internally and systematically. Besides, there are language study, employee on-the-job continuing study, external training assignment, and industry / academia research activity promotion. No matter what kind of training, the first priority is "people oriented". The aim of training should be integrated with the development of individual employee, to encourage employee potential, to cultivate multi-hobbies, and to guide the interests of employees to perfection of occupational skills and knowledge.

**(ii) Training Practices**

1. Training Practices in 2014

Dept. \ Item	Number of Participants	Training Hours	Training Expense (NT\$)	Average Training Hour Per Person	Average Training Expense per Person
Taiwan Plants	3,673	200,646.50	22,673,301	54.6	6,173.0
Zhongshan Plants, China	612	9,850.00	811,454	16.1	1,325.9
Chnagshu Plants, China	317	2,866.00	258,168	9.0	814.4
Subtotal	929	12,716.00	1,069,622	13.7	1,151.4
Long An Plants, Vietnam	851	9,356.00	426,982	11.0	501.7
Dong Nai Plants, Vietnam	815	10,832.00	432,878	13.3	531.1
Subtotal	1,666	20,178.00	859,860	12.1	516.1
Total	8,863	233,540.50	24,602,783	26.4	2,775.9

2. The above statistics do not include “ the training result of Ind. Safety & Hygiene, Energy Resources Management, and Human Resources”. In 2014, the major aim of instruction and training is to train rank and file workers on basic job training, job expertise training, multi-skill training, SOP training, job-shift training, overseas managers training, training for supervisors in each level. Besides, during down season (Jul. Aug. Sep. of each year), plan training courses for workers in woven and dye departments. Every worker should have at least 12 hours of training in every month, each day should has not less than 4 hours of courses. Therefore, during down seasons there should be 36 hours training course for each worker. Take Taiwan Plants as an example, there are 1217 workers taking 33.1% of total workers in Taiwan, the total training hours will be 43.812 hours which is 21.8% of total training hours in Taiwan Plants. In order to have all employees catching up with latest development of company products, employees need to have job expertise training. We will put more efforts on this part in the future and analysis the results statistically in the hope that our management is people oriented.
3. Short-term objective: employee multi-skilled, enhancing operational ability, achieve operation procedure standardized, ensure the safety of working environment.
4. Innovation is a main part of business operation, and the thing to insist on in education and training.
  - (1) Conduct innovative way of education and training based on proactive and open topic design, diverse thinking, affectionate experience, applicable implementation, and developmental evaluation, with an aim to improve training outcomes through educational entertainment and educational practice.
  - (2) Conduct innovative approach of education and training based on information technology, multimedia, internet, and remote access, with an aim to lower training costs and improve training efficacy.
  - (3) By means of information tools to establish a comprehensive and systematic education and training knowledge bank for the company laying the foundation of long term training development.
5. Ultimate training goals: corporate all-round upgrade, eliminating waste from reworking, solidify lean manufacturing system, encourage heritage passing-down, sustained operation, and fulfill corporate social responsibilities.

## **(II) Sustainable Social Care**

### **i. Social Responsibility Concepts and Policy**

#### **(i) Local Community**

FTC embraces the traditional teachings of our founder to be industrious and down-to-earth and our business philosophy of harmony, innovation, service and contribution. These beliefs include honest payment of taxes, concern for environmental safety and care for employees. In order to maintain good relations in society and preserve our company image and reputation, the Company fulfills our corporate social responsibility to give back to the community and society as a whole.

Due to our permanent link to surrounding communities, FTC has become good neighbors over the years with surrounding residents by maintaining friendly communication, providing assistance and joint maintenance of the community and public environment. FTC participates in many local public welfare activities and makes donations to groups that help underprivileged families and the disadvantaged so employees and the community may benefit and prosper as one. In addition, employees have voluntarily formed community assistance groups to do their part to give back to society such as the 3-km radius road adoption cleaning activity. Through the long-term support and concern of FTC and all its employees, the love and care will gradually spread which will contribute to the creation of a harmonious community and society.



## (ii) Obey Laws and Regulations; Follow Ethics

The Company has set up a code of ethical behavior clearly stating that laws and regulations must be followed. Company employees are held even higher level of ethical standards and expected to practice self-restraint with regard to dining, entertainment and gift-giving from work-related interested parties so employees can preserve their neutrality in their work.

## ii. Social Benefits Policy

FTC participates in community development and charity activities by commercial activities, material donations, company volunteer services and other free services to promote neighborly relations, give back to the local community and maintain positive interactions. Over the years, the Company has contributed to the community, helped the disadvantaged, invested in education and participated in many social and public welfare endeavors.

### (i) Education:

Due to the booming industrial development from 1970 to 2000, work-study opportunities were provided at that time to children from economically disadvantaged families. The company entered into an education cooperation agreement with Da Der Commercial and Technical Vocational School to help disadvantaged students from the area solve these study and employment problems. Many students stayed with the company and were promoted into the ranks of management. Others went to college to continue their studies and became valuable members of society. The cooperation agreement was ended in 2009 due to a lack of demand from the school.

The company has educated children for 34 years at the Fu Mao Kindergarten. The children of employees has benefited from the reduced tuition allowing them to work worry-free. This education opportunity has also been expanded to children living in neighboring areas to benefit the community.

In 2014, there were 63 kids enrolled in the kindergarten, and tuition fee for employee's kid will have a 50% deduction.

### (ii) Company Road Adoption:

From 2005, FTC initiated weekly cleaning of local streets, 9.5Km, to promote good neighborly relations, maintain cleanliness of surrounding community, minimize flying dust and reduce spread of particles.

### (iii) Adoption and Greening of Bare Land:

From 2010, long-term adoption of bare land (area: 6620 hectares). Planting the land with greenery beautifies and improves the community, controls airborne dust, reduces particle quantities in the air and absorbs CO<sub>2</sub>.

### (iv) Giving back to the Community

The Taiwan plants together and the Yunlin County government jointly donated the Pomelo Art Gallery park in conjunction with the Touliu City Park improvement project to raise living quality and bring economic prosperity to the area around the park. The China and Vietnam plants have sponsored and made donations to local charity activities.

Vice President Huang, Ming-tang Attending Touliu City Park Improvement Project Commencement Ceremony



Touliu City Park Construction Period, from 2013/02/22 - 2013/12/10

2013 02 22

**(v) 58 social and public benefit activities in 2014**

Item	Activity	Number
1	Neighboring community temple holiday celebration and religious assembly activities	14
2	Neighboring community development association long-life club self-strengthening activities	2
3	Neighboring community civil defense and volunteer police consulting group, community watch group matters, birthday parties	13
4	Community emergency relief: Emergency relief provided when disadvantaged households have an emergency situation or accident. Cases accepted and reviewed based on letters from neighborhood magistrate	1
5	Community emergency relief: Emergency relief provided when disadvantaged households have an emergency situation or accident. Cases accepted and reviewed based on letters from neighborhood magistrate.	13
6	Donations to special charity events and activities held by community schools and organizations.	14
7	Sponsorship of special environmental protection events and activities in the local community.	1
2014 Total donation cases		58

**iii. Industry-university-institute Cooperation Projects over the Years:**

Organization	Project	Amount (in NT\$ 100K)	Number of participants	Duration
Chemical & Materials Engineering Institute National Yunlin University of Science and Technology	Study of Textile Coating	50	20	2012~2014
Applied Chemistry Institute, Chaoyang University of Technology	Constituent Analysis of Stabilizing Agent in Electroless Copper Plating Solution and Development of Plating Solution Formulation with Green Chemistry Constituents	45	18	2012~2014
Applied Chemistry Institute, Chaoyang University of Technology	Constituent Analysis of Stabilizing and Chelating Agents in Electroless Nickel Plating Solution and Formulation Development	45	25	2014~2016
Chemical & Materials Engineering Institute National Yunlin University of Science and Technology	Study on Textile Coating of Functional Fabrics and Optimal Production Processes	50	25	2014~2015
Chemical & Materials Engineering Institute National Yunlin University of Science and Technology	Study on atmospheric pressure plasma water repellent finishing and fluorochemical-free water repellent finishing technique	50	30	2015~2016
Graduate School of Visual Communication Design, National Yunlin University of Science and Technology	Design of woven fabric applications	35	20	2014~2016
Taiwan Textile Federation	Apparel design and textile exhibition planning	600	35	2014~2016
Taiwan Textile Research Institute	Examination, testing and development of functional and protective fabrics	60	35	2014~2016



## Appendix I GRI G4 Content Index

Indicator	Content of Indicator	Remarks	Page	External Assurance
<b>STRATEGY AND ANALYSIS</b>				
<a href="#">G4-1</a>	Provide a statement from the most senior decision-maker of the organization.		4,6,7	√
<b>ORGANIZATIONAL PROFILE</b>				
<a href="#">G4-3</a>	Report the name of the organization.		18	√
<a href="#">G4-4</a>	Report the primary brands, products, and services.		18, 19, 22, 107-111	√
<a href="#">G4-5</a>	Report the location of the organization's headquarters.		18,20	√
<a href="#">G4-6</a>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		19-20	√
<a href="#">G4-7</a>	Report the nature of ownership and legal form.		18	√
<a href="#">G4-8</a>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).		22	√
<a href="#">G4-9</a>	Report the scale of the organization		19, 20, 24, 75-81	√
<a href="#">G4-10</a>	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		75-81, 88-89	√
<a href="#">G4-11</a>	Report the percentage of total employees covered by collective bargaining agreements.	Collective bargaining agreements are not endorsed in plants of Taiwan, China, and Vietnam.	-	√
<a href="#">G4-12</a>	Describe the organization's supply chain.		35	√
<a href="#">G4-13</a>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No significant changes	-	√
<a href="#">G4-14</a>	Report whether and how the precautionary approach or principle is addressed by the organization.		32-33	√
<a href="#">G4-15</a>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	No related initiatives are endorsed.	-	√
<a href="#">G4-16</a>	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization		23	√

Indicator	Content of Indicator	Remarks	Page	External Assurance
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
<a href="#">G4-17</a>	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		12, 19	√
<a href="#">G4-18</a>	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.		12	√
<a href="#">G4-19</a>	List all the material Aspects identified in the process for defining report content.		Index	√
<a href="#">G4-20</a>	For each material Aspect, report the Aspect Boundary within the organization		Index	√
<a href="#">G4-21</a>	For each material Aspect, report the Aspect Boundary outside the organization		Index	√
<a href="#">G4-22</a>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No related issues.		√
<a href="#">G4-23</a>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		12	√
<b>STAKEHOLDER ENGAGEMENT</b>				
<a href="#">G4-24</a>	Provide a list of stakeholder groups engaged by the organization.		13-14	√
<a href="#">G4-25</a>	Report the basis for identification and selection of stakeholders with whom to engage.		13	√
<a href="#">G4-26</a>	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		14	√
<a href="#">G4-27</a>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		14	√
<b>STAKEHOLDER ENGAGEMENT</b>				
<a href="#">G4-28</a>	Reporting period (such as fiscal or calendar year) for information provided.		12	√
<a href="#">G4-29</a>	Date of most recent previous report (if any).		12	√
<a href="#">G4-30</a>	Reporting cycle (such as annual, biennial).		12	√
<a href="#">G4-31</a>	Provide the contact point for questions regarding the report or its contents.		12	√
<a href="#">G4-32</a>	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.		105, 106	√
<a href="#">G4-33</a>	Report the organization's policy and current practice with regard to seeking external assurance for the report.		9, 105, 106	√
<b>GOVERNANCE</b>				
<a href="#">G4-34</a>	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		27, 31	√
<b>ETHICS AND INTEGRITY</b>				
<a href="#">G4-56</a>	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		2-4, 8	√

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>SPECIFIC STANDARD DISCLOSURES</b>						
<b>CATEGORY: ECONOMIC</b>						
<b>Economic Performance</b>			Plants in Taiwan, China and Vietnam	Shareholders, investors		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				32	√
<a href="#">G4-EC1</a>	Direct economic value generated and distributed				24	√
<a href="#">G4-EC3</a>	Coverage of the organization's defined benefit plan obligations	2014 Annual Report P.182			-	√
<a href="#">G4-EC4</a>	Financial assistance received from government				24	√
<b>Procurement Practices</b>			Plants in Taiwan, China and Vietnam	Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				37-39	
<a href="#">G4-EC9</a>	Proportion of spending on local suppliers at significant locations of operation				36-38	√
<b>CATEGORY: ENVIRONMENTAL</b>						
<b>Materials</b>			Plants in Taiwan, China and Vietnam	Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				39	√
<a href="#">G4-EN1</a>	Materials used by weight or volume	100% of raw materials are not reusable.			-	√
<b>Energy</b>			Plants in Taiwan, China and Vietnam	Authorities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				44-45	√
<a href="#">G4-EN3</a>	Energy consumption within the organization				52-53	√
<a href="#">G4-EN5</a>	Energy intensity				52-53	√

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>Water</b>			Plants in Taiwan, China and Vietnam	Authorities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				46	√
<a href="#">G4-EN8</a>	Total water withdrawal by source				54	√
<a href="#">G4-EN10</a>	Percentage and total volume of water recycled and reused				47	
<b>Emissions</b>			Plants in Taiwan, China and Vietnam	Authorities, Communities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				49-51	√
<a href="#">G4-EN15</a>	Direct greenhouse gas (GHG) emissions (Scope 1)				55	√
<a href="#">G4-EN16</a>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)				55	√
<a href="#">G4-EN18</a>	Greenhouse gas (GHG) emissions intensity				55	√
<a href="#">G4-EN21</a>	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions				56	√
<b>Effluents and Waste</b>			Plants in Taiwan, China and Vietnam	Authorities, Communities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				48-49	√
<a href="#">G4-EN22</a>	Total water discharge by quality and destination	Water quality and discharging location will be disclosed in the future.			57	√
<a href="#">G4-EN23</a>	Total weight of waste by type and disposal method	Disposal methods and waste types will be disclosed in the future.			58	√
<a href="#">G4-EN24</a>	Total number and volume of significant spills	No related issues.			-	√
<a href="#">G4-EN25</a>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	None			-	√

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>Products and Services</b>			Plants in Taiwan, China and Vietnam	Customers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				69	√
<a href="#">G4-EN27</a>	Extent of impact mitigation of environmental impacts of products and services				60-62	√
<b>Compliance</b>			Plants in Taiwan, China and Vietnam	Customers, Authorities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				44	√
<a href="#">G4-EN29</a>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Only information of plants in Taiwan is disclosed this year.			59	√
<b>Overall</b>			Plants in Taiwan, China and Vietnam			
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				59	√
<a href="#">G4-EN31</a>	Total environmental protection expenditures and investments by type				59	√
<b>Supplier Environmental Assessment</b>			Plants in Taiwan, China and Vietnam	Suppliers		
<a href="#">G4-DMA</a>	Guidance for Supplier Environmental Assessment	Gradual disclosure is planned.				√
<a href="#">G4-EN32</a>	Percentage of new suppliers that were screened using environmental criteria	Gradual disclosure is planned.				√
<a href="#">G4-EN33</a>	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Gradual disclosure is planned.				√
<b>Environmental Grievance Mechanisms</b>			Plants in Taiwan, China and Vietnam	Communities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				44	√
<a href="#">G4-EN34</a>	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None			-	

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>CATEGORY: SOCIAL</b>						
<b>LABOR PRACTICES AND DECENT WORK</b>						
<b>Employment</b>			Plants in Taiwan, China and Vietnam			
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				71	√
<a href="#">G4-LA1</a>	Total number and rates of new employee hires and employee turnover by age group, gender, and region				75, 76, 88, 89	√
<a href="#">G4-LA2</a>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation				90	√
<b>Labor/Management Relations</b>			Plants in Taiwan, China and Vietnam	Authorities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	In accordance with regulations			-	√
<a href="#">G4-LA4</a>	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	In accordance with regulations			-	√
<b>Occupational Health and Safety</b>			Plants in Taiwan, China and Vietnam	Authorities, Customers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				82-88	√
<a href="#">G4-LA5</a>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs				82	√
<a href="#">G4-LA6</a>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Not disclosed by gender			87	√
<a href="#">G4-LA7</a>	Workers with high incidence or high risk of diseases related to their occupation				85	√
<b>Training and Education</b>			Plants in Taiwan, China and Vietnam			
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				92	√
<a href="#">G4-LA9</a>	Average hours of training per year per employee by gender, and by employee category				92	√



Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>Diversity and Equal Opportunity</b>			Plants in Taiwan, China and Vietnam			
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				74	√
<a href="#">G4-LA12</a>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity				77-81	√
<b>SUB-CATEGORY: HUMAN RIGHTS</b>						
<b>Non-discrimination</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				74	√
<a href="#">G4-HR3</a>	Total number of incidents of discrimination and corrective actions taken	No related issues			-	√
<b>Freedom of Association and Collective Bargaining</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				74	√
<a href="#">G4-HR4</a>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	No related issues			-	√
<b>Child Labor</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				74	√
<a href="#">G4-HR5</a>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No related issues			-	√
<b>Forced or Compulsory Labor</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				74	√
<a href="#">G4-HR6</a>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	No related issues			-	√

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>Human Rights Grievance Mechanisms</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	<a href="http://www.ftc.com.tw/doc/ftc_e1.pdf">http://www.ftc.com.tw/doc/ftc_e1.pdf</a>			-	√
<a href="#">G4-HR12</a>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	There was a sexual harassment case and solved accordingly so the case is closed.			-	√
<b>SOCIETY</b>						
<b>Anti-corruption</b>			Plants in Taiwan, China and Vietnam	Shareholders, Investors, Authorities, Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	2014 Annual Report P.50			-	√
<a href="#">G4-SO5</a>	Confirmed incidents of corruption and actions taken	No related issues			-	√
<b>Compliance</b>			Plants in Taiwan, China and Vietnam	Shareholders, Investors, Authorities, Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				-	
<a href="#">G4-SO8</a>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No related issues			-	√
<b>Grievance Mechanisms for Impacts on Society</b>			Plants in Taiwan, China and Vietnam	Shareholders, Investors, Authorities, Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	<a href="http://www.ftc.com.tw/defaultc.htm">http://www.ftc.com.tw/defaultc.htm</a>			-	√
<a href="#">G4-SO11</a>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None			-	√

Indicator	Content of Indicator	Remarks	Within the Organization	Outside the Organization	Page	External Assurance
<b>PRODUCT RESPONSIBILITY</b>						
<b>Customer Health and Safety</b>			Plants in Taiwan, China and Vietnam	Customers, Suppliers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.				60, 61, 65, 66	√
<a href="#">G4-PR1</a>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Information is not presented in percentage.			60, 61, 65, 66	√
<a href="#">G4-PR2</a>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No related issues			-	√
<b>Product and Service Labeling</b>			Plants in Taiwan, China and Vietnam	Customers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	ISO9001 proved			-	√
<a href="#">G4-PR4</a>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No related issues			-	√
<a href="#">G4-PR5</a>	Results of surveys measuring customer satisfaction	Later disclosure is planned.				
<b>Customer Privacy</b>			Plants in Taiwan, China and Vietnam	Customers		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	In accordance with regulations			-	√
<a href="#">G4-PR8</a>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No related issues			-	√
<b>Compliance</b>			Plants in Taiwan, China and Vietnam	Customers, Authorities		
<a href="#">G4-DMA</a>	Report how the organization manages the material Aspect or its impacts.	ISO9001 proved			-	√
<a href="#">G4-PR9</a>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No related issues			-	√



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2014

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

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Formosa Taffeta Co., Ltd. (hereinafter referred to as FTC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2014 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the FTC's CSR Report of 2014 and its presentation are the responsibility of the directors or governing body and the management of FTC. SGS has not been involved in the preparation of any of the material included in FTC's CSR Report of 2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all FTC's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2013) for accuracy and reliability.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for FTC and moderate level of scrutiny for subsidiaries and applicable aspect boundaries outside of the organization covered by this report;
- evaluation of the report against the referenced Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013) indicators and AA1000APS.

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 FTC, 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 this 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 provisions.

#### 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 FTC's CSR Report of 2014 verified is accurate, reliable and provides a fair and balanced representation of FTC sustainability activities in 01/01/2014 to 12/31/2014. Some statements and data within this report were beyond the scope of work due to the limited timescale allowed for assurance. The standard disclosures assured are clearly marked in the content index of this report.

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 Standard Disclosures contained in this report has been properly prepared with reference to GRI G4 Guidelines and AA1000APS. Based on the scope of work and the assurance procedures we performed, we conclude that nothing has come to our attention that causes us to believe that the selected key performance data would be erroneously described.

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

##### Inclusivity

The report include issues which properly reflect corporate strategy and stakeholder concerns, in the future, FTC may include more issues related to Formosa Petroleum Stations.

##### Materiality

FTC has determined issues that are material to the business. In the future, it may be considered to have more direct engagements with stakeholders to have further access to their viewpoints on the report content.

##### Responsiveness

The report has reasonably respond to the general issues in the sector and commits for future sustainable developments. It also includes coverage given to stakeholder engagement and channels for stakeholder feedback.

#### GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The FTC's CSR Report of 2014 provides a good overview on its sustainability context. The material aspects and their boundaries within and outside of the organization are properly defined. In the future, it is recommended to have further descriptions on the process for defining report content (G4-18). FTC may also consider having disclosures on EN2, EN6, EN13, SO3, SO4, as well as the SSDs relevant to supply chain assessment in future reports. More analysis and discussions of the data information disclosed (DMA) are also recommended.

Signed:

For and on behalf of SGS Taiwan Ltd.







Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
16 November, 2015  
[WWW.SGS.COM](http://WWW.SGS.COM)







### Appendix III Primary Brands



Product Name	Usage
 <p>Multi-micropore moisture permeable and waterproof fabric</p>	<p>Abletex® is a highly functional moisture permeable and waterproof laminated fabric which is combined with the company's high-tech super micropore moisture permeable and waterproof PU film and laminated to various substrates. Highly durable, it is the new generation of highly functional moisture permeable and waterproof fabrics. The Abletex® product line has 10,000mm H<sub>2</sub>O and higher waterproofing and 6000g/m<sup>2</sup>/24hr (JIS L1009-A1 method) and above high moisture permeability. It keeps your body dry and comfortable in any environment or climate making it the ideal choice for outdoor activities and recreational clothing</p>
 <p>Next generation eco-friendly and green product</p>	<p>Due to the threat of global warming and dwindling resources facing mankind, the company has engaged in development of environmental friendly fabrics in line with resource recycling concepts and responsibility towards the Earth. Materials made from PET bottle and polyester products are recycled into a superfine polyester fabric. Nylon materials can also be recycled and reused to reduce resource use, energy consumption and CO<sub>2</sub> emissions. It is a new generation green, environmentally friendly product that has a super delicate feel which can be combined with other special processes such as the PFOA/PFOS Free environmentally friendly water repelling process. It completely complies with EU 2006/122/EC directives and possesses waterproof, windproof, downproof, moisture permeable and wicking functions. Applications: Sports and leisure wear such as windbreakers, raincoats and down clothing</p>
 <p>Cloud-dyed fabric</p>	<p>Use special technique to create a sheer printing effect. If it combines with a creasing process that will certainly give the tactile a sense of quality and it will equal to high priced fabrics. Caladans has an quality of trendy, stylish, light and soft which can perfectly interpret and enhance the fashion sense of various fashion design from high-end garment to trendy sport wear as well.</p>
 <p>Ultra-durable, water repellant nano-fabric</p>	<p>FONEWR nano fabric, manufactured with nano technology, is water repelling, oil repelling, self-cleansing, and anti-staining fabric with strong and super durable nano surface structure. The preliminary water repellent level reaches 100(AATCC-22), and oil repellent level attains 4 degree or above (AATCC-118). After 100 times washings, water repellent level remains 80, oil repellent remains 3 degree. In addition to that, the fabric has excellent dry-clean durability. It can be matched with super-fine fiber materials for a double layer structural design, and it has easy care feature. It keeps you clean, dry and comfortable no matter what recreational activities you are in. It can also be used with other processes such as anti-bacterial or UV-cut processing to further elevate the added value of the fabric.</p>



Product Name	Usage
 Ultrafine microfiber fabric	<p>Microfeel fabric is woven from nylon or polyester microfiber which is finer than 1/100 of the diameter the human hair. This ultra-fineness endows the fiber with a very soft and delicate feel. Possessing an excellent capillary effect, the super fine fiber can be further processed to create an ideal moisture wicking material. Ultrafine microfiber fabric</p>
 With a soft and delicate feel	<p>Nanodermis® makes use of our latest innovative process endowing the fabric with a micro- and nano- structure. Therefore, the fabric has a very delicate and soft feel to the skin. The simple and pure feel of the fabric surface is very similar to natural materials. This manufacturing process can be used with all kinds of nylon and polyester fabrics especially microfiber fabrics giving the material an even finer touch and feel. Applications: Jackets, down clothing, sleeping bags, cleanroom/sterile room garments</p>
 Cool feeling fabric	<p>As global warming and greenhouse effect are continuing to deteriorate in recent year causing extreme cold and hot weather around the world, the Permacool, temperature reducing and energy saving fabric, is a eco-friendly fabric that the company is currently promoting. Wearing clothes made with this fabric, people can truly feel its coolness and dryness. This Q-max fabric is manufactured using special cool fiber together with structural design and advanced back-end process technology. When skin comes into contact with the fabric, skin will have a cool feeling which statistically shows Q-max 0.17W/m2 or higher. It also has fast moisture wicking and quick drying features. Sweat is quickly carried away from the skin surface to the fabric exterior surface by means of wicking and diffusion actions. This fabric gives consumers a feeling of relief from scorching heat, offers cool and dry comfort, in addition to moisture-absorbing &amp; sweat-evacuating function.</p>
 Moisture absorbing and fast drying fabric	<p>PERMADRY® fabrics are manufactured with synthetic fibers or microfibers, which is a highly processed fiber with highly advanced processing techniques. This product absorbs moisture fast and also dries quickly. Being highly breathable and wash resistant, this is an ideal fabric with respect to durability, moisture absorption and wicking. When used in sportswear and leisurewear, the fabric carries sweat away from skin surface to the fabric exterior surface by means of wicking and diffusion actions which gives consumers the ultimate cool and dry comfort as well as moisture-absorbing &amp; sweat-evacuating function.</p>

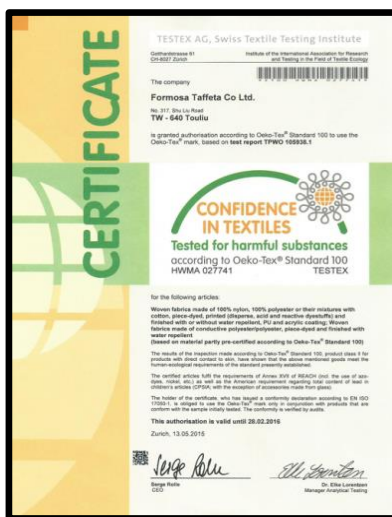
Product Name	Usage
 <p>Smart memory fabric</p>	<p>The difference between SmarYa™ fabric and regular fabric is that SmarYa™ returns to its original shape after being washed in hot water (60°C) or being placed in the clothes dryer. Wrinkles on a smooth cloth surface will become smooth again after the above mentioned treatment. If there are pleated lines on the fabric, the pleated line will stay in their original form. This is because its thermally induced shape memory function eliminates the need of ironing or other treatments.</p> <p>Product properties:</p> <ol style="list-style-type: none"> <li>1. Shape memory;</li> <li>2. Size stability;</li> <li>3. Give good feel and moisture-absorbing property;</li> <li>4. Washing durability;</li> <li>5. Anti-pilling property;</li> <li>6. Shape sustainability (memory).</li> </ol>
 <p>Nano photo-catalytic antibacterial and deodorant fabric</p>	<p>SUN-ECO, made from photo-catalytic titanium dioxide (TiO<sub>2</sub>), is a type of functional fabric possessing antibacterial and deodorant functions. This fabric effectively absorbs unpleasant odors in our living environment caused by ammonia, hydrogen sulfide, trimethylamine odors, methyl mercaptan, cigarette smoking and aging odors and then processes these odors into H<sub>2</sub>O and CO<sub>2</sub> to neutralize them. The antibacterial and deodorant functions provided by SUN-ECO® fabrics will not diminish even after frequent washings. SUN-ECO® fabrics are extremely safe and eco-friendly fabrics with long-lasting functionality.</p>
 <p>One-way moisture transfer fabric</p>	<p>Polyester / nylon one-way moisture transfer fabric quickly carries sweat away from skin and then diffuses the moisture from the inner surface to the outer surface of the clothing reducing the uncomfortable feeling of cold caused by wet fabric sticking to the skin. Therefore, clothing made from this fabric can give wearers a long-lasting feeling of dryness and comfort. In addition, since sweat is transferred in one direction to the outer surface of the fabric, the wind drying time from air contact can be shortened.</p>
 <p>Heat Storage / Thermal Insulation Functional Fabric</p>	<p>Our company uses an extreme infrared red material to design and develop an ultralight extreme infrared functional fabric with extreme infrared ray emission rate reaching 80% and above. The fabric can absorb the energy from visible light and short-wavelength given off by humans and transforms it into extreme infrared red emitting the light of life (wavelength 4~14μm) that is most beneficial to human beings and possesses heat-storing and thermal insulating functions.</p>

Product Name	Usage
 <p>Fabrics with Eco-Friendly Coatings</p>	<p>Our line of water-based PU&amp;Acryl coating fabrics does not contain environmentally hazardous organic solvents and does not use C6 water repellent which contains PFOS and PFOA. This eco-product is suitable for use with umbrella, downproof clothing, leisure wear and snowsuits.</p>
 <p>New-Generation High-Tech Quick Thermal Heat-Insulation Materials</p>	<p>Using the state-of-the-art processing technology, we developed the new-generation quick thermal heat-insulation fabric. This fabric contains complex structure (trace metal element + carbon) and it converts environmental energy and body temperature into thermal energy that genuinely achieves the function and effect of thermal insulation. It is a new high-tech lightweight material ideal for thermal insulation in the winter.</p>
 <p>Durable Anti-static Fabric</p>	<p>Using a hydrophilic surface high performance anti-static fiber, our antistatic fabric can achieve an excellent antistatic effect. If the fabric undergoes water repellent processing, it can endure washings, and the frictional static voltage will still be below 1000 V. In dry weather area, wearing garment made from this fabric will considerably reduce uncomfortable feeling. one will feel. Because our process uses white yarn rather than the traditional carbon, fabric color and design are not limited as are other anti-static fabrics and thereby can be used in various styling clothing and precision industry garments.</p>
	<p>Wearing apparel and accessories made with UVoutex® can effectively protect the skin from harmful ultraviolet rays. In addition, UVoutex® fabrics possess good washing durability so frequent washing won't affect its protection features. Its UPF rating can be as high as 30+(AS/NZS 4399:1996). Application: Sportswear, casual jackets, sunshade, hat, etc.</p>
	<p>Sansquito™ is fabric with mosquito repellent functions thanks to the special finishing technique to integrate natural pyrethrin extract. Sansquito™, enduring laundering up to 25 times, is a safe and allergy-free fabric to repel mosquitoes.</p>
	<p>With state-of-the-art weaving and dyeing techniques, Hi-Sett®, a new environment-friendly quality product, transforms ultra-thin fibers into high density water-resistant fabrics without coating or adhesion featuring superb coverage and multiple functions of water-proofing, wind-proofing, durable water-repulsion, and moisture permeability.</p>

Product Name	Usage
	<p>M2PTEx*e has excellent softness and flexibility; its metal surface (nickel, copper, copper/nickel) which also forms excellent electrical conduction, possesses outstanding anti-electromagnetic interference capacity. M2PTExe, an electro-magnetic interference shielding conductive fabrics line that is well recognized by major international notebook and cell phone brands.</p> <p>M2PTExe conductive woven fabric has passed RoHS(2002/95/EC), in addition to a certification from international recognized inspection organization for shielding capability of 50dB↑.</p> <p>Product Lines:</p> <ul style="list-style-type: none"> <li>• Conductive woven fabric with various colors of plastic surface</li> <li>• Plastic coated colored conductive fabric</li> <li>• Thermal adhesive conductive fabrics</li> <li>• Pressure Sensitive Adhesive conductive fabrics</li> <li>• Single/double sided fire retardant conductive fabric &amp; Flame resistant thermal adhesive conductive fabric (UL-94V0)</li> </ul> <p>Applications:</p> <ul style="list-style-type: none"> <li>• Anti-electromagnetic interference for precision instruments</li> <li>• PC EMI shielding material</li> <li>• Gasket</li> <li>• Conductive tape</li> <li>• Anti-electrodetection</li> <li>• OA work suit</li> <li>• Architectural shielding material/curtain</li> <li>• Anti-electromagnetic interference for communication equipment</li> </ul>
	<p>To achieve green eco production, FTC always has offered our customers eco-friendly energy-saving &amp; carbon-reducing finishing and products. FTC now introduces supercritical CO<sub>2</sub> waterless dyeing technology. This fabric is put into mass-production from the second quarter of 2014.</p> <p>The benefits of supercritical CO<sub>2</sub> waterless dyeing products:</p> <ol style="list-style-type: none"> <li>(1) No consumption of water;</li> <li>(2) No emission of effluent;</li> <li>(3) Reduce CO<sub>2</sub> emission;</li> <li>(4) No need to use dyeing auxiliary;</li> <li>(5) Energy saving (Dyeing process uses less energy, and there is no need to dry after dyeing, etc.)</li> </ol>

## Appendix IV Certificates of Eco Products & Production Processes of the Company

- Oeko-Tex® Standard 100 Certification
- GOTS Organic Cotton Certification (Control Union Certifications)
- OE Organic Cotton Certification (Control Union Certifications)
- GRS Polyester Recycle Standards Certification (Control Union Certifications)
- Greenhouse Gases Emissions Certification Opinion Statement (ISO 14064-1)
- 2007 Occupational Health and Safety, Assessment Series (OHSAS 18001)
- Taiwan Occupational Safety and Health, Management System (TOHMAS Certificate)
- 2004 Environment Management System (ISO14001)
- 2008 Quality Management System (ISO 9001)
- bluesign® Standard Certificate





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2015年12月 編印