2015

Corporate Social Responsibility Report

FORMOSA TAFFETA CO., LTD.

Corporate Social Responsibility Report

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DyeCoo

I

Corporate Culture and Management

I Corporate Culture and Management

(I) Commemorating the Corporate Founders

Founders Wang, Yung-ching & Yung-tsai Brothers

" Do things with punctilious attitude and inquisitive mind."

"There is neither an impossible thing nor easy one in the world.

Be diligent, honest, simple and frugal.

Aim to achieve perfection.

Maintain the sustainable operation.

Make contributions to society.

By Wang, Yung-ching

(II) Business Philosophy

- **Harmony**

  With integrity, individuals, departments, our Company, clients, subcontractors, the community, industries, and local society are developing in harmony.

- **Innovation**

  To enable the Company to achieve excellence and users to enjoy more utility, we motivate talents' potential and develop products with better intentions by proactively providing environment/channels/system of a novelty and development.

- **Service**

  The Company is a service provider with rapid cycles, which is beneficial for getting a foothold in the industry, and we require all employees to be accommodating and altruistic to meet clients' needs with thoughtful services.

- **Contribution**

  We endeavor to align goals of the Company with social humanitarian needs across borders so as to establish a connection with the world by providing quality products, promoting industry prosperity, improving quality of life, and continuing reaching out to society.

(III) Vision

We can provide solutions to clients' various requirements and create an excellent research and development site to produce high-tech products. Through innovation, we will continue growing, satisfy the demands of stakeholders, and earn the loyalty of product users and the respect of society.

We emphasize good qualities and virtues of employees and hope them to be enthusiastic about efficient working and revolution and to value the protection of life, ecology, and environment. At last, the Company will become a famous brand for sustainable development in the industry and clients' first choice.

(IV) Corporate Value

- **Corporate Goals**

  To make both clients and the Company grow and be mutually beneficial, to satisfy clients, users, stockholders, and employees, and to win all of their respect,

- **Corporate Mission**

  To provide quality products, relevant information, and services to respective users fast and reliably.

- **Quality Policy**

  To surpass the improvement speed of the same trade, and share profits of growth with clients.

- **Client Policies**

  To satisfy clients by serving them in a proactive manner.

- **Cultural Image**

  Our Company is a professional and continuously running manufacturer, which means that our Company has an established history, philosophy, systems, organization, experience, technology, previous performances, integrity, responsibilities, and intellectual property. Our Company has formed strategic alliances with many global corporations, and kept clients' needs and trends in mind so as to pursue the growth of intelligence of our personnel and improvements to our product quality.

- **Sustainable Development Policies**

  To follow what the president announced in 2013 Sustainability Development Report for the economic, social and environmental policies

- **Sustainable Development Strategies**

  To create green processes and products through enabling FTC people to do themselves justice with environmental protection in mind, and to continuously grow and meet stakeholders' expectations through the promotion of lean production, advances in effectiveness of resource usage, the utilization of environmentally friendly materials and green equipment, and the supply of ecologically safe products

- **Sustainable Development Matrix**

  Undertakings that should and can be done in the next decade

Sustainable Development Matrix

Sustainable Development (Evergreen)	Economic Aspect	Environmental Aspect	Social Aspect
Vision	• To become a famous brand and clients' first choice in the textile industry • To become clients' important partners	• To achieve zero discharge of hazardous chemicals by 2020. • To achieve 25% energy conservation and carbon reduction by 2015.	• To facilitate the sustainability of the community. • To detail the disclosure of energy footprints.
Purpose	• To developing novel green processes and products.	• To establish ISO 50001 Energy Management System.	• To make performances of each certification are superior to government regulations and those of competitors in the same line
Mission	• To provide clients complete and sustainable solutions • To develop strong global market connections.	• To obtain Certification in Carbon Footprint Verification for organizations' activities, products and services, PAS2050.	• To promote friendly neighborhood relations. • To let management of work environment, welfare benefits and human resource be passed on praise by the media and the community.
Quality Policy	• To pass ISO/IEC17025 certification.	• To obtain Certification in Carbon Footprint Verification at the organization level, ISO14064.	• To become an opinion leader by participating in establishment of industry standards
Client Policies	• To develop eco-friendly processes and products. • To implement PDCA to improve circulation.	• To let baselines for energy and resources be founded. • To obtain Bluesign® Standard Certification.	• To promote the links and development of green supply chain.
Sustainable Development Policies	• To pass ISO9001 certification. • To standardize Operating Procedures • To constantly earn Profits	• To develop eco-friendly production processes and products. • To reduce unit consumption of materials and energy	• To make users enjoy Safe and eco-friendly product

(V) Previous and Current Chairmen

The Late, 1st Chairman, Shu-Wang Lai

from 1972 to 1998

Chairman William Wang

1998 onwards

(VI) Sustainability Declaration of 2013

Sustainability Declaration

After WWII came to an end in 1945, countries around the world have put a lot of efforts into economic and technological developments, 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, rainforest deforestation and overexploitation of mineral and energy resources etc., which has become a serious issue and in turn damaged 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 increase in both supplies and demands is no less than a warning to remind people to treasure and moderately consume resources because we only have one Earth!

In the 21st century, the Environmental Century, the viewpoint for value measurement has shifted from self-centered to eco-centric, which means humans are no more the sole master over nature and not the only creature for which all values are generated anymore, but rather have to maintain a symbiotic relationship with the ecology and environment. Thereby, corporate sustainable development should be without exception--it, like developments of humans and society, must be rooted in soil and the climate of ecological environment and require collaborations between companies and their subcontractors to establish a sound green supply chain and take management of such chain as the base for the operation. In my belief, it is impossible for an enterprise without a harmonious relationship with its neighborhood to stably operate, and for a product with hazardous chemicals to be popular with clients for a long time, to say nothing of for destroyed ecological environment to render the development of an enterprise sustainable.

Today, brand clients and end consumers are becoming increasingly concerned about the safety, health and environmental protection. This derives the business philosophy of Formosa Taffeta Co., Ltd. (FTC) and drives us to actively participate in ecological and environmental protection activities and perform self-examination through the authentication of the third party. Efforts are especially made to improve process performances of in energy conservation and carbon reduction, to introduce state-of-the-art manufacturing equipment, to do research and develop eco-friendly products. Take carbon emissions for instance, we realize the commitment to its disclosure and reduction as a response to our clients, which is a preparation for the implementation of the legislation on carbon asset management, carbon neutralization, and greenhouse gas emission reduction, etc.

FTC issued its first Green Sustainable Development Report (GSD) in 2013, whose information is intended to form a closer connection among environmental protection, social values, and 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 at long-term performance, environmental protection, and fulfillment of l social responsibility.

The vision of FTC is to create a green factory by gradually introducing green buildings, making processes eco-friendly, following criteria of SDSs of international environmental protection organizations, using green materials, reducing unit resource and energy consumption, developing environmentally friendly products and green techniques, offering skin-friendly and non-toxic fabrics so as to meet social, clients' and product users' expectations, build and maintain a green enterprise with reciprocity and sustainability, get involved in and facilitate the development of a green society, and eventually restore the Earth to its original state as the peaceful, benevolent and joyful Garden of Eden.

I announced FTC's six major business policies at the beginning of 2013, and one of them was Green Sustainable Brand. Its specific goals were green packaging, green materials, green production, green emissions, green supply and green exploitation. I hope this virtuous cycle will bring about the bountiful green fruits, that is, green sustainable development!

President

謝武銘

2013.05.16

(VII) Message from the President

With the Environment in Mind

Under 2015 economic circumstances in which global oil prices dramatically fall, quantitative easing policy is implemented, low interest rate is adopted, the US currency appreciate, and the Asian currencies compete to depreciate, etc., the Company had experienced hardship resulting from the difficulty in increasing sales prices due to the falling of raw material prices , the influence of the FTA among Korea, the European Union, the US, and Mainland China, suspension of the 2nd round of ECFA trade negotiations across the Taiwan strait, and the expansion of the supply chain of mainland China, and the export value of Taiwan has continued to decline throughout the year. According to our consolidated financial reports, the annual revenue in 2015 is NT$ 42.87257 billion, down NT$ 5.31854 billion, 11%, as compared to 2014. Profits have decreased by NT$ 410.67 million, 9.8%. Profits after taxes are NT$ 2.82868 billion. The earnings per share is NT$ 1.68, while the allocated dividend is NT$ 1.2 per stock, issued in cash.

Under difficult circumstances, the company stabilizes its operation of 2015 in the economic aspect, which is no easy feat for the textile industry; meanwhile, many achievements are accomplished in both social and environmental aspects, which is beneficial to sustainability. The Climate Change Agreement, signed in the United Nations Climate Change Conference held in Paris, will become the new standard after the Kyoto Protocol. We would be glad to see such transition and follow the initiatives, indicators, and reforms of universally acknowledged values.

Furthermore, principles of governance, the filings of material information, and ethical corporate management are not only in succession passed by the Board of Directors but also integrated into training courses that will be thoroughly given to the relevant personnel, from directors to entry-level employees, regardless of positions. What matters most is that the implementation of these principles will be lasted. With aforementioned endeavors, we are ranked top 5% among 41 Taiwanese listed companies by the Taiwan Stock Exchange (TWSE) in the 2nd Corporate Governance Evaluation of 2015. In particular, FTC is the only one awarded company in the textile industry, which is valuable and requires ceaseless efforts to maintain or improve.

In 2015, our efforts to promote innovative green materials, processes, and green functions of products are ongoing and confirmed through earning international certifications, especially certification to ISO 50001 - Energy Management System, granted in December 2015. This certification helps us reach a new milestone and remind us about unremitting efforts in sustainability.

As one of the global leaders in the industry, FTC is well aware of the importance of friendliness towards the environment, and is duty-bound to implement Safety, Health, and Environment Management. On grounds of business philosophies of "laying equal stress on environment/safety/health and economy" and "richly cultivating Taiwan, reaching out to the world and operating sustainably", we have been diligent in execution of policies, systems and management in aspects of environmental protection, healthcare, and safety of work and products. Furthermore, FTC strictly conforms to government regulations, formulate management practices for regulation identification for periodical collection of what have to be complied with and for compliance assessments, like identification, organization, and verification, etc. of what are applicable. To become a company that fulfills its social responsibilities, in terms of Safety, Health, and Environment, we pledge to:

- Ensure compliance with Safety, Health, and Environment regulations and reasonable requirements of other stakeholders
- Implement Safety, Health, and Environment Management Systems to strengthen pollution prevention and reduce related hazards and risks
- Promote hazard identification, risk evaluation, and risk control to prevent injuries or health hazard incidents
- Promote energy conservation and waste reduction to reduce safety, health, and environmental impacts
- Strengthen relationships with the neighborhood community to improve communication and achieve a win-win situation, implement constant improvements, and promote sustainability.

The occupational Safety and Health Management System is operated with hazard identification and risk management strategies and apply the P-D-C-A cycle management approach to "Documentation, Proceduralization, and Standardization" on the various occupations and safety and health works. The Plan-Do-Check-Action cycle management facilitates the attainment of objectives of Safety and Health management; continuing inspection and discovery enables the instant implementation of corrective measures and the realization of constant improvements; the risk management further enhances the performance of safety and health management. Since June 2009, the company renews its certification to the OHSAS-18001/CNS-15506 every three years.

In terms of environmental protection system management, our Company has involved ourselves in pollution control, implemented control, reduction, recycling and reuse of exhaust, effluent, and waste, devoted to the development of products with environmentally friendly production processes, and improved efficiency of energy conservation and waste reduction. With previous efforts, we obtained ISO-14001 certification in December 2000, which has to be renewed every three years afterwards; after passing the certification to ISO-50001-energy management system in December 2015, we start to take the standard as a base for the subsequent implementation.

In line with universal values, FTC strives for a green environment, green plants, green materials, green production, green discharge/emissions, green innovation, green products, green living, green cycle, and green sustainability to ensure sustained eco-friendliness.

President

謝武銘 6/10

June 10, 2016

(VIII) Annual Business Policy

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


COD / TOC ANALYZER

II

About this Report

II About this report

(I) Editing Principles

The framework of this report is based on the Global Reporting Initiative's (GRI) G4 Sustainability Reporting, and the information is gathered against the identified material issues and compiled in conformity with principles for defining report content/quality of GRI G4 Sustainability Reporting Guidelines and standards of AA1000 so as to encompass as complete material topics as possible for stakeholders. The contents are classified into economic, environmental, and social aspects, and the overview of sustainable development policies, management methods and performance indicators are further stated in each aspect. To obtain the external assurance from SGS, this report is edited in accordance with three principles—inclusivity, materiality and responsiveness—of AA1000 APS (Accountability Principles Standard). Furthermore, reporting principles of GRI G4 are also taken as a work of reference—the contents of this report are disclosed conforming to materiality, stakeholder inclusiveness, sustainability context while its quality is in light of principles of balance, comparability, accuracy, timeliness, reliability and clarity

Financial data is presented in New Taiwan Dollars while other relevant performance is presented in in the form of what international universal indicators requires, and/or explained with notes beneath or beside charts/tables.

The disclosed information is what took place from January 1st to December 31st 2015, and the reported objects are invested subsidiaries over which FTC has, based on shareholdings, operational control or significant influence. Formosa Gas Station is also a disclosed target besides the four oversea ones, Formosa Taffeta (Zhong Shan) CO., LTD., Formosa Taffeta (Changshu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., and Formosa Taffeta Dong-nai CO., LTD. The disclosed information is mainly related to overall environmental safety, health, performance of conservation of energy and water, and so forth.

The report is for communication with stakeholders in the economic, environmental, and social aspects and a materiality test will be conducted on the gathered information of stakeholders' interested topics. Then proper topics, indicators will be picked out for disclosure according to the priority of stakeholders and the weight of each topic based on that test. The previous report was published at the end of 2015. In conformity with requirements of Financial Supervisory Commission, the time for later publication will be the date before every June from this year. The Chinese/English version of reports of each year can be downloaded at http://www.ftc.com.tw/ftc909e.htm.

Contact Information
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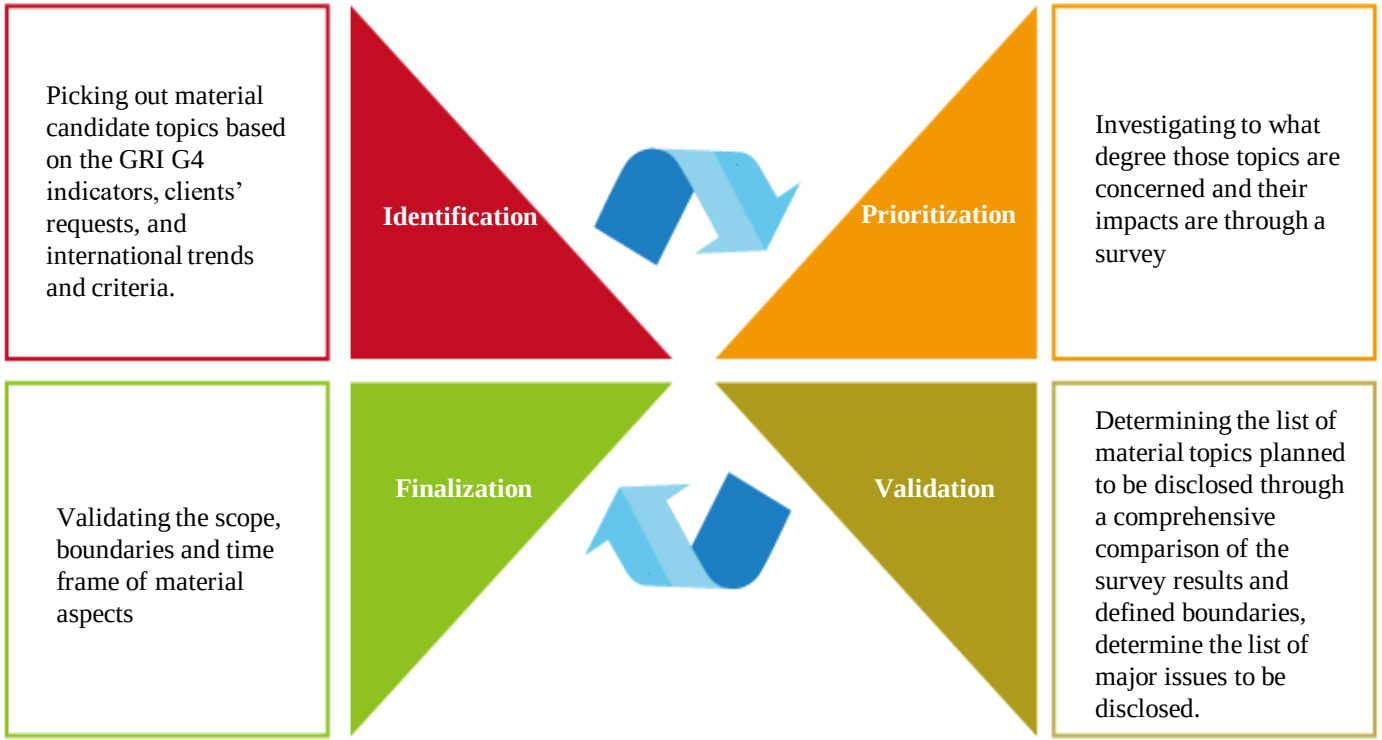
(II) Stakeholders Engagement and Identification of Material Topics

i. Identification of Stakeholders, Concerned Topics, Communication Methods, and Frequency

Based on the five major principles of the AA1000SES, stakeholders who are either impacted by the Company's activities, products, or services or may greatly impact the Company are identified through surveys. The identified stakeholders, concerned topics, communication methods and communication frequency are summarized as follows.

Stakeholders	Concerned Topics	Communication Methods	Frequency
Brand dealers / Clients / Potential Clients	Competitiveness in product quality, quantity, delivery date, and price; supply and demand, service or strategic partnerships; conservation of raw materials, energy and water resource and reduction of exhaust, effluent and waste; the degree of interaction with stakeholders, lawfulness of employment procedures and relevant regulations; the management system of workplace safety; gender equality, humanizing management, client privacy, and human rights protection.	Phone / E-mail / Interviews	Irregularly
Shareholders /Investment Trust Institutions	Projected objectives and actual performance, earned profits and the allocation of dividends, the state of corporate governance, and indicators of long-term shareholdings for foreign and international investors.	Board of Directors Meeting / the Shareholders' Meeting Shareholder Service Room / Spokesman Interview / Mails	Every Two Months / Annually Irregularly
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 / Document / Inspection Video Conferencing / Phone	Irregularly
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) and whether the selection of suppliers in compliance with regulations	Phone / E-mail / Meetings	Irregularly
Employees / Unions	Whether the HR system explicitly regulate the payroll, promotions, performance evaluation, training and rewards and penalties and whether equitable treatment is put into practice, whether the condition of working environment and labor rules comply with the international human rights treaties, and whether systems of job protection, benefits, and career planning and development, and the channel of communication are complete.	Meetings / E-mail / Employee Suggestion Box Regular Union Meetings / Labor Organizations	Irregularly / Every Two Months
Community / Local Groups	Whether there are clear community communication channels, maintenance of public relations, involvement in community activities, concern for local vulnerable groups, resource allocation for emergency relief, the advocacy and sponsorship of public benefit affairs like education, fulfillment of energy conservation 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 / Phone	Irregularly

ii. The Process of identifying Material Topics

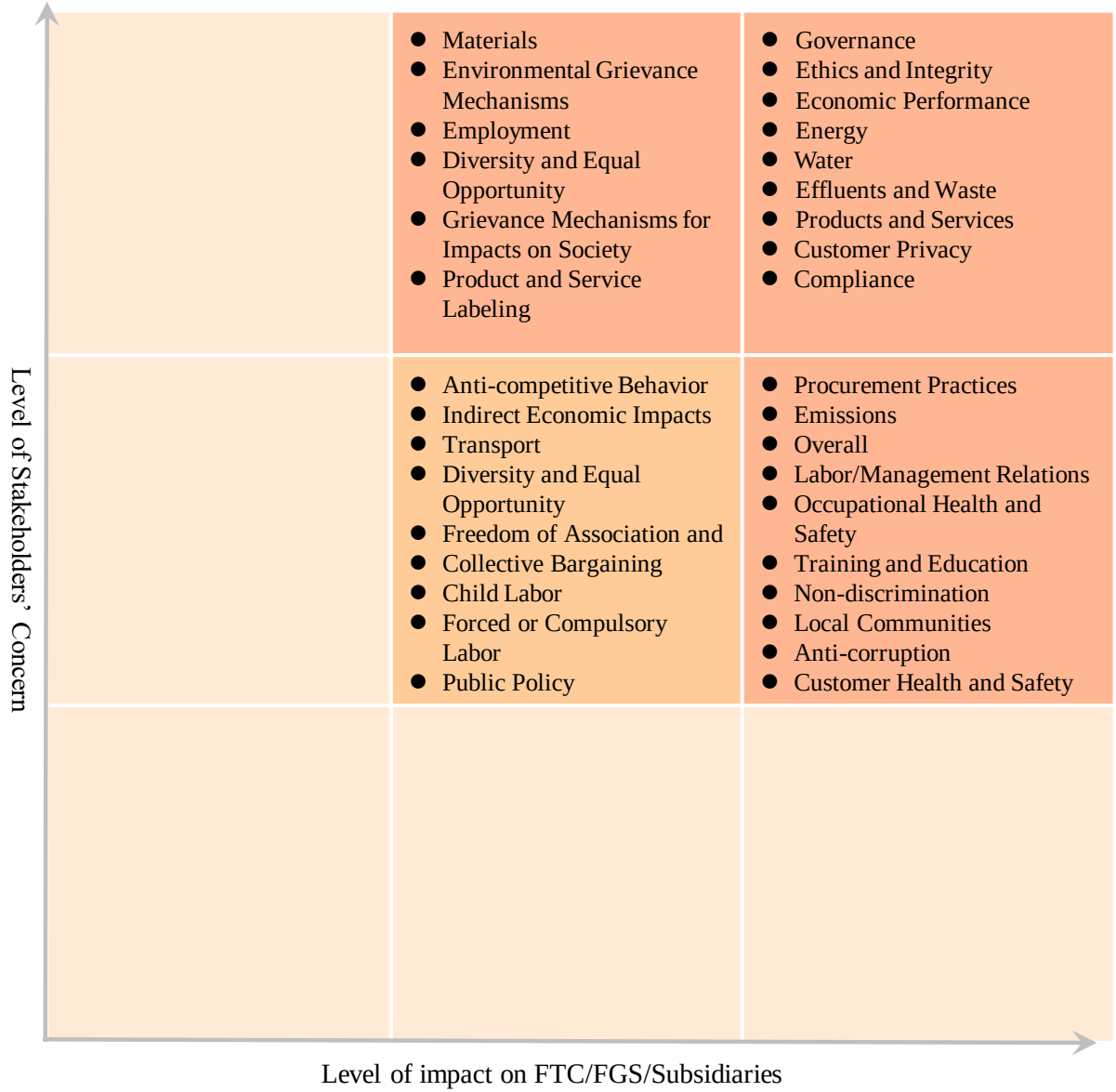


Material topics, identified through the survey, are the thread of this report; the identified material aspects and their corresponding internal/external boundaries are shown on the next two pages.

Identified of Material Topics and Responsiveness

A survey is conducted to gather stakeholders' concerned topics for the identification of material ones, and 69 effective samples are available due to the proximity to the publication of the previous report. The framework of this survey is based on the GRI G4 indicators. What are selected to be disclosed are those with either stakeholders' high interests or close attention of the Company, and the number of them are 25 in total.

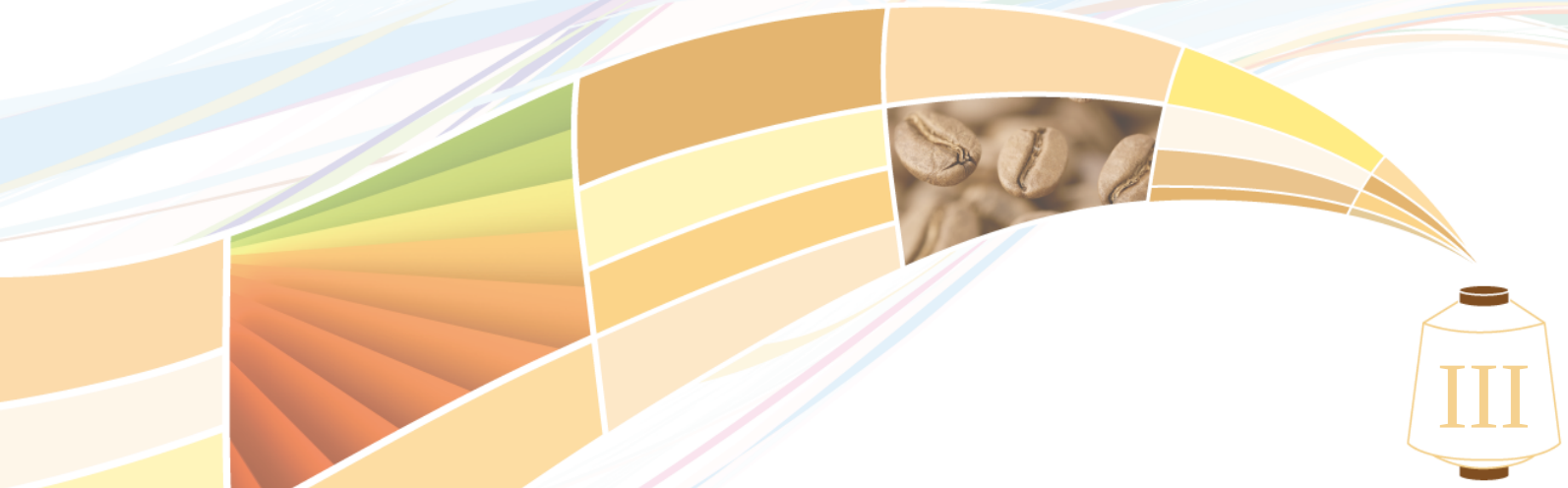
Analytical Matrix of Material Topics



Internal and External Boundaries of FTC, its affiliates and Formosa Gas Station

Aspects	Boundaries	Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Suppliers	Clients	Community	Government
		FTC	FGS						
Economic	Governance	⊙	⊙	⊙	⊙				
	Ethics and Integrity	⊙	⊙	⊙	⊙				
	Economic Performance	⊙	⊙	⊙	⊙				
	Procurement Practices	⊙		⊙	⊙				
Environmental	Materials	⊙	⊙	⊙	⊙	⊙			
	Energy	⊙	⊙	⊙	⊙				
	Water	⊙		⊙	⊙				
	Emissions	⊙		⊙	⊙			⊙	
	Effluents and Waste	⊙	⊙	⊙	⊙			⊙	
	Products and Services	⊙		⊙	⊙			⊙	
	Compliance	⊙	⊙	⊙	⊙			⊙	⊙
	Overall	⊙							
	Environmental Grievance Mechanisms	⊙	⊙	⊙	⊙			⊙	
Social	Employment	⊙	⊙	⊙	⊙				
	Labor/Management Relations	⊙		⊙	⊙				
	Occupational Health and Safety	⊙		⊙	⊙				
	Training and Education	⊙	⊙	⊙	⊙				
	Diversity and Equal Opportunity	⊙		⊙	⊙				
	Non-discrimination	⊙	⊙	⊙	⊙				
	Anti-corruption	⊙	⊙	⊙	⊙	⊙	⊙		
	Local Communities	⊙						⊙	
	Compliance	⊙	⊙	⊙	⊙			⊙	⊙
	Grievance Mechanisms for Impacts on Society	⊙	⊙						
Products	Customer Health and Safety	⊙	⊙	⊙	⊙				
	Product and Service Labeling	⊙							
	Customer Privacy	⊙	⊙				⊙		
	Compliance	⊙	⊙	⊙	⊙		⊙		⊙

Note: ⊙ means that it is of materiality and disclosed herein.



III

Management Overview

III Management Overview

(I) Overview of the Company

i. Corporate Profile

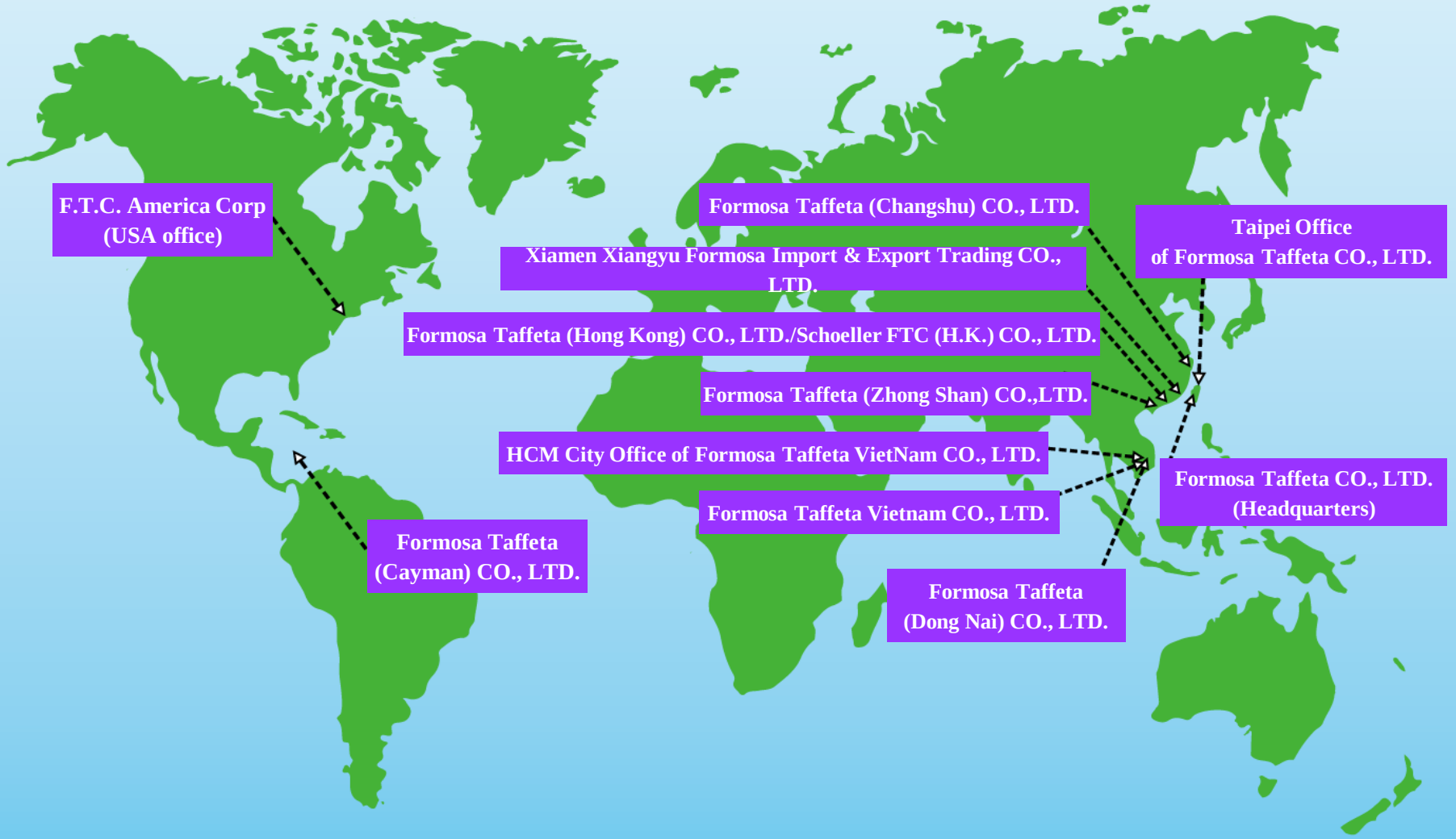
Formosa Fiber Co., Ltd., the predecessor of Formosa Taffeta Co., Ltd. (FTC), is established on the outskirts of Douliu in Yunlin County. It was registered and jointly founded by Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), and several industrialists on April 19th, 1973,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

The Company gains a foothold in the textile industry with its specialization in midstream techniques, such as weaving of filaments, dyeing, printing, and finishing, etc. and proactive innovation. It is a bridge between the upstream raw silk materials and the downstream finished product manufacturer, which makes it indispensable to the supply chain of the textile industry. Furthermore, it is a worldwide manufacturer of filament nylon/polyester taffeta that is of both high capacity and quality. What is worth mentioning is that its complex function fabrics, applied to sports and leisure wear, are on a par with trends and the progress of international brands. This makes it famous as a worldwide “faithful supplier” among our clients in relevant industries.

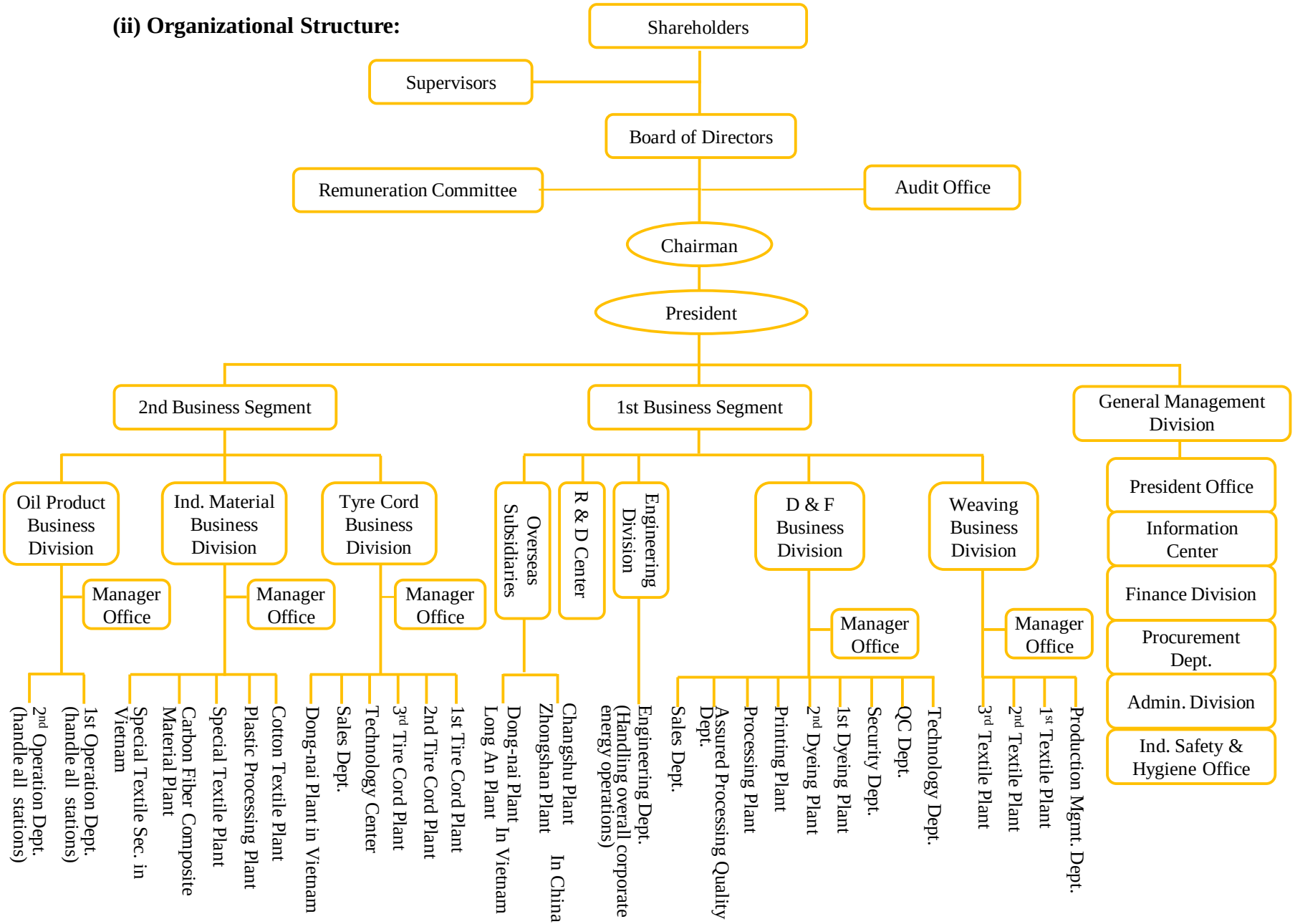
To diversify its operations, the Company expand its business scope to include the manufacture of tyre cord fabric, umbrella frame, cotton yarn and cloth, special textiles for safety and protection, PE plastic bags, carbon fiber cloths, and the operation of gas stations. Over the past 40 years, it, in light of it business philosophy of harmony, innovation, service and devotion, dependably supplies quality products, services and information to support the development of the downstream clients in various lines of business and to make life better.

(i) Overview of Subsidiaries **(Unit: NT$ thousand)**

Company Name	Date of Establishment	Address (as appeared on the license)	Paid-in capital	Scope of business
Formosa Taffeta (Zhongshan) Co., Ltd.	81.12.3	167, South Shenwan Avenue, Shenwan Town, Zhongshan City, Guangdong Province 528462, China	1,402,085	Manufacture and sales of — Amine Nylon/ fabrics, polyester fabrics — Umbrella frame
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 fabrics — Rental of own facilities and the offer of 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 and processing of chemical fiber fabrics — Dyeing of tyre cord fabrics, etc.
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 and processing of various chemical fiber fabrics — Dyeing of textiles
Formosa Advanced Technologies Co., Ltd.	79.9.11	329, Henan St., Douliu City, Yunlin County 640, Taiwan	4,422,222	IC packaging, test, and modules
Formosa Development Co., Ltd.	79.9.20	29, Ln. 224, Shiliu Rd., Touliou City, Yunlin County 640, Taiwan	161,000	— Urban land consolidation — Development, rental and sales of residential/business buildings and industrial plants
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 and export trades 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	Investing
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


F.T.C. America Corp
(USA office)
Formosa Taffeta (Changshu) CO., LTD.
Taipei Office
of Formosa Taffeta CO., LTD.
Xiamen Xiangyu Formosa Import & Export Trading CO., LTD.
Formosa Taffeta (Hong Kong) CO., LTD./Schoeller FTC (H.K.) CO., LTD.
Formosa Taffeta (Zhong Shan) CO.,LTD.
HCM City Office of Formosa Taffeta VietNam CO., LTD.
Formosa Taffeta CO., LTD.
(Headquarters)
Formosa Taffeta Vietnam CO., LTD.
Formosa Taffeta
(Cayman) CO., LTD.
Formosa Taffeta
(Dong Nai) CO., LTD.

(ii) Organizational Structure:



ii. Overview of Products

(i) Products and Scope of Their Applications

Product	Scope of Application
Polyamine fabric / polyester fabric	Sleeping bags, curtains, garments, down jackets, sportswear, microfiber clothing, leisurewear, jackets, hunting suits, hats, tents, air beds, umbrellas, parasols, golf umbrellas, beach umbrellas, waterproof breathable clothing, waterproof breathable snow coats, gloves, shields with electromagnetic insulation etc.
Cotton fabric, blended fabric, fabrics interwoven with filament/staple fiber, pre-dyed plaid	Garments, jackets, shirts, umbrellas, backpacks, medical health care supplies, etc.
New functional yarn	Individual or composite applications to diverse woven/knitted fabrics for various apparel, bedding, health care supplies, sportswear/leisurewear, hats, coats, umbrellas/parasols, special finishing purpose, etc.
Combed cotton yarn, blended yarn	All kinds of woven and knitted fabrics, cotton and blended fabrics, fabrics interwove with filament/staple fiber, and pre-dyed plaid
Protective fabric	Flame retardant/resistant fabric, air force flight suits, tank suits, Secret Service suits, firefighting suits, electric arc suits, motorcycle suits, cycling suits
fabrics with special purposes	Cleanroom clothing specifically for sterile rooms, medical operation gowns, wrapping cloth, bullet-proof vests, stab-resistant clothing, bullet-proof helmets, fabrics for speakers, etc.
Carbon fiber fabrics as composite materials	Sports equipment, bicycles, motorcycles, automobiles, aerospace industry, electronic products, industrial mechanical arms and mechanisms, construction reinforcement, wind turbine blades, etc.
Tyre cord fabrics	tire cord fabrics to various specifications, bead chafing fabric, conveyor belt fabric, puncture resistant fabric for bicycle tires, lining, high pressure rubber hose cord
Plastic bags	Plastic shopping bags, perforated bags, garbage bags
Super diesel/ 98,95+,92unleaded gasoline various motor oil / car wash service	Vehicle fuel, generator motor oil and lubrication/car maintenance and clean
Umbrella frame	Umbrellas, parasols, golf umbrellas, patio umbrellas, and beach umbrellas

(ii) Sales Markets

1. Textile Products:

   The company's sales markets are all over the world, including Asia, Europe, America, etc., and the target markets are the ones in Asia, mainly in Hong Kong, Southeast Asia, and the Middle East.

3. Plastic Bags:

   These are mainly sold to Japan, and then South America. 95% of them are for export, and the others are for the domestic market.

2. Tyre Cord Fabrics:

   Besides tire manufacturers in Taiwan, these fabrics are also exported to Southeast Asia, India, Sri Lanka, the United States, China, Japan, Korea, and Eastern Europe; their export Rate is 83%.

4. Oil Products:

   100% of oil products are for domestic markets

Formosa Gas Station (FGS)– a Business Entity disclosed for the first time

Main businesses of FGS' are the retail of gas and diesel and service of car wash. gas All oil products are 100% from Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), which is a steady supply source. To maintain the quality conformity, a lot of efforts are made to execute source management—to regulate that samples of gasoline/diesel in each tank truck must be taken and stored, that standard operating procedures must be obeyed for the transportation and unloading, and that periodic oil quality inspections must be carried out by accredited certification bodies. By June 2016, there are 105 domestic operation locations, and where they are located are shown on the right side.

Employees of gas stations must adhere to "five don'ts and five dos" of refueling vehicles. Moreover, the Company thinks highly of customers' privacy, and therefore, in conformity with "Personal Data Protection Act (PDPA)" implemented from October 2012, members' sensitive or critical information, like IDs, phone numbers, license plate numbers and so on, is not stored in database for data loss prevention (DLP).

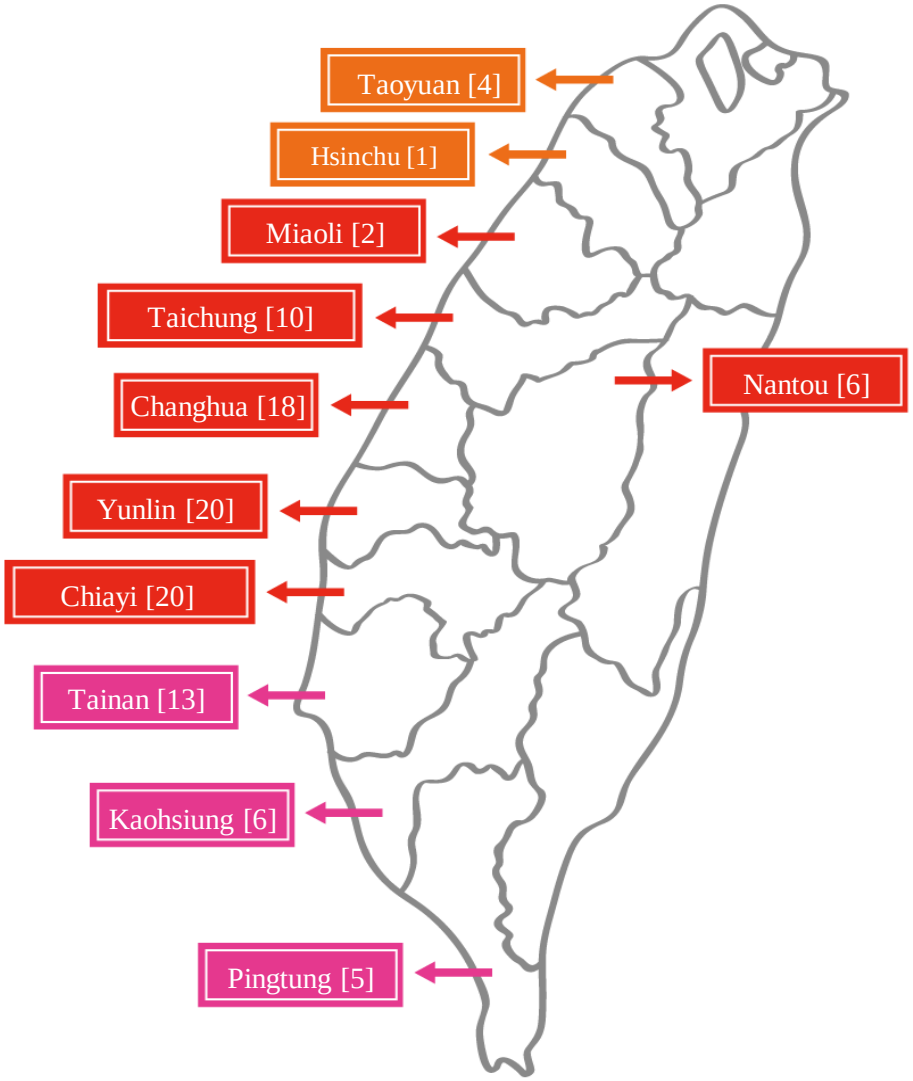
Five Don'ts during Refueling

1. Do not force refueling.
2. Do not lift the lever up and/or lower it with a pump nozzle.
3. Do not drop a pump nozzle or hit it hard.
4. Do not let the last few drops be left in the pump nozzle.
5. Do not press the barrel of a pump nozzle with your hand.

Five Dos during Refueling

1. Stop refueling when self-stopping mechanisms are triggered.
2. Lift the lever up with your hand for activating the pump.
3. Keep a pump nozzle from being hit when in use.
4. Let any last drops fall in before removing the nozzle from the gas tank.
5. Keep pump nozzles and rubber hoses clean all the time.

105 Locations of Formosa Gas Station



Note: City/County [number] means there are [number] locations in that city/county.

(i) FGS' Environmental Protection Measures

Besides growth in sales, FGS also attaches importance to environment protection and sustainability through incorporating energy/electricity/water conservation, reduction of air pollution, etc., into daily management and strives for social care for vulnerable groups to fulfill corporate social responsibilities. The specific measures on environmental protection are as follows:

1. Energy Conservation Measures

From July 2nd 2015, the electronic invoice system is introduced into 105 gas stations one after another across Taiwan. The completion of such introduction and updates of related equipment is on December 25th of the same year and takes NT$ 2.25 million. This brings the following effects and economic benefits:

- Compared to conventional duplicate/triplicate cash register uniform receipts, computerized uniform ones consume 1.85 million pieces of paper pre month, which can save the paper expenditure of NT$ 190 thousand per month.
- Manual jobs of collating, securing and checking paper receipts are much fewer.
- The usage of electronic receipts can cut warehousing costs through being free from the constraint imposed on conventional receipts that requires five-year retention for sampling inspection.

It is planned in the near future to equip membership cards with the functionality that facilitates customers to electronically retrieve receipts for much fewer electrical receipts printouts and for missions of energy conservation and carbon reduction.

2. Electricity Conservation Measures

From 2012 onwards, energy-consuming fuller lights, projection lamps and conventional fluorescent tubes are replaced with energy-saving LED lights produced by Nan Ya Photonics Inc.; after such replacement, power efficiency is getting better year by year.

Statistics of FGS's Electricity Efficiency after replacing Fuller lights with LED lights from 2012 onwards.

Year	2011	2012	2013	2014	2015
KWH/KL	14.0	12.3	10.4	9.7	9.1
Proportion of conserved electricity (%)	-	-12.1%	-25.7%	-30.7%	-35.0%

3. Water Conservation and Discharge Measures

(1) Tap water is the main water source of each gas station and is provided for car washes and domestic usage for customers and employees. Waste water generated from car washes cannot be discharged into public sewers without treatment in conformity to drainage standards. The discharge of sewage in 2015 gains accreditations of environmental protection bureaus and irrigation associations of respective cities and counties.

(2) Total tap water uses in 2015 is 50,398 tons, which is an increase of 2,335 tons compared to 2014. This can be attributed to the installation of new car wash machines in five gas stations; these machines can conserve much water with their water-saving mechanisms. To further reduce water use, effluent and discharge, it is estimated that wastewater recycling systems will be installed in the future.

4. Underground Pollution Preventive Measures

Preventive Measures	Implementation Contents	Implementation Cycle	Implementation Effectiveness
Oil Quantity Balance Control Declaration	According to the Regulations for the Prevention of Groundwater Pollution of Underground Storage Tank Systems and Monitoring Equipment, the gas stations of the Company shall comply with relevant regulations to fill out the daily oil input and output control form and declaration to prevent underground pollution.	Complete oil quantity control form/ daily Declaration form / 4 months	The 2015 declarations of the gas stations have been verified by various environmental protection bureaus and have been found to contain no abnormalities.
Underground Pollution Monitoring	The underground pollution monitoring conducted by the gas stations of the Company shall adopt the soil gases monitoring method. The soil gases inspection is conducted every month, while external environmental gas soil inspections shall be conducted every four months. The inspection results will be posted on the internet. The regular cooperating inspection organization for 2015 is Jia Feng Environmental Protection Technology Co., Ltd.	Inspections / 4 months Declaration / every January, May, September	The 2015 declarations of the gas stations have been verified by various environmental protection bureaus and have been found to contain no abnormalities. PID and FID conform to standards, and soil and groundwater inspections are not necessary.
Operation Equipment Self-Inspection	The self-implementation of petrol station equipment inspections by the petrol station (including internal inspection of petrol station, oil-gas measurement of oil storage wells, manual oil measurement of oil storage tanks, and detection of underground storage tanks)	Routine sample inspections / daily, monthly, biannually	In 2015, the irregular inspections conducted by the Environmental Protection Administration / Bureaus show that there is no pollution and that the gas stations comply with inspection standards.

5. Petrol Vapor Recovery Measures

(1) According to the provisions of paragraph 3, Article 22 of the Air Pollution Control Act, certified environment inspectors shall conduct regular petrol vapor inspections twice a year and gawith petrol vapor recycling nozzles, nozzles are replaced regularly, and the residue oil within the nozzles is cleaned. Each area is equipped with petrol vapor recycling meters, and monthly self-inspections are conducted to calibrate the petrol vapor recycling to the optimal ratio of 1:1 in order to achieve the effects of petrol vapor ratio stability and extend the life of the equipment. In 2015, the Environmental Protection Bureaus conducted gas-oil ratio inspections of the pump nozzles at 22 stations, which yielded a passing rate of 96.3%, much higher than the required 70%.

(2) Employees are required to comply with the correct ways of refueling and the refueling principles of the five Dos and five Don'ts. Employees are trained to check if the petrol vapor recycling pipes are properly connected, if the petrol vapor recycling motors are properly functioning, if the motors are malfunctioning, or if there is any residue oil in the rubber tubes of the pump nozzles. Should any equipment abnormalities be found, the incident should be reported immediately, and the damaged or malfunctioning equipment should be removed to increase the petrol vapor recycling rate and ensure safety.

(3) In order to continuously reduce air pollution, promote the environmental awareness of petrol station operators, and implement petrol vapor recycling works, the Chiayi City Environmental Protection Bureau organized the "2015 Friendly Petrol Station Evaluation". Through the preliminary inspections of s leakage inspections once every two years. To prevent the leakage of petrol vapors, all pump nozzles are replaced the unidentified inspectors and the Bureau inspectors, the Formosa Petroleum Stations have earned the highest marks.

(ii) FGS' Contributions to Society

In addition to the aforementioned environmental protection measures, the Formosa Petroleum Stations also actively provide many services that are offered to clients to increase customer loyalty, customer reliance, customer satisfaction, and customer retention rate. In terms of promotion, the Company has fulfilled its obligations of informing to reduce consumer disputes.

1. Cash Discount: Offering discounts for cash payments and credit cards. In 2015, the Company cooperated with Far Eastern Commercial Bank to promote co-branded credit cards, as well as engaged in cooperation with E.SUN Commercial Bank, Union Bank of Taiwan, HSBC Bank, Taichung Bank, and Yuanta Bank to offer promotional discounts to clients. Furthermore, clients that use self-service gas pumps are also eligible for discounts.
2. Membership Points: Applying for VIP membership makes a customer eligible to accumulate VIP membership points for gift redemption.
3. Supplementary Product Offers: Petrol stations also offer retail sales of products manufactured by affiliated companies, such as lubricating oils, motor oils, cooling shirts, warming shirts, umbrellas, raincoats, and jackets. Due to the convenience and autonomous nature of the sales channel, promotional discounts can be provided at irregular intervals.

FGS is also active in participating in charitable events; the ones which it participates in are summarized below:

Year	Charity Organizations	Charity Events	Targets
2012	○○Foundation	Showing Love for Seniors ~ Caring for Vulnerable Groups and Elders Living in Solitude	Seniors Living in Solitude
2012	○○Orphanage	Fundraising for New Homes	Children living in an orphanage
2013	○○Foundation	Showing Love for Abused Children	Children suffering from abuse
2014	○○Foundation	Showing Love for Seniors ~ Dragon Boat Festival	Seniors suffering from dementia
2015	○○○Foundation	School Building Plan for Children with Severe Disabilities	Children with severe disabilities

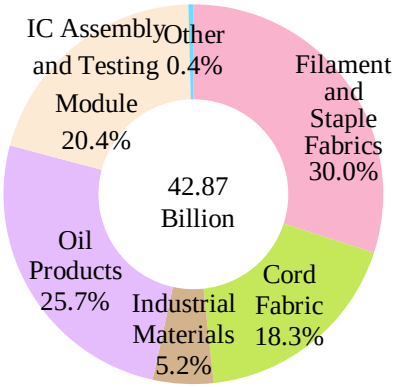
iii. Participation in External Associations

Participating Associations	Qualification
Chinese Association for Industrial Technology Advancement	Member
Taiwan Technical Textiles Association	Member
Taiwan Silk & Filament Weaving Industrial Association	Member
Textile Net in Taiwan	Member
Society for the Advancement of Material and Process Engineering	Member

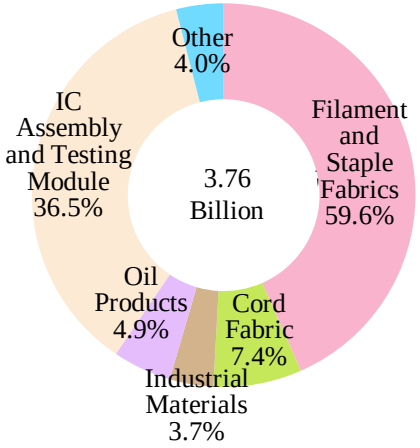
iv. Financial Information

The scope of business includes long and short fiber textiles, tire cord fabrics, petrol stations, IC assembly modules, and other operations. Due to a variety of development courses, the main sources of revenue for 2015 are gas stations (26%) and long and short fiber fabrics (30%). The main source of profit comes from long and short fiber fabrics, contributing up to 60%, while the petrol stations provide a steady flow of income, thus achieving a healthy financial status. For related financial information, please refer to http://www.ftc.com.tw/ftc902.htm.

2015 Revenue Constitution



2015 Profit Constitution



Year	2013	2014	2015
Annual Financial Review			**(Unit: NT$ million)**
Operating Incom	47,462	48,191	42,873
Operating Cost	42,893	42,451	36,733
Employee benefits expenditure*	4.43	4.76	4.86
Net Income after Taxes	2,177	3,820	3,224
Technical and R&D Overview			**(Unit: NT$ million)**
Research and Development Expenses	48	50	52
EPS			**(Unit: NT$/per share)**
EPS	1.27	2.09	1.68
Investment Tax Credit			**(Unit: NT$ million)**
Investment Tax Credit	139	32	155
Annual Business Income Tax			**(Unit: NT$ million)**
Business Income Tax	483	352	537

Note:
*The “employee benefits expenditure” data disclosed in the 2014 CSR report was not presented in the units as labeled in the form (one million New Taiwan Dollars); therefore, it has been amended as the above form.

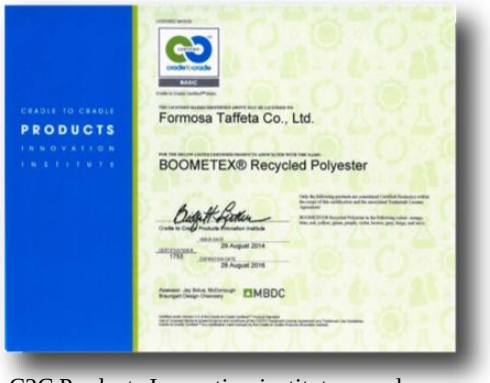
v. Main Awards

The awards won by the company's departments are summarized below:

Award	Awarding Organization	Awarded Department	Award Description
Green Mark	Ministry of Economic Affairs	Engineering Division	Subscribed for 1 million kWh of electricity, won the certificate issued by the Ministry of Economic Affairs
Energy Conservation Service Team	Ministry of Economic Affairs	Engineering Division	Excellent performance in energy conservation services
C2C (Cradle to Cradle)	MBDC	R&D Center	Recycling materials from PET bottles or polyester products for use in the manufacturing of microfiber polyester products
Corporate Governance Assessment	Financial Supervisory Commission	President Office	Top 5% among the assessed enterprises

Subscription Certificate
(Green Power)

Energy Conservation Service Team



C2C Products Innovation institute awards certificate for Boometex® Recycled Polyster

Top 5% of Corporate Governance Assessment

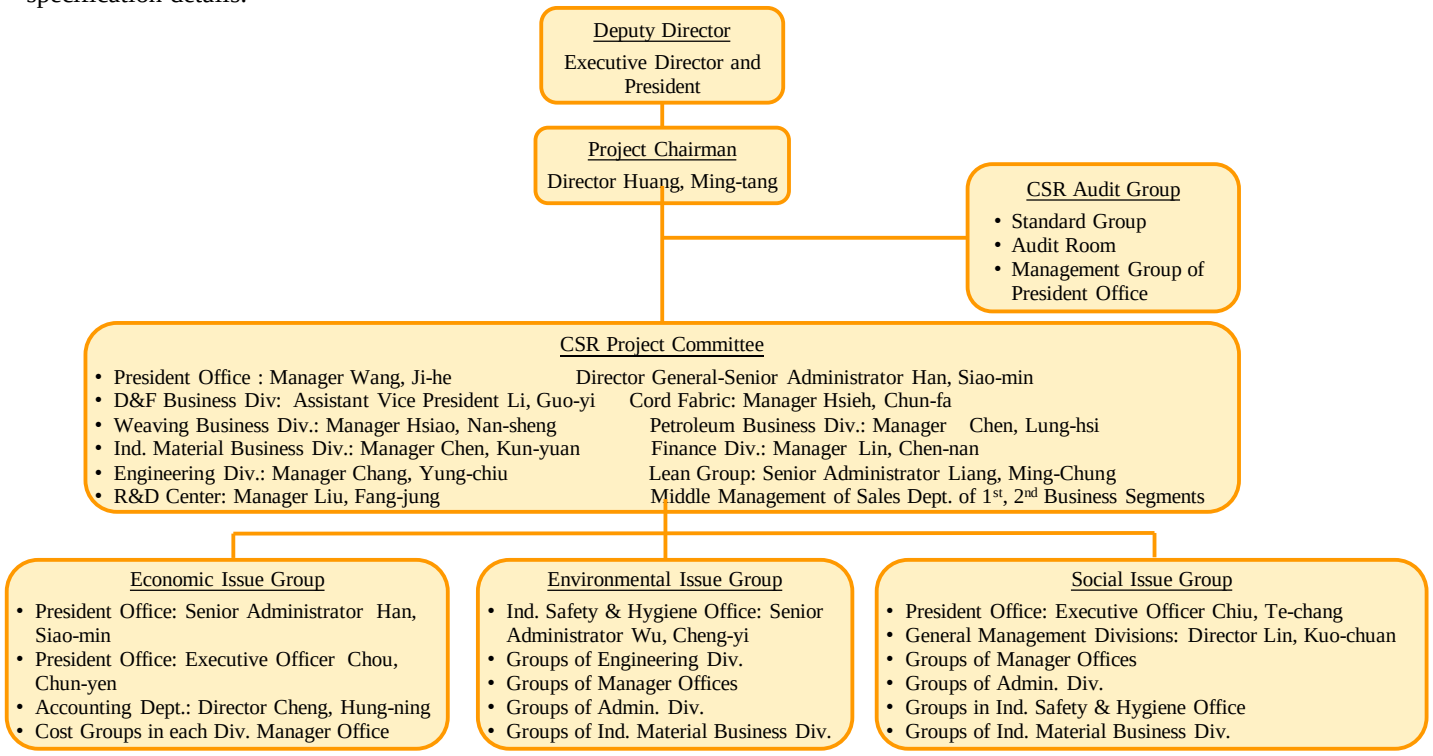
(II) Corporate Governance

i. Operations of Company Governance Principles, Director and Supervisor Information, Internal Control, Salary Remuneration Committee, and Management Team:

On November 7th 2014, the Board of Directors passed the resolution for Article 61 of Company Governance to disclose information on the information declaration website and company website stipulated by Securities departments. For the background, experience, and academic qualifications of the directors and supervisors, management team, Salary Remuneration Committee, and internal control declaration, as well as other information, please refer to pages 12-13, 18, 41-42, and 59 of the 2015 annual report at http://www.ftc.com.tw/doc/ftc_104_annual_report.pdf.

ii. CSR Committee Organizational Structure and Task Group

On March 6th 2015, the Company set up the CSR Committee. Led by the managing director cum President, the Committee has set up three groups: the Economic Issues Task Group, the Environmental Issues Task Group, and the Social Issues Task Group. Major issues will first be reported to the directors, managing director, and chairman and shall be included in the agenda of the Board of Directors for discussion and resolution prior to being disclosed in the annual CSR report. The Board of Directors passed the resolution for the "Code of Corporate Social Responsibility" on August 7th 2015, which included 31 Articles that covered the company's aims, policies, and specification details.



CSR Project Committee Structure & Responsibility in 2015

iii Advocacy and Implementation of Business Integrity and Anti-Corruption

Business integrity management is an important issue of social concern. In 1999, the United Nations proposed the Global Compact to include anti-corruption among the main issues of CSR, advocating that corporations should be responsible for actively creating a fair and just management environment. APEC also revealed "Improving corporate social responsibility" and "Cracking down on corruption" as two of the issues for globalization and encouraged public and private sectors to cooperate and devote their efforts to improving governance mechanisms and cracking down on and eliminating corruption.

To enable employees to fully understand the Company's determination to achieve integrity management, policies, and regulations to prevent acts of dishonesty, as well as the consequences of violation, the Company organized an integrity management education training course on May 21st 2015 for the managers of procurement, project, sub-contractor, sales, credit, treasury, accounting, warehousing, information, general affairs, personnel, and plant departments, as well as the directors of some plants. A total of 130 employees participated in the training courses, and Chairman of PWC Sustainable Development Zhu Zhu-Yuan was hired as the instructor. The contents of the courses include the establishment of integrity management culture, the implement of corporate governance, and the fulfillment of social responsibility.

Chairman Zhu Zhu-Yuan, the instructor of the delivery whose topic is "Integrity Values and Corporate Culture" (2015/5/21)

Vice-President Huang Ming-Tang leads the relevant personnel to participate in this training.

In June 2015, the Board of Directors passed the resolution for the 26 Articles of the "Code of Integrity Management of Formosa Taffeta," which stipulated that the directors, supervisors, managers, and staff must comply with relevant legal regulations and avoid acts of dishonesty. The Code applies to Formosa Taffeta and its subsidiaries and is posted on the internal and external websites of the company. The aims of stipulating the Code are ensuring internal consensus and prohibiting acts of dishonesty in the company, implementing integrity management and company risk control, and creating a sustainable management environment. The key points are as follows:

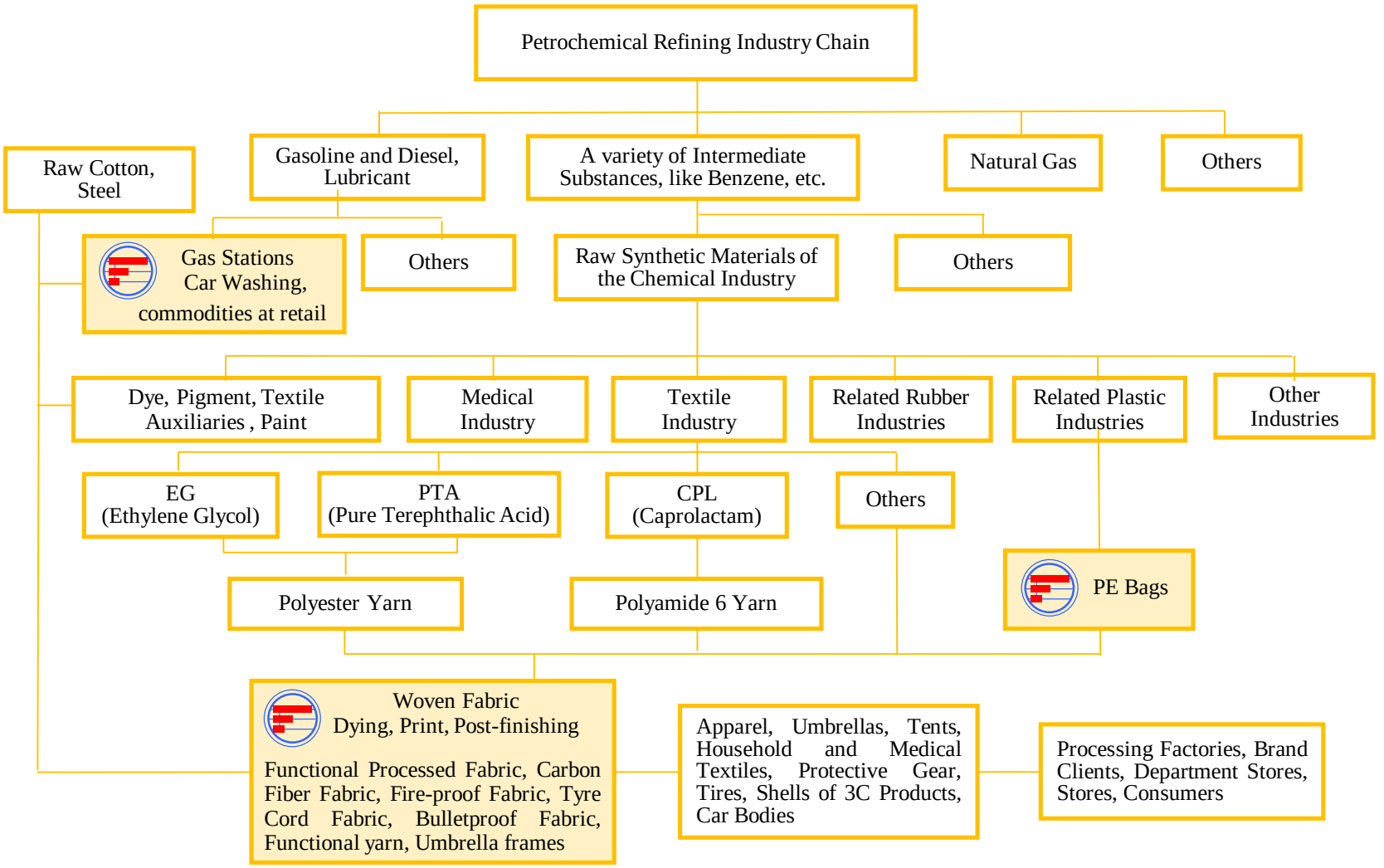
1. In order to strengthen the Company's commitment to integrity management, the Company should stipulate the provisions of integrity management in the Articles of Incorporation and external documents and ensure implementation.
2. To ensure that the Company engages in fair and transparent commercial activities and avoids business dealings with parties with dishonest histories.
3. Stipulate the prohibition of bribery and fraud, providing illegal campaign funding, false charity donations, or providing unreasonable gifts, entertainment, or other interests, both directly and indirectly.
4. Stipulate that the Board of Directors should supervise the company management to prevent acts of dishonesty and ensure implementation of integrity management. These measures are necessary but not restricted to the dedicated departments.
5. Stipulate that Company directors, supervisors, managers, and employees shall abide by relevant legal regulations and prevent dishonest acts during the execution of their duties.
6. Require that the Company stipulate avoidance of conflict of interest policies for directors, supervisors and managers.
7. The Company shall establish effective accounting systems and internal control mechanisms. Internal audit personnel shall stipulate regular and irregular inspections depending on circumstances and submit regular reports.
8. Require that the Company stipulate relevant SOP standards and regulations in order to facilitate the execution of duties to implement integrity management.
9. Stipulate that the Company shall organize regular educational training and establish reporting and punishment mechanisms.
10. Stipulate that the Company shall strengthen the disclosure of integrity management information.

Furthermore, we also established a department dedicated to the prevention of corruption and channels for reporting violations and corruption in order to prevent violations, corruption, and inside trading.

iv. Relation with the Textile Industry Chain

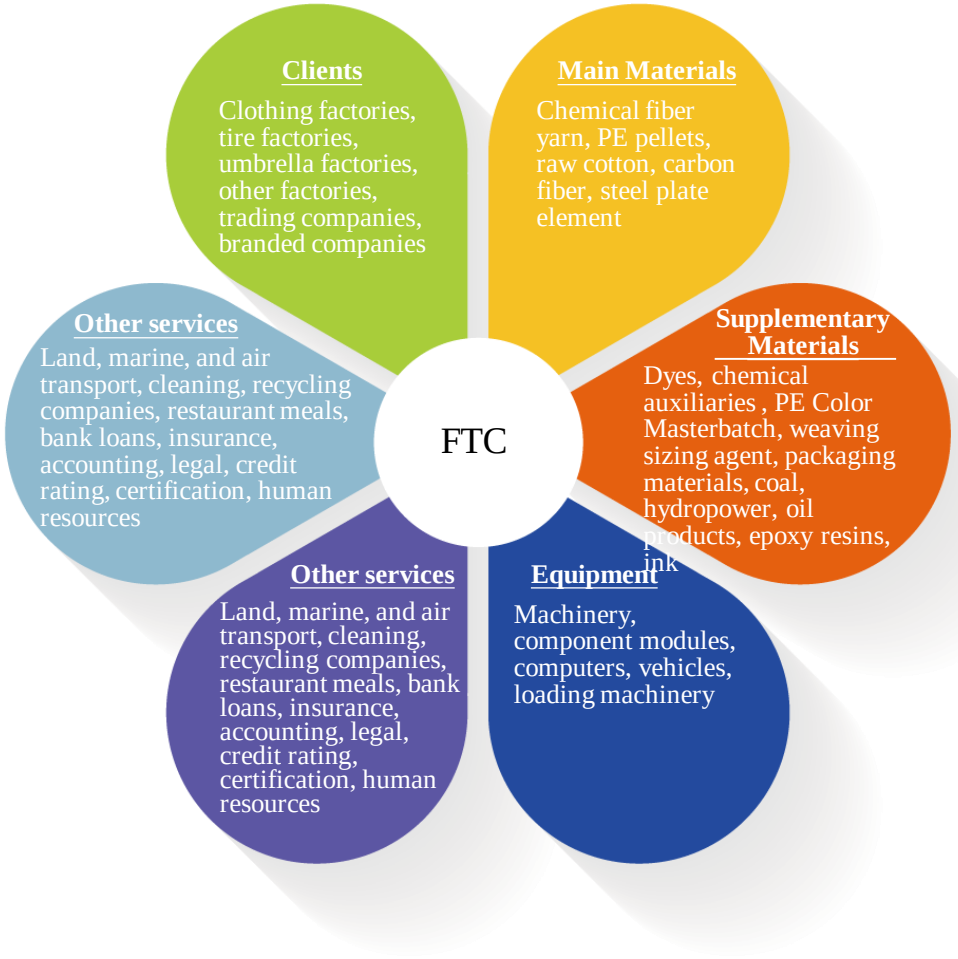
(i) The Industrial Chain Structure and Corporate Undertaken Businesses

The Textile Industry Chain of Taiwan



(ii) Overview of the Supply Chain

As a midstream player in the textile industry, the Company must rely on the cooperation of the entire industry chain to survive, including bilateral and multi-lateral trade/services, such as the procurement of raw materials, the arrangement of production line equipment, the provision of aftersales services, the construction of plants, and regular maintenance, in order to maintain the required energy for daily operations. The Company also needs to maintain a large number of clients, so it offers a variety of products that are customizable and have a wide scope of applications, such as functional clothing, tires, umbrellas, cleanroom suits, medical supplies, fire resistant fabric, carbon fiber electronic product casings, carbon fiber automobile parts, etc. The continuous operation of the complex supply network is summarized below:



1. Local Supplier (refers to procurement within the same country) Proportion

Based on the requirements of suitable safe inventory, rapid supplies, and aftersales services, the Company prioritizes the local procurement of raw materials. As of December 31st 2015, the number of main raw material suppliers registered locally and their distribution were recorded as follows:

Plant		Taiwan Plant					Zhong-shan Plant in China					Chang-shu Plant in China		
Types of Raw Material		Yarn/ Cotton	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total	Dye	Auxiliary	Total
Number of Supplier		99	9	38	124	270	18	7	21	50	96	13	28	41
Locations of Suppliers	Taiwan	78	9	36	123	246	7	6	6	10	29	2	5	7
	Japan	1	-	-	-	1	-	-	-	-	-	-	-	-
	Switzerland	-	-	2	1	3	-	-	-	-	-	-	-	-
	China	13	-	-	-	13	9	1	15	40	65	11	23	34
	Vietnam	2	-	-	-	2	2	-	-	-	2	-	-	-
	Indonesia	1	-	-	-	1	-	-	-	-	-	-	-	-
	USA	1	-	-	-	1	-	-	-	-	-	-	-	-
	Hong Kong	2	-	-	-	2	-	-	-	-	-	-	-	-
	German	1	-	-	-	1	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		78.79	100.00	94.74	99.19	91.11	50.00	14.29	71.43	80.00	67.71	84.62	82.14	82.93

Plant		Lon-an Plant in Vietnam					Dong-nai Plant in Vietnam				
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total
Number of Supplier		14	6	17	45	82	20	7	15	29	71
Locations of Suppliers	Taiwan	8	5	13	30	56	14	6	10	16	46
	China	3	-	-	-	3	4	-	-	-	4
	Vietnam	3	1	4	15	23	2	1	5	13	21
Proportion of Local Supplier (%)		21.43	16.67	23.53	33.33	28.05	10.00	14.29	33.33	44.83	29.58

2. Economic Benefits of sourcing Locally (refers to procurement from domestic suppliers)

(1) Based on the factors of safe storage, consistency of quality, and short delivery, the Company and its four overseas plants engage in suitable domestic procurement.

(2) In order to ensure the effective reduction of overseas transportation costs/time/custom taxes/insurance of raw materials, protect the environment, and increase the local industry's unity and social interests, the local procurement proportion of the five plants located in three countries may be adjusted as needed.

(3) The domestic procurement rate (the rate of local procurement amount of the plant to the total procurement of the plant) of the main raw materials and supplementary materials (Yarn, Sizing Agent, Dyes, Auxiliaries) required by the five plants of the Company (Taiwan Plant, Zhongshan Plant, Changshu Plant, Long An Plant, Dong-nai Plant) in recent years is summarized below:

Local Sourcing Rate of Yarn (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong Shan Plant	Chnagshu Plant	Lon-an Plant	Dong-nai Plant
2013	88.7	16.2	-	54.7	31.7
2014	91.3	32.9	-	61.9	25.7
2015	86.5	29.3	-	61.8	16.8

Notes:
- In recent years, international brand clients have preferred local procurement and manufacturing methods; therefore, the proportion of the domestic procurement of yarn will vary according to the different regions in which the clients place their orders.
- The domestic procurement proportion of Zhongshan Plant is lower because the local nylon filament yarn does not meet the quality standards of the manufacturers and their main clients.
- The domestic procurement proportion of yarn for tire cord production in Dong-nai Plant is lower because Vietnam currently does not have any high denier nylon production plants.
- "-" means that there is no woven plant in that plant.

Local Sourcing Rate of Sizing Agent (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Lon-an Plant	Dong-nai Plant
2013	100	0	-	12.3	22.6
2014	100	0	-	3.7	18.2
2015	100	0	-	6.1	18.3

Notes:
- Due to the application of the textile techniques of Taiwan Plant, the Zhongshan Plant, the sizing agents are procured from Taiwan.
- "-" means that there is no woven plant in that plant.

Local Sourcing Rate of Dye (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Lon-an Plant	Dong-nai Plant
2013	99.8	72.5	72.0	32.5	58.4
2014	99.0	70.1	82.0	17.6	46.2
2015	99.9	70.8	88.0	15.97	46.6

Note:
- Domestic procurement proportion of dyes: In accordance with the different types of nylon or polyester yarn used, the dyes used are also different. The fluctuation in the amount used directly correlates with the type of yarn procured.

Local Sourcing Rate of Auxiliaries for Weaving and Dyeing (Unit: %)

Year \ Plant	Taiwan Plant	China Plants		Vietnam Plants	
		Zhong-shan Plant	Chnag-shu Plant	Lon-an Plant	Dong-nai Plant
2013	91.2	67.5	79.0	19.5	30.3
2014	92.7	70.9	80.0	18.3	35.8
2015	93.5	75.3	92.1	18.95	31.4

Note:
- The domestic procurement proportion of auxiliaries in Vietnam Plants are lower because the local dye and additive suppliers and their ability to provide quality are limited and do not satisfy the diverse product demands.

Local Sourcing Rate of Dyeing Auxiliary of the 2nd Business Segment (Unit: %)

Year	Plant \ Raw Material		Latex	Resorcinol	Bridging Agent	HDPE.L-LDPE	Color Master Batch	Ink	Epoxy
2013	Taiwan Plant	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 Plant	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	-	-	-	-
2015	Taiwan Plant	Tyre Cord Plant	100	0	83.8	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam Plants	Tyre Cord Plant in Dong Nai	0	0	0	-	-	-	-

Notes:
- The raw material for the fabric plants in Taiwan and tire cord fabric plants in Vietnam is Resorcinol. Currently, this raw material is not produced locally and therefore relies 100% on imports.
- "Domestic Procurement" refers to the local procurement of the plants in their respective countries, regardless of whether the traded materials are produced in the respective country or if the product is produced or imported by the trading company.

(4) Conduct irregular comparisons of the raw materials (Yarn, Dyes, and Auxiliaries) of the local suppliers. If the materials conform to the Company's quality inspections, then the supplier is included in the candidate list of suppliers.

(iii) Suppliers' Environmental Standards Assessment

1. Raw Materials

(1) Suppliers are important partners with regard to the operation of the Company. Currently, the delivery quality, delivery dates, and prices of the materials are of primary concern. In the future, factors such as the corporate social responsibility and environmental management of the suppliers will also be included in the qualification assessment of the supply chain. ◦

(2) The Company's primary supplier assessment method evaluates the supplied products to see if the products conform to the following environmental protection regulations: ：

a. OEKO-TEX Standard 100 Specification Guarantee
b. EU REACH Substances of Very High Concern (SVHC) Qualification Certificate
c. Organotin-free Certification
d. APEO-free Certification
e. ZDHC – Inventory of Restricted Chemical Substances

(3) Ensure that the products supplied by the supplier conform to regulations so that manufacturers, consumers, and users can confidently use such products.

(5) Regular assessments, as well as irregular on-site inspections of the contractors, are conducted to verify if the production processes and materials comply with the government's environmental protection regulations.

(4) If the material being transported is hazardous, then the transportation should conform to the national transportation safety regulations before the materials can be delivered.

(6) Contractors found to be in violation of the government's environmental protection regulations will be terminated from trade to ensure the safety of the raw materials procured by the Company.

2. Materials

(1) Regarding material procurement, the procurement of materials compliant with international environmental protection regulations should be prioritized.

(3) To fulfill our responsibility to environmental protection, our Company spares no efforts in utilizing recycled materials, such as re-PET yarn manufactured from PET products. The procurement amount (tons) of the 1st Business Segment of Taiwan Plants in recent years is as follows:

Quantity (Tons) / Type	2013	2014	2015
Raw Yarn	19,145	18,789	14,504
Recycled Yarn	484	435	274
Procurement Proportion of Recycled Yarn	2.53	2.32	1.89

Note: ● As the performance of the recycled yarn is inferior to raw yarn, client demand is also lower, so the procurement amounts differ.

(2) Materials certified with the Green Mark by the Environmental Protection Administration or Energy Label by the Ministry of Economic Affairs or that conform to criteria of renewable materials/low pollution/recyclable/increased social benefits or reduced social costs and materials with similar effects should be prioritized in procurement. The amount spent on the procurement of these (genre) products in Taiwan Plants in recent years are summarized below:

Year	Amount (NT$)	Explanation (Taiwan Plant)
2013	1,268,000	These products include energy-saving equipment and environmental protection products. Most products procured are non-recurring products that are replaced gradually over the years and are procured only when the product is donated, damaged, or replaced.
2014	1,360,000	
2015	2,097,000	

(iv) Changes in Delivery of Suppliers

1. No major changes have occurred with regard to the policies of the supply chain. The initiation, extension, or termination of trade with any supplier, as well as the request for the supplier to inform the Company in advance in the event of any failure (suspension of production or operation, etc.) to provide the products in order to protect the interests of the supply chain and clients, should all be conducted in accordance with current assessment standards. Through the supervision of the Company and cooperation with the suppliers, the supply remains stable, and the Company has no plans to terminate any suppliers and switch to overseas procurement.
2. Due to Company requirements, the amount of supplier packaging has decreased, including:
   (1) If the amount of auxiliaries used reaches an economical bulk (monthly usage 4,000 kg), then negotiations will be conducted with the contractors to switch to bulk packages (Capacity: 1,000 kg) to reduce the amount of packaging used.
   (2) Negotiations shall be conducted with contractors to use environmentally friendly and recyclable packaging materials.
   (3) The annually decreasing incoming quantity of dyes in Taiwan Plant can most prove that the purchased dyes are developed with eco-friendly effects, like less consumption of dyes and energy, less generation of effluent, and so on, through the collaboration between suppliers and our R&D department.

Year	Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant
2013	568
2014	551
2015	540

(v) Client Policies and Rights Protection

1. Client Policies: Sharing Benefits of Market Growth with Clients

(1) Creating a Sound and Healthy Growing Supply and Demand Relationship

Due to the mutual benefits and common prosperity of the co-development relationship of the Company and its clients, creating a sound and healthy supply and demand relationship should be an important management theme of every company pursuing sustainable development. Placing great emphasis on the long-term development of the industry supply chain and relying on the international marketing of clients, the Company has demonstrated transaction integrity, reasonable pricing, fair trade, stable supply and demand, long-term cooperation, mutual benefits, common prosperity, and mutually trusting cooperation with its clients.

(2) Enhancing the Competitiveness of Downstream Customers

Only by sharing the benefits of market growth with midstream and downstream customers can the Company ensure sustainability. Before developing new products, the R&D Center of the Company will communicate with midstream and downstream brand customers to develop a mutually beneficial market strategy, ensure smooth promotion of the supply chain of new products, and boost the competitiveness of the customers.

(3) Electronic Commerce Saves Costs and Increases Efficiency

To increase the service efficiency of the customers, the Company has established a company website that includes a customer online service system and internet promotion system in order to improve rapid services and provide real-time information, such as an online product information inquiry system, order and production progress, inspection report, and warehousing and transportation tracking. Furthermore, the system also established a dedicated client performance evaluation mechanism, client order prediction and tracking system, and product inspection system to improve the service standards and satisfaction of the customers and reduce the costs of negligence in operations.

2. Protection of Client Information and Rights

In order to maintain the rights of the customers and avoid infringing on their rights or leaking either party's information in the commercial trade, the Company has stipulated the relevant management regulations and established operation protocols to achieve the aims of long-term common prosperity. In 2015, the Company had no reported cases of client rights infringement.

(1). Personal Information Management

When collecting, utilizing, or handling the information of non-Company personnel, especially clients, all Company departments will adhere to the relevant internal regulations of the Company and legal regulations to prevent the abuse, tampering, damage, loss or leak of personal or company information. In order to implement relevant safety measures, items such as personal confidentiality, trademark rights, patent rights, copyrights, and business secrets are included in the protection of information and rights of the Company, and relevant business departments are particularly integrated with the information system of the Company, including client order and information system control and inferior quality product warehousing control, to protect the important information and rights of clients.

(2) Management of Printing Plates and Dyeing Plates Rights

Through the configuration and specifications of the relevant information of the rights of the order system in the Company, the product items will be secured by the system and will require specific rights protocols and certification before they can be approved for production. Regardless of model type, sample fabrics, fabrics in excess, or inferior fabrics, information will not be leaked.

(3) Inferior Quality Product Warehousing Management

Regarding inferior products produced in the manufacturing process, the inferior products that are registered in their rights protection system will be stored and controlled until their rights expire. The registration will be conducted by relevant personnel, and the restriction can only be lifted with the approval of the clients and President-level staff in order to prevent these inferior products from entering the market.

3. Information and Communication Security Management

The Company has taken all the necessary security and management measures for the information system and equipment, installed anti-virus software, firewalls and access restriction software/hardware, and implemented access control and user registration inspections to monitor the security of all information systems and prevent unauthorized access, leakage, infiltration, tampering, theft, or damage in order to ensure continuous operation and protection of client confidentiality and rights. In the case of emergency, such as earthquakes, fires, typhoons, power shortages, or lightning strikes, swift response measures will be taken to resume normal operations as quickly as possible; perpetual backup will be retained under normal conditions in order to reduce the threats to client rights and prevent damage to the sustainability of the operations.

4. Client Satisfaction Investigation

(1) Client Satisfaction with the Weaving / Dyeing Division (Company Self-Evaluation)

The main clients of this division are international sports brands and renowned outdoor fashion brands. Many cooperative projects have been conducted based on long-term strategic partnerships. Main works include new product development, marketing samples, coloring management, cylinder head quality verification, bulk production quality, delivery control, client complaint and aftersales services, which are managed separately each month in each quarter, development of supplementary information systems, establishment of platform for bilateral transparent information exchange, and conducting client satisfaction audits. ◦

Clients	On-time Delivery		Quality		Services by Garment plants		Pieces of Newly Developed Products	Explanation
	Target	Completion Rate	Target	Completion Rate	Full Marks	Score		
NIKE	95%	92%	95%	97%	6	5.0	133	1. The rating of services by garment plants
ADIDAS	97%	93%	96%	96%	6	5.5	163	Excellent →Good →Average →Poor →Bad
PUMA	96%	90%	97%	100%	6	4.8	109	6 → 5 → 4 → 3 → 2
Columbia	95%	88%	95%	97%	6	5.2	135	2. The satisfying output of newly developed products is 100 pieces.
TNF	95%	91%	95%	95%	6	5.0	128	

Notes:

1. Short delivery time and punctual delivery are the competitive advantages of brand clients, as well as the basis for client satisfaction. The weaving division needs to work on improving these factors to meet clients' targets.
2. New product development focuses on differentiation, customization, and special functions. Creating close ties with customers and sales performance is also a method for increasing client satisfaction, which is also the result and competitive edge from years of efforts.
3. Forming an alliance with downstream customers, which are garment factories, to improve services and boost client satisfaction will be beneficial to increasing the market share of the brand customers at the end of the industry supply chain.

(2) Client Satisfaction with the Tire Cord Division (External Survey)

In order to understand client satisfaction with the products of the Tire Cord Division with regard to quality, delivery time, client complaints, packaging, new product development, and services, the following survey was conducted on long-term close clients with large scale transactions between the months of April and June in 2016.

Formosa Taffeta Tire Cord	Quality	Delivery Date Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Service	Explanation
Significance to Business Development							Allocate 6~2 points based on the significance of the six above items to industry development
Ave.	5.86	5.36	3.68	3.82	2.82	3.05	
Evaluation of Satisfaction Level							Client evaluation of Formosa Taffeta's performance based on the six above items. The calculation method is as follows:
Ave.	5.1	4.8	5.0	5.0	4.7	5.1	Excellent → Good → Average → Poor → Bad 6 → 5 → 4 → 3 → 2

Notes:

1. Most clients consider product quality and delivery punctuality to hold great significance to the importance of industry development. For automobiles, the safety of usage is one of the most valued factors of customers. Any components or modules that involve driving safety and that need to be replaced need to undergo a long period of inspection and testing; therefore, the development of new products and new client sources are not easy, and the development process has to exceed one year.
2. In terms of client satisfaction, most clients are satisfied with the division's quality, complaint handling, packaging maintenance, and service attitude. On the other hand, new product development and delivery punctuality have fallen below 5.0, so these are the priorities for future improvement.
3. For international brands that have yet to engage in large scale dealings, the Company should understand their reasons in depth in order to gain their trust, orders, and satisfaction.

v. Overall Corporate Risk Inspection

Economic Aspect

(i) Financial Risks

Financial Structure and Solvency for 2013~2015			
Evaluation Indicator/Year	2013	2014	2015
Liabilities to Assets Ratio (%)	29.25	29.98	29.96
Current Ratio	1.8	2.0	2.2
Quick Ratio	1.1	1.2	1.3

The total liabilities account for about 30% of the total assets, showing that the financial structure of the company is sound and healthy, while the current ratio and quick ratio show that management controls are effectively in place to maintain the ability to pay off its short-term liabilities at above average levels, that is, maintaining the current assets at twice the amount of the current liabilities. Furthermore, the liquid capital, without taking into account the inventories and prepaid expenses, is also higher than the current liabilities. The Company has also set aside mobile funds of billions in corresponding banks for times of need, so it has no cash flow difficulties.

As of December 31st 2015, the consolidated balance sheet shows that accounts receivable and bills receivable only account for 12.8% of the Company's 2015 consolidated revenue, so the Company has no issues of bad debts or financial difficulties.

(ii) Pension Fund Risks

The Company abides by relevant regulations to set aside sufficient funds for the pension payable. In 2015, the Taiwan Plants had 120 retiring personnel, and the average pension payable is NT$ 1,789,576 per person, so there is no danger of default. As for the plants located overseas, they shall comply with the local labor regulations to set aside preparation funds for the monthly social insurance; therefore, there are no pension fund risks overseas.

(iii) Overseas Investment Risks

From the inspection of non-business income and the expenditure of individual financial reports, the overseas investments in the past ten years have yielded profits, and the annual profits for a single year are more profitable than the business profits, showing that overseas investments are sound and healthy and are reaping long-term profits. In more extreme cases, some individual investments are projected to reap financial profits from market listing.

(iv) Risks of Operation Rights Transfer

1. The largest long-term shareholder of the Company is Formosa Chemicals & Fibre Corporation. Since its establishment, the largest shareholder has maintained a share of 37.4% steadily over the past forty years. The proportion of shares held is an acknowledgement of the management model, management team, and previous results and offers synergistic benefits for the cooperation and common prosperity of the upstream and downstream industries. ◦
2. The major shareholder holds a controlling interest in the Board of Directors: In the 11 seats of directors, excluding the three independent directors, the directors appointed by the major shareholder, Formosa Chemicals & Fibre Corporation, occupied five of the eight remaining seats. Furthermore, two of the directors also took the positions of President and Vice-President, thus showing that the management rights are stable.
3. The major shareholder holds a controlling interest in shares: As previously mentioned, Formosa Chemicals & Fibre Corporation holds 37.4%, while other subsidiaries and affiliated enterprises, such as Chang Gung Memorial Hospital, Chang Gung University, and Ming Chi University of Technology hold a total of 11%, and including the shares held by family members, management controls more than fifty percent of the shares, ensuring that management rights are stable.

(v) Integrity Management Risks

Inventory includes raw materials, semi-finished products, and finished products, amongst which raw materials are mostly yarns, dyes, and additives that can be used in production. The finished products are the bolts of fabrics, and each year, a proportion will be set aside for discount sales to reduce inventory risks.

(vi) Personal Leadership Decision-Making Risks

Inventory includes raw materials, semi-finished products, and finished products, amongst which raw materials are mostly yarns, dyes, and additives that can be used in production. The finished products are the bolts of fabrics, and each year, a proportion will be set aside for discount sales to reduce inventory risks.

(vii) Inventory Risks

Inventory includes raw materials, semi-finished products, and finished products, amongst which raw materials are mostly yarns, dyes, and additives that can be used in production. The finished products are the bolts of fabrics, and each year, a proportion will be set aside for discount sales to reduce inventory risks.

(viii) Risks of Key Raw Material Shortage

In terms of supplier management, the long-term operation model is as follows:

1. Quality Stability: The Company has mutual trust with its long-term suppliers and has implemented measures, such as production certification, feed material inspection qualification, and zero bad records, to ensure the quality of subsequent production processes, like the handling of pollution and other SOP operations.
2. Oligopoly Dispersion: The Company will seek a number of quality suppliers for the same raw material to ensure stability of supply.
3. The main raw material is supplied by the affiliated enterprises of Formosa Plastics Group. For many years, more than fifty percent of the raw materials required annually are procured from the subsidiaries of Formosa Plastics Group, so the stability of its supply is better than its competitors.
4. Since the Company's main strength lies in the traditional, mature textile industry, the industry chain of upstream, midstream, downstream and complementary industries is complete and highly competitive. For main materials, such as yarn and supplementary materials like dyes, which belong to chemical industries, if an explosion or industrial accident occurs in the upstream industries such as PTA and EG, or if the industries are closed for annual repairs, the inventory can last for two to three months. While short-term price fluctuations may occur, the Company would not be in danger of material shortage or suspension of operations.

(ix) Risks of Technology Concentration

The patent inventor for the textile technology developed in the Company is registered as the entire Company R&D team, while the patent owner is registered as the Company, so patent rights are not abused. Furthermore, the textile technologies belong to applied technology, so there are fewer disputes related to intellectual property rights infringement, unlike technological inventions in electronics field. With the exception of the four overseas plants, as of December 31st 2015, the Company has 97 employees above the level of Plant Directors or Department Directors, so the technology is decentralized with each employee specialized in their field of expertise; there is no risk of key personnel being poached by competitors or leaking key technology.

(x) Risks of Client Concentration

The Company has always viewed the demands, orders and 100% loyalty of the customers as our targets and honor, therefore the Company has always strived to achieve a good cooperation or alliance relationship, amongst which the main brand customers (such as Nike, Adidas, Columbia, Puma, Cheng Shin Rubber Ind., Kenda Tires and others) are our primary targets. As the Company products are mainly textile products and textile industry is a traditional industry around the world, there are many competitors.

The literature on respective enterprise's worldwide market shares of various products is hardly seen; thus, instead of a grasp of market shares, what matters for an enterprise is how to maximize customers' repurchase. The enterprises are focused on achieving the client satisfaction rate. As the product sales is distributed over a large scope of area, in the various nations of each continent, there are no dangers of client concentration but there are risks of client switching and changing companies. The resulting excess production capacity can be immediately distributed to meeting the demands of the various customers in various countries but the room for price negotiation will be small.

Environmental Aspect

(xi) Risks of Climate Change

The extreme climate and climate changes will cause major impacts such as food, energy, flood, forest fires, ecological impacts, water resources, and health and diseases. Before escalating into a Butterfly effect disaster, risk analysis shows that the climate changes will provide more pros than cons for product sales, as explained below:

1. The extreme climate will be beneficial to promoting the widespread application of the Company's main product, functional fabrics by the consumers, including cold-resistant down jackets, heat retention and processing, high-end waterproof and permeability processing, cooling fabrics, and fashionable fabrics.
2. The energy consumption of water, electricity and oil will increase but the energy costs of the Company will only have a minor increase and is not significant. This is due to the fact that the prices of water and electricity are controlled by the government, so the increase will be limited. As for oil prices, the extraction costs of shale oil in the United States and the geopolitical conflicts in Middle East, Northeast Asia, Russia and Ukraine have a more direct and significant influence over the oil prices than climate changes.

3. Having implemented energy-saving and waste reduction policies for many years, the Company has achieved significant success and the hardware facilities and software management systems are reaping the rewards. In recent 3 years, international brand customers have proposed an annual water conservation of 5%, and our Company has achieved the objective every year. The cost of water accounts for a small proportion of the total overall production costs and is insignificant. The significance of the policy is more focused on the conservation of resources than reducing the costs of water.

(xii) Discharge Risks

In December 2014, 24 hour detection and quality analysis instruments were established to monitor the wastewater discharged from dyeing processes. The instruments are connected to the City Environmental Protection Bureaus, updated every 15 seconds, and will issue timely alarms for any abnormalities so as to reduce the hazards of industrial discharge. In addition, the neighboring community is also very concerned about the discharged waste of our Company, and will join in the monitoring. Friendly neighborhood relations have always been the management policy of our Company and through the maintenance of the long-term relations, our Company will be able to pursue the objective of sustainability.

Social Aspects

(xiii) Risks of Worker Strikes and Anti-Chinese Protests

The employment of laborers in the Taiwan Plants and in the four Overseas Plants is conducted in accordance with local labor laws and regulations. Over the past decade, the Zhongshan Plant in China and the Vietnam Plant have suffered from worker strikes due to internal ethnic conflicts and labor wage disputes. To prevent similar incidents from happening in the future, the Company has taken into consideration the balance of worker origins during employment and made appropriate adjustments to the wages, rewards, and benefits of the employees. Furthermore, employees are encouraged to express their opinions through the communication channels provided, which have also been strengthened to prevent discontent from festering. After the anti-Chinese protest in Vietnam, communications with the local government and police force were strengthened to reach an understanding, protect the security of the plant, and eliminate political risks.

(xiv) Product Liability Risks

1. Our Company is a midstream manufacturer in the industry chain. Besides the petrol stations, which are B2C, our Company does not engage in direct sales to consumers as our Company specializes in textile products, tire cord fabrics, shopping bags, and non-edible drugs. With the exception of the retail products in the petrol stations and plastic shopping bags, our Company does not have safety concerns related to the direct usage of products.
2. Tire cord fabrics are used in tires in our tire manufacturing plant clients. The tires must pass production certification and tire safety inspection, both of which will be conducted by the clients.

(xv) Anti-Corruption Mechanisms and Risk Management

In addition to implementing anti-corruption measures and performing audit checks, the Company and other subsidiaries of Formosa Plastics Group have also incorporated preventive measures into daily operations. Based on the proportion of monetary value, the risks are very low.

1. Independent, internationally renowned accountants without negative social images will be selected for the position of certified accountants.
2. The position of supervisor shall not be restricted by the Board of Directors and may conduct routine audit inspections and independent operations.
3. The Board of Directors has passed the resolution for corporate governance, integrity management, and code of ethics, all of which are widely applicable to the directors, supervisors, and managers, as well as to the self-discipline and avoidance of conflicts of interest of personnel involved in trading, accounting, and warehousing. This includes such activities as accepting bribes and attending dinners, which are incorporated in the "Work Regulations" and other relevant regulations that have been implemented for years. ◦
4. Every year and every season, the Audit Office of the Company will conduct audit investigations and report the implementation progress to the Board of Directors. The audit items include the following eight trade cycle items: sales and receivables, procurement and payables, production, payroll, financing, investment, computer information systems that reflect any major negligence, and abnormalities. Monthly audit reports will be submitted to the independent directors and supervisors for review, and any issues will be tracked and investigated in accordance with instructions.

3. Each department has the responsibility and obligation to conduct and undergo audit inspections, including the divisions of the President Office, Accounting, Materials, Public Works, General Management, Human Resources, Operations, and Director's Office.
4. Due to the crackdown on corruption in China, the Plants in China are now law-abiding plants, but the rent-seeking activity of Plants in Vietnam is inevitable, and so the Plants in Vietnam are still being plagued by small favors.
5. Please refer to the "Company Integrity Management Implementation and Measures Taken" section in the Company's Annual Report, which is disclosed online.

(xvi) Force Majeure Risks

The five plants of the Company are located in Taiwan, Zhongshan (Guangdong), Changshu (Jiangsu), Dong-nai (Vietnam) and Long An (Vietnam). If any individual plant is subject to natural disasters or fires, the plants are sufficiently spread out so that not all production capacity would have to be suspended or damaged. ◦

(xvii) Domestic Regulations and International Zone Politics Risks

Overall evaluation shows an increase in operating costs, but they remain within acceptable ranges.

1. Local Salary Increase Regulations:
   (1) The amendment of Article 235 of the Company Act was passed on May 1st 2015. The Articles of Incorporation of the Company should clearly stipulate a specific amount or percentage of the annual profit that should be allocated as employee bonuses. Therefore, the Company has established the calculation formula for the year-end bonus of the employees, which will be linked with the earnings per share before taxes. The Company has effectively amended the Articles of Incorporation, and as an issue of distribution of profits, it only has a minor impact on the Company's profits before distribution, and the new regulation does not necessarily mean an increase in employee bonuses.
   (2) Article 29 of the Labor Standards Act and the Article 40 amendment of the Plant Act stipulate that the enterprise must propose a profit-sharing plan that will be stipulated together with labor unions. Violators will be subject to fines of 500 thousand to 5 million New Taiwan Dollars, although this has not yet passed the Third Reading. This has a minor significance to the profit standards and competitiveness of the Company and will only affect the distribution of profits among the shareholders and employees. It will also allow the labor unions to increase their power, increase the chances of protests, and increase the costs of operation. Furthermore, the salary increase will be beneficial to social aspects, such as an increase in unity, employee retention, and quality maintenance.
2. Restricted Use of Raw Coal and Petroleum Coke by Yunlin County Government:
   In accordance with the "Local Government Act", Yunlin County Government shall suspend use of raw coal and petroleum coke or establish a panel of environmental protection experts to achieve the aims of prohibiting such use by major enterprises. As substitute fuels cannot provide stable electricity and energy generation, production costs will be affected. Furthermore, the improvement upgrade of hardware equipment, which costs 100 to 200 million, is in line with the Company's environmental protection policies, only that the upgrade and replacement is being conducted in advance. As a subsidiary of the Formosa Plastics Group, the Company has submitted a petition to the Environmental Protection Administration in the expectations that the policy may be implemented throughout the country in order to ensure consistency throughout the country and prevent different standards in different counties and cities.
3. Lack of Timetable for the Reduction of Custom Taxes in the 2nd Round of the Economic Cooperation Framework Agreement (ECFA) Negotiations between Mainland China and Taiwan:
   (1) Since the Sunflower Student Movement in 2015, all services, goods, and future negotiations are governed by the "Cross-Strait Supervision Regulations". As of June 2016, these regulations have yet to pass the Third Reading.
   (2) The Company is a beneficiary of ECFA since the fabrics may be exported to China with zero customs taxes. Goods that have yet to enjoy the reduction in taxes are mainly long fiber nylon and dyeing auxiliary agents (for use by the Plants in China). Furthermore, the Company is also subject to the disadvantages of unequal custom taxes on tire cord fabrics.
   (3) Evaluation shows that although the negotiations have a major impact over the competitiveness of the exports of Taiwanese companies, the impact on the Company is minor because the tax-related goods have little chances of tax reduction in

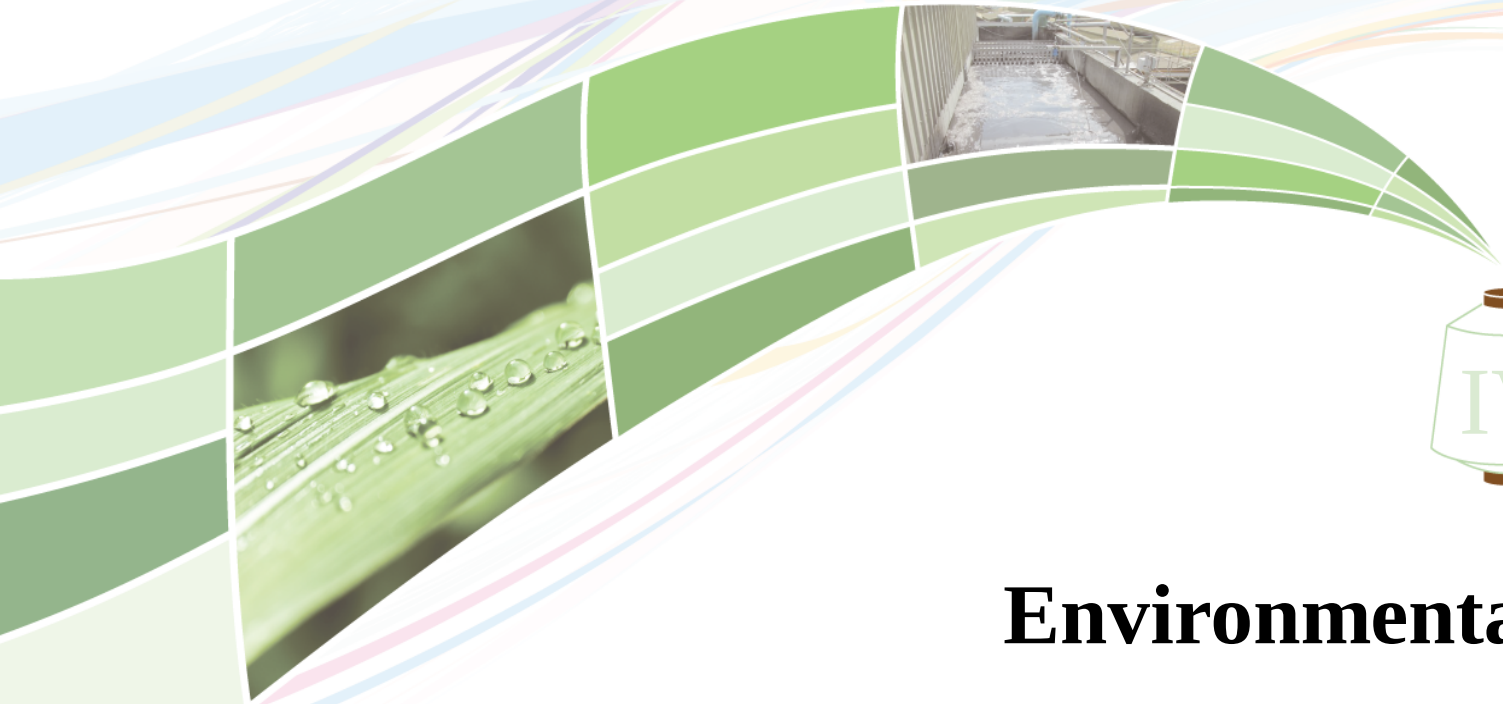
future negotiations. The main focus of the Taiwanese delegation for tax reductions is on electronic components, modules, and machinery, but textiles are not listed within the negotiations. A significant amount, 96%, of the long fiber polyester yarn needed by the Company is procured locally in China. Furthermore, although 99% of the long fiber nylon yarn required does not use Chinese products, 60% of the products required are procured from the Vietnam Plant through the ASEAN zero custom tax channels. The remaining 40% is imported from Taiwan through the international brand export orders to which the zero custom tax provision applies, thus negating more than half of the undesirable impacts. By extension, the tire cord fabrics exported to China may also be transferred to the production capacity of Vietnam Plants.

Conclusion: Enterprise Risk Rating:

The summary of the Overall Rating adopted from the Taiwan Ratings of July 31st 2015 is as follows:

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

Note: The results of the credit rating are published under the financial structure, competitiveness, and sustained profitability of the Company. The Company has been given an excellent rating and has below–average risks. Please refer to the report for more details. As for the details, please refer to http://www.taiwanratings.com/portal/front/list?categoryCondition=B



IV

Environmental Aspect

IV Environmental Aspect

(I) Development Overview of Sustainable Environment Operations

The textile industry is closely related to the daily lives of the public. The Company is a weaving and dyeing processing plant in the midstream industry. The proportion of the various energy costs consumed in the production process accounts for 4~6% of the total operating revenue. The Company has always promoted the ISO 14001 Environmental Management System to continuously improve its possible environmental impacts.

Established in 2007, the energy-saving promotion team was expanded and reorganized as the "Energy Management Committee" in 2015 to integrate the human, material, and energy resources of the Company, propose energy-saving targets, and develop and promote various viable plans to increase efficiency of energy usage, reduce energy consumption, reduce greenhouse gas emissions, and reduce waste discharge.

Based on the objectives of sustainability and reducing the environmental impacts of production, the Company has adopted the following methods:

i, Top-down approach: The Energy Management Committee was established to stipulate energy-saving targets and policies, as well as conduct inspections to ensure implementation performance.

ii. Establish water, electricity, and oil consumption standards and pollution standards, as well as conduct cross-comparison and verification.

iii. Establish energy consumption standards for equipment procurement and upgrades.

iv. Implement and promote the reuse of recyclable resources such as water, gas, and thermal energy to improve the Company's energy utilization rate.

v. Implement and promote pollutant management controls to reduce pollutant discharge and protect the environment.

vi. Procure legal-compliant raw materials, chemical dyes, and auxiliary agents to establish a safe and green production process.

(II) Energy and Water Conservation and Pollutant Management Measures

Based on "Green Design and Clean Production" concepts, the Company has continued to promote various resource projects, such as water conservation and energy conservation, as well as has regularly developed energy conservation and carbon reduction technology and participated in external technology exchanges. Furthermore, the Company actively plans visits to various guiding projects every year to enhance communication with other industries and stimulate transposition thinking. The Company has also stipulated and promoted viable brainstorming plans.

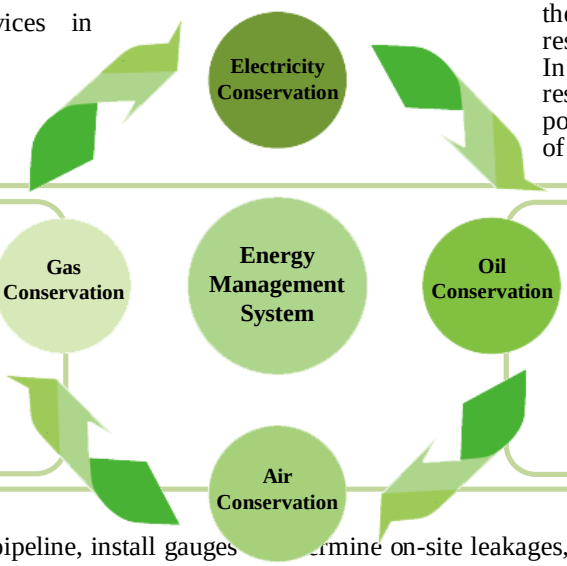
From January 2008 to December 2015, a total of 475 improvement projects were completed, amounting to 272,288 thousand New Taiwan Dollars per year in improved benefits and 92,700 tons in CO_2 reduction per year. The Company has gradually promoted policies for cutting back on procurement, reducing consumption, and reducing waste discharge.

i. Energy Conservation Measures

Climate change due to global warming has threatened the survival of both animal species and mankind. In order to effectively control CO_2 emissions and alleviate the impacts brought about by global warming, the Company decided to implement the ISO 150001 Energy Management System in 2015 in order to reduce both direct and indirect energy consumption and waste, precisely understand energy conversion demands, improve the energy utilization rate, and enhance the re-utilization rate of energy. The measures that have been taken are described in detail as follows:

● Electricity Conservation: Propose Improvement Projects and Implement Performance Reviews

1. The turbines of the air conditioner circulation system and water towers of the Weaving Plants have been constructed of special materials and designed to reduce electricity consumption.
2. Reducing the electricity consumed in the circulation of cooling water.
3. Installing electricity conservation devices in various motors.
4. Replacing conventional lighting with energy-saving lighting.
5. Using high efficiency and energy-saving air compressors and chiller equipment.
6. In 2014, the Ministry of Economic Affairs promoted the "Voluntary Green Electricity Pricing Pilot Project" to encourage enterprises to subscribe to green electricity, which will be used to subsidize renewable energy generation like wind and solar energy. The project was designed to help enterprises reduce the carbon emissions of their products and fulfill their social responsibility of environmental protection. In 2015, the Company made plans to respond to the national clean energy policies and subscribed to 1.2 million kwh of green electricity.



● Gas Conservation:

Recycling waste hot gases and condensed steam, using oil and electricity cogeneration motors, and improving the thermal efficiency of generation boilers.

● Oil Conservation:

1. Installing exhaust chimneys of boilers and setting machinery with waste heat recovery devices.
2. Installing condensed steam and hot water recycling devices.
3. Replacing the natural gas used as fuel for thermal energy in setting machinery that uses fuel oil.

● Air Conservation:

1. Ensure a well-designed air circulation pipeline, install gauges to determine on-site leakages, and regularly inspect the air pipelines to control leakages within acceptable ranges.
2. By managing compressors loads, distributing high and low pressures, and inhibiting the "false needs" of air compression, the operation efficiency of the compressor and energy conversion efficiency can both be improved.
3. Using hydraulic or electric motors to replace pneumatic cylinders in order to reduce the energy consumed during energy conversion.

Note: "False needs" refers to the air compression needs that are unnecessary or an over-expansion of air that is not required for production. Such needs are mostly caused by ill-planning or poor management. (Reference: Zeng Yuwen, Foundation of Taiwan Industrial Service, "Introduction of Energy-Saving Technology of Air Compressors", Environmental Protection Information / No. 27 Issue, 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)

Special Report

Formosa Taffeta Subscribes to 1.2 Million kWh of Green Electricity to Take Steps to Alleviate Global Warming

By JUNG-CHUAN SU, TaiwanHot.net
July 4, 2015, Yunlin

In response to the voluntary green electricity pricing system, the largest domestic textile plant, "Formosa Taffeta Co., Ltd." has subscribed to 1.2 million kWh of solar and wind-generated electricity, rising through the ranks as the largest subscriber of green electricity in Yunlin, as well as lending support to the government's promotion of renewable energy. The subscription to 1.2 million kWh is equivalent to a reduction of 626 thousand tons of CO_2 emissions, or the carbon sequestration amount of 62 thousand trees over one year.

Director of the Yunlin Business Office, Taiwan Power Company, Xu Yung-Ming expressed that green electricity is generated from renewable sources such as solar energy and the inland wind power of Taiwan, so the generation would not produce any carbon dioxide emissions. By supporting green energy, enterprises can reduce the carbon footprint of their products, fulfill their social and environmental responsibilities, improve their corporate image, and increase intangible assets.

President of Formosa Taffeta, Hsieh Shih-Ming, expressed that the Company is very conscious of environmental protection and has adopted advanced energy-saving production equipment to ensure energy management in order to further achieve the Company's energy-saving and carbon reduction goals, as well as reduce the emission of greenhouse gases. The subscription to green electricity by the enterprise can be viewed as an active step toward integrating company culture with environmental concerns and increasing the recognition of society. ◦

If other enterprises or the public would like to subscribe to green electricity, they may apply at the counter, by mail, or online, or call the 24H Customer Hotline, "1911". By purchasing green electricity, we can all do our part towards improving the global warming issue.

ii. Water Conservation Measures

As the global population continues to increase and industrialization becomes more prominent, water resources everywhere are becoming increasingly limited. Compared with other countries, Taiwan is unable to store the rainwater from rainy seasons due to its geographical factors. Therefore, Taiwan is likely to face water shortages issues during winter and spring. As water shortage is a severe problem, in order to avoid lapsing into water shortage situations and increasing water costs, water conservation has become a critical theme in sustainability. ◦

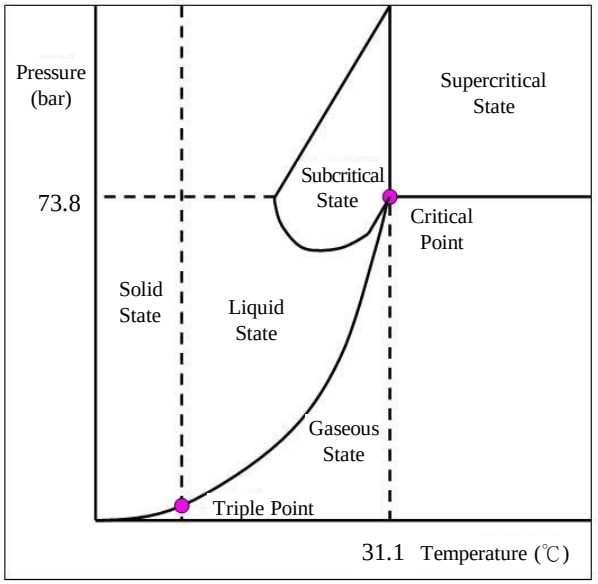
The Three Main Water Conservation Themes of the Company:

DyeCoo Supercritical CO_2 Water-Free Dyeing Machine

Supercritical CO_2 Water-Free Dyeing

The dyeing process is a production process that is high in water consumption, energy consumption, and thermal consumption. Regarding this issue, the Company has continuously promoted improvement projects such as low bath ratio, less tank washing, short dyeing duration, and thermal energy recycling and reuse, all of which have achieved significant and major successes toward energy conservation. In 2014, the Company even invested 170 million to introduce the DyeCoo Supercritical CO_2 Water-Free Dyeing Process, becoming the first textile industry in the world to use the supercritical dyeing process in textile dyeing.

In addition to the normal solid, liquid, and gaseous states of matter, there is also the supercritical state. When temperature and pressure reach their critical boundaries, matter enters the so-called supercritical fluid state. A supercritical fluid possesses both the qualities of gases, such as low viscosity, high diffusion coefficient, and low surface tension, and the characteristics of liquids, such as high density and high solubility. The solubility of solids can also increase with changes in temperature and pressure. As the physical properties of the supercritical fluid (50% gaseous state + 50% liquid state) lie between the gaseous and liquid states, such matter exhibits negligible surface tension similar to gases; therefore, it can be easily absorbed by porous tissues. In addition to the physical properties, its chemical properties also differ from gaseous states and liquid states. In its gaseous state, carbon dioxide does not possess extraction capacity, but once it enters the supercritical state, its affinity for oils increases, and thus it possesses the ability to dissolve organic substances. The solubility will change with changes in temperature and pressure.



Comparison of Physical Properties
of the Gaseous State, Supercritical State, and Liquid State

Fluid	Properties		
	Density (g/cm^3)	Viscosity ($g/cm \times s$)	Diffusion Coefficient (cm^2/s)
Ordinary Gas	$\sim 10^{-3}$	$0.5 \sim 3.5 \times 10^{-4}$	0.01~1.0
Supercritical Fluid	0.2~0.9	$0.2 \sim 1.0 \times 10^{-3}$	$0.5 \sim 3.3 \times 10^{-4}$
Ordinary Fluid	0.8~1.0	$0.3 \sim 2.4 \times 10^{-2}$	$0.5 \sim 2.0 \times 10^{-5}$

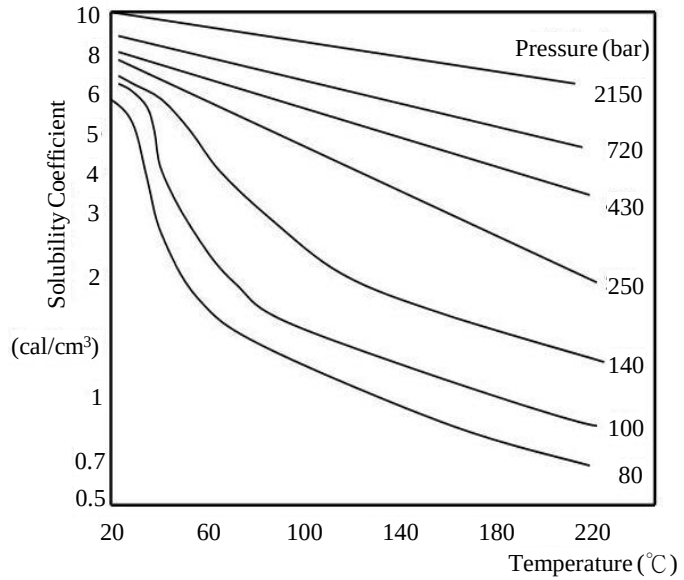
Comparison Graph of Temperature vs. Pressure of CO_2 Fluid

Temperature (℃)	Pressure (bar)	Density (KG/M^3)	State	Temperature (℃)	Pressure (bar)	Density (KG/M^3)	State
30	72.137	345.10	Gaseous State	100	207.68	500.00	Supercritical State
35	84.145	500.00	Supercritical State	110	227.34	500.00	Supercritical State
40	90.568	500.00	Supercritical State	120	246.99	500.00	Supercritical State
80	168.35	500.00	Supercritical State	125	256.81	500.00	Supercritical State
90	188.01	500.00	Supercritical State	130	266.62	500.00	Supercritical State

Supercritical CO_2 offers such advantages as non-toxicity, high safety, low cost, and ease of obtaining. The textile industry can make use of the high solubility of the supercritical CO_2 to dissolve the dyes and use the high diffusion nature of the supercritical CO_2 to allow the dye to permeate the internal fibers for dyeing. When using the supercritical CO_2 as a medium for dyeing, the selection of temperature and pressure during the dyeing plays an important role. If the pressure is too low, then the solubility of the dyes will decrease and separate the solid aspects of the dyes, causing uneven dyeing and spotting. By selecting the appropriate pressure and temperature, the molecules of the dyes can be dissolved uniformly in the supercritical CO_2 and allow the textile fibers to produce enough free volume to facilitate the permeation and diffusion of the dye molecules and CO_2.

In the dye dissolving operations, increasing the pressure can increase the density of carbon dioxide, thus improving its solvency. Under Isobaric conditions, an increase in temperature will cause thermal expansion effects which will reduce the density of carbon dioxide and thus, reduce its solvency. As such, when using carbon dioxide as a medium for dyeing, appropriate temperature and pressure must be ensured.

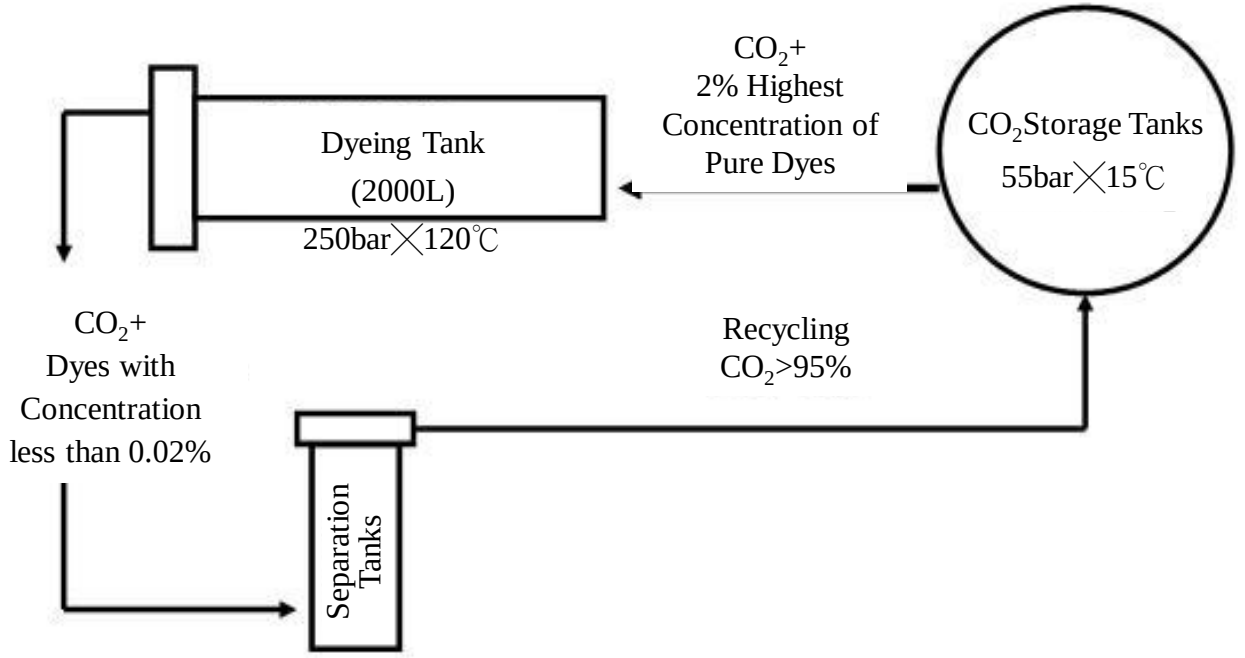
Correlation of Solubility in CO_2 and Temperature under Different Pressures



Under conditions of 73.8 bar and 31.1ºC, the CO_2 can reach its supercritical state. As the Tg point of most polyesters is 81ºC, polyester can be dyed at 81ºC. On the other hand, laboratory research has shown that under its supercritical state, the optimum dyeing rate can occur at temperatures of 120ºC; thus, the supercritical CO_2 dyeing will be conducted at conditions of 120ºC and 250 bar.

Supercritical CO_2 dyeing allows for better coloring than traditional dyeing and does not require water, so it can boast such advantages as no wastewater pollution, low steam consumption, no auxiliary agents required, and a 95% CO_2 recycling rate. The statistics are shown below. In the future, it may become the new mainstream in low energy consumption and low-cost dyeing process.

120kg Fabric	Traditional Dyeing	CO_2 Water-Free Dyeing
Chemical Auxiliaries	11.6 Kg	0 Kg
Dyes	4.8 Kg	40%--60% less
Water	4000L	0L
Steam	600 kg	300kg



Supercritical dyeing is an innovative dyeing technology that still requires constant improvements in equipment and technology. The installation was completed in May 2014. After continuous testing and improvements, the equipment is currently capable of reaching a monthly production capacity of 100 thousand yards. Beginning in 2016, the Company will cooperate with brand clients to officially launch water-free dyed products on the market and take a giant leap in the green technology of the textile industry. The Company has also made long-term plans to expand the water-free dyeing process to include three dyeing machines, thus creating nine production lines that can reach a monthly yield of 900 thousand yards in order to realize the green industry policies of the Company.

Water Resource Recycling Effects:

Water Recycling Statistics of the Five Plants in Three Countries between 2013~2015

Type	Taiwan Plant			Zhong-shan Plant in China			Chang-shu Plant in China		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Amount of Raw Water Supplied (T/day)	12,968.4	13,217.4	16075.4	3,698.2	3,460.9	3,537.1	1,856.7	1,748.7	1453.1
Amount of Condensed Steam (T/day)	913.3	1,041.6	998.2	74.1	69.8	91.4	162.1	155.3	171.8
Amount of Recycled Water (T/day)	8,161.0	8,160.4	9950.1	1,002.5	1,156.2	998.9	1,114.0	1,049.2	871.8
Total Water Consumption (T/day)	21,391.5	21,276.0	23458.4	4,588.6	4,220.9	3,537.1	3,132.8	2,953.2	2496.6
Percentage of Water Recycled (%)	38.20%	38.40%	42.42%	23.46%	29.05%	30.83%	35.60%	35.50%	34.9%
Amount of Wastewater Discharged (T/day)	13,057.0	12,929.8	13301.0	3,050.9	2,949.6	3,454.3	1,922.7	1814	1549

Type	Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
	2013	2014	2015	2013	2014	2015
Amount of Raw Water Supplied (T/day)	4,153.3	4,074.0	4126.4	897.2	905.1	1025.3
Amount of Condensed Steam (T/day)	147.2	184.3	189.8	185.2	89.5	78.6
Amount of Recycled Water (T/day)	3,117.1	3,393.8	2769.9	546.6	806.6	596.3
Total Water Consumption (T/day)	6,285.8	6,194.7	6170.3	1629.0	1801.2	1700.2
Percentage of Water Recycled (%)	49.60%	54.80%	44.9%	33.6%	44.8%	35.1%
Amount of Wastewater Discharged (T/day)	3,149.0	2,775.7	3368.7	1049.4	958.6	1085.4

Note:
1. The statistics disclosed in this report are primarily based on the dyeing processes of the plants.
2. Correction of the 2015 Calculation Reference:
   a. The amount of water recycled includes the amount of water recycled from all plants for reuse or recycled to the raw water treatment plant of the Public Works Department.
   b. The clean water recycled to the Public Works Department is deducted from the amount of raw water supplied, currently calculated in terms of original meter.
3. Based on the reasons for the aforementioned correction, the amount of raw water supplied and recycled water shows a great increase when compared to 2014.
4. Correction of Statistics of Dong-nai Plant between 2013~2014:
   a. The original amount of water recycled took into account the water in the closed circulatory system, which should have been deducted.
   b. Because of the aforementioned point, all affected statistics must be corrected.

Regarding Half-Fluid Volume Dyeing

On-site Dyeing Experiment Report of the Noseda and Hisaka Dyeing Machines in Dyeing Plant 1

Dyeing machines are old-fashioned, which implies they are not eco-friendly. To respond to initiatives of energy conservation and carbon reduction and pursue economic benefits, dyeing machines set colors without drainage instead; to further take responsibility for environmental sustainability, the Company introduced two kinds of energy-efficient dyeing machines at the end of 2014. The energy efficiency of half-fluid volume dyeing together with setting colors without drainage is better that that of traditional dyeing processes.

Energy Cost Comparison

Costs Saved in Half-Tank Dyeing and Full-Tank Dyeing of the Beam Dyeing Machine (Drainage of Setting Color)

	Water Conserved	Steam Conserved	Unit Cost of Soft Water	Unit Cost of Wastewater	Unit Cost of Steam	Savings
	kg/vat	kg/vat	NT$/T	NT$/T	NT$/T	(NT$/vat)
Noseda	1500	181	7.5	25.2	980	226.4
Hisaka	2000	241				301.6

Costs Saved in Half-Tank Dyeing and Full-Tank Dyeing of the Beam Dyeing Machine (Non-Drainage of Setting Color)

	Water Conserved	Steam Conserved	Unit Cost of Soft Water	Unit Cost of Wastewater	Unit Cost of Steam	Savings
	kg/vat	kg/vat	NT$/T	NT$/T	NT$/T	(NT$/vat)
Noseda	750	64.5	7.5	25.2	980	87.7
Hisaka	1000	143				147.6

Costs Saved in Half-Tank Dyeing (Non-Drainage of Setting Color) and Full-Tank Dyeing (Drainage of Setting Color) of the Beam Dyeing Machine

	Water Conserved	Steam Conserved	Unit Cost of Soft Water	Unit Cost of Wastewater	Unit Cost of Steam	Savings
	kg/vat	kg/vat	NT$/T	NT$/T	NT$/T	(NT$/vat)
Noseda	2800	308	7.5	25.2	980	393.4
Hisaka	3050	344				436.9

iii. Measures for the Reduction of Wastewater Discharge

In accordance with the government's environmental protection regulations, the Company has stipulated management standards for the prevention and control of wastewater pollution. The Company has also promoted policies for the reduction of wastewater discharge in the plants, enforced the management of wastewater discharge, and stipulated standards for wastewater discharge in order to ensure that the quality of the wastewater discharged conforms to the national wastewater discharge standards, as well as to reduce the environmental impacts caused by pollution.

The wastewater treatment methods of the plants are as follows:

- Taiwan Plant: The pure oxygen aeration and biodegradability method in biochemistry is used as the primary treatment method to reach national standards.
- Zhongshan Plant (China) and Long An Plant (Vietnam): The Anaerobic and Aerobic decomposition methods in biochemistry are used as primary treatment methods to reach national standards.
- Changshu Plant (China) and Dong-nai Plant (Vietnam): Physical chemistry methods are used as preliminary methods. Then the wastewater treatment plant of the industrial park is commissioned to conduct water treatment until national standards are met before the wastewater can be discharged.

Regarding the plants' wastewater collection, transportation, and treatment facilities, the Company has stipulated several wastewater operation and monitoring specifications to establish management of wastewater quality and volume. Wastewater management items include:

(i) Production wastewater collection, transportation, and pretreatment facilities
(ii) Domestic wastewater collection, transportation, and pretreatment facilities
(iii) Other wastewater collection, transportation, and pretreatment facilities
(iv) Monitoring of treated wastewater quality and volume from different plants
(v) Procurement of low energy-consuming, low polluting, and efficient advanced production equipment and green energy and materials
(vi) Research and development of green brand products

Sludge Filtering and Dewatering Machine

Dissolved Air Flotation

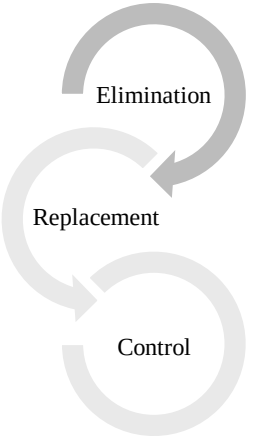
pH Treatment Tank

Monitoring Station

iv. Measures for Reducing Waste Products

The waste product management policy of the Company is conducted in accordance with the Waste Disposal Act. In addition to waste classification, the Company also records and declares the information online. The production of waste shall be managed based on the production statistics recorded by the corresponding departments. Refer to the "Waste Management Guidelines" for the management of waste products, which will be implemented in the following steps.

- Elimination: Review the causes for the waste generated and take steps to reduce or eliminate waste production, such as optimizing production processes, eliminating poor processes or materials, reusing materials, or allowing suppliers to recycle the auxiliary agent containers for reuse.
- Replacement: Use reusable materials to replace disposable materials, such as printing on the other side of recycled paper to cut down on paper consumption and using reusable covers to replace PE plastic.
- Control: By establishing waste reduction targets and recording the generated amounts, regular reviews can be conducted to evaluate the reduction performance of the department.

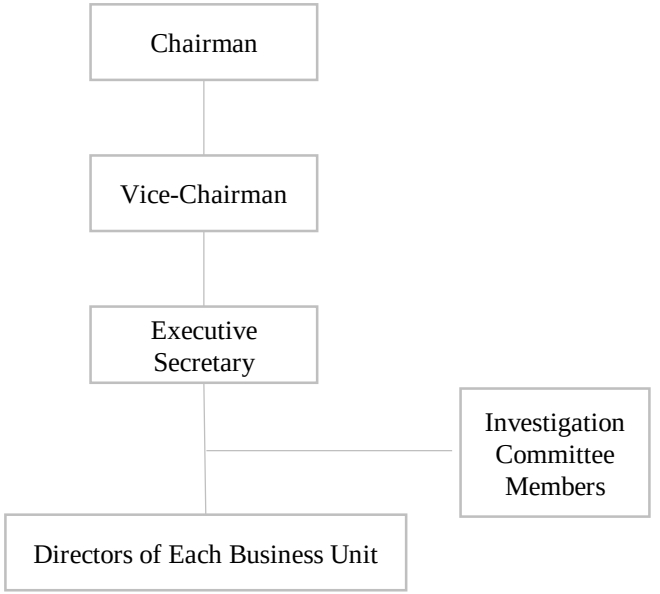


v. Measures for Reducing Air Pollution

(i) Organization Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee

In response to the specifications of the "Kyoto Protocol", the Company has established the Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee to plan and implement greenhouse gas inventory checks (ISO14064-1:2006). In accordance with the specifications stipulated in the ISO and the GHG Protocol of the World Business Council for Sustainable Development, the Company has established the Formosa Taffeta Systematic Greenhouse Gas Inventory Program, reduction plans, and relevant management and system audit protocols. The inventory results will be used as a basis for stipulating relevant voluntary greenhouse gas reduction measures, which will be used in conjunction with PDCA Circulation Management, to promote sustainable and effective greenhouse gas emission management to allow the production processes of the Company to achieve low carbon emissions. Furthermore, this will enable the upstream and downstream contractors of the textile industry to understand the carbon dioxide emissions during the lifecycle of the product when choosing our products. This will consequently improve the awareness for environmental protection and earth protection and provide indicators for conservation and improvement in order to achieve our corporate social responsibility for energy conservation and carbon reduction.

Organization Chart of the Greenhouse Gas Inventory and Voluntary Reduction Promotion Committee



(ii) Management of Ozone Depleting Substances (ODS)

The management of ozone depleting substances is implemented in accordance with the Air Pollution Management Regulations of the Company, "Regulations for the Management of Restricted Chemical Substances listed in the Montreal Protocol", and "Regulations for the Management of Hydrochlorofluorocarbon Consumption" of the Environmental Protection Administration. In response to the current demands of legal regulations and social responsibilities, the Company will gradually replace machine models or equipment containing Chlorofluorocarbons (CFC) and Hydrochlorofluorocarbons (HCFC) to achieve the objectives of zero ODS emissions.

(iii) Environmental Monitoring and Inspection

All relevant production processes should be conducted in accordance with the air pollution operation permits that are obtained in accordance with the regulations. The tracking of the expiration date and application for the environmental protection permits should be managed through the computer system of the Company. Regarding the plant's stationary pollution sources (two chimneys for oil and electricity cogeneration processes), a constant monitoring system is connected in real-time to the Yunlin Environmental Protection Bureau and is under the full supervision of the environmental protection authorities. Regular inspection should be conducted on all emission chimneys in the plants, and the inspection results should be declared to the Environmental Protection Bureau.

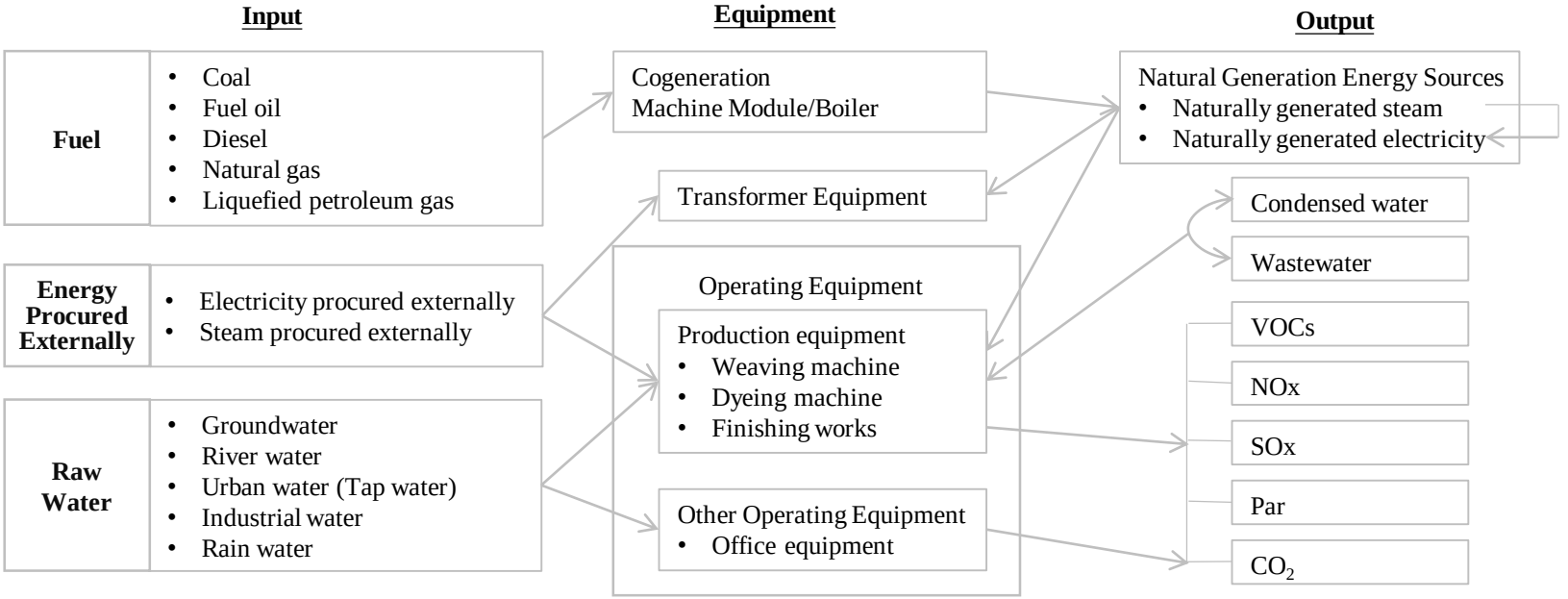
(iv) Autonomous Management of the Diesel Vehicle Fleet

The Company has signed the Autonomous Management of the Diesel Vehicle Fleet in the Air Quality Zones of Yunlin, Chiayi and Tainan to ensure that vehicle emissions conform to emission standards and maintain air quality.

(v) Green Procurement

Priority is given to the procurement of products awarded with environmental protection labels (Green Label, Energy Label, Water Label, Green Building Material Label, etc.) in order to fulfill our responsibility to the earth. In 2015, the amount spent on green procurement was NT$ 2,096,721.

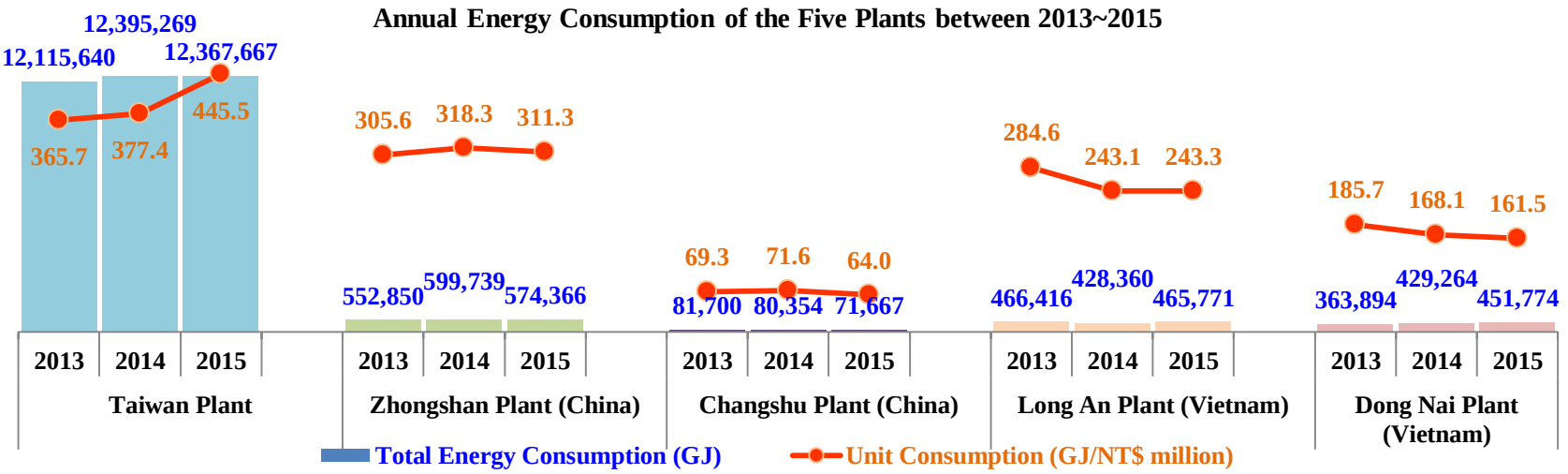
(III) Input and Output of Energy and Water Resources



Energy Production and Procurement, Water Resource Input, and Derivative Products Formed after Input of Water Resources

i. Input of Energy and Water Resources

(i) Energy Consumption of the Five Plants (In Three Countries)



Energy Consumption Items of the Five Plants between 2013~2015

	Taiwan Plant			Zhong-shan Plant (China)			Chang-shu Plant (China)			Long-an Plant (Vietnam)			Dong-nai Plant (Vietnam)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Coal	1,939,444	3,215,706	3,344,198	324,298	402,298	393,120	-	-	-	226,733	277,451	314,317	-	-	-
Fuel oil	1,189,655	1,009,278	866,091	-	-	-	-	-	-	114,013	22,693	19,479	-	-	-
Diesel #	6,877,541	6,328,400	6,460,870	4,298	4,714	3,836	-	-	-	-	-	-	-	-	-
Natural gas				94,661	53,540	53,786	49,182	49,259	42,370	0	41	59	-	-	-
Outsourcing electricity	1,178,721	1,033,033	937,218	129,593	139,187	123,624	32,371	30,952	29,157	125,670	128,176	131,917	159,186	213,777	229,868
Outsourcing steam	-	-	-	-	-	-	146	143	140	-	-	-	204,707	215,487	221,906

Notes:

Taiwan Plant: Due to reduced production volume, the energy consumption for 2015 has decreased. However, the decrease in operating revenue has caused an increase in 2015.

Zhongshan Plant (China): The replacement of old machinery has improved the production efficiency and energy conservation benefits, so the annual energy consumption for 2015 is lower than that of 2014.

Changshu Plant (China): Due to reduced production volume, the annual energy consumption for 2015 has decreased.

Long An Plant (Vietnam): Total energy consumption and unit energy consumption for 2015 has increased, as compared to 2014, which is due to the installation of new machinery and the construction of a new processing plant.

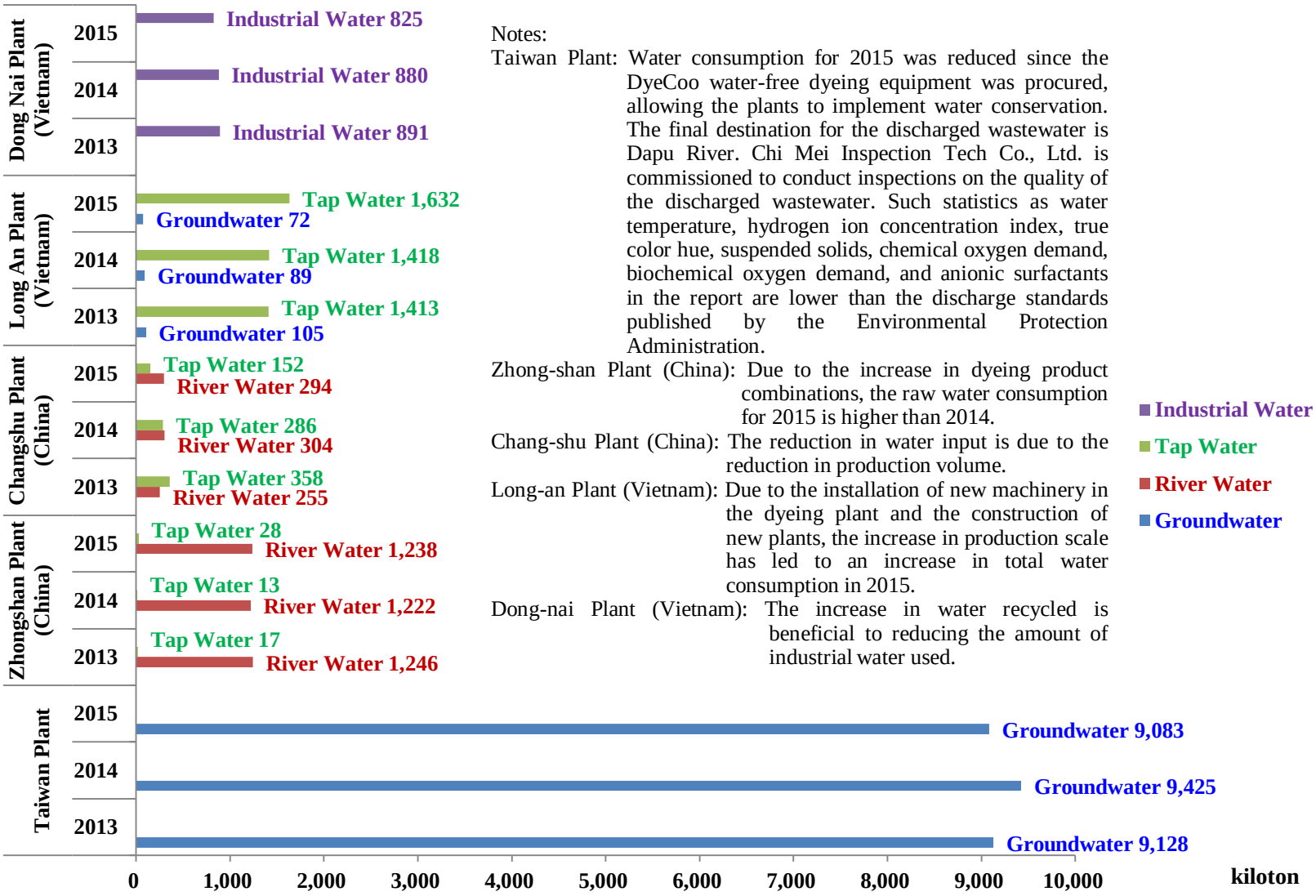
Dong-nai Plant (Vietnam): Due to increased production volume, the total energy consumption has increased. The increase in production volume and promotion of energy conservation has resulted in a decrease in unit consumption.

#: The diesel data in the previous report was mistakenly determined using the calculation formula for fuel oil. The correction is made in this report as shown above.

*: The calculation for the unit energy consumption for Taiwan Plant in this report uses the operating revenue in the consolidated financial statements as the denominator. The previous report adopted individual revenue as the denominator, and because the aforementioned calculation formula has errors, the statistics in the 2013 and 2014 report are not consistent and have thus been updated in this report.

(ii) Raw Water Consumption of the Five Plants

Total Raw Water Consumption of the Five Plants between 2013~2015



Notes:

Taiwan Plant: Water consumption for 2015 was reduced since the DyeCoo water-free dyeing equipment was procured, allowing the plants to implement water conservation. The final destination for the discharged wastewater is Dapu River. Chi Mei Inspection Tech Co., Ltd. is commissioned to conduct inspections on the quality of the discharged wastewater. Such statistics as water temperature, hydrogen ion concentration index, true color hue, suspended solids, chemical oxygen demand, biochemical oxygen demand, and anionic surfactants in the report are lower than the discharge standards published by the Environmental Protection Administration.

Zhong-shan Plant (China): Due to the increase in dyeing product combinations, the raw water consumption for 2015 is higher than 2014.

Chang-shu Plant (China): The reduction in water input is due to the reduction in production volume.

Long-an Plant (Vietnam): Due to the installation of new machinery in the dyeing plant and the construction of new plants, the increase in production scale has led to an increase in total water consumption in 2015.

Dong-nai Plant (Vietnam): The increase in water recycled is beneficial to reducing the amount of industrial water used.

ii. Output of Energy and Water Resources

(i) Waste Gases

1. Greenhouse Gases

There are three main sources of greenhouse gases:

(1) Emissions from Stationary Sources:

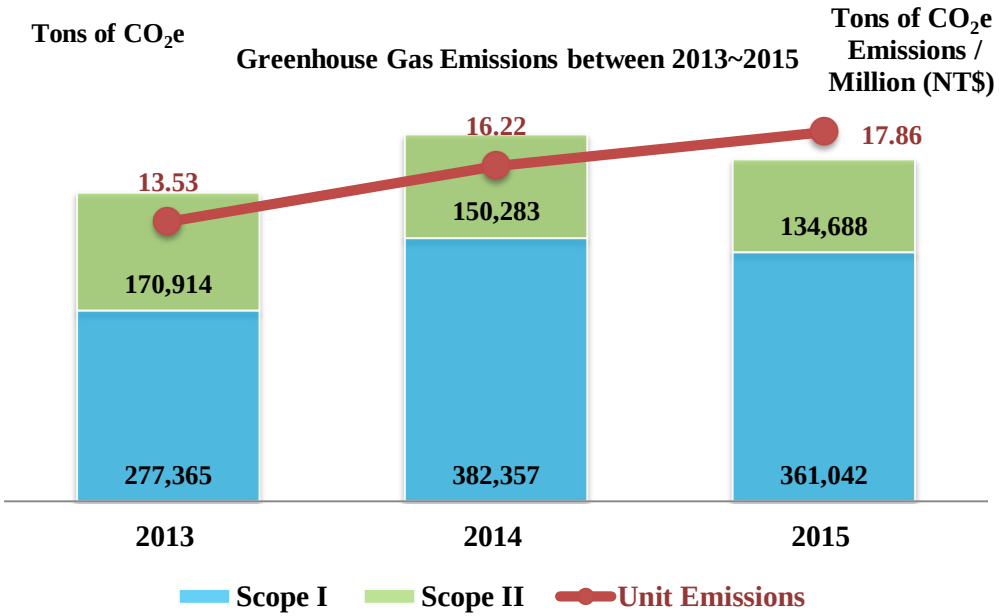
Emissions generated from usage, such as cogeneration, hot coal oil boiler, emergency generator, diesel oil engine generator, steam boiler, and cafeteria

(2) Emissions from Mobile Sources:

Emissions generated from the energy usage of vehicles, such as transportation vehicles, cars, and forklifts during transportation

(3) Emissions from Fugitive Sources:

Emissions generated from the operation of facilities, such as internal freezers, coolers, refrigerators, Very High Voltage Generator Circuit Breaker (GCB), carbon dioxide fire extinguishers, and septic tanks.



※ Unit Emissions = $\frac{\text{Total Annual greenhouse gas Emissions (Tons of } CO_2e \text{ Emissions)}}{\text{Annual Revenue income (NT\$ Million)}}$

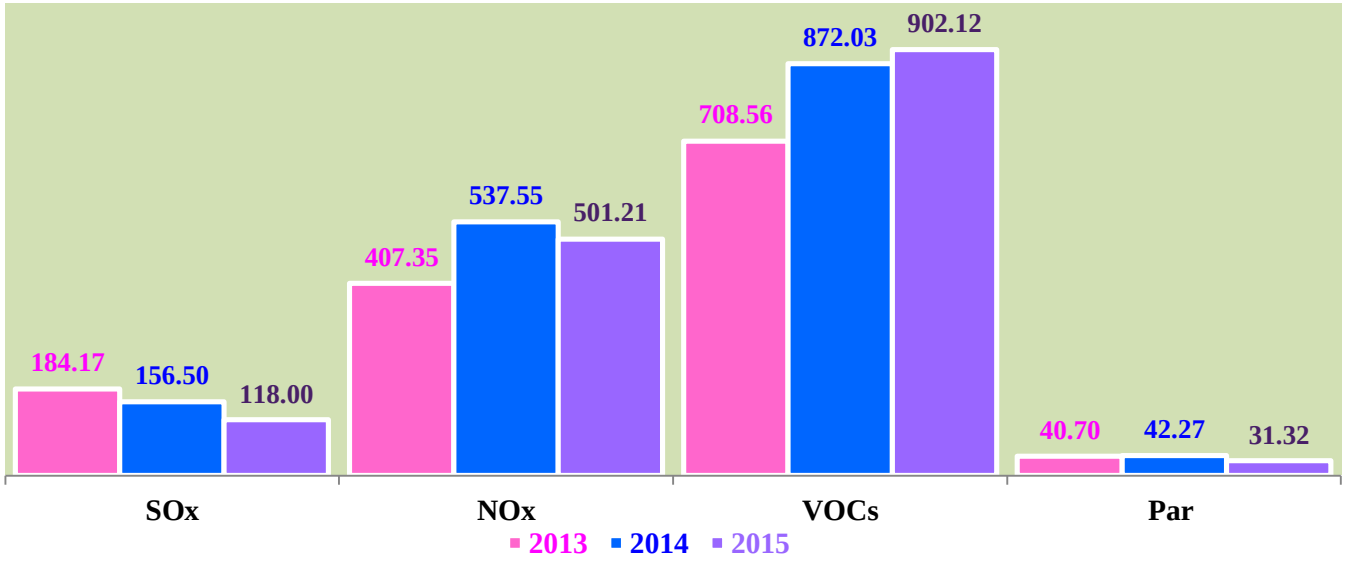
※ As the production volume decreases, Scope 1 and Scope 2 emissions for 2015 have also been reduced. However, due to multiple factors, such as the reduction in revenue and low volume manufacturing, the unit emissions are higher than that of 2014.

Scope 1 and Scope 2 Greenhouse Gas Emissions for 2015 account for 72.83% and 27.17% of the Company's total emissions, respectively, amongst which the sources for Scope 2 emissions primarily come from the procurement of electricity. Data on Scope 3 indirect greenhouse gas emissions are hard to obtain due to actual usage. Currently, according to the greenhouse gas inventory conducted by the Environmental Protection Administration, the inventory investigation of 2015 will only identify the emission sources and provide a qualitative list instead of a quantified list. The emissions in this scope are primarily due to the commuting of employees, contractors, and client vehicles, as well as the handling of general industrial waste by commissioned contractors.

2. Other Air Pollution

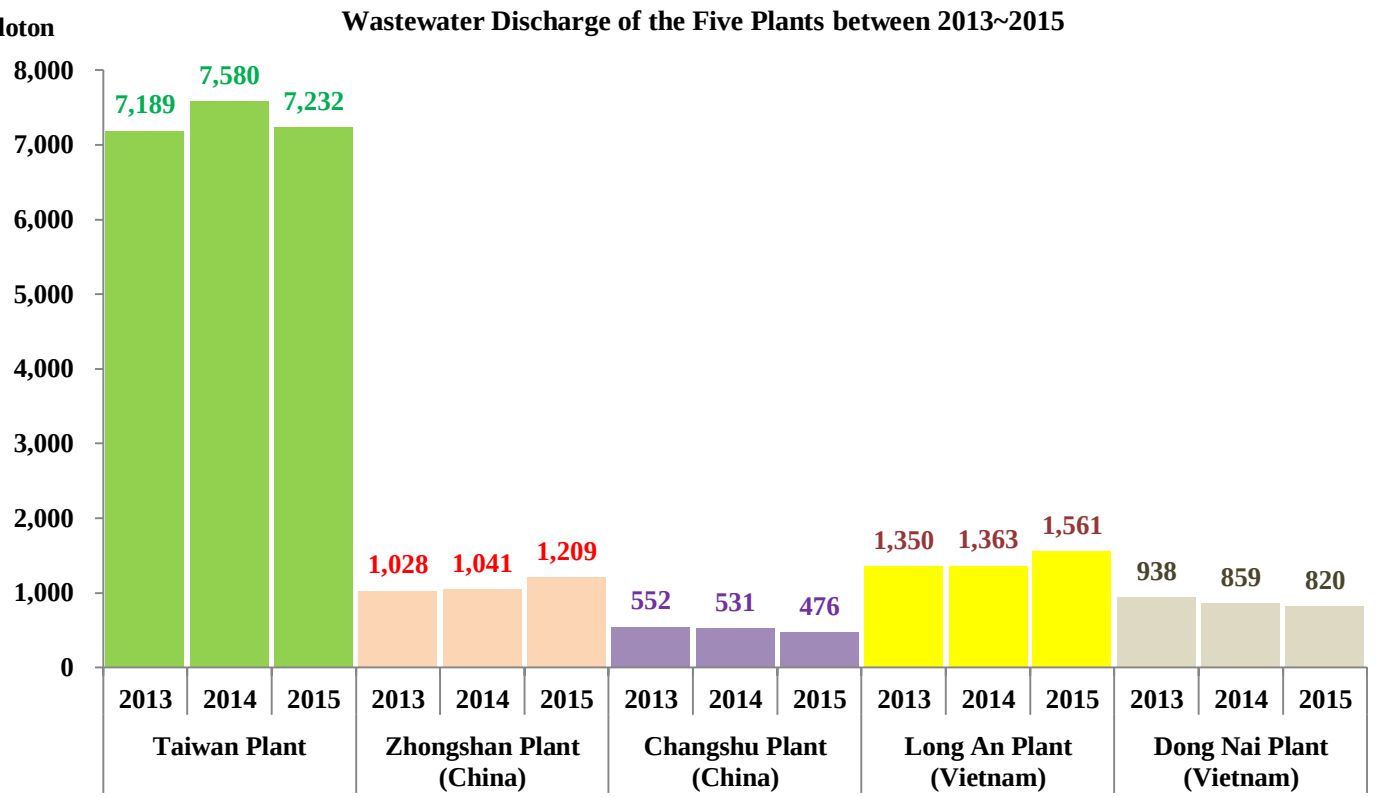
Ton

Sox, NOx, VOCs, Par Emissions in Taiwan in Previous Years



- Source: Information declared to the county environmental protection bureaus by Formosa Taffeta Co., Ltd. (Taiwan).
- The reduction in Sox emissions is due to the compliance of the Company with the requirements of the Environmental Protection Bureau to decrease emission standards from 300 ppm to 72 ppm; therefore, the emission continues to decrease.,
- The original NOx emission is lower due to the replacement of the old cogeneration generator. During the replacement, the combustion of coal as fuel was suspended, so the decrease in emissions that began in September 2012 continued to decrease for two years. By February 2014, the cogeneration machinery was once again put into use to generate steam and electricity, causing the emissions to increase again. After resuming normal operations, the NOx emissions of 2015 have gradually decreased.
- The increase in emission of VOCs is due to the deterioration of the Toluene recycling machinery, causing the emissions of VOCs to increase slightly. Currently, the processing plants have commissioned repair contractors to inspect and repair the machinery to restore its recycling capacity.
- The less emission of par in 2015 results from less consumption of bituminous coal and fuel oil.
- Clarification on the correction of particulate pollutant emissions of 2014: After the emission of air pollutants is measured for the year, the Environmental Protection Bureau will verify the recorded data. In 2014, the secondary inspection of the emission of particulate pollutants was found to be 42.27 tons/year; therefore, it is inconsistent with the CSR data of 2014 (41.44 tons/year).

(ii) Wastewater



Notes:

- Taiwan Plant: In 2015, the discharge of wastewater has decreased due to the purchase of the DyeCoo machine that utilizes water-free dyeing, as well as the reduction in production volume of the plants.
- Zhongshan Plant (China): Due to the increase in dyeing product combinations, the recycling rate of dyeing water has decreased; therefore, the wastewater discharge in 2015 was higher than that of 2014. In the future, production concentration will be used to increase the recycling rate of dyeing water.
- Changshu Plant (China): The discharge of wastewater has decreased due to the reduction in production volume.
- Long An Plant (Vietnam): Due to the installation of additional machinery and newly constructed plants, the production scale has expanded, which has led to an increase in the discharge of wastewater.
- Dong-nai Plant (Vietnam): Similar to the reasons for the industrial water changes, from the perspectives of water balance, a decrease in water input will result in a decrease in wastewater discharge.

(iii) Waste

Amount of Waste Disposed, Classified in Accordance with Toxic/Non-Toxic/Handling Methods of the Five Plants between 2013~2015 Unit: Ton

	Taiwan Plant						Zhong-shan Plant in China						Chang-shu Plant in China					
Year	2013		2014		2015		2013		2014		2015		2013		2014		2015	
Type / Handling Method	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic
Physical Disposal Methods	155	86	195	77	164	102	7	13	7	19	7	24	-	-	-	-	-	-
Incineration	-	873	-	1,028	-	1,215	157	66	99	59	1,269	50	-	96	-	103	-	132
Burying	-	625	-	2,600	-	3,822	-	-	-	-	-	-	-	-	-	-	-	-
Reusing	-	15,925	-	16,690	-	19,508	165	1,964	158	449	176	1,135	-	-	-	-	-	-
Incineration and Burying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical Treatment and Reuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-	-	-	-	-	-	7	-	10	-	9	-
Outsourced Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		17,664		20,590		24,812		2,371		790		2,660		103		113		141

	Lon-an Plant in Vietnam						Dong-nai Plant in Vietnam					
Year	2013		2014		2015		2013		2014		2015	
Type / Handling Method	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic
Physical Disposal Methods	-	-	-	-	-	-	-	-	-	-	-	-
Incineration	-	-	-	-	-	-	-	-	-	-	-	-
Burying	-	-	-	-	-	-	-	-	-	-	-	-
Reusing	-	949	-	1,802	-	3,094	-	-	-	-	-	-
Incineration and Burying	637	56	1,308	59	1,593	57	-	-	-	-	-	-
Chemical Treatment and Reuse	12	-	18	-	23	-	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-	-	-	-	-	-
Outsourced Disposal	-	-	-	-	-	-	92	2,342	106	5,737	89	6,452
		1,654		3,186		4,767		2,434		5,843		6,541

(IV) Violations and Environmental Protection Expenditures

i. Total Expenditures on Damages and Penalties due to Environmental Pollution in Recent Years

Item \ Year	2013	2014	2015	
Compensation Subjects or Enforcement Organization	Yunlin Environmental Protection Bureau	Yunlin Environmental Protection Bureau	Yunlin Environmental Protection Bureau	Dong-nai Fire Department (Vietnam)
Compensation or Penalties	NT$ 542,000	NT$ 12,000	NT$ 136,000	NT$ 2300
Other loss	0	0	0	0

Note: With the exception of the eight cases of administrative negligence in Taiwan and Dong-nai (Vietnam) Plants, which led to penalties, compulsory seminars, and required improvements that had to be completed within regulated stipulated timeframe, the Company Plants had no major violations of the regulations or penalties in 2015.

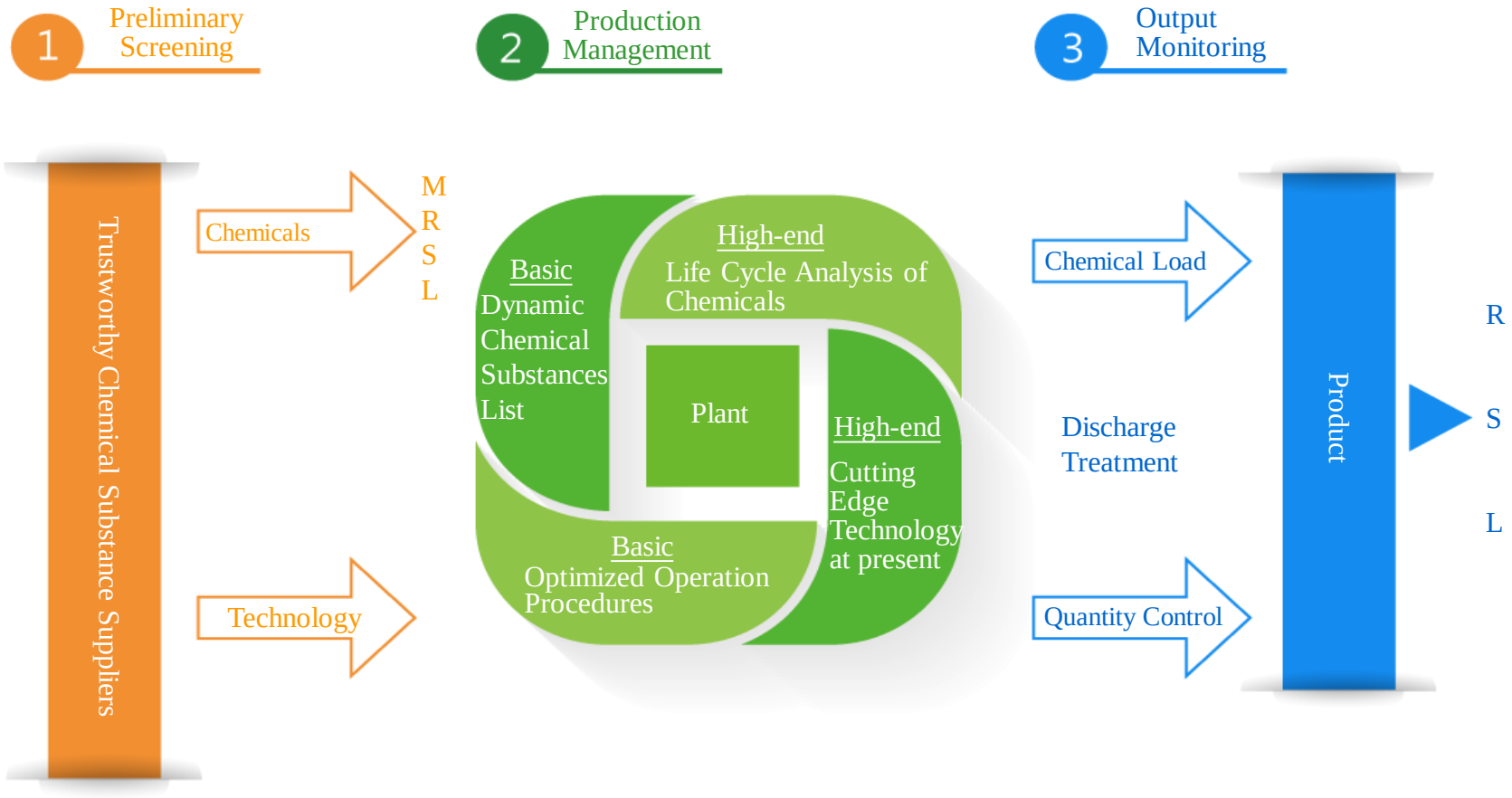
ii. Expenditures on Meeting Future Policies and Possible Improvements

Pollution Prevention and Control Equipment Bought over Two Years:

Item \ Year	2015	2016
Pollution Prevention and Control Equipment Scheduled for Procurement or Planned Expenditures	1. Addition of 3 sets of scrubbing towers for the fuel boilers in Taiwan Plants 2. Improvements in the aeration of wastewater treatment in Zhongshan Plant 3. Addition of 1 water purifier system in Changshu Plant 4. Addition of 1 wastewater treatment facility planned in Changshu Plant 5. Addition of 2 sets of De-NOx equipment planned in the cogeneration plant of the Taiwan Plant Complex	1. Addition of 3 sets of denitrification (denox) equipment in the cogeneration plant in Taiwan Plant Complex 2. Replacement of 3 sludge dewatering equipment sets in the wastewater treatment plant of the Taiwan Plant Complex 3. Addition of 1 set of 1500CMD wastewater recycling equipment in Weaving Plant 2 of the Taiwan Plant Complex 4. Addition of 1 set of 2800CMD wastewater treatment equipment and 1 set of 1500CMD wastewater recycling equipment in Changshu Plant Complex 5. Addition of 1 set of 1200CMD wastewater recycling equipment in Long An Plant Complex 6. Addition of 1 set of 2900CMD wastewater automated monitoring system in Dong-nai Plant Complex
Scheduled Improvements	1. Removal of particulate pollutants in boiler flue gas 2. Improving the efficiency of wastewater pollution removal 3. Reducing water consumption and costs 4. Reducing polluted wastewater discharge 5. Reducing the concentration of nitrogen oxides in boiler flue gas	1. Reducing the concentration of nitrogen oxides in boiler flue gas 2. Reducing the water content of wastewater sludge 3. Reducing water consumption and costs 4. Reducing polluted wastewater discharge, water consumption, and water consumption costs 5. Reducing water consumption and costs 6. Monitoring the quality of discharged wastewater and reducing the abnormalities of the discharged wastewater.
Amount	NT$ 145,500 Thousand	NT$ 189,000 Thousand

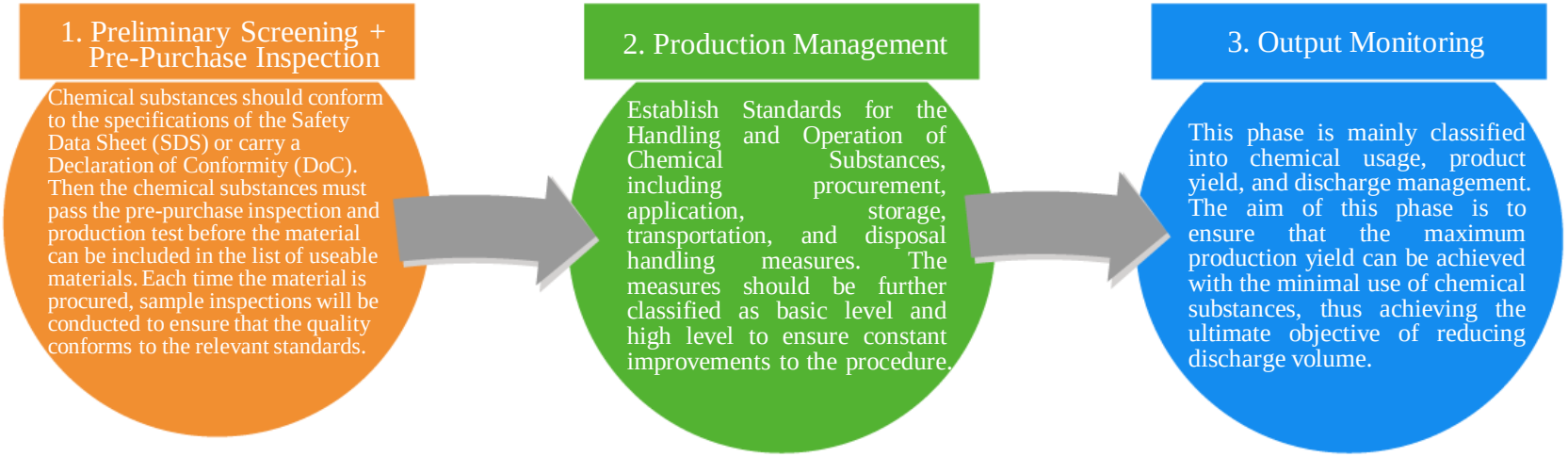
(V) Development of Green Sustainability

In order to fulfill the social responsibilities of environmental protection and consumer safety, as well as implement sustainability policies, the Company has conducted stringent tests and experiments on the chemicals in use to evaluate and ensure that the quality and composition of the products comply with the requirements of the customers and the regulations. The Company will also send materials and products to third-party laboratories for inspections to ensure that the materials used and the products are safe. The Company has implemented a three-phase management measure on chemical substances, revolving around two key themes, which are explained below:



Wet Treatment Process of Fabric

Three Phases



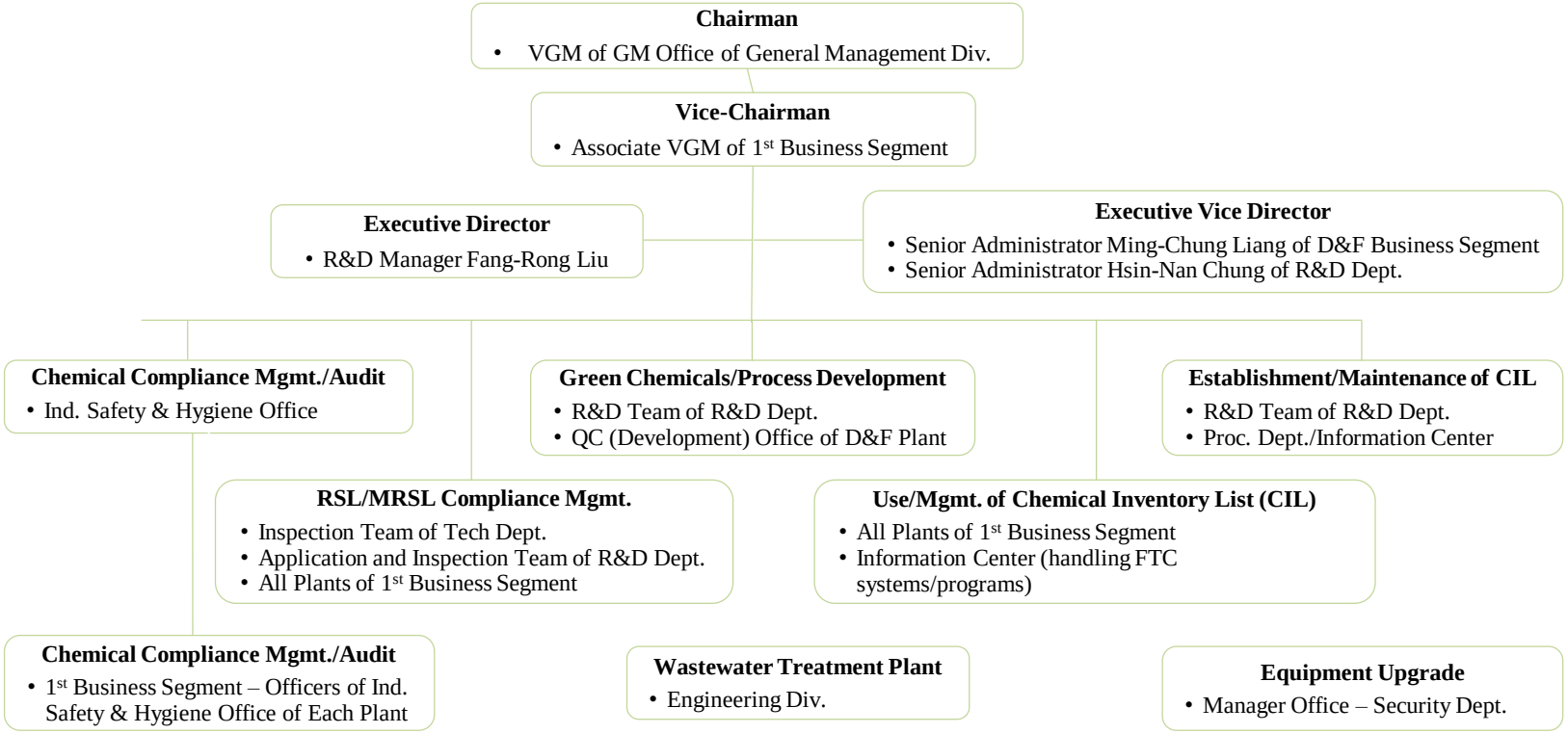
Two Themes

Life cycle analysis of basic chemical substances and high-end chemical substances, including load analysis of the final environmental chemical substances

Basic optimization procedures and high-end cutting-edge technology are classified under production management and optimization.

Through the above chemical management structure, the security of product users and the green material quality of the textile supply chain can be improved, allowing the Company to progress towards its objective of achieving Zero Discharge of Hazardous Chemicals by 2020.

In order to achieve the goals of Zero Discharge of Hazardous Chemicals by 2020, the Company signed a declaration warranty in 2013, pledging that the raw materials used in production shall not contain specific hazardous chemicals. With regards to the information disclosure and transparency of the raw materials, more communication is needed with suppliers. The Zero Discharge of Hazardous Chemicals Project Committee has also been established with the following organization structure:



Operations and Responsibilities of Relevant Departments

1. R&D Center: Responsible for establishing safety standards for raw materials, management of the Company's environmental protection commitment of suppliers, and procurement inspection of dyes/chemicals.
2. Materials Department: Responsible for establishing basic profiles for dye/chemical suppliers.
   Note: Full inspection must be conducted for Category 12 and Category 13. If the supplier would like to apply for inspection exemption, then the on-site procurement department must present a signed application to be submitted to the President Office for approval.
3. Technology Department: Responsible for the management of Oeko-Tex Standard 100 certifications, Restricted Substances List of each brand, and the endorsement of guarantees required by the clients.

ZDHC Short-term, Medium-term, and Long-term Plans

Short-term Objectives:

1. Stocktaking of Chemical
2. The establishment of a ZDHC database, including such information as the Globally Harmonized System (GHS), SDS, Technical Data Sheet (TDS), Supplier Information, Chemical Oxygen Demand (COD), consumption, etc.
3. Register the 11 prohibited chemicals of ZDHC under restriction control
4. Requests for suppliers' offer of the 4-in-1 Guarantee[1]/11 Prohibited Substances Guarantee
5. Chemical Procurement Screening (Selecting chemicals based on the MRSL)
6. Gradual increase in utilization ratio of environmentally friendly waterproof agents
7. Checks of final fabrics by the Technology Department to see whether they are produced without materials in the RSL
8. The establishment of Standard Operating Procedures for Chemical Management.

   Note:

   a. 4-in-1 Guarantee
      - Guarantee of compliance with OEKO Tex Standard 100 Specifications
      - Guarantee of compliance with SVHC Specifications of EU REACH
      - Guarantee of zero Organotin contents
      - Guarantee of zero APEO contents

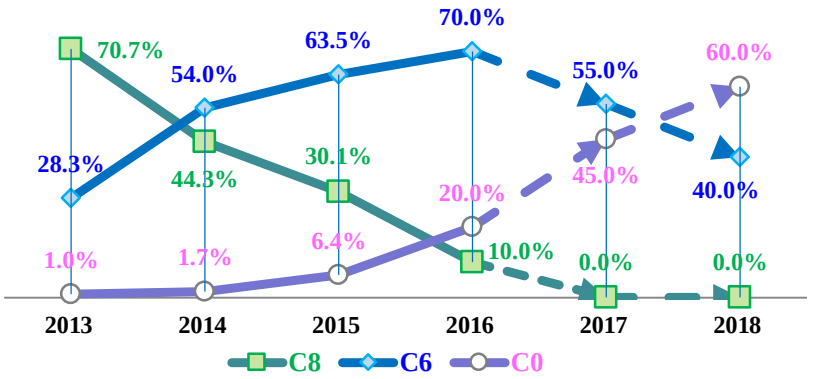
Mid-term Objectives:

1. To decrease consumption types and amount of chemicals; to increase reuse
2. To compare toxicity of chemicals during procurement and request inspection reports from suppliers for comparison
3. To calculate the Chemical Oxygen Demand required for the total discharge of chemicals, establish targets, and reduce the proportion
4. To establish environmentally friendly production lines

Long-term Objectives:

1. All fabric types should have production traceability records so that every batch of chemicals can be traced and information details can be checked.
2. All products should comply with the environmentally friendly and non-toxic discharge standards of the ZDHC. Taking fluoropolymer for example, long-chained fluoropolymer has been gradually replaced with short-chained one and eventually with fluorine-free one.
3. The objectives of zero discharge of hazardous chemicals should be attained by 2020.

Current and Planned Annual Consumption of Fluorocarbon and Fluorine-free Polymer



Note:

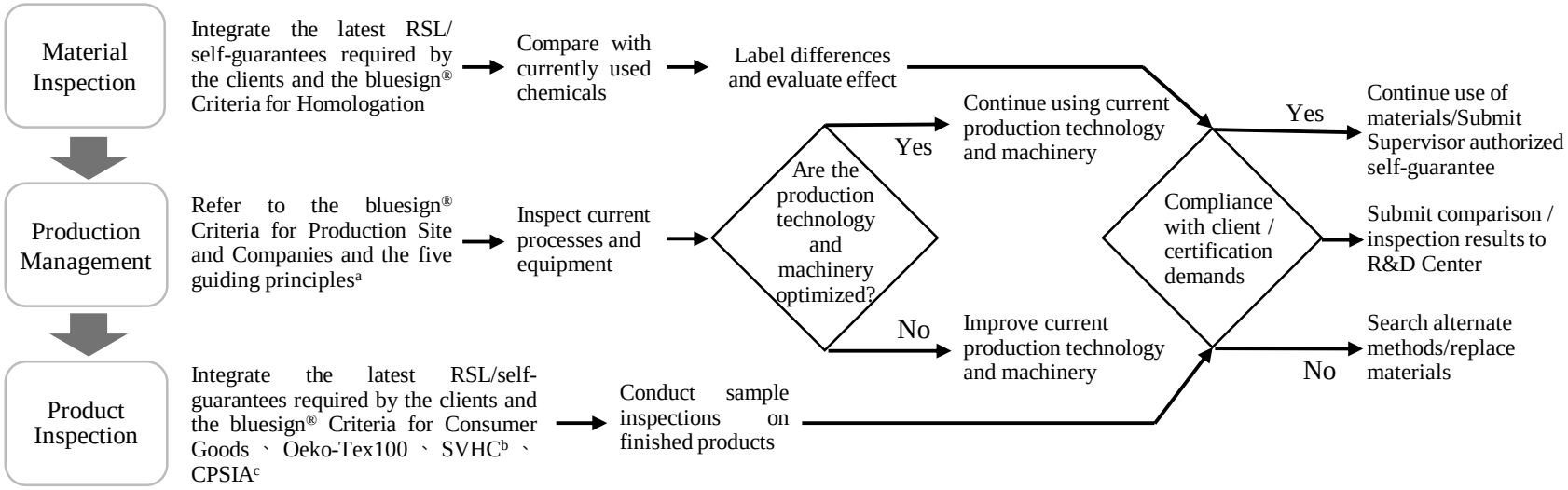
a. The use of long-chained C8 was gradually reduced over the years in conjunction with the PFOA/PFOS draft regulation proposed by the United States Environmental Protection Administration.

b. To satisfy environmental protection demands of the brand products, a shift from C8 to C6 or C0 FC chain length is in progress.

c. The Projected Consumption Targets for 2016~2018 are shown in the above chart.

Implementation Measures for the Three Phases

The management procedures of the Company for materials, production processes, and the hazardous chemicals in products are conducted based on the procedure of defining standards → Implementation of Management → Product Inspection. The procedures are summarized below:



Notes:

a. Five Guiding Principles of bluesign®
   (a) Resource productivity: Define the ecological challenges, economic priorities, and the added values of the bluesign® system during textile production processes.
   (b) Consumer Safety: Adopt comprehensive measures to ensure that the bluesign® system complies with moral ethics to provide clients with high-quality textile products.
   (c) Wastewater Discharge: The bluesign® system aims at eliminating hazardous chemical substances to reduce water pollution and promote the use of advanced wastewater treatment systems.
   (d) Waste Gas Emissions: Engage in active weather protection, including the use of low emission components, optimizing energy consumption, and strict monitoring of the emission limits of all production processes.
   (e) Occupational Health and Safety: Adopt strict guidelines for the use of sustainable chemicals in the textile supply chain in order to provide a positive influence for the collaborating partners in the bluesign® system. (Refer to the "Green Trade Information" website, http://www.greentrade.org.tw/node/43646.)

b. SVHC：Substances of Very High Concern, announced by the European Chemicals Agency (ECHA); items on the candidate list are 168 in total.

c. CPSIA：Consumer Product Safety Improvement Act, a United States law signed on August 14, 2008 by President George W. Bush, that requires manufacturers and importers to submit documentation of testing by recognized third-parties.

i. Using Green Materials – Hazardous Chemical Management

In order to allow compliance with safety management regulations for the use, storage, and transportation of hazardous chemicals, as well as ensure the safety of the operating personnel and equipment, the Company adheres to relevant regulations, such as occupational safety, fire safety, and transportation, to stipulate relevant document management and Standard Operation Procedures (SOP), which will strengthen safety management, operation control, safety and health facility establishment, emergency handling, and supervision inspections in order to reduce hazards of the chemicals.

(i) Procedure Manuals for Chemical Management Stipulated by Formosa Taffeta

Chemical Management Item	Management Regulations Stipulated by Formosa Taffeta
Management of Hazardous Chemical Labeling and General Knowledge	Regulations for the Management of Hazardous Chemical Labeling and General Knowledge
Management of Dangerous Objects	Regulations for the Management of Public Hazardous Objects
Management of Chemical Operations	Regulations for the Management of Hazardous Chemical Operations
Personnel Management Training	Regulations for the Management of Personnel Training
Hazardous Chemical Operating Environment	Regulations for the Management and Monitoring of the Operating Environment

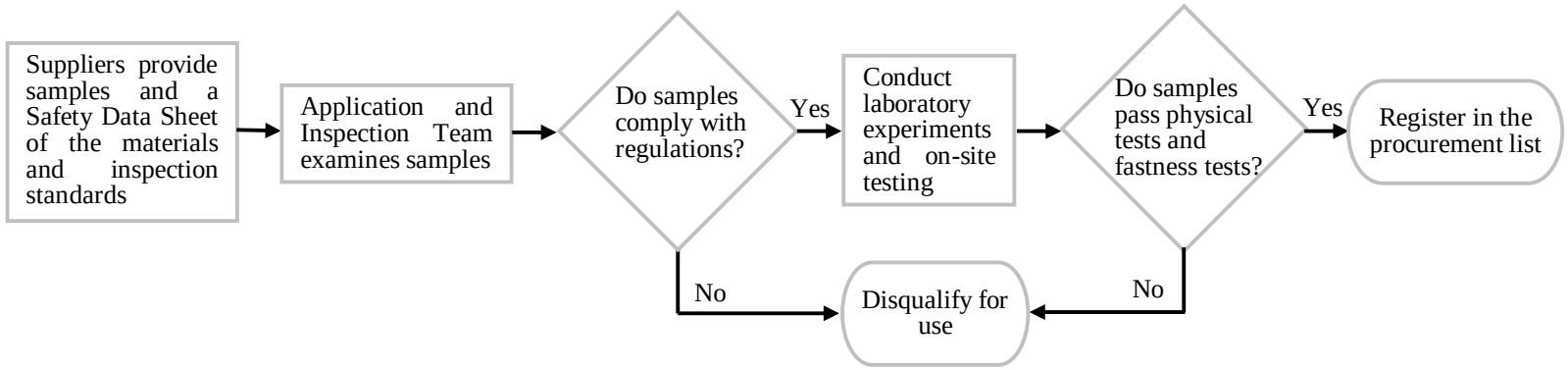
(ii) Chemical Control Banding (CCB)

In conjunction with the provisions of the "Occupational Safety and Health Act" and the increase in demands of chemical management by the stakeholders, the Industrial Safety Office of the Company has stipulated the Chemical Control Banding (CCB) regulation, which will provide the basis for evaluating the risk level and enforcement rules for control banding in accordance with the health hazards, spread, and usage of hazardous chemicals. After gathering the Industrial Safety Officers of each Plant for personnel training, each Plant will establish the "Hazardous Chemical Assessment and Grading Table" and schedules for the implementation of the chemical control banding in accordance with their specific needs and record such information as assessment methods, control banding measures, and implementation logs of the chemical control banding for future reference to facilitate the institutionalization and traceability of the chemical control banding system.

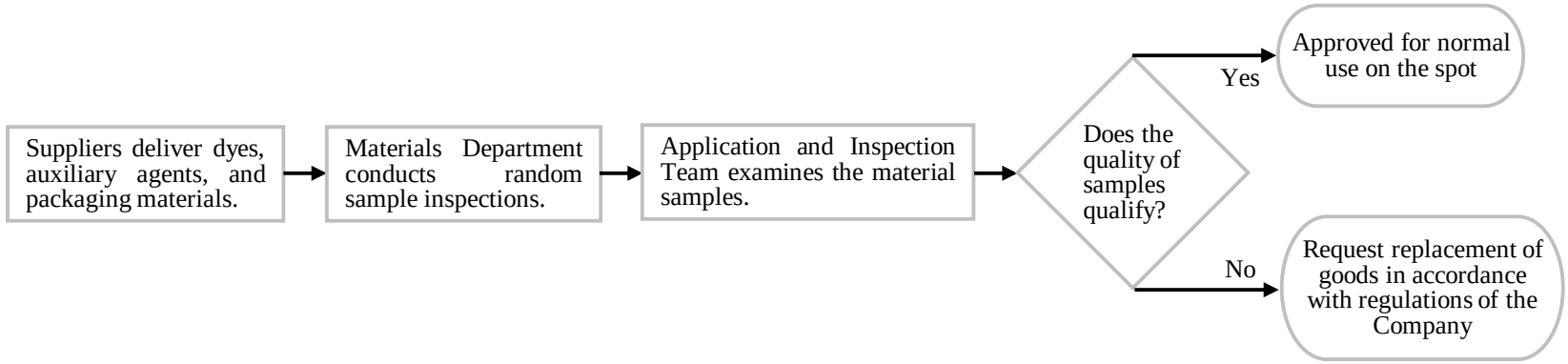
(iii) Hazardous Chemical Inventory Management

The Application and Inspection Team of the R&D Center specializes in the stipulation of standards for the composition/quality of dyes, auxiliary agents, and packaging materials, as well as the quality determination for procuring said materials. Through the inspection of every batch of materials, source management can be achieved to ensure that the quality conforms to clients' requirements. The materials currently in use have undergone stringent reviews, inspections, and tests to ensure that at least eighty percent of the Company's products comply with the Oeko Tex® 100 Standard Certification and clients' standards. Suppliers that have not yet obtained certification will be required to present environmental protection guarantees that prove that the supplier meets the specifications of Oeko Tex® 100 Standard and complies with the SVHC inventory management of the EU REACH, as well as that their products contain zero organotin or APEO contents. If the supplier is unable to provide such guarantees, then the supplied products will not be registered for use in the material inventory, and if subsequent improvements or corrective measures are not made, then the supplier will be eliminated from the collaboration list.

Establish Chemical Inventory Management



Feed Material Inspection



(iv) Transportation and Storage Management of Chemicals

In addition to establishing clear warning signs and labels for storage in order to increase the awareness of onsite personnel regarding potential hazards and self-protection, the Company has also installed anti-overflow embankments of suitable height or leakage prevention devices with similar functions in the vicinity of the transportation facilities, storage tanks, and pumps to prevent hazards related to chemical spills and pollution. The inspection of the transportation facilities and storage tanks will be irregularly conducted by the Standards Team and Industrial Safety Office of the President Office. If any leakage or abnormality is discovered, a basic quarantine will be established on the premises, and the responsible personnel will be requested to conduct detection at the site of the reported abnormality and reinforce protection measures in order to ensure prompt response to the crisis and effective control of hazards and damages. ◦

(v) General Knowledge of Hazards

In order to ensure that the onsite personnel have full understanding of the different types of hazardous chemicals and that chemical usage conforms to the "Regulations for the Management of Hazardous Chemical Labeling and General Knowledge", the Company has stipulated the General Knowledge of Hazards Plan to standardize the professional knowledge of relevant operating personnel so that they can fully recognize the properties of the hazardous chemicals, emergency response measures, and preventive measures within their scope of duties and consequently prevent the incidence of disasters or reduce the degree of damage.

The planning and promotion of the General Knowledge of Hazards is conducted by the Industrial Safety Office. In reality, the promotion of the plan requires the supervision and promotion of relevant departments, plants, and plant directors, as well as the cooperation of relevant departments, plants, and Industrial Safety Officers in the implementation of the following items:

1. Compilation and organization of the "Hazardous Chemical Inventory"
2. Preparation of the floor layout of the plant for the storage location of hazardous chemicals
3. Preparation of the labeling for hazardous chemicals
4. Examination of the "Safety Data Sheet" of the hazardous chemicals and review of the accuracy of the contents in the Safety Data Sheet and timely updates as required by the actual conditions. Such reviews should be conducted at least once every three years.
5. Supervision of personnel training for the "General Knowledge of the Manufacturing, Handling, and Usage of Hazardous Chemicals"
6. Stipulation of the Accident Prevention and Emergency Response Measures Table
7. Assisting the Industrial Safety Office in the General Knowledge of Hazards promotion campaign
8. Other necessary measures to ensure that employees are fully aware of the information regarding the hazardous chemicals

Joint Disaster Drill Conducted by the Yunlin County Government

Joint Toxic Disaster Drill

Fire Drill in Plant

(vi) Personnel Training and Emergency Response Drills

The Company shall organize regular training for the general knowledge of hazards and require that all personnel involved in the handling or exposed to the operation site of hazardous chemicals should receive training. Furthermore, training information should be kept complete for inspection and reference. The hazardous chemical operating departments will conduct emergency response drills in accordance with their duty shifts once per year, which will simulate the disasters that may arise from different types of hazardous chemicals, train personnel to ensure understanding and familiarity with the emergency response handling procedures, techniques, and use of firefighting equipment, and record any mistakes and possible improvements identified in the drills.

ii. Green Production Processes

Adhering to the management philosophy of green sustainability, the Company has made extensive use of recycled materials and biomass materials, made improvements to its production processes, installed energy conservation devices, and improved energy and resource efficiency in the hopes of reducing carbon emissions and environmental impacts. To achieve this objective, the Company has already implemented the following measures. In the future, depending on market trends and environmental needs, annual adjustments will be made to the following measures in the production processes.

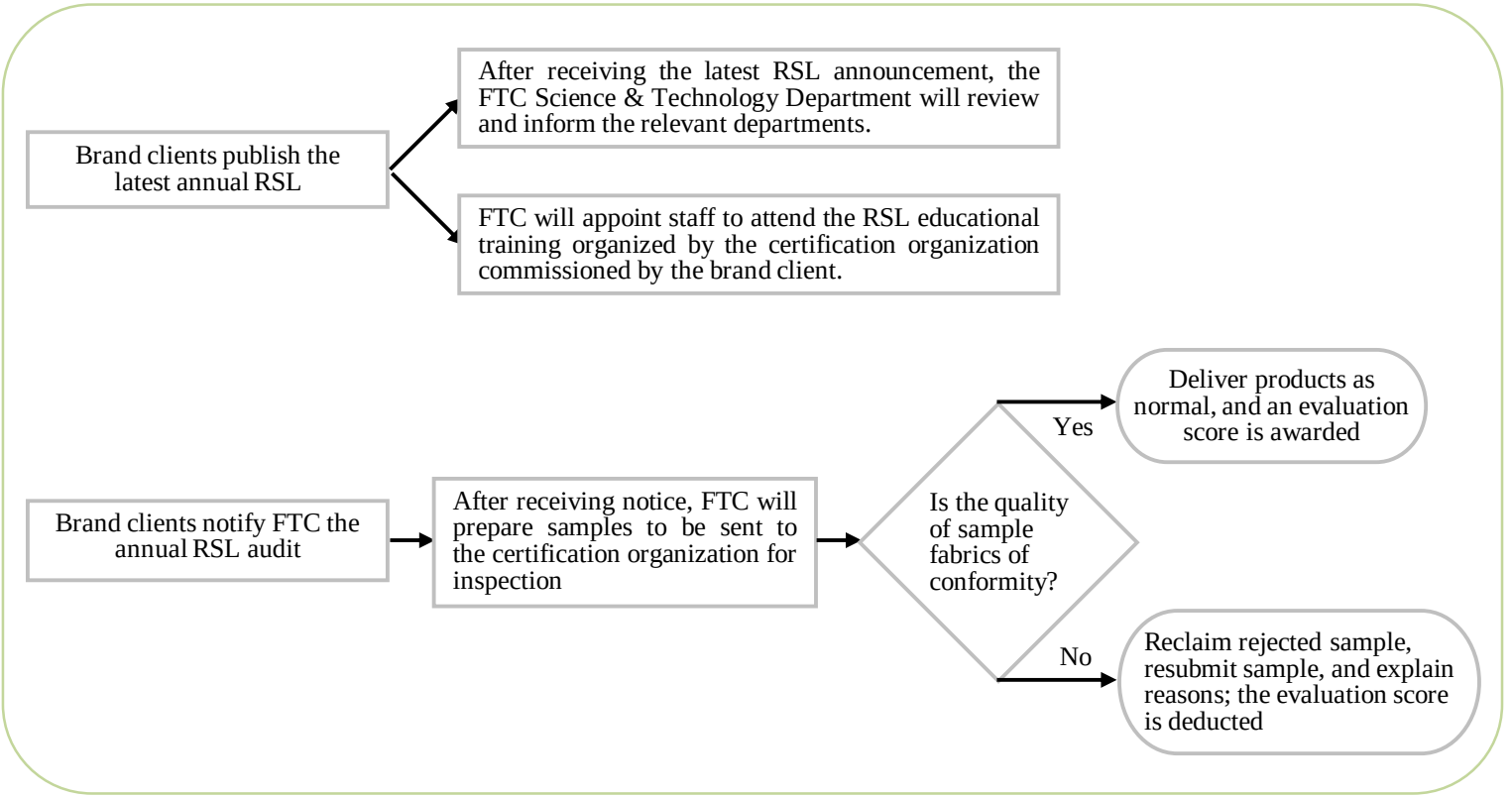
- Development of Recycled Nylon and Recycled Polyester. In 2015, the proportion of recycled fabric products was: Nylon 0.5%, Polyester 3.5% (GRS Reg. No.: CU809578)
- Introduction of Teijin Morphotex®, which contains light interference fibers and allows for popular colors without dyeing or the use of dyes or auxiliary agents.
- Bio-mass material application, such as DuPont Sorona® fiber. In 2015, the application of this biomass material accounted for 0.5%~1%.
- Introduction of dyeing chemicals extracted from plants planted using sustainable methods to reduce the consumption of petrochemical feedstock
- Using and promoting organic planted cotton yarn and fabric (GOTS and OE Reg. No.: CU809578)
- Establish the conversion of dry paper to printed product series
- Introduction of short-chain C6 and C4 Fluorine-free water repellent processes to eliminate PFOA and PFOS. Currently accounting for 30%~40% usage, the usage will be increased annually and is projected to reach 100% by 2018.
- All fireproof processing should use Halogen-free and Antimony-free flame retardants
- Use solvent-free wet reactive bonding adhesives
- For dyes and auxiliary agents used in entire production line processes, request guarantees from their suppliers to ensure compliance with EU REACH specifications, Oeko‐Tex® Standard 100, and zero APEO and organotin composition. Conduct irregular sample inspections and commission third-party certification organizations
- Wet, moisture permeability, and waterproof processing has the advantage of allowing the recycling and reuse of dimethylformamide (DMF); promote an increased utilization rate of the production line due to this process
- Replace traditional solvent-based adhesives with water-based Acrylic and Polyurethane adhesives
- Research and introduce water-free dyeing and finishing equipment and technology, for example, the evaluation and introduction of the Supercritical CO_2 Fluid and the advanced technology research of atmospheric pressure plasma finishing
- Recycle waste thermal energy and wastewater; actively promote concepts of converting waste of previous projects into resources for future projects
- By upgrading equipment, improving processes, and increasing productivity, the first-time success rate can be improved, and the rate of repeated processing can be decreased.
- Introduce and implement the Zero Discharge of Hazardous Chemicals (ZDHC) plan
- Develop and introduce water-free water repellent processing; progress towards a water-free production line
- Promote environmentally friendly, water-conserving, energy-conserving and carbon-reducing processes and products

iii. Green Products

(i) Finished Product Inspection – RSL Review of Each Brand

Every year, each brand, such as NIKE, Adidas, PUMA, Vf, etc., will publish their Restricted Substances List (RSL) and invite downstream contractors to attend the briefing seminars where they will introduce the latest updates and international regulations.

In order to ensure compliance with brands' RSL specifications, the Company has implemented the following self-management process:



As of the publication of this report, the Company has passed the annual RSL sample inspections of the brand clients and successfully obtained certifications, such as the Oeko-Tex® Standard 100, thus demonstrating the degree of strictness and significance that the Company has attached to the health and safety of product users. In the future, we will continue to uphold this belief, strive for the sustainability of clients and the environment, and seek more rigorous monitoring and management processes.

(ii) 24 Product Categories that have passed Product Carbon Footprint Certification

With the promotion and planning of the Lean Management Team and R&D Center, in 2012, the Company conducted the Product Carbon Footprint Certification for 24 product categories in accordance with the PAS 2050: 2011 to calculate the total amount of greenhouse gas emissions produced by the products, from obtaining their raw materials to the final manufacturing phase. This allows the Company to implement energy management and efficiency improvement plans, enhance energy efficiency, and reduce carbon dioxide emissions in order to achieve the objectives of low carbon production and reduction of environmental impacts. Through the guidance offered by the Taiwan Textile Research Institute (TTRI), the Company has passed the BSI Certification and obtained the Product Carbon Footprint Certification for 24 product categories. Obtaining such certifications has created a world record for the most number of certifications obtained in a single inspection.

The 24 product categories are functional fabrics that can satisfy 80% of market and client demands. The functions and uses of the products summarized below:

Processing Item	Functions	Uses
Nylon/Polyester Dyeing & Setting Process for Woven Fabrics	General dyeing and setting	Linings, shell fabrics (Clients may opt for finishing and laminating)
Nylon/Polyester Dyeing & Absorbent Process for Woven Fabrics	Moisture absorbent and quick drying	Sportswear, jackets, golf wear
Nylon/Polyester Dyeing & Water Repellent Process for Woven Fabrics	Stain-proof, waterproof, air permeability	Shell fabrics, inner tent layer, sports and leisure wear, jackets
Nylon/Polyester Dyeing & Water Repellent & Finishing Process for Woven Fabrics	Down-proof, waterproof, soft texture	Vests, coats, jackets, sport jackets, fashion wear
Nylon/Polyester Dyeing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Dyeing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Nylon/Polyester Dyeing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Printing & Water Repellent Process for Woven Fabrics	Printing, stain-proof, waterproof, air permeability	Umbrellas, shell fabrics, sports and leisure wear, beach pants, fashion wear
Nylon/Polyester Printing & Water Repellent & Finishing Process for Woven Fabrics	Embossing, down-proof, water-proof, soft-texture	Linings, shell fabrics, coats, jackets, sport jackets, fashion wear
Nylon/Polyester Printing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Nylon/Polyester Printing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Nylon/Polyester Printing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets

iv. Environmentally Friendly Production Processes and Product Certification

Based on the objectives of environmental protection and sustainability, respecting life, commitment to local charities and social welfare, and cherishing ecological research and environmental protection, the Company has obtained the following certifications since 2009: OHSAS 18001&TOSHMS, ISO 14001, product carbon footprint certification, and ISO/CNS 14064-1:2006 Inventory. The overseas plants have also actively strived to achieve such certifications. The certifications obtained by the plants are summarized in the following table:

Certification Items	Certified Plants				
	Taiwan	Changshu	Zhongshan	Dong Nai	Long An
Eco Products & Production Processes: Oeko-Tex® Standard 100 Certification	✓	✓	✓		✓
GOTS Organic Cotton Certification	✓				
OE Organic Cotton Certification	✓				
GRS Polyester Recycle Standards	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1)	✓				
Occupational Health and Safety Administration System Certification (OHSAS 18001), 2007	✓	✓	✓	✓	✓
Taiwan Occupational Safety and Health Management System (TOHMAS Certification)	✓				
Environmental Management System (ISO14001), 2004	✓	✓	✓	✓	✓
Quality Management System (ISO 9001), 2008	✓	✓	✓	✓	✓
bluesign® Standard Certification	✓	✓	✓	✓	✓
Product Carbon Footprint Certification PAS2050, 2011	✓				
Energy Management System (ISO 50001), 2011	✓				

Regarding the relevant certifications, the Company will continue to conduct annual inspections and upgrade third-party certifications in accordance with the certifications' expiration.

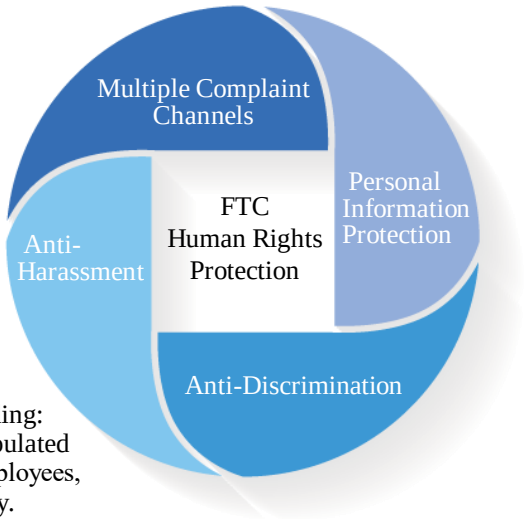
The self-supervision demonstrated by the Company in obtaining such certifications has demonstrated the determination of the Company to protect the environment and its clients and pursue sustainability. In addition to dedicating efforts to mitigating the impacts of global climate change and promoting a green supply industry chain, the Company has also taken steps to ensure that contractors in the textile industry chain can similarly report improvements in energy conservation and emission reduction when they choose Formosa Taffeta products.

Corporate Social Responsibility and Giving Back to the Community

V Corporate Social Responsibility and Giving Back to the Community

(I) Employees: Building a Healthy and Safe Work Environment for Personal Enrichment

Knowing how to make everyone work at ease and give full play to their expertise has always been an objective of Formosa Taffeta. In order to attract outstanding talents, the Company offers stable and competitive salaries in accordance with company regulations, as well as complete training programs and career development planning that allow employees to upgrade their professional capacities. Together with the comprehensive welfare benefits and the creation of a safe and healthy work environment, the physical and mental health of the employees can help achieve the best utilization of human resources. Furthermore, multiple communication channels have been established to solicit employee suggestions and safeguard employee rights, thus establishing a firm foundation for the sustainable development of the company.



i. Human Rights Protection

FTC has always ensured strict compliance with both domestic and international labor and human rights regulations and has always treated all employees equally, including:

a. In compliance with the labor regulations of the government, the Company has stipulated its "Work Regulations" to protect the working conditions and the rights of the employees, as well as to eliminate discrimination related to gender, age, religion, and ethnicity.
b. The Company complies with the provisions of the "Employment Service Act" to provide open, fair, and just employment opportunities to all job seekers.
c. The Company has stipulated the "Employee Complaint Handling and Management Regulations" and established various complaint reporting channels, including suggestion boxes and complaint forms. When employees feel that their rights are being infringed or they are subject to inappropriate treatment, they may report a complaint at any time. The Company provides three types of complaint channels: the level-by-level complaint, the next-level complaint, and the inter-departmental complaint. In 2015, no complaint cases were reported.
d. Anti-discrimination shall be handled in accordance with the "Employee Complaint Handling and Management Regulations".
e. The Company has established a "Reward and Penalty Committee" comprised of high level managerial staff to discuss and review major reward or penalty cases.
f. The Company shall strengthen the advocacy of sexual harassment prevention, stipulate the "Sexual Harassment Prevention Regulations", and provide employees with clear complaint channels to protect employee rights.
g. "Personal Information Management" policies shall ensure the proper custody and handling of employees' confidential information
h. The Company shall stipulate "Specifications for Employee Rights Protection" and abide by the regulations pertaining to the Prohibition of Forced Labor, such as the Labor Standards Act and the Occupational Safety and Health Act. In 2015, no complaint cases were reported.
i. The labor union of the Company was established in 1976 to regularly conduct committee and supervisor meetings and member meetings, as well as negotiate with the Company on labor issues to protect employee rights and promote a harmonious employer-employee relationship.

(i) Employment

The recruitment operation of Formosa Taffeta has always abided by the principles of fairness, justness, and openness. Employee candidates are determined based on the performance of each batch of interviewees, in complete compliance with the Labor Standards Act. The Company's policies forbid the employment of child laborers, and no incidents of employed child labor were reported in 2015. At the same time, based on equal employment rights, consideration for employment is based on personal professional capabilities and experiences, instead of such factors as age, ethnicity, sexual orientation, religion, political standing, birthplace, marriage, appearance, or disability. After individuals are hired, their promotion, assessment, training, and reward/punishment system are regulated by clear regulations to ensure equal treatment for all employees. No incidents of human rights violations or discrimination among the hired employees have been reported. The analysis of the age groups and proportion of new employees in 2015 is as follows:

Age Group Analysis of New Employees in the Five Plants in 2015

Age Group		Taiwan Plant			Zhong-shan Plant in China			Chang-shu Plant in China			Lon-an Plant in Vietnam			Dong-nai Plant in Vietnam		
		Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
New Employees	Under 29	90	91	181	120	208	328	37	68	105	77	106	183	208	108	316
	30 to 39	16	44	60	51	85	136	28	35	63	6	27	33	3	5	8
	40 to 49	1	3	4	16	18	34	3	5	8	0	1	1	0	0	0
	50 to 59	0	1	1	1	2	3	0	1	1	0	0	0	0	0	0
	Over 60	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0
	Total	107	140	247	188	313	501	68	109	177	83	134	217	211	113	324
Number of formal employees		3,254			719			306			890			856		
Proportion of New Employees (Annual accumulated)		7.6%			69.7%			57.8%			24.4%			37.9%		

a. Definition of new employees: New formal employees that have completed the external recruitment and registration procedures (excluding contract workers and migrant workers).

b. Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population * 100%

(ii) Workforce Structure

1. Ratio of Male Employees to Female Employees, Average Years of Service, and Employee Resignation Rates

Ratio of Male Employees to Female Employees, Average Years of Service, and Resignation Rates of the Five Plants between 2013~2015

Year	Item \ Plant		Taiwan Plant	Zhong-shan Plant in China	Chang-shu Plant in China	Lon-an Plant in Vietnam	Dong-nai Plant in Vietnam
2013	Formal Employees	Male	2,284	437	178	390	345
		Female	1,064	296	120	382	342
	Informal Employees	Male	228	0	0	0	0
		Female	188	0	0	0	0
	Total		3,764	733	298	772	687
	Formal Employees	Ratio of Male to Female	2.1:1	1.5:1	1.5:1	1.0:1	1.0:1
		Average Years of Service	18.3	5.6	3.0	8.2	2.5
		Resignation Rates (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
	Informal Employees	Male	276	0	0	0	0
		Female	313	0	0	0	0
	Total		3,898	734	289	804	794
	Formal Employees	Ratio of Male to Female	2.1:1	1.6:1	1.4:1	1.1:1	1.0:1
		Average Years of Service	18.5	5.4	3.0	8.4	2.8
		Resignation Rates (Annual)	9.2%	62.0%	48.4%	15.2%	35.6%
2015	Formal Employees	Male	2,215	437	184	477	453
		Female	1,039	282	122	413	403
	Informal Employees	Male	398	0	0	0	0
		Female	374	0	0	0	0
	Total		4,026	719	306	890	856
	Formal Employees	Ratio of Male to Female	2.1:1	1.5:1	1.5:1	1.2:1	1.1:1
		Average Years of Service	18.6	5.9	3.0	8.2	3.08
		Resignation Rates (Annual)	7.6%	57.7%	64.1%	14.7%	31.0%

Notes:

1. Statistics of male to female employment ratio, average years of service, and resignation rates are based on formal employees. (Informal employees are not included.)
2. Formula for employee resignation: Total number of employee resignations for the year/Year-end (December) formal employee population * 100% (excluding retirement, severance, death, and dismissal)
3. Reasons for high employee resignation in China Plants (Zhongshan, Changshu) in 2015: The shortage of human resources in the coastal provinces of China has caused a high labor mobility rate. Reasons for a greater hiring rate than resignation rate in Vietnamese Plants (Long An, Dong Nai) in 2015: Due to the expansion of the Vietnamese Plants, the human resource recruitment has continued to increase, thus leading to the higher employment rate.
4. In 2015, the percentage of formal employees in the Taiwan Plants is 80.8%, while informal employees (such as consultants, contract workers, migrant workers, and part-time student workers) account for 19.2%. In the past five years, the percentage of formal employees has been maintained above 80% on average, amongst which the ratio of male to female employees has been around 2:1, average age has been 42.8 years old, and average years of service has been 18.6 years.

2. Proportion of Position Groups, Age Groups, and Gender

Category	Groups \ Plant / Gender	Taiwan Plant				Zhong-shan Plant in China				Chang-shu Plant in China			
		Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position*	Managerial staff (and above)	0	17	17	0.5%	0	3	3	0.4%	0	1	1	0.3%
	1st and 2nd level supervisors	11	320	331	10.2%	20	70	90	12.1%	8	19	27	8.4%
	Base-level supervisors	52	532	584	18.0%	70	114	184	24.8%	64	107	171	53.4%
	Base-level employees	976	1,346	2,322	71.4%	192	273	465	62.7%	49	72	121	37.8%
Age	Under 29	120	272	392	12.1%	117	176	293	39.5%	73	108	181	55.6%
	30 to 39	380	476	856	26.3%	117	172	289	39.0%	31	65	96	30.0%
	40 to 49	412	736	1,148	35.3%	41	77	118	15.9%	15	21	36	11.3%
	50 to 59	118	681	799	24.6%	7	34	41	5.5%	2	5	7	2.2%
	Over 60	9	50	59	1.8%	0	1	1	0.1%	0	0	0	0.0%
Sub-total by Gender/Total		1,039	2,215	3,254		282	460	742[a]		121	199	320[b]	

Category	Groups \ Plant / Gender	Lon-an Plant in Vietnam				Dong-nai Plant in Vietnam			
		Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position*	Managerial staff (and above)	0	5	5	0.5%	0	1	1	0.1%
	1st and 2nd level supervisors	20	41	61	6.6%	5	28	33	3.7%
	Base-level supervisors	122	153	275	29.6%	124	129	253	28.3%
	Base-level employees	272	315	587	63.3%	281	327	608	67.9%
Age	Under 29	176	205	381	41.1%	330	371	701	78.3%
	30 to 39	141	185	326	35.1%	66	80	146	16.3%
	40 to 49	83	99	182	19.6%	7	12	19	2.1%
	50 to 59	12	24	36	3.9%	7	17	24	2.7%
	Over 60	2	1	3	0.3%	0	5	5	0.6%
Sub-total by Gender/Total		414	514	928[c]		405	490	895[d]	

※ As our Company is a traditional labor-intensive industry, it can be observed from the position group statistics that, although female employees hold positions among the base level supervisors and 1st and 2nd level management supervisors, there are no female managerial staff among the high level executives of senior management. In the future, the Company will continue to strengthen the training of female employees to increase diversity of sources for staff employment and supervisor appointment.

Notes:

* Definition of positions: Managerial staff refers to positions of Managers and above; 1st level management supervisors refer to Plant Director-level; 2nd level management supervisors refer to Section Chief-level.

The employee composition of the four overseas Plants (Zhong-shan, Chang-shu, Long-an, Dong-nai) is as follows:

a. 719 local employees and 23 Taiwanese managerial staff appointed by the parent company in Taiwan
b. 306 local employees and 14 Taiwanese managerial staff appointed by the parent company in Taiwan
c. 890 local employees and 38 Taiwanese managerial staff appointed by the parent company in Taiwan
d. 856 local employees and 39 Taiwanese managerial staff appointed by the parent company in Taiwan

(iii) Health and Safety

Since obtaining the Occupational Health and Safety Administration System (OHSAS-18001/TOSHMS) Certification in June 2009, the Taiwan Plants have ensured the regular update of certification operations every three years starting from June 2012. Furthermore, the overseas plants in Zhong-shan, Chang-shu, Long-an, and Dong-nai have also qualified for OHSAS-18001 and ISO-14001 Certification in 2013. Under the framework of social responsibility and the Safety, Health, and Environment Administration System, our Company will continue to seek improvements in accordance with the GRI G4-LA5 and dedicate our efforts to promoting health and safety administration。

1. Safety, Health, and Environment Policies

In order to ensure effective health and safety management, the Company has stipulated the following safety, health, and environment policies:

- Ensure compliance with relevant safety, health, and environment regulations and other reasonable demands of stakeholders.
- Make good use of the Safety, Health, and Environment Administration System to strengthen pollution prevention and reduce hazardous impacts.
- Promote hazard identification, risk evaluation, and risk control to prevent damage and health hazards.
- Promote energy conservation and reduction to reduce the impacts of environmental damage and hazards to health and safety.
- Strengthen neighboring relationships, establish good communication channels, enforce routine inspections, ensure reviews, and seek continuous improvements.

2. Occupational Safety and Health Management Plans

In accordance with the "Occupational Safety and Health Act", both the main plant and the 2nd plant of Formosa Taffeta have established the Occupational Safety and Health Committee, both of which are headed by the President, while the labor representatives assisting in the supervision and proposal of relevant plans account for 33.3% and 44.4%, respectively. This percentage conforms to the legal regulation, which stipulates that labor representatives must account for one-third of the committee. For many years, we have adhered to our management philosophy of "Balancing Environmental Safety and Health with Economic Development" and established Occupational Safety and Health Management Plans that comply with relevant regulations. Through the effective operation of the Occupational Safety and Health Committee and risk evaluation, the Company has incorporated hazard identification and risk management strategies for implementation. Through constant inspection and issue identification, prompt corrective measures can be taken to ensure continuous improvements and increase Safety and Health Management performance.

3. Hazard Identification, Risk Evaluation, and Stipulating Control Measures

In order to identify potential hazard factors in the environment, as well as the potential impacts of such hazards to the operations, facilities, products, and services, the Company (Taiwan Plants) has conducted evaluations to identify and classify potential risks and has stipulated response control mechanisms/measures for the various types of risks. In order to ensure that risk management can be improved with time and appropriately adjusted, the Company will not only conduct full-scale risk evaluations before the annual internal audit, but will also conduct irregular inspections on the changes in production processes, activities, equipment, raw materials, and operating environments to evaluate whether any new risks should be included in the hazard factor list and then shall stipulate corresponding measures.

Hazard Identification, Risk Evaluation, and Control Measures of Taiwan Plants in 2015:

Number of hazard identification and risk evaluation cases implemented	Number of Unacceptable (High) Risk Cases Evaluated	Number of Targets Stipulated and Case Improvements	Amendments and Stipulations of Management Documents
5,176	17	17	38

List of Objectives, Targets, and Improvements of Unacceptable (High) Risks in Taiwan Plants in 2015

No.	Objective	Target	Improvement / Management Plan	Progress
1	Fire Prevention during the Dismantling Operations of the Slurry Blending Tank	0 incidents of fire during the dismantling operations / Year	Stipulate management plan for the prevention of fire hazards during the dismantling of the slurry blending tank.	Completed
2	Safety Management of the Replacement Operations of the Weaving Machine	0 cases of industrial safety incidents during implementation / Year	Stipulate plans for the prevention of industrial safety hazards during the replacement of the weaving machine.	Completed
3	Prevention of collision injuries when moving objects	0 incidents of collision injuries when moving objects / Year	Management plan for personnel training in the prevention of collision injuries during the moving and warehousing of Greige fabric.	Completed
4	Prevention of collision injuries	0 incidents of collision injuries / Year	Stipulate plans for the prevention of personnel collision injuries during the operation of the drying machine.	Completed
5	Improvement of slip-and-fall accidents in the plants	0 incidents of slip-and-fall accidents / Year	Management plan for the prevention of slip-and-fall accidents in the plants	Completed
6	Improvement in the prevention of bruise injuries due to the opening of the oven door of the setting machine	0 incidents of bruise injuries and crush injuries due to opening the door / Year	Improvement plan for the opening of the oven door of the setting machine	Completed
7	Improvement of electrical equipment in the liquid fabrication chamber of the second processing area	0 incidents of fire hazards or explosions of organic solvents / Year	Management plan for the improvement of electrical sockets and equipment and the prevention of gas explosions in the liquid fabrication chamber	Completed
8	Prevention of leakage of liquid caustic soda	0 incidents of feed leakage of liquid caustic soda and industrial safety / Year	Improvement plans to prevent the overflow of feed pipelines of liquid caustic soda	Completed
9	Prevention of industrial safety incidents due to coiling equipment in the plants	0 incidents of injuries due to coiling equipment / Year	Facility improvement plans to install emergency stops in the fabric coiling equipment of the infuser machine	Completed
10	Prevention of fire hazards and gas explosions during the material feed process in the chemical storage tanks (VP) of the infuser	0 incidents of fire hazards and gas explosions / Year	Improvement plans for the waste gases produced during the material feed process in the chemical storage tanks (VP) of the cord fabric infuser	Completed
11	Prevention of static-induced fire hazards in the ovens	0 incidents of fire hazards induced by static in the infuser ovens / Year	Improvement plans for the elimination of static in the infuser ovens	Completed
12	Electrical safety of the infuser machine	0 incidents of hazards due to electrical shorting and sparks / Year	Improvement plans for the electrical wiring of the lighting system of the infuser machine	Completed
13	Prevention of fire hazards and gas explosions during the material feed process in the chemical storage tanks (VP) of the infuser	0 incidents of fire hazards and gas explosions / Year	Improvement plans for the waste gases produced during the material feed process in the chemical storage tanks (VP) of the cord fabric infuser	Completed
14	Prevention of static-induced fire hazards in the ovens	0 incidents of fire hazards induced by static in the infuser ovens / Year	Improvement plans for the elimination of static in the infuser ovens	Completed
15	Prevention of puncture injuries during the cleaning of cotton	0 incidents of puncture injuries / Year	Improvement plans for the prevention of puncture injuries during the cleaning of cotton of the cotton cleaning machine	Completed
16	Response drill for the protective measures taken during fire hazards	Preventing casualties / reducing damages during fire hazards	Training plans for the emergency response drill of three fire brigades in the plants	Completed
17	Height restriction of overhead pipelines to prevent vehicles / goods collision	0 incidents of vehicles / goods colliding with overhead pipelines	Improvement plans for the height restriction labeling of the pipelines	Completed

4. Management of Operating Environment

Before monitoring the work environment, hazardous factors should first be identified. Depending on the actual conditions of the work environment and the evaluation of the exposure of the employees, after conducting sample strategic planning, specialized third-party monitoring companies will be commissioned to conduct regular monitoring of the work environment to understand the actual work environment and protect the safety and health of the operation personnel. Analysis of the monitored results shows that, due to the characteristics of the industry, the work environment is subject to excessive noise hazards. The Company has already procured appropriate and effective soundproof protective gear (earmuffs and earplugs) and will continue to conduct training and inspection to enforce the wearing of protective gear by the workers, as well as request all departments to strengthen the isolation of the noise sources to prevent noise hazards. Furthermore, in monitoring carbon dioxide, dust particles, organic solvents, and specific chemical substances in the work environment, the monitored results of 2015 show that the detected levels of the monitored items are lower than the detectable limits, about 1/3 of the acceptable standards. The Company will continue to enhance equipment automation and preventive equipment to improve the operating environment and ensure that workers are educated in the correct operation methods, gearing of protective equipment, and management methods in order to protect the health and safety of operation personnel.。

Summary of Environmental Monitoring Items in Formosa Taffeta Plants in 2015

Plant	Monitored Workplace	Monitored Item	Monitoring Cycle	Number of Monitored Sites/Year	Results
Douliu Plant (Taiwan)	Air-Conditioned Indoor Workplace	Carbon Dioxide	Once / 6 months	33	Less than 1/5 of the acceptable standards
	Noisy Operation Workplace	Noise (dB)	Once / 6 months	42	85 (dB)~98.5 (dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Dust Particulates Operation Workplace	Category 4 Dust Particulates, Category 4 Respirable Particulate Mass	Once / 6 months	14	Less than 1/4 of the acceptable standards
	Organic Solvents Operation Workplace	Organic Solvents	Once / 6 months	62	Less than the lowest detectable limit ~ 1/3 of the acceptable standards
	Specific Chemical Substance Operation Workplace	Specific Chemical Substances	Once / 6 months	28	Less than the lowest detectable limit ~ 1/3 of the acceptable standards
Zhong-shan Plant (China)	Noisy Operation Workplace	Noise (dB)	Once / year	6	85(dB)~98.5(dB) Equipped with soundproof protective gear (Earmuffs and earplugs)
	Dust Particulates Operation Workplace	Category 4 Dust Particulates, Category 4 Respirable Particulate Mass	Once / year	9	Less than 1/4 of the acceptable standards

Summary of Environmental Monitoring Items in the Formosa Taffeta Plants in 2015 (continued)

Plant	Monitored Workplace	Monitored Item	Monitoring Cycle	Number of Monitored Sites/Year	Results
Chang-shu Plant (China)	Organic Solvents Operation Workplace	Organic Solvents	Once / year	13	Meets acceptable standards
	Specific Chemical Substance Operation Workplace	Specific Chemical Substances	Once / year	4	Meets acceptable standards
	Dust Particulates Operation Workplace	Category 4 Dust Particulates, Category 4 Respirable Particulate Mass	Once / year	2	Meets acceptable standards
	Noisy Operation Workplace	Noise (dB)	Once / year	8	85(dB) and above Equipped with soundproof protective gear (earmuffs and earplugs)
	High Temperature Workplace	High Temperature (℃)	Once / year	4	Meets acceptable standards
Long-an Plant (Vietnam)	Noisy Operation Workplace	Noise (dB)	Once / year	26	85(dB)~98(dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Dust Particulates Operation Workplace	Category 4 Dust Particulates, Category 4 Respirable Particulate Mass	Once / year	25	Less than 1/4 of the acceptable standards
	Organic Solvents Operation Workplace	Organic Solvents	Once / year	1	Less than the lowest detectable limit ~ 1/3 of the acceptable standards
Dong-nai Plant (Vietnam)	Noisy Operation Workplace	Noise (dB)	Once / year	46	85(dB)~98(dB) Equipped with soundproof protective gear (earmuffs and earplugs)
	Organic Solvents Operation Workplace	Organic Solvents	Once / year	15	Less than the lowest detectable limit ~ 1/3 of the acceptable standards
	Hazardous Gases	CO_2、SO_2、NH_3	Once / year	51	Less than the lowest detectable limit ~ 1/3 of the acceptable standards
	Dust Particulates Operation Workplace	Category 4 Dust Particulates, Category 4 Respirable Particulate Mass	Once / year	24	Less than 1/4 of the acceptable standards

5. Health Management and Health Promotion

(1) General Health (Physique) Inspection

Before new employees report for work, they must proceed to designated certified hospitals or medical institutions for general health inspection and complete the "Employee Health Inspection Booklet". Employees and workers should comply with the following regulations to regularly undergo general health inspections. ◦

Summary of General Health Inspections Conducted in each Plant of FTC in 2015

Plant	Employee Age Group	Health Inspection Cycle	Number of Employee Health Inspections Conducted
Taiwan Plant	Under 40 years old	Once every 5 years	1097 employees in 2015
	Between 40 and 65 years old	Once every 3 years	1917 employees in 2014
	Above 65 years old	Once every year	No personnel above 65 years old in the plants
Zhong-shan Plant in China	Between 18 and 60 years old	Once every 2 years	261 employees in 2015
Chang-shu Plant in China	Between 18 and 60 years old	Once every 2 years	131 employees in 2014
Lon-an Plant in Vietnam	Normal Environment Personnel	Once every year	751 employees in 2015
Dong-nai Plant in Vietnam	Normal Environment Personnel	Once every year	764 employees in 2015

Analysis of the general health inspection results of the employees working in Taiwan Plants reveals that the most prevalent health issues of employees are BMI, eyesight, cholesterol, etc. The "Cardiovascular Disease Prevention Seminar" conducted by nursing personnel is organized for high risk groups to ensure health promotion and management.

(2) Special Health (Physique) Inspection

For new employees working in especially hazardous operations, they should undergo a Special Health (Physique) Inspection at designated certified hospitals for inspection items stipulated by the regulations of the special hazard workplace within one week of reporting for work. The results of the inspection will be used for comparison with the "Diseases Deemed Unfit for Operation" as the basis for dispatching work. For current employees working in especially hazardous workplaces, the Company will implement the Special Health (Physique) Inspection annually in accordance with regulations.

Summary of Special Health Inspections Conducted in each Plant of FTC in 2015

Plant	Special Health Inspection Items	Class 1	Class 2	Class 4	Number of Inspected Personnel
Douliu Plant (Taiwan)	Noise (Hearing)	616	143	2	761
	Dust Particulates	12	1	0	13
	Dimethylformamide	95	19	0	114
	Noise (Hearing)	723	163	2	888
Zhong-shan Plant (China)	Noise (Hearing)	145	23	0	168
	Dust Particulates	2	0	0	2
	Chemical Substances + Dust Particulates	20	2	0	22
	Noise + Chemical Substances + Dust Particulates	1	0	0	1
	Noise + Chemical Substances	1	0	0	1
	Noise + Dust Particulates	47	17	0	64
	Chemical Substances	21	1	0	22
	Sub-total	234	43	0	280
Chang-shu Plant (China)	Other Dust Particulates	9	0	0	9
	Toluene, Dimethylformamide	19	0	0	19
	Sub-total	28	0	0	28
Long-an Plant (Vietnam)	Noise (Hearing)	123	17	0	140
	Dust Particulates	13	0	0	13
	Sub-total	136	17	0	153
Dong-nai Plant (Vietnam)	Noise (Hearing)	297	0	0	297
	Sub-total	297	0	0	297
Each Plant	Total	1418	223	2	1646

For special health inspection results that are classified under Class 2 Health Management, the Plant infirmary will conduct an interpretation of the health report and offer health guidance information. Personnel classified under Class 2 Health Management are advised to comply with the inspection reports and physician's advice to visit the hospital regularly for treatment tracking or medication. Due to the noise characteristics of the industry, the weaving operation workplace in the weaving plant is a high occupational risk area for hearing difficulties. The Company has procured appropriate and effective soundproof protective gear (earmuffs and earplugs) and will continue to conduct personnel training and inspection to enforce the wearing of protective gear by the workers, as well as strengthen the isolation of noise sources to prevent noise hazards. Two employees have been classified under Class 4 Health Management in Taiwan Plants. Since professional specialist doctors have suggested that they are unfit for noisy operations, the personnel have been transferred to low-noise operation environments to protect their hearing.

(3) Labor Health Protection Measures

In conjunction with the provisions of the laborers' physical and mental health protection measures of the "Occupational Safety and Health Act", the Infirmary and Industrial Safety Office promoted the following protection plans in 2015:

a. Ergonomic Hazard Prevention Plan": Prevent ergonomic hazards and repeated musculoskeletal injuries. Investigation and analysis targets: Work injury, health and absence records (sick leave). Investigate and evaluate potential groups of people with musculoskeletal symptoms, such as personnel conducting loading and unloading operations or operations of a repetitive nature, through the "Musculoskeletal Symptom Questionnaire". After confirming the target group for improvement, administrative improvement, health promotion, and basic and advanced ergonomic improvement measures shall be taken.

b. Excessive Workload-Induced Disease Prevention Plan": Prevent excessive workload from inducing brain and cardiovascular diseases. Investigation targets are mainly employees at plant director-level and below, who are required to complete the "Fatigue Evaluation Form" and "Excessive Workload Evaluation Form". Using relevant information such as "Working and Overtime Hours", "Health Inspection", and "Excessive Load Conditions", the high risk groups can be identified so that nursing personnel to conduct the "Ten-Year Brain and Cardiovascular Disease Evaluation". A "Cardiovascular Disease Prevention Seminar" was conducted for 143 high-risk employees in October 2015. Due to the comprehensive risks of cardiovascular diseases and workload-induced occupational brain and cardiovascular diseases, the Company shall continue to push for health promotion and management.

c. Maternity Health Protection Plan": In conjunction with the maternity labor regulations stipulated by the Occupational Safety and Health Act, the Company has established its "Regulations of the Maternity Labor Health Protection Administration" to protect the physical and mental health of female workers who are pregnant, have recently given birth, or are breastfeeding in order to achieve the aims of protecting the health of maternity laborers. A plan will be implemented by the Company infirmary in 2016 to conduct target investigations and adopt protective measures.

6. Emergency Response and Rescue

(1) Emergency Response

In accordance with the "Fire Services Act", the implementation of firefighting, report, and evacuation training should be conducted at least once every six months, with each session lasting no less than four hours, and the local fire department authorities must be informed in advance. In order to strengthen the management of emergency response operations and provide a guiding basis for the departments to handle emergency responses, the Company has stipulated the "Emergency Response Administration" to establish an emergency response organization system, form task groups, stipulate emergency response plans, stipulate rescue specifications, and manage emergency response drills. Through regular drills and personnel training, emergencies and accidents can be dealt swiftly to prevent the spread of disasters and reduce their damage.

Summary of Emergency Response Drill in each Plant of FTC in 2015

Plant	Number of Emergency Response Drills Simulated	Drill Cycle	Drill Duration	Number of Participants
Taiwan Plants	40 Simulations	Twice / Year	4 Hr / Drill	3898
Zhongshan Plant (China)	20 Simulations	Twice / Year	4 Hr / Drill	400
Changshu Plant (China)	4 Simulations	Twice / Year	4 Hr / Drill	320
Long An Plant (Vietnam)	Conducted in conjunction with the Vietnamese public security fire drills	Once / Year	16 Hr / Drill	751
Dong Nai Plant (Vietnam)	Conducted in conjunction with the Vietnamese public security fire drills	Once / Year	16 Hr / Drill	795
Equipment Used in the Response Drills	Wireless radio, broadcast equipment, fire engines, firefighting turrets, fire extinguishers, portable smoke removal fans, emergency generators, torchlights, fire suits, respirators, stretchers, first-aid kits, ambulances, etc.			

(2) Medical Care

Due to the increasing threat of cardiovascular diseases to human health in recent years, the 1st and 2nd Plant in Taiwan have established Automated External Defibrillators (AED) in the Security Offices of both plants to strengthen emergency medical care. When the Security Office receives an emergency report, they will immediately notify medical and industrial safety personnel and then dispatch an ambulance to the location of the report for emergency patient transport. The ambulance will be equipped with an AED and other necessary medical equipment in order to be prepared for other unexpected situations. Currently, 37 personnel in Taiwan Plants have obtained AED certification. The Plant infirmary is responsible for the maintenance of the AED, as well as organizing regular AED operation training sessions.

Both the 1st and 2nd Formosa Taffeta Plants are equipped with Automated External Defibrillators (AED).

Company ambulance.

(3) Onsite Physician Services

In accordance with the onsite service frequency and staffing requirements of the "Staffing and Onsite Service Frequency of Physicians Conducting Labor Health Services" and "Staffing of Nurses Conducting Labor Health Services" stipulated in the "Labor Health Protection Regulations", the Company has employed or commissioned physicians and nursing personnel to offer onsite labor health services.

Staffing of Physicians and Nurses Offering Labor Health Services and Onsite Health Service Frequency in Taiwan Plant:

Plant	Number of Labor Workers	Nurse Staffing	Physician Onsite Service Frequency
Main Plant	2880	2 Full-time Nurses	6 Visits / Month
2nd Plant	546	1 Full-time Nurse	1 Visit / Month

(4) Health Promotion Campaigns

With regard to conducting workplace health promotion campaigns, the Company will plan and organize activities, such as health education and health guidance, and other related health promotion activities every year.

Summary of Health Promotion Activities Organized in Taiwan Plant in 2015

Event Date	Event	Number of Participants
2015/6/10	Health Seminar – Musculoskeletal Pain Relief and Rehabilitation	82
2015/10/5-13	Health Seminar – Excessive Workload-Induced Brain and Cardiovascular Diseases	Brain and Cardiovascular Disease High-risk Groups --143
2015/1/1-12/31	Employee Health Guide	124 / Year
2015/4/27-30	Badminton Competition	48
2015/6/2	Basketball Competition	30
2015/7/31-8/11	Volleyball Competition	52
2015/9/21-25	Table Tennis Competition	46
2015/6/22-24	Sepak Takraw Competition	28
2015/6/01	Billiard Competition	16
Irregular	Subsidies are offered to various associations for outdoor activities	19 clubs and societies, including mountaineering clubs, outing clubs, cycling clubs, and dance societies

Subsidies offered to various associations for outdoor activities in 2015:

2015/6/10 Health Seminar – Musculoskeletal Pain Relief and Rehabilitation

2015/10/5-13 Health Seminar – Excessive Workload-Induced Brain and Cardiovascular Diseases

7. Occupational Disaster Statistics and Prevention

The Company has a sound Safety, Health, and Environment Management and Promotion Department responsible for the implementation of safety and health management, so the Company has had no incidents of occupational diseases that arose due to work-related reasons. Regarding potential occupational disasters, the Company will plan and organize activities, such as health education, health guidance, General/Special Health (Physique) Inspections, Physician Onsite services, Emergency Rescue, and other health promotion activities every year. The occupational disaster statistics of the Formosa Taffeta Plants in the past three years are summarized below:

Occupational Disaster Statistics between 2013-2015

Year	2013			2014			2015								
Country	Taiwan	China	Vietnam	Taiwan	China	Vietnam	Taiwan			China			Vietnam		
							Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Fatalities (People)	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Number of Disabling Injury Incidents (Cases)	19	12	6	14	10	8	13	0	13	5	1	6	3	2	5
Disabling Injury Frequency Rate (%) (FR)	2.46	4.79	1.7	1.84	4.04	2.01	1.72	0	1.72	2.06	0.41	2.47	0.74	0.49	1.23
Lost Days (Day) (LD)	202	438	41	6123	216	90	309	0	309	196	6	202	81	36	117
Disabling Injury Severity Rate (%) (SR)	26	175	12	806 *	87	23	47	0	47	81	2	83	20	9	29
Absenteeism rate (%) (AR)	0.34	1.43	0.86	0.4	1.46	0.83	0.31	0.14	0.45	0.96	0.91	1.87	0.74	0.58	1.32

Notes: ✻ In 2014, the disabling injury severity rate was 806 days / million work hours. The high value is due to the sudden death of an employee suffering a myocardial infarction, resulting in the maximum lost days (6000 days) as stipulated by the relevant regulations.

a. Disabling Injury Frequency Rate (%): Number of disabling injuries per million hours of exposure; FR = Number of disabling injuries * 106 Work hours / Total hours of exposure
b. Lost Days: Number of days that the affected person was unable to resume work temporarily (or permanently), excluding the day the incident occurred and the day the person returned to work, but it does include all intervening days (including Sundays, days off, and plant shut-down), as well as the number of days unable to work subsequent to the affected person's return to work.
c. Disabling Injury Severity Rate: Number of work days lost per million work hours; SR = Number of work days lost *106 / Total work hours
d. Absenteeism Rate: Percentage of absent work days (personal leave, sick leave, hospitalized, absent from work) to number of work days; AR = Total hours of absent hours / total number of work hours * 100%

With regard to occupational disaster prevention and management, the Company has established mechanisms for the reporting, investigation, analysis, and statistics of occupational disasters and accidents. All safety and health incidents and false alarms in the Company are reported through the computer system, and the department of the incident and the President Office will be responsible for conducting investigations into the incident within 14 days to submit a detailed report of the underlying factors to the Industrial Safety Office. After the Industrial Safety Office has reviewed the report, it will be organized into a case study example and disseminated to the other departments. In order to encourage departments to take the initiative to identify abnormalities and implement improvements, operation personnel that identify potential hazards (including false alarms) and propose improvement plans will be rewarded in accordance with the "Regulations for the Management of Work Improvement Plans".

Statistical Analysis of Occupational Accidents in Each Plant of FTC in 2015

Plant	Accident Type	Number of Accidents	Reasons		
			Unsafe Behavior and Activities	Unsafe Operating Equipment / Environment	Personal Health Factors
Taiwan	Crushed by or caught between machinery / goods	5	5	-	-
	Bruise injuries	3	1	2	-
	Slip-and-fall	2	-	2	-
	Inappropriate behavior	1	1	-	-
	Contact with hazardous substances	1	-	1	-
	Other	1	-	-	1
China	Falling	1	1	-	-
	Crushed by or caught between machinery / goods	4	3	1	-
	Cut by machinery / goods	1	1	-	-
Vietnam	Crushed by or caught between machinery / goods	3	3	-	-
	Bruise injuries	1	1	-	-
	Cut by machinery / goods	1	1	-	-
Total		24	17	6	1

According to the analysis of the occupational accident statistics of the Company in 2015, the incidence of accidents was mostly due to personnel engaging in unsafe behavior. By providing safety and health education, the Company can train and develop operation personnel to use correct work habits and operation standards, as well as plan for the regular implementation of emergency response drills to increase the emergency response capacities of the plants. Furthermore, by improving equipment and the environment, personnel injuries and damage can be reduced or even prevented in order to reduce the incidence of occupational accidents annually.

8. Personnel Training

In addition to obtaining certifications in accordance with regulations, the Industrial Safety Office has also drawn up the "Safety, Health, and Environment Personnel Training Schedule / Timetable," which requires the relevant departments to comply with the company regulations of "Personnel Training Administration" (100-20-P007) and develop a Safety, Health, and Environment Personnel Training Plan in line with the actual training requirements for the following year prior to November each year. The plan will be registered in the Formosa Taffeta Training System (TN1), and then the "Annual Training Schedule" will be printed out for the approval of the business unit managers, after which the schedule will be submitted to the Industrial Safety Office for review and used as the basis for organizing annual safety, health, and environmental protection and firefighting training.

Summary of Safety, Health, and Environmental Protection Training Implemented in Taiwan Plants in 2015

Type	Main Training Course	Target Groups (Hours)	Training Hours / Participants
Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	437 h / 3588 participants
	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
Environmental Protection	Operation personnel environmental protection training	All employees	136 h / 1988 participants
	Chemical substance (including wastewater) leakage and handling training	Public works department, chemical substance operation departments	
	Air pollution, water pollution, waste and toxic operations training	All environmental protection operation departments	135 h / 4063 participants
Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	437 h / 3588 participants

ii. Employee Rights and Benefits

(i) Employee Remuneration

The Company has stipulated the "Employee Promotion Scheme" to regulate the promotion of new employees and ensure talent development so that employees can develop their potential and increase the performance of their departments. Furthermore, the "Employee Treatment Administration" has been stipulated to regulate the corresponding salary standards for different employee positions and academic qualifications. ◦

(ii) Job Security

In response to rapidly changing business environments and constant technological innovations, the Company has continued to streamline its business operations. However, based on the priority of protecting employees' labor rights, the Company has insisted on overcoming difficulties together with its employees, even in difficult times or poor economic environments. By establishing a human resource integration mechanism, the Company has managed to use employee transfers as a replacement for severance. In the past few years, no incidents of severance or dismissal disputes have been reported. When transferring employees to different departments or positions, the department supervisor will first communicate with the employee and then conduct the transfer in accordance with relevant regulations. The transfer procedures take an average of seven days to be completed.

(iii) Maintaining Employee Resignation at Appropriate and Reasonable Levels

The Company is a traditional labor-intensive industry, so staff turnover rate can tend to be high. In 2016, the turnover rate was 7.6 % which is within an acceptable range.

Age-group Analysis of Formal Employee Resignation in 2015_Taiwan and China Plants **Unit: %**

Group		Taiwan Plant						Zhong-shan Plant in China						Chang-shu Plant in China					
		Female		Male		Total		Female		Male		Total		Female		Male		Total	
		Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate
Number of employee resignations	Under 29	55	62.5	88	55.0	143	57.7	90	56.3	160	62.7	250	60.2	45	62.5	75	60.4	120	61.2
	30 to 39	30	34.1	66	41.3	96	38.7	55	34.4	70	27.5	125	30.1	26	36.1	48	38.7	74	37.8
	40 to 49	3	3.4	4	2.5	7	2.8	14	8.8	22	8.6	36	8.7	1	1.4	0	0.0	1	0.5
	50 to 59	0	0.0	1	0.6	1	0.4	1	0.6	3	0.8	4	1.0	0	0.0	1	0.9	1	0.5
	Over 60	0	0.0	1	0.6	1	0.4	0	0.0	0	1.2	0	0.0	0	0.0	0	0.0	0	0.0
	Sub-total	88	100.0	160	100.0	248	100.0	160	100.0	255	100.0	415	100.0	72	100.0	124	100.0	196	100.0
Total number of employees		1,039		2,215		3,254		282		437		719		145		161		306	
Turnover Rate (Annual Accumulated)		8.5%		7.20%		7.60%		56.70%		58.40%		57.70%		49.70%		77.00%		64.10%	

Age-group Analysis of Formal Employee Resignation in 2015_Vietnam Plants **Unit: %**

Group		Lon-an Plant in Vietnam						Dong-nai Plant in Vietnam					
		Female		Male		Total		Female		Male		Total	
		Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate
Number of employee resignations	Under 29	39	78.0	61	75.3	100	76.3	103	100.0	162	100.0	265	100.0
	30 to 39	9	18.0	14	17.3	23	17.6	0	0.0	0	0.0	0	0.0
	40 to 49	1	2.0	6	7.4	7	5.3	0	0.0	0	0.0	0	0.0
	50 to 59	1	2.0	0	0.0	1	0.8	0	0.0	0	0.0	0	0.0
	Over 60	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Sub-total	50	100.0	81	100.0	131	100.0	103	100.0	162	100.0	265	100.0
Total number of employees		413		477		890		403		453		856	
Turnover Rate (Annual Accumulated)		12.1%		17.0%		14.7%		25.6%		35.8%		31.0%	

(iv) Employee Welfare Benefits

So that every employee can work with ease of mind and fully develop their talents, the Company adheres to the philosophy of "Treating Employees like Family". During the initial construction of every plant, comprehensive food, accommodations, and recreational facilities must be constructed. Considering the long-term welfare of our employees, various welfare policies have been planned. Taking into account government regulations, company culture, public sentiment, and international trends, Formosa Taffeta has addressed the needs of its employees with regard to food, clothing, accommodations, transportation, education, and entertainment and has also extended the benefits to their families so that the employees can work without worries. Furthermore, the plants have established Occupational Welfare Committees in accordance with the law to organize trips, festival allowances, birthday gifts, and recreational activities, as well as provide related associations with subsidies. The Taiwan Plants have also established the Employee cum Children Education Scholarship and kindergartens.

- Employee Welfare Measures Implemented in Accordance with Relevant Regulations:
  1. Established the Employee Welfare Committee
  2. Regular Employee Health Inspections (Once every five years for employees under the age of 40, once every three years for employees between 40~65 years old, once every year for employees above 65 years old)
  3. Half pay for sick leave of six months or less for outpatient and inpatient sick leave every year (According to the law, half pay only has to be given for sick leave within 30 days, but sick leave exceeding 30 days would not be entitled to pay.)
  4. In reference to the Labor Standards Act, employee deaths in the line of duty are entitled to bereavement pay of five months of average monthly salary and compensation pay of 40 months of average monthly salary. Employee deaths not attributable to work duties are also eligible to receive consolation payment of six months of average monthly salary.
  5. Employees suffering from death, disabilities, injuries, or diseases as a result of occupational accidents are entitled to compensation in accordance with the law.
  6. Employees are provided with work jumpsuits and protective leather footwear.
  7. Employees are provided with health education and information.
  8. Employees are entitled to apply for parental leave. (In 2015, a total of 14 employees, 1 male and 13 female, applied for parental leave.)
  9. Employees are provided with a sound retirement plan to safeguard their retirement life in accordance with the law.
  10. Employees are provided with labor insurance and health insurance.
- Employee Welfare Measures Better than Regulation Standards:
  1. Established the Mutual Aid Committee
  2. When employees and their families seek medical services at Chang Gung Memorial Hospital, they are entitled to discounts for the medical expenses unsubsidized by the health insurance policy, as well as discounts for health inspections.
  3. Outstanding employees are nominated each year and awarded with prizes and rewards.
  4. Employee Travel Allowance
  5. Staff Fitness Equipment
  6. Employees are provided with comprehensive education and training, as well as enrichment opportunities.
  7. Daily Meal Allowances
  8. Birthday Gifts, Festival Allowances, and Employee cum Children Education Scholarship
  9. Established recreational buildings, canteens, hostels, single dormitories, and family dormitories
  10. Provide air tickets to employees stationed in overseas plants or their families for visiting

iii. Respecting Employee Suggestions and Creating a Harmonious Labor Relationship

Employees (human resources) and performance growth are closely connected. The Company has always pursued a harmonious employment relationship, has respected the rights of its employees to express their views, and has established a variety of clear communication channels to encourage employees to propose innovative ideas.

All of our employees (100%) have entered organizations, such as enterprise unions, labor conferences, and welfare committees. Through regular meetings, the employees can propose their suggestions for negotiations. The regular council meetings convened by the union are attended by the department supervisors of the Company to facilitate idea sharing with labor representatives. In 2015, the union convened four council meetings and one membership meeting. Regarding major labor issues, the Company will first listen to the views of the union and appoint the highest management levels to negotiate for a consensus with the union representatives in order to ensure a harmonious labor relationship. Employees will also be able to propose welfare suggestions through regular welfare committees. Furthermore, suggestion boxes have been installed at locations with frequent employee activities, and dedicated personnel have been appointed to handle and organize the suggestions to facilitate employee suggestion communication and arrive at solutions.

In order to encourage the active proposal of suggestions by employees, the "Employee Work Improvement Plan" (IE Plan) was established so that all company employees may offer innovative ideas and solutions for the improvement of management. Employees can also bring up innovative issues for discussion within their department, which will stimulate employees to identify problems and think of innovative solutions. If the solutions proposed by employees are determined to be feasible, then the improvement solution will be transferred to the responsible departments for further planning, implementation, and promotion, and such employees will be eligible for improvement rewards, thus fulfilling the company philosophy of "Finding and Solving Root Problems to Achieve Excellence".

Statistics of Work Improvement Proposals in the Past Five Years **(Unit: New Taiwan Dollars)**

Year		2011	2012	2013	2014	2015
Number of Proposals		5,726	4,836	4,697	4,476	4,738
Reward Amount		NT$ 509,750	NT$ 446,600	NT$ 435,750	NT$ 404,100	NT$ 413,750
Achievement Rewards	Number of Improvements	48	21	23	6	4
	Rewards	NT$ 169,328	NT$ 87,246	NT$ 90,309	NT$ 25,512	NT$ 27,646
	Annual Benefit	NT$ 73,777,110	NT$ 37,669,045	NT$ 23,971,003	NT$ 4,949,208	NT$ 13,140,369

iv. Talent Development

Employees are one of the most important assets in enterprise management. To ensure the strong growth of the Company, high quality talents are necessary to serve as the backbone of the Company and support its sustainable development. In order to nurture such high-quality talents, the Company not only has to seek external cooperation and conduct self-organized educational training to enhance employees' professional capabilities, but more importantly, it has to establish a code of moral ethics to prevent employees from engaging in such activities as bribery, collusion, and unauthorized information disclosure with other stakeholders.

(i) Main Categories of Educational Training Organized by the Company:

Training Type	New Employee Orientation Training	Basic Training of Work Duties	On-job Professional Training	Management Staff Reserve Training
Target Group	New employees	New employees and staff mobilization management staff under the position of Foremen / Team Chiefs	Plant Directors, Directors, and the employees below them	Foremen / Team Chiefs / Section Managers / Plant Directors, and Directors / Managers
Time of Implementation	Before new employees are assigned to their work positions	Within three months of starting work	When work conditions or the department needs to stipulate a training plan	Conducted in accordance with the management needs of the Company.

In addition to the aforementioned categories of training, the Company also provides multi-skill vocational training designed to address equipment performance changes caused by the different seasons to ensure the flexible deployment of employees, as well as has established the "Training the Trainers to Train (T.T.T)" program to develop internal trainers and instructors so that the teaching of skills and experiences can be more complete and systematic. The Company also offers employees the option to participate in self-enrichment, such as language courses, vocational training, overseas training, and seminars to promote cooperation between industries and academic sectors. Regardless of the type of training, the implementation and promotion of the training courses have always been conducted based on a "human-oriented approach". In addition to emphasizing the overall training objectives, the personal development of the employees is also greatly valued in order to stimulate their potential and develop diverse interests, guide employees to improve, and enhance their knowledge and skills, thus allowing them to become independent professionals that can overcome any challenge.

(ii) Implementation of Educational Training

1. Implementation of Educational Training Hours in 2015

(1) Taiwan Plant

Position	Total number of trainees	Total number of training hours	Training costs	Average hours of training per employee	Average cost of training per employee
Managerial staff (and above)	22	792	NT$ 176,000	36.0	NT$ 8,000
1st and 2nd level supervisors	752	52,309	NT$ 5,072,240	69.5	NT$ 6,745
Base-level supervisors	564	43,323	NT$ 3,807,564	76.8	NT$ 6,751
Base-level employees	2,502	80,064	NT$ 115,486,167	32.0	NT$ 6,190
Total	3,840	176,488	NT$ 24,541,971	45.9	NT$ 6,391

Note: There are currently 3840 employees (including 509 foreign employees) in Taiwan Plants, so the average hours of courses are 45.9 hours, and the average cost of training per employee is NT$ 6391 per year.

(2) China Plants

Plant	Position		Total number of trainees	Total number of training hours	Training costs	Average hours of training per employee	Average cost of training per employee
Zhong-shan Plant in China	Managerial staff (and above)	Taiwan	2	36	NT$ 5,752	18.0	NT$ 2,876
		China	0	0	NT$ 0	0.0	NT$ 0
	1st and 2nd level supervisors	Taiwan	15	594	NT$ 43,140	39.6	NT$ 2,876
		China	70	2,450	NT$ 183,900	35.0	NT$ 2,627
	Base-level supervisors	Taiwan	2	80	NT$ 5,752	40.0	NT$ 2,876
		China	382	1,719	NT$ 216,000	4.5	NT$ 565
	Base-level employees	Taiwan	0	0	NT$ 0	0.0	NT$ 0
		China	266	1,197	NT$ 113,456	4.5	NT$ 427
Chang-shu Plant in China	Managerial staff (and above)	Taiwan	2	42	NT$ 5,960	21.0	NT$ 2,980
		China	0	0	NT$ 0	0.0	NT$ 0
	1st and 2nd level supervisors	Taiwan	9	372	NT$ 26,820	41.3	NT$ 2,980
		China	25	1,035	NT$ 72,000	41.4	NT$ 2,880
	Base-level supervisors	Taiwan	1	40	NT$ 2,980	40.0	NT$ 2,980
		China	162	720	NT$ 86,265	4.4	NT$ 533
	Base-level employees	Taiwan	0	0	NT$ 0	0.0	NT$ 0
		China	116	450	NT$ 47,850	3.8	NT$ 413
Total			1,052	8,735	NT$ 648,630	8.3	NT$ 617

Note: There are currently1052 employees (including 31 Taiwanese employees and 1021 Chinese employees) in China Plants, so the average hours of courses are 8.3 hours, and the average cost of training per employee is NT$ 617 per year.

(3) Vietnam Plants

Plant	Position		Total number of trainees	Total number of training hours	Training costs	Average hours of training per employee	Average cost of training per employee
Lon-an Plant in Vietnam	Managerial staff (and above)	Taiwan	5	90	NT$ 12,500	18.0	NT$ 2,500
		Vietnam	0	0	NT$ 0	0.0	NT$ 0
	1st and 2nd level supervisors	Taiwan	22	462	NT$ 63,470	21.0	NT$ 2,885
		Vietnam	36	540	NT$ 78,300	15.0	NT$ 2,175
	Base-level supervisors	Taiwan	12	252	NT$ 34,620	21.0	NT$ 2,885
		Vietnam	267	4,005	NT$ 127,600	15.0	NT$ 478
	Base-level employees	Taiwan	0	0	NT$ 0	0.0	NT$ 0
		Vietnam	575	4,320	NT$ 250,125	7.5	NT$ 435
Dong-nai Plant in Vietnam	Managerial staff (and above)	Taiwan	1	18	NT$ 2,500	18.0	NT$ 2,500
		Vietnam	0	0	NT$ 0	0.0	NT$ 0
	1st and 2nd level supervisors	Taiwan	28	588	NT$ 80,780	21.0	NT$ 2,885
		Vietnam	6	90	NT$ 13,260	15.0	NT$ 2,210
	Base-level supervisors	Taiwan	9	189	NT$ 25,965	21.0	NT$ 2,885
		Vietnam	245	3,675	NT$ 121,000	15.0	NT$ 494
	Base-level employees	Taiwan	0	0	NT$ 0	0.0	NT$ 0
		Vietnam	599	4,680	NT$ 247,000	7.8	NT$ 413
Total			1,805	18,909	NT$ 832,120	10.4	NT$ 461

Note: There are currently 1805 employees (including 77 Taiwanese employees and 1728 Vietnamese employees) in Vietnam Plants, so the average hours of courses is 10.4 hours, and the average cost of training per employee is NT$ 461 per year.

(4) Statistics of All Plants

Plant	Total number of trainees	Total number of training hours	Training costs	Average hours of training per employee	Average cost of training per employee
Taiwan Plant	3,840	176,488	NT$ 24,541,971	45.9	NT$ 6,391
China Plant	1,052	8,735	NT$ 648,630	8.3	NT$ 617
Vietnam Plant	1,805	18,909	NT$ 832,120	10.4	NT$ 461
Total	6,697	204,132	NT$ 26,022,721	30.5	NT$ 3,886

Note: There are currently 6697 employees (including overseas plants) in the Company, so the average hours of courses is 30.5 hours, and the average cost of training per employee is NT$ 3886 per year.

2. Regarding education and training in 2015, in addition to implementing basic and enrichment training for base level employees (including the new employee training organized by the Human Resources Department) and strengthening professional skill training, multi-skill training, Standardized Operating Procedure (SOP) training, and staff rotation operations of in-service employees, the Company has also organized education and training related to industrial safety, environmental protection, and energy management for Taiwanese cadre management returning from overseas Plants and supervisors at all levels. Currently, the average course hours per employee of the entire Company is 30.5 hours. The average course hours per employee in China Plants is 8.3 hours, which is about 27.2% of the Company average, while the average course hours per employee in Vietnam is 10.4 hours, about 34.1% of the Company average. According to the above statistics, the overseas Plants, including both local and Taiwanese management stationed there, have had difficulty accessing personnel training, such as the Company's internal instructors. Increased efforts must be taken to improve the implementation of personnel training in order to close the gap between the overseas plants and the Taiwan Plants in 2016. Furthermore, the improvement of the classification and analysis of the courses is also one of the objectives. In order to ensure that the enrichment of employees in their professional skills comply with the Company's product innovations and equipment upgrades, the in-service upgrade training of employees is a must, as well as one of the objectives in the implementation and execution of future training courses. In the future, professional capabilities and gender classification will also be considered to ensure more human-oriented management.
3. Short-Term Training Objectives: In conjunction with the government policies of Industry 4.0 and the Company's demands for automation technology development, employees will have to be trained in automation technology to increase their capabilities in the plants' automated processes. Through the progressive course content and practical sessions with the experiment machinery available in the courses, the personnel can modify or reprogram the Programmable Logic Controller (PLC), transfer data, backup data, and conduct troubleshooting, thus developing professional automation skills for the Company.
4. Innovation is an important aspect of the Company's production and management activities, as well as the principle by which the training courses are conducted.
   (1) The Company should adopt innovative training methods and actively develop and offer open-ended design challenges, training in divergent thinking, affective experiences, application activities, and training evaluation in order to provide training courses that are both instructive and entertaining, as well as ensure the effectiveness of such training.
   (2) The Company should also adopt innovative approaches, actively introduce information technology, and promote training methods that incorporate multimedia, internet, and remote technology aspects in order to reduce the costs of the learning curve while increasing training efficiency.
   (3) The Company should make use of information tools to establish a comprehensive and systematic enterprise training database that can support the training courses' long-term development.
5. Ultimate Training Objective: Fully upgrade the enterprise system, eliminate waste from repeated processes, strengthen and streamline the production system, develop knowledge transfer in personnel and sustainability, and fulfill the Company's social responsibility

(II) Sustainable Social Care

i. Social Responsibility Philosophies and Policies

(i) Local Communities

Guided by the founder's teachings of "Honesty and Integrity", the Company strives to achieve the management philosophies of "Harmony, Innovation, Service, and Contribution", which includes honestly paying taxes, valuing environmental safety, and showing concern for employees. Furthermore, the Company has always strived to maintain a good public image and corporate reputation in order to fulfill our corporate social responsibility and give back to the community.

As the Plants are located in rural areas, the Company has always maintained good neighboring relations with nearby local residents, established clear communication channels, and has offered them assistance in various forms. All issues reported by the community will be registered and investigated with great care. The Company will contact the informant of the report to understand the nature of the issue, while the management department will review the issue to identify the causes and implement improvement solutions, after which the Company will take the initiative to report the handling of the issue to the public. For example, the De-An community reported a noxious odor emitted by the production processes, so the Company immediately launched an investigation into the production processes in the vicinity and suspended the production in question so that relevant improvements could be implemented before resuming operations. Every night, patrol personnel are dispatched to investigate odors in the surrounding area. In another case, the residents of Tianzipou reported that the cogeneration process produced steam noise at night, so the Company promptly inspected the production process and classified it as a special improvement project to install vacuum gas emission mufflers that would reduce the noise generated from the steam emission and meet the demands of the public. With regard to abnormal issues not attributable to the Company, the Company will also take the initiative to inform the parties responsible in order to reduce the subsequent potential impact and cooperate with the residents to maintain the public environment. The Company has also contributed to many local charity events to promote the common development and prosperity of both the employees and the local community. Through the long-term and sustained care of the community by the Company and its employees, humanitarian care and concern can be expanded to protect and ensure a harmonious relationship.

(ii) Legal Compliance and Ethics

The Code of Ethics, Integrity Management Principles, Code of Work, and other rules and regulations stipulated by the Company shall all comply with the relevant laws and regulations. The Company has also established higher moral and ethical standards by which employees must abide, including rejecting dinner invitations, gifts, and trips offered by stakeholders in the Company.

ii. Social Charity Measures

Through the organization of related activities, such as adopting roads for maintenance and bare lands for greenification, the 19 clubs and associations established by the Company and its employees have played a significant role in community development and charitable events. Through the continuous promotion of "Good Neighbor Relations", the Company has cared for the local communities and maintained good interaction with them, through "road adoption" and cleanup activities within a three-mile radius (Chinese mile).

Over the years, the Company has continued to offer social care, provide assistance to vulnerable groups, and donate to impoverished families and other vulnerable groups. The Company has also contributed to education and charity events.

(i) Education：

The Company has supported Formosa Taffeta Kindergarten since its beginning, which was established 36 years ago. Offering education at subsidized costs (employees' children are entitled to a 50% discount), the kindergarten provides education for employees' children, thus allowing employees to work with ease of mind, while also offering education to the children living in the neighborhood, thus contributing to the community. In 2015, 64 children attended the kindergarten.

(ii) Enterprise Road Adoption

Since 2005, the Company has adopted 9.5 km of road in the surrounding vicinity for maintenance and conducted road cleanup activities every Friday to establish good neighboring ties with the community and ensure the cleanliness of the community by reducing the amount of dust and particulates spreading. So far, 8,112 hours of community service have been devoted to his project. (Every week, two employees from each of the 26 departments are appointed to conduct three hours of cleanup operations.) According to the "Principles of Tradeoff of Air Pollutant Emission Increment of Development Activities Reviewed by the Environmental Protection Administration, Executive Yuan" promulgated on July 28th 2009, the annual reduction of particulate and dust has been calculated to be 13.3634 tons.

(iii) Adoption of Bare Lands for Greenification

The Company began adopting bare lands in September 2010. Currently, the Company maintains 0.6620 hectares of land annually for planting and greenification to give back to society, beautify the community environment, and reduce dust in the bare lands.

(iv) Giving back to Local Communities – Participation in Social Charitable Events

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	12
2	Consultation for the neighborhood volunteer civil defense force	6
3	Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities	19
4	Activities organized by community vulnerable group foundations	11
5	Donations to charitable activities and events organized by neighboring schools and organizations	18
6	Sponsoring other environmental protection activities and events in neighboring communities	3
Total number of donations made in 2015		69

Love Lychee Field Trip

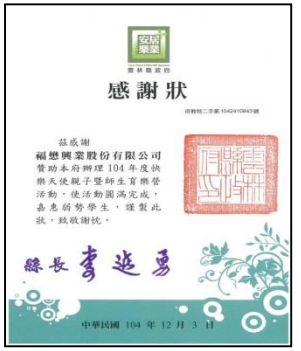
Mother Tongue Education in Kindergarten

Parent-Child Health Seminars

Sponsoring Nanren Temple activities in Douliu, Yunlin

Disaster Prevention and Relief Drill Organized by the Yunlin County Government

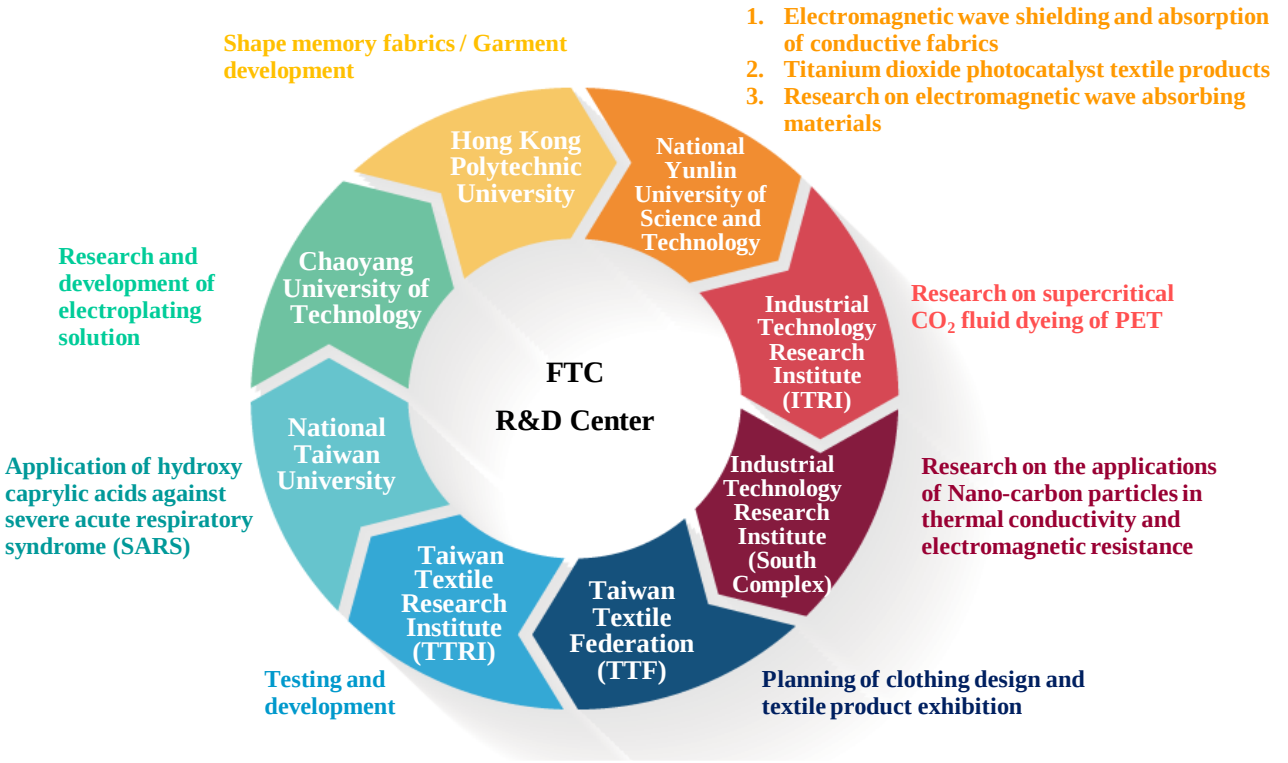
Recruitment Organized by the Yunlin-Chiayi-Tainan Regional Branch of the Workforce Development Agency, Ministry of Labor (Token of Appreciation)



Sponsoring the Happy Angel Parent-Child cum Loss of Fertility Activity

iii. External Industry, Academic, and Research Cooperation Projects in Previous Years

To elevate the standards of technology, productivity, and management of the Company, as well as strengthen its research capacities, cooperative projects have been carried out to develop high value-added products with market potential (or cutting-edge products) and promote enterprise growth in strategic areas. The current industry, academic, and research cooperation projects are as follows:



Cooperative Partners	Project	Amount (NT$ 10,000)	Number of Personnel	Duration
Department of Applied Chemistry, Chaoyang University of Technology	Composition analysis of stabilizer and chelating agents in the electroless nickel plating formula and the development of other formulas	45	25	2014~2016
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on high functionality fabric coating technology and optimum production processes	50	25	2014~2015
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on water-repellent functionality of fabric processed by normal pressure plasma and fluorine-free water-repellent finishing technology	50	30	2015~2016
Department and Graduate School of Visual Communication Design, National Yunlin University of Science and Technology	Application design of woven fabrics	35	20	2014~2016
Taiwan Textile Federation	Planning of garment design and textile product exhibition	600	35	2014~2016
Taiwan Textile Research Institute	Testing and development of functional fabrics and protective fabrics	60	35	2014~2016

Appendix I GRI G4 Content Index

Indicator	Indicator Content	Comments	Page	External Assurance
Strategy and Analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.		2, 3, 5, 6	√
Organizational Profile				
G4-3	Report the name of the organization.		21	√
G4-4	Report the primary brands, products, and services.		25, 122-126	√
G4-5	Report the location of the organization's headquarters.		22-23	√
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		22-23	√
G4-7	Report the nature of ownership and legal form.		21	√
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).		25	√
G4-9	Report the scale of the organization.		22, 23, 30, 89, 90	√
G4-10	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).		88-90, 103	√
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	No such agreements in any Plant	-	√
G4-12	Describe the organization's supply chain.		36	√
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No significant changes	-	√
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		44-47	√
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	No subscribed initiatives	-	√
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.		29	√

Indicator	Indicator Content	Comments	Page	External Assurance
Identified Material Aspects and Boundaries				
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		21, 22	√
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.		15	√
G4-19	List all the material Aspects identified in the process for defining report content.		16	√
G4-20	For each material Aspect, report the Aspect Boundary within the organization.		17	√
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.		17	√
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No relevant event		√
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		13	√
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.		14	√
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		14	√
G4-26	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	√
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		14	√
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		13	√
G4-29	Date of most recent previous report (if any).		13	√
G4-30	Reporting cycle (such as annual, biennial).		13	√
G4-31	Provide the contact point for questions regarding the report or its contents.		13	√
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option (see tables below). Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)		Appendix II	√
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.		13+Appendix II	√
Governance				
G4-34	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.		32	√
ETHICS AND INTEGRITY				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		1-3, 7	√

SPECIFIC STANDARD DISCLOSURES				
Indicator	**Indicator Content**	**Comments**	**Page**	**External Assurance**
CATEGORY: ECONOMIC				
Economic Performance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		44	√
G4-EC1	Direct economic value generated and distributed		30	√
G4-EC3	Coverage of the organization's defined benefit plan obligations		Annual report 194	√
G4-EC4	Financial assistance received from government		30	√
Procurement Practices				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		38-40, 45	√
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		37-39	√
CATEGORY: ENVIRONMENTAL				
Materials				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		39	√
G4-EN2	Percentage of materials used that are recycled input materials		40	√
Energy				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		51-52	√
G4-EN3	Energy consumption within the organization		66	√
G4-EN5	Energy intensity		66	√
Water				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		54	√
G4-EN8	Total water withdrawal by source		67	√
G4-EN10	Percentage and total volume of water recycled and reused		58	

Indicator	Indicator Content	Comments	Page	External Assurance
Emissions				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		64-65	√
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)		68	√
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)		68	√
G4-EN18	Greenhouse gas (GHG) emissions intensity		68	√
G4-EN21	No_x, So_x, and other significant air emissions		69	√
Effluents and Waste				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		63-64	√
G4-EN22	Total water discharge by quality and destination		67	√
G4-EN23	Total weight of waste by type and disposal method		71	√
G4-EN24	Total number and volume of significant spills	No relevant event	-	√
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the BASEL CONVENTION ANNEX I, II, III, and VIII, and percentage of transported waste shipped internationally	None	-	√
Products and Services				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		73-75	√
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		82	√
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		51	√
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Only disclosing the information of the Taiwan Plant	72	√
Overall				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		72	√
G4-EN31	Total environmental protection expenditures and investments by type		72	√

Indicator	Indicator Content	Comments	Page	External Assurance
Environmental Grievance Mechanisms				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		51	√
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None		
CATEGORY: SOCIAL				
LABOR PRACTICES AND DECENT WORK				
Employment				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		87	√
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		88-89, 103	√
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		104	√
Labor/Management Relations				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	As required by law	-	√
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	No such agreement	-	√
Occupational Health and Safety				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		91-102	√
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs		91	√
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Not being disclosed by gender	100	√
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		96, 97	√
Training and Education				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		105-106	√
G4-LA9	Average hours of training per year per employee by gender, and by employee category		106-109	√

Indicator	Indicator Content	Comments	Page	External Assurance
Diversity and Equal Opportunity				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		87	√
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		89-90	√
HUMAN RIGHTS				
Non-discrimination				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		87	√
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No relevant event	-	√
SOCIETY				
Local Communities				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		48	√
G4-SO2	Operations with significant actual and potential negative impacts on local communities		111	
Anti-corruption				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		46	√
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		46	√
G4-SO4	Communication and training on anti-corruption policies and procedures		33-34	√
G4-SO5	Confirmed incidents of corruption and actions taken	No relevant event	-	√
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		46	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	No relevant event	-	√
Grievance Mechanisms for Impacts on Society				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	http://www.ftc.com.tw/defaultc.htm	-	√
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None	-	√

Indicator	Indicator Content	Comments	Page	External Assurance
PRODUCT RESPONSIBILITY				
Customer Health and Safety				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		78	√
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Not being disclosed by percentage	78	√
G4-PR2	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 relevant event	-	√
Product and Service Labeling				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	ISO9001Certification	-	√
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No relevant event	-	√
G4-PR5	Results of surveys measuring customer satisfaction		42,43	√
Customer Privacy				
G4-DMA	Report how the organization manages the material Aspect or its impacts.		41-42	√
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No relevant event	-	√
Compliance				
G4-DMA	Report how the organization manages the material Aspect or its impacts.	ISO9001Certification	-	√
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No relevant event	-	√

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD's CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2015

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 2015 (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 2015 and its presentation are the responsibility of the management of FTC. SGS has not been involved in the preparation of any of the material included in FTC's CSR Report of 2015.

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 and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for FTC and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

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 2015 verified is accurate, reliable and provides a fair and balanced representation of FTC sustainability activities in 01/01/2015 to 12/31/2015.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

FTC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FTC may consider having more direct two-ways engagement with stakeholders in the future.

Materiality

FTC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report has properly given responses to the issues which are generally concerned by the stakeholders.

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

The report, FTC's CSR Report of 2015, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. Disclosures on Management Approach components for other material aspects, such as analysis for performance results, may be further enhanced in next report. Disclosures on EC5, EN23 and LA13 are also encouraged.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Assurance Provider
000-8

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

Appendix III Main brands

Product Name	Explanation of usage
abletex **Microporous Breathable Water-proof Fabric**	Abletex® is a high-performance, breathable, and water-proof laminated fabric. Our Company uses the combination of high-tech micro-porous breathable water-proof PU membrane and various materials to create a durability that offers a new generation of high-performance, breathable, and water-proof fabric. The Abletex® collection has high water-proof rating of 10,000 mm H20 and high breathability of 6000 g/m2/24hr (by JIS L1099-A1) or more. The fabric can keep you dry and comfortable under any weather conditions and thus is the best choice for cloth used in outdoor activities and leisurewear.
BOOMETEX® **Next Generation of Green Products**	Under globalization and resource depletion, the Company feels responsible for environmental protection and is thus committed to developing various eco-friendly fabrics with the concept of recycling and environmental protection. Using PET bottles or recycled polyester materials to make nylon and polyester fiber products helps reduce resource and energy consumption, as well as CO_2 emissions, and is regarded as the next generation of green eco-friendly products. The extreme delicate texture combined with various special rework processes, e.g. PFOA/PFOS Free water repellent, complies with EU 2006/122/EC standards, including functions like water-proof, wind-proof, down-proof, breathable, quick-dry, etc. Applications: Athletic and leisurewear, e.g. windbreakers, raincoats, and down jackets.
Caladans® **Cloudy Dyed Fabric**	Caladans™ fabrics are produced via a special technique resulting in shadowy prints simulating a "cloud-dye" effect. They can be treated with a crinkle finish to enrich the texture and touch, thus rivaling expensive fabrics. Airy, soft, lightweight, and stylish, Caladans™ fabrics can be applied to diverse design styles, from high-end fashion to sportswear, acting like the icing on the cake.
FONEWR Nano® **Super Durable Water Repellent Fabric**	Produced by Nano technology, FONEWR Nano® fabric features super durable, water repellent, oil repellent, self-cleansing, and anti-staining properties with a Nano surface structure. The preliminary water repellent rating can reach 100(AATCC-22) and the oil repellent rating to 4 degrees (AATCC-118); even after 100 washes, the water repellent rating still reaches 80, and the oil repellent rating reaches 3 degrees, thus showing excellent dry-clean durability. The fabric can work with microfiber materials with a double weave to create an easy care feature. Regardless of the activity, users can stay clean, dry, and comfortable. It can even work with other processes, such as antibacterial or UV-protection processing, to further increase the fabric's value.

Product Name	Explanation of usage
Microfeel® Fabric	Microfeel® fabric is made from nylon or polyester microfibers. The thickness of such fiber is less than 1/100 of the diameter of a human hair, which provides a fine touch and soft texture thanks to the extremely fine thickness of the fabric. With the excellent capillary action of the microfiber, it is a superb breathable and quick-drying material when coordinated with the wicking process.
Nanodermis® Santiny and Skin Friendly Fabric	Made by the Company's latest special processing technology, Nanodermis® products can provide Nano-structure to fabric, creating a delicate and soft touch and a fabric surface that looks like natural materials. The processing technology can be applied to a variety of nylon and polyester fabrics – especially on ultra-fine fiber fabrics to provide a more delicate touch. Key applications: Jackets, down apparel, sleeping bags, clothing for dust-free/sterile room, etc.
PERMACOOL® Cooling Fabric	In recent years, we have all been facing worsening global warming and greenhouse effects with extreme cold and hot weather on the rise. Cooling and energy conservation fabrics have been widely promoted among eco-friendly fabrics, which provide wearers the full coolness and comfort of the fabric. Our cooling fabric is made from special cooling fiber materials with a textured design using high-level post-processing technology. This series of products will generate an instant cooling feeling (Q-max) of 0.17 W/m2 or more when contacting the skin. The water-absorbing and quick-dry properties can transmit sweat quickly from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture-absorbing, and sweat-releasing functions even in scorching hot weather.
PERMADRY® Quick-drying Fabric	PERMADRY® adopts a special cross section synthetic fiber or ultra-fine fiber, which is made using high-level processing technology. This series of products can absorb moisture and dry quickly. It has high permeability and launderability, which is an excellent quick-drying and durable material. When doing sports or leisure activities, the water-absorbing and quick-dry properties can quickly transmit sweat from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture absorbing, and sweat releasing functions even in scorching hot weather.

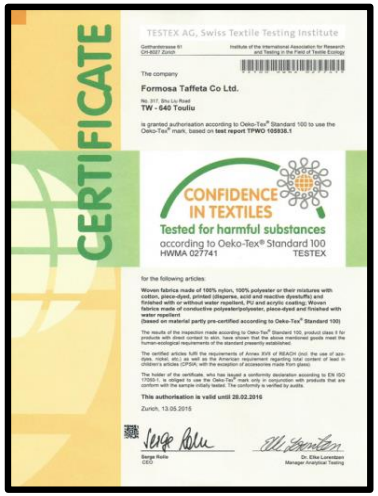
Product Name	Explanation of usage
SmarYa™ **Memory Smart Fabric**	SmarYa™ fabric is different from general fabrics in that SmarYa™ will maintain its shape even after being washed in hot water or dried by home dryers. Wrinkled fabrics will also be able to restore their original shape using the above method. If the fabric was originally creased, then the creases will also be maintained. Thanks to the Thermally Induced Shape Memory property of the product, the fabric offers the convenience of easy care. Product properties: 1. Form memory 2. Size invariability 3. Excellent touch and moisture absorption 4. Launderability 5. Pilling resistant 6. Shape retention (memory)
SUN-ECO® **Nano Photocatalytic Antimicrobial & Deodorizing Fabric**	SUN-ECO® is a special functional fabric resulting from the TiO_2 photocatalyst dual deodorant mechanism, which contains both deodorant and anti-bacteria effects. It can effectively absorb the odors of ammonia, hydrogen sulfide, ammonia trimethyl, methyl mercaptan, cigarettes, and 2-norenal and further decompose them into H_2O and CO_2 with more anti-bacteria effect. After multiple washes, the fabric will still maintain its antibacterial and deodorizing effects. SUN-ECO® is an eco-friendly fabric with the longest effectiveness and most safety.
Trans-Uno® **One-way Moisture Transfer Fabric**	The polyester/nylon one-way moisture transfer fabric can quickly diffuse sweat to outside of the fabric from the skin's surface and reduce the viscous sense between the wet clothes and skin, as well as the uncomfortable feeling of cold skin, so that the wearer can continuously feel dry and comfortable for a long time. Furthermore, the sweat is transmitted to outside of the fabric one-way so the air drying time can be shortened.
光熱寶 **Warmth Retaining Fabric**	Our Company has leveraged far infrared material to design and develop the lightweight far infrared functional fabric, with the emissivity of far infrared reaching as high as 80%. The fabric can absorb the energy of visible light and short waves emitted from the human body, convert it into the far infrared, emit the "living light" (4~14 μm in wavelength), which is the most beneficial light to the human body, and possess the warmth retaining function. Applications: Sports apparel, down apparel, sleeping bags, and lining cloth.

Product Name	Explanation of usage
绿活富 **Eco-friendly Coating Fabric**	Our water-soluble PU & Acryl coating fabrics do not include the organic solvent that may cause harm to the environment. Instead, it uses a C6 water repellent agent without PFOS or PFOA. It is an eco-friendly concept product that can be used in umbrellas, down-proof leisure apparel, and snow clothing.
光熱龍® PERMAWARM 光熱龍快熱蓄溫保暖纖物	Our Company uses forward-looking processing technology to develop new and soft thermal insulation fabric. Its compound structure (trace metal element + carbon material) will turn environmental energy and body temperature into heat energy to achieve real thermal insulation. It is the best new technological material for warm clothing in cold winters.
抑克電™ e-decay™ 耐久性抗靜電纖物	Our Company uses advanced durable high-specialty anti-static fibers to develop fabric that can effectively reduce static accumulation. It can be coordinated with water repellent processing, and the friction voltage will still remain under 1000 Volt after multiple washes. The fabric does not easily absorb dust caused by static while being worn in dry weather, thus reducing that uncomfortable feeling while taking off the clothes. Major applications include sports and leisure clothing, down apparel, jackets, various garment linings, etc.
UVoutex®	Wearing the UVoutex® series of fabric can effectively protect the skin from harmful ultraviolet rays. The fabric has launderability properties, and its protection is not affected by color or times of washing. Its UPF rating can be as high as 30+ (AS/NZS 4399:1996). Applications: Sportswear, leisure jackets, sun umbrellas, hats, etc.
sans quito™	Sansquito -Mosquito repellent processing fabrics are produced by special post processing technology. The natural pyrethrin extract can effectively repel mosquitoes. Sansquito fabric will not cause skin allergies or serious reactions and is a safe mosquito repellent processed fabric. Mosquito repellent effect remains even after being washed 25 times.
Hi-Sett®	Hi-Sett® refers to products where our Company uses microfibers with a high-end weaving process and excellent dyeing and finishing techniques to give the fabric high-performance waterproof functions without coating. The fabric contains soft, breathable, UV resistance, and windbreaker features. It is a high-quality and eco-friendly fabric.

Product Name	Explanation of usage
M2PTEX® e	M2PTEXe adopts electroless plating technology to deposit metals like copper and nickel on polyester and nylon fabrics. It is a metalized conductive fabric with excellent softness and flexibility and outstanding anti-electromagnetic interference capacity. The M2PTEXe conductive woven fabric line has passed RoHS (2002/95/EC) standard, and its shielding capacity of 50dB+ has been certified by an internationally recognized inspection organization. Product Series: • Conductive woven fabric with various plastic surface colors • Plastic-coated, colored conductive fabric • Thermal adhesive conductive fabrics • Single/double-sided fire retardant conductive fabric & flame-resistant thermal adhesive conductive fabric (UL-94V0) • Applications • Anti-electromagnetic interference for precision instruments • PC EMI shielding material • Conductive gasket • Conductive tape • Anti-electro detection • OA work suit • Architectural shielding material/curtain • Anti-electromagnetic interference for communication equipment
Aquaoff* 超臨界CO2無水染色織物	To provide clients with products made from eco-friendly, energy conserving, low-carbon emission, and environmentally friendly production processes, the Company has introduced supercritical CO_2 water-free dyeing processes and procured relevant equipment and integrated it into the production process, which was officially utilized in 2014. The benefits of products made from the supercritical CO_2 water-free dyeing processes are: 1) Zero water resource consumption 2) Zero wastewater discharge 3) Reduced CO_2 emissions 4) Auxiliary agents are no longer required 5) Energy conservation (Reduced thermal consumption in dyeing and drying)

Appendix IV: FTC's Certificates of Eco Products & Production Processes Obtained by 2015

- ◆ Oeko-Tex® Standard 100 Certification
- ◆ GOTS Organic Cotton Certification (Control Union Certification)
- ◆ OE Organic Cotton Certification (Control Union Certification)
- ◆ GRS Polyester Global Recycling Standards Certification (Control Union Certification)
- ◆ Greenhouse Gases Emissions Verification Statement (ISO 14064-1)
- ◆ Occupation Health and Safety Assessment Series 2007 (OHSAS 18001)
- ◆ Taiwan Occupational Safety and Health Management System (TOSHMS Certificate)
- ◆ Environmental Management System Certification 2004 (ISO 14001)
- ◆ Quality Management System Certification 2008 (ISO 9001)
- ◆ bluesign® Standard Certificate
- ◆ Energy Management System (ISO 50001)



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