

MDSGROUP

GRI

Global Reporting Initiative

CATALOG



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Men-Chuen Fibre Industry Co., Ltd.
General Manager **Chien-Chun Liu**

> General Manager's Statement

The general public currently places great emphasis on the topic of overall corporate sustainable management. Any corporate policy will affect different parties and stakeholders which include our staff members, customers, the environment, community, and shareholders. Recently, we are faced with an increasingly unpredictable global climate, worsening global warming, and decreasing availability of water resources. The primary objective of every corporation is to respond to social and environmental changes. Men-Chuen shall make use of the GRI Sustainability Report in order to communicate Men-Chuen's efforts in corporate management, product quality, environmental protection, and social responsibility to concerned members of the public. The GRI Sustainability Report shall also serve as a milestone demarcating our history of growth and expansion.

Every staff member is a key and indispensable member of Men-Chuen. We provide our staff with good work environment, channels of communication, and welfare. The Company also respects every staff as an individual and is dedicated in maintaining both their physical and





spiritual health. We also provide our staff with regular health examinations, employee tours, and organize various athletic competitions. We have adopted a people first management approach in order to ensure that the needs of our staff are cared for as we pursue business profit and growth.

For sustainable management, our facilities are designed to use energy efficiently while reducing waste. We have enhanced our ability to recycle water resources and have implemented measures to categorize our waste products for subsequent re-use and disposal. Our staff members are also committed to local river adoption programs (which involve restoration of natural river ecologies). All these measures demonstrate Men-Chuen's determined care and concern for our environment and country.

At Men-Chuen, our motto is to never let our customers down, providing products of highest quality to satisfy their requirements. We have also established labs to come up with solutions capable of accommodating the demands of the world's leading brands, satisfying requirements that few others could achieve. Through these efforts, Men-Chuen has established a refreshing and new image for its brand as well as its garment plants. If you have a challenging problem, Men Chun is your one stop solution!

In the aspect of interacting with local communities, Men-Chuen not only offers local residents with employment opportunities, we have also taken the initiative in caring for the underprivileged members of our society. We have made contributions to encourage developments of local communities and culture and hope that the fruits of our policies will achieve better business values while building a positive business-community relationship.

Main objectives of Men-Chuen's future developments include developing green and environmentally friendly solutions and to provide companies world wide with high quality products and first-rate services. For our staff, we shall continue to commit towards our people first management method so that every employee is capable of realizing their personal value. Finally, we hope that this GRI Sustainability Report will demonstrate to our readers Men-Chuen's efforts towards sustainable management. At the same time, we also hope to hear back from you if you have any opinions and feedbacks to share.

Liu CHZEN CHUN



➤ Report Boundary And Scope

The Gross National Product (GNP) has always been taken as an indicator for economic development. However, the GNP fails to take in account of the feedback and contributions made by the corporate owners to the society and environment during the pursuit of growth. As times change, people have become more and more concerned with their environment. The new economic model of sustainable development and management is a concept that requires balanced development of the three aspects of economy, society, and the environment. To implement such a model, we must adjust our singular obsession with high economic growth and short-term gains that came at an expense of our natural environment. The objective of sustainable management is to ensure that our next generation has the chance of receiving resources and land that we have once enjoyed.

This year's Sustainability Report includes information from 1 January 2014 to 31 December 2014. The scope of the Report includes our two production facilities (Taoyuan Dyeing Facility and Guishan Knitting Facility) as well as the Taipei Headquarters and Office. Economic statuses provided in this Report are public information. Environmental data are generated according to relevant statutory regulations stipulated by the local competent authorities. Financial data are derived from financial reports that have been verified and approved by Jingdian Accounting Firm as well as continuous implementation of Men-Chuen Fibre Industry Sustainable Management Model first initiated in 2012. Any figures and data outside the scope or boundary provided in this paragraph shall be annotated accordingly.





➤ Reporting Principles

Men-Chuen Fibre Industry Co., Ltd. published its first Sustainability Report in 30 June 2012. We have continued to release the Report on an annual basis to regularly disclose relevant information. For this year, Men-Chuen has released its 3rd Sustainability Report, providing Application Level C disclosure according to the G3 guidelines of the Global Reporting Initiative (GRI) as well as the AA1000 Assurance Standard criteria.

Although Application Level C only requires the disclosure of 10 core indicators, a good report is not overly concerned with the amount of information disclosed. The aim of the Sustainability Report is to demonstrate the features, core values, efforts, and dreams of Men-Chuen so that more stakeholders will learn about our commitment and determination, measures that we have taken to achieve sustainable management, as well as the efforts and fruits of our corporate social responsibility measures.

➤ Contact Method

For any inquiries or requirements, please contact us using the contact information provided below:

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> Company History And Introduction



1986/ 12
Taoyuan
Luzhu



1981/ 03
1983/ 08
1985/ 04

— Establishment of Xianyi Shiye Co., Ltd.
— Establishment of Dingli Ranzheng Shiye Co., Ltd.
— Dingli Ranzheng acquires land to build factories

1987/ 03
1991/ 01

— New factory building of Dingli formally completed and operational
— Establishment of Men-Chuen Fibre Industry Co., Ltd.
— Merger of Xianyi Shiye and Men-Chuen. The merged company assumes the name of Men-Chuen for all external businesses.

1996/ 05
Taoyuan
Guishan



1999/ 12
2001/ 06

— Men-Chuen's new production plant at Guishan completed and operational.
— Men-Chuen's new office at Taipei's Neihu District completed and operational.

2003/ 08
2004/ 01

— Board resolution to start production in China. Establishment of Zhejiang Xianyi
— Merger of Dingli and Men-Chuen. The merged company assume the name of Men-Chuen for all external businesses.

2013/ 05
Taoyuan
Luzhu



2010/ 07
2011/ 08
2012/ 04
2012/ 08

— Men-Chuen's Honesty International Logistics Center at Taoyuan opened for business.
— Motion proposed to add production facilities in Vietnam.
— New fabric production operation facility of Men-Chuen completed and operational
— Board resolution to end production in China
— Dyeing production operation facility of Men-Chuen expansion initiated

2013/ 08
2013/ 09

— Construction began for Men-Chuen's logistics warehouse at Luzhu.
— Phase 1 Expansion of dyeing production operation facility of Men-Chuen completed
— Men-Chuen's Vietnam office established

2013/ 12
2014/ 02
2014/ 06

— Phase 2 Expansion of dyeing production operation facility of Men-Chuen completed
— Construction initiated for Men-Chuen's knitting plant in Vietnam
— Tiling ceremony for Men-Chuen's new facility in Vietnam

2014/ 09
Men-Chuen's
Vietnamese
facility



2014/ 12

— Men-Chuen's new facility in Vietnam completed and operational
— Men-Chuen's Luzhu logistics warehouse completed and operational



> International Certification And History

2011/ 06	Passed Oeko-Tex document audit for the 1st time
2011/ 07	Oeko-Tex certification acquired
2011/ 08	Formal certification for ISO 14001 & OHSAS 18001
2011/ 09	Receives certification from the GRS Control Association
2011/ 10	Receives ISO 14001 & OHSAS 18001 certification from Lloyd's Register LRQA
2012/ 02	Passed document audit of Bluesign for the 1st time
2012/ 03	2nd Oeko-Tex audit 1st surveillance audit of ISO 14001 & OHSAS 18001
2012/ 06	Passed the Oeko-Tex audit and certified for the 2nd time
2012/ 08	Passed the GRS audit and certified for the 2nd time
2012/ 09	2nd surveillance audit for ISO 14001 & OHSAS 18001
2012/ 12	Bluesign fabric test audit
2013/ 02	Bluesign certificate acquired
2013/ 03	3rd surveillance audit for ISO 14001 & OHSAS 18001
2013/ 05	Participated in the C2C Conference
2012/ 06	Passed Oeko-Tex recertification
2013/ 08	Passed the GRS audit and certified for the 3rd time
2013/ 09	Provide ISO 14001& OHSAS 18001 certification audit to the Guishan Plant
2013/ 09	4th surveillance audit for ISO 14001 & OHSAS 18001
2014/ 03	5th surveillance audit for ISO 14001 & OHSAS 18001
2014/ 05	Passed Oeko-Tex recertification
2014/ 06	Oeko-Tex site audit and textile sampling and test
2014/ 08	Passed the GRS audit and certified for the 4th time
2014/ 08	1st re-certification acquired for ISO 14001 & OHSAS 18001
2014/ 11	Bluesign recertification audit
2014/ 11	Completed Higg Index 2.0



> Corporate Organization And Responsibility

Men-Chuen Fibre Industry Co., Ltd. was first established in March 1987. In 2013, the capital sum of the Company totaled NT\$ 439,780,000. This figure rose to NT\$ 489,480,000 in 2014. Number of employees also grew from 360 individuals in 2013 to 377 in 2014. Xianyi-affiliated enterprises serves as the mainstay for weaving, dyeing, and goods import-export operations in the Taiwan area. The company's main office is established in Neihsu District of Taipei City. Dyeing facilities, weaving facilities, logistic warehouses, and other production areas have been established at Luzhu and Guishan of Taoyuan City.

Xianyi affiliated enterprises include the Main Office, Taiwan Dyeing Division, Taiwan Weaving Division, and Vietnam Production Division. The Main Office is composed of the sales department, research and development department, import-export department, human resources and general affairs office, information department, and financial department. The Weaving Division is composed of the weaving office, production control office, and logistics department. The Dyeing Division is composed of the dyeing office, production control office, chemical laboratory, security office, and environment safety office.

Responsibilities of the relevant departments:

Director's Office

Formulate corporate objectives, investment directives, generate major resolutions, and approve major documents.

Sales Division: Provide effective solutions for the customer and formulate annual corporate business plans and strategies; formulate, manage, and implement sales strategies and plans.

Research and development department:

Improve innovation and technology. Mainly in charge of testing new sample fabrics and creating new products in order to cater to the needs of major consumer populations.

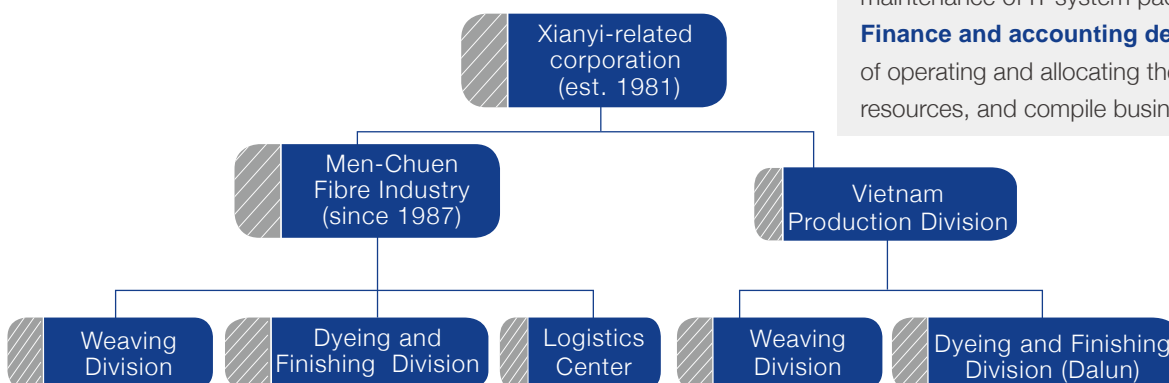
Import-export department: Schedule company import and export operations, and control transport costs.

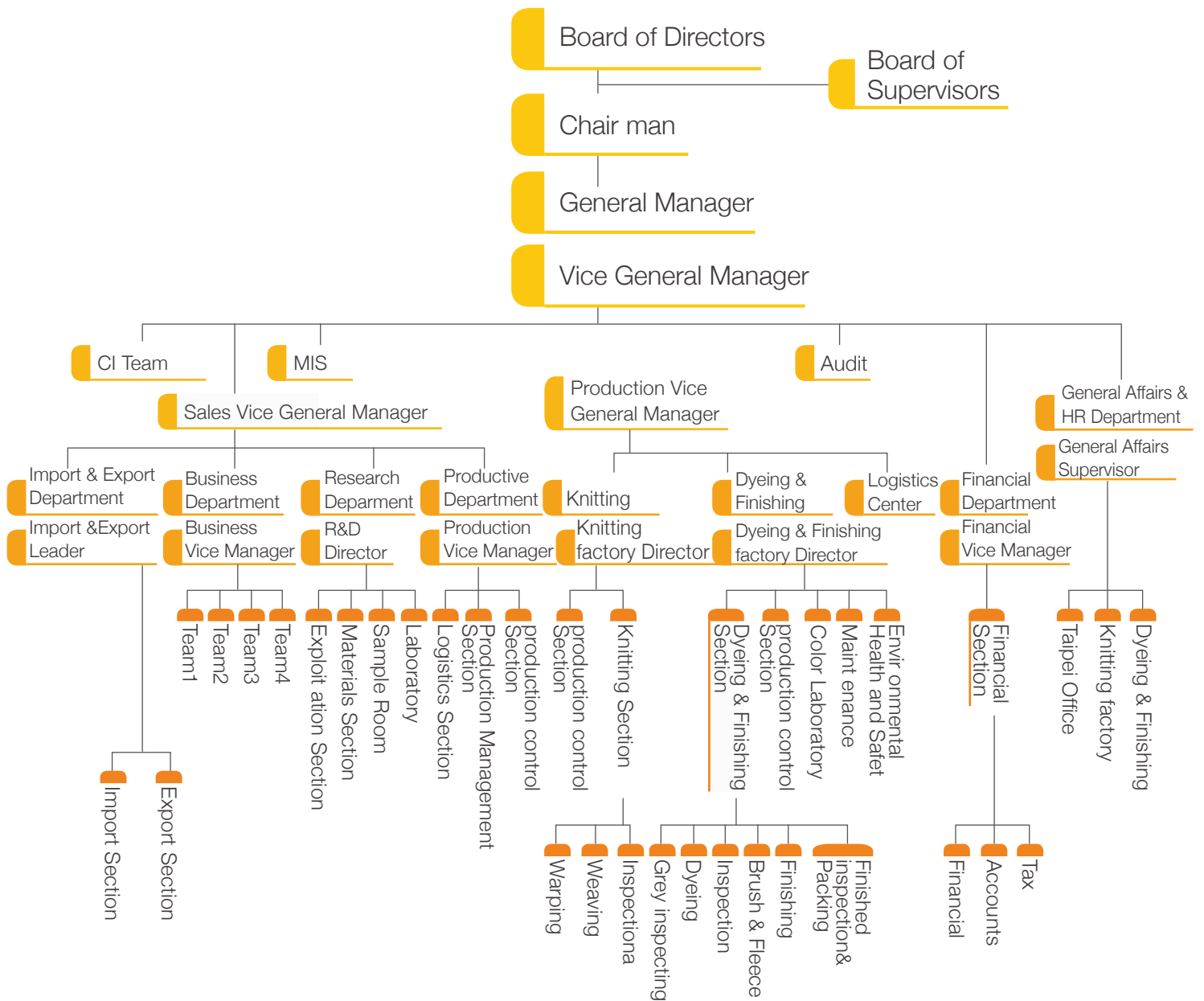
Human resources and general affairs office:

Plan, manage, and implement legal and labor affairs for human resources; external personnel recruitment as well updating and implementation of labor laws.

IT department: Responsible for developing and driving company digitalization and IT systems; assess and implement digitalization of various operations; maintenance of IT system packages.

Finance and accounting department: In charge of operating and allocating the Company's financial resources, and compile business operational results.







> Product Categories

Fundamental

- Feather Touch
- Solid Core
- Textured Core
- Classic Core(non-function)
- Mesh Core

Versatile

- After Affects
- Feather Touch Deluxe
- Digital Jacquard
- Novelty Mesh
- Premium Basic

Indy

- Flip Side
- Color Fusion
- Natural Touch
- Thermo Regulate
- Seamless Full Garment

Team

- Body Map Burn Out
- Dual Tone Reverse Mesh
- Functional Custom Graphics
- Pro Stretch
- Advanced Pro Mesh

						
Feather Touch	Open Jacquard	Color Fusion	Dynamic Thermos	3D Jacquard	Custom Seamless	Flip Side
Fine Gauge Warp Knit	Warp Knit Jacquard	Ombre Dope Dying	Temperature Reactive Ink	Multi Dimensional Jacquard	Seamless Full Garments	Reversible Dual Texture
<ul style="list-style-type: none">• 32+g warp knit with circular look, and feel• Supreme lightness and luxury hand feel• Reduced snagging,• Stronger than circular knit	<ul style="list-style-type: none">• Endless design and pattern options• Open hole construction capabilities• Single Dye color• Extended repeat pattern	<ul style="list-style-type: none">• Micro color migration through precision dope dying innovation.• Visual excellence in color fusion and optimal crafted motion• Directive color palette	<ul style="list-style-type: none">• Functional Graphics with via heat reactive inks• Ink/print quickly responses to the body's heat by disappearing with increased body temperature	<ul style="list-style-type: none">• Advanced knitting technology in jacquards giving total open hole, multi patterned options for design and extensive visual effects	<ul style="list-style-type: none">• Performance Full seamless tubular and open width knitting technology, 28gx44", synthetic yarns, customized design options	<ul style="list-style-type: none">• Refined double knitting structural technology with excellent customized texture, pattern, weight and performance• reversible and refined



Men-Chuen Industrial Fibre has always been one of the major fabric supplier for world leading sports apparel brands such as Nike, Adidas, Puma, and Columbia. To meet the requirements and demands of these brands, Men-Chuen established its research and development (R&D) department in 1993 which is solely dedicated to the development and production of functional fabrics in order to respond to the ever-changing market requirements and our increasing number of customers, with R&D results that include products with excellent textures, 3D jacquard, netted jacquard, customized non-knitted products, double-facing, and color fusion styles.



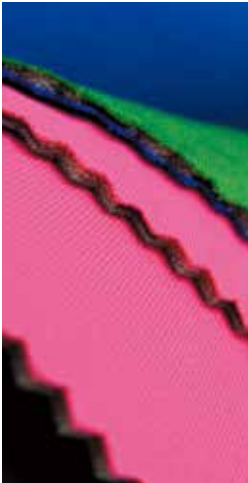
Knitted fabric made from environmentally friendly materials



Coat-printed warp knitted fabrics



Circular knitted computer Jacquard



Various knitted printed / embossed / laminated fabric



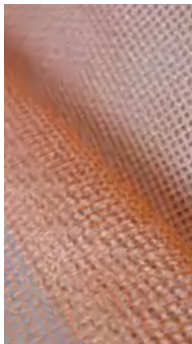
Circular knitted netted fabric



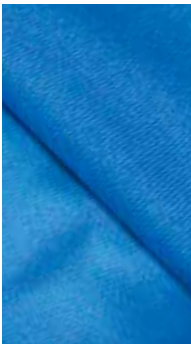
Circular knitted textile



Warp knitted spandex



Tricot warp-knitting Fleece



Tricot warp-knitting Fleece



Special converted structure Jacquard



Perspiration absorbing and quick drying functional fabric



Thermal reservoir and temperature adjustment functional fabric



Odor-free and anti-bacterial functional fabric

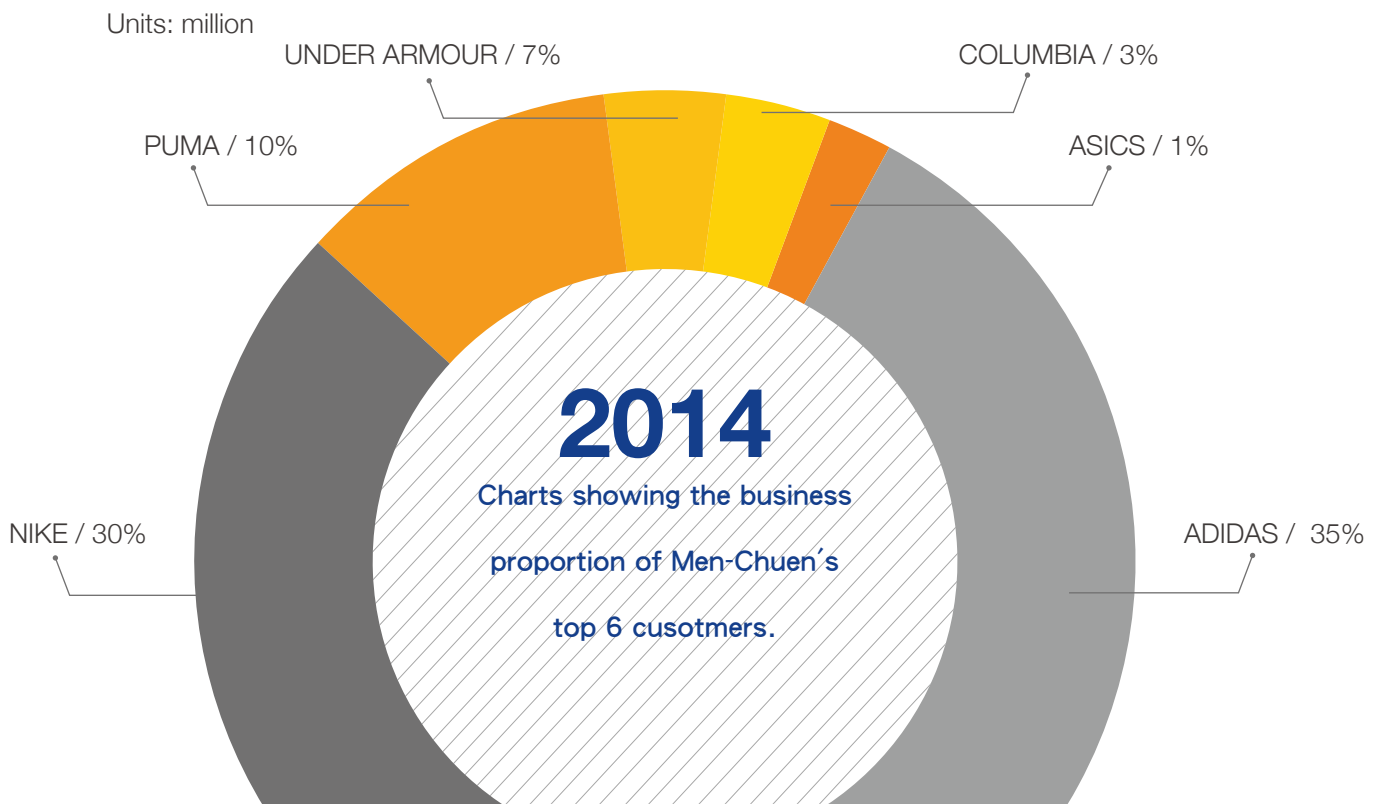


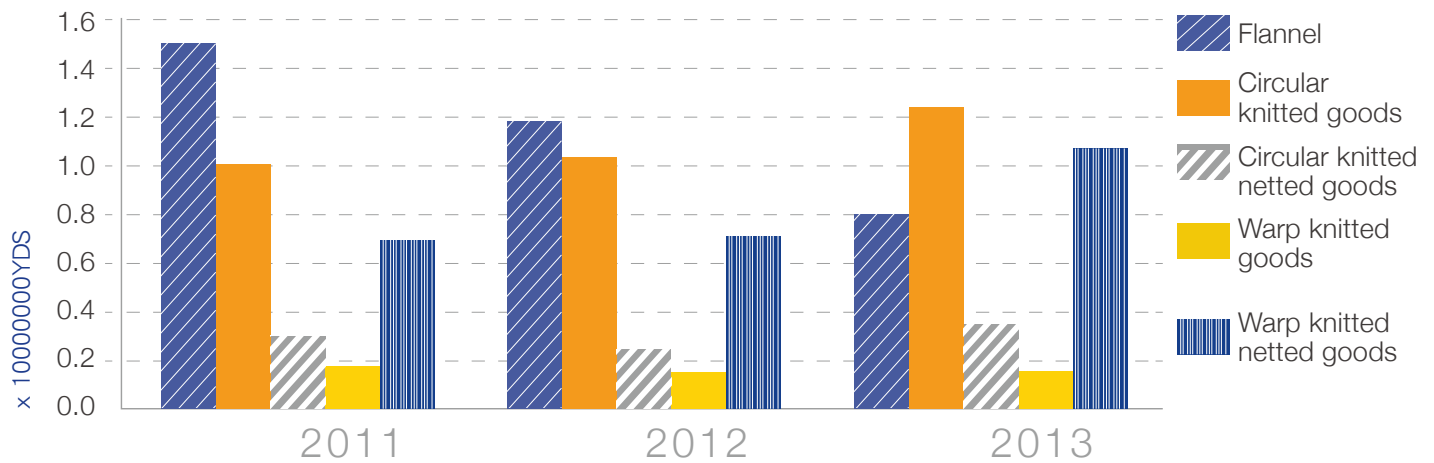
Anti-UV functional fabric

> Main Customers



Men-Chuen's main customers include leading sports apparel brands (such as Nike, Adidas, and Puma), and our main businesses mainly involve providing them with fabrics with special properties and functions. Our products mainly include warp knitted fabrics, circular knitted fabrics, and flat knitted fabrics. We have acquired various international certification in order to ensure that we are capable of providing high quality services and meet quality requirements of our products and fabrics.





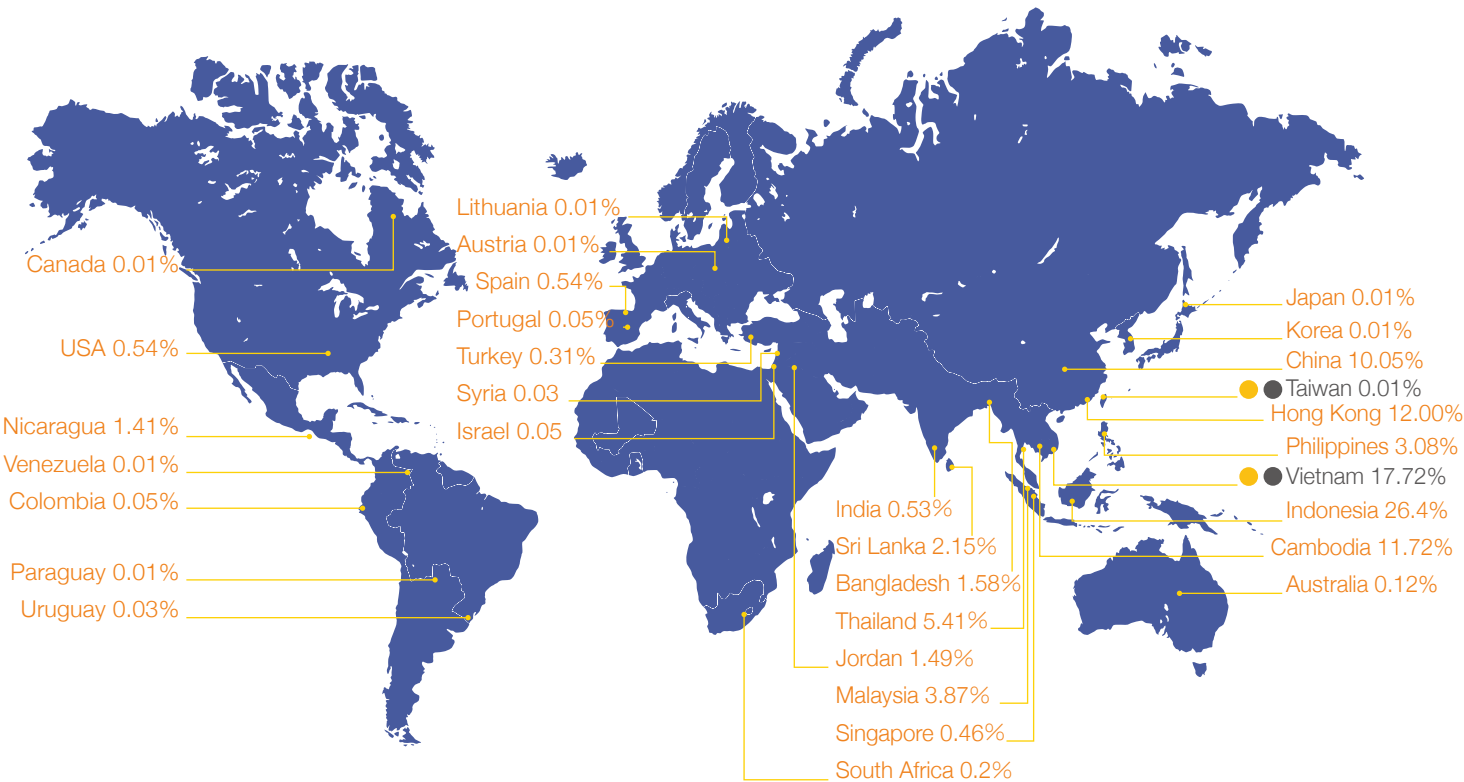
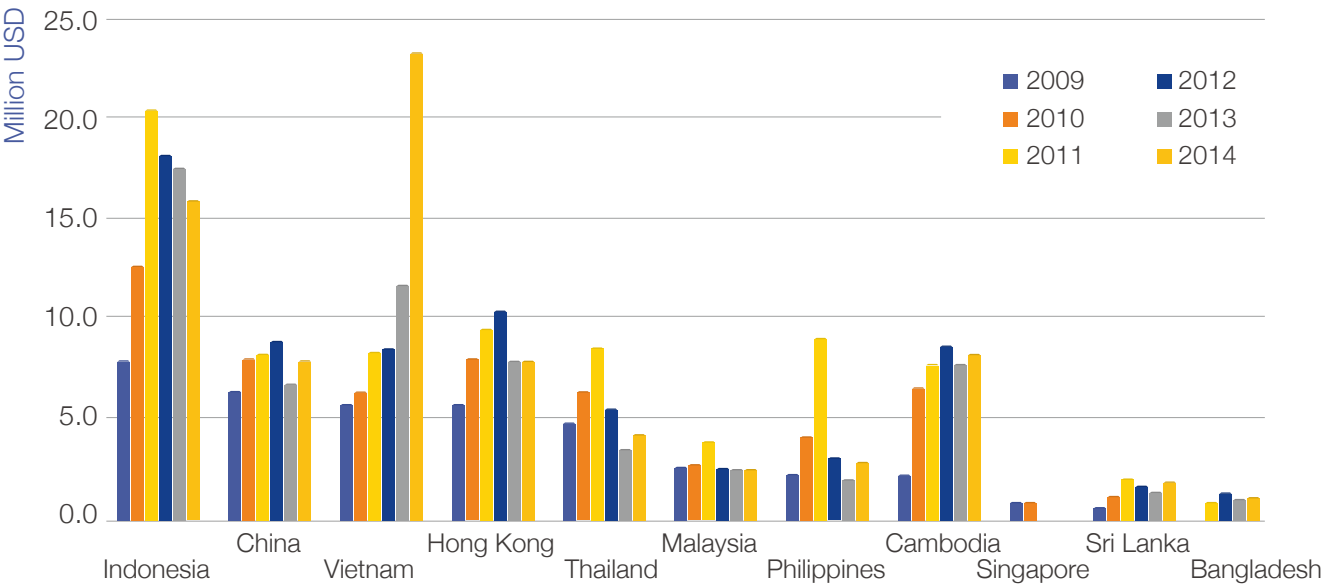
Units: million													
Rank	Name	Value (USD)	Value proportion	5.00	10.00	15.00	20.00	25.00	30.00	35.00	40.00		
1	ADIDAS	32.6	35.2%										
2	NIKE	28.2	30.5%										
3	PUMA	9.4	10.1%										
4	UNDER ARMOUR	6.9	7.5%										
5	COLUMBIA	3.1	3.3%										
6	ASICS	1.5	1.6%										
7	BAUER	1.4	1.5%										
8	SALOMON	1.0	1.1%										
9	NEW BALANCE	1.0	1.1%										
10	REEBOK	0.7	0.8%										

Units: million													
Rank	Name	Value (USD)	Value proportion	0.00	0.20	0.40	0.60	0.80	1.00				
11	PATAGONIA	0.6	0.6%										
12	REI	0.6	0.6%										
13	DICK'S	0.6	0.6%										
14	LUCY	0.5	0.6%										
15	WILSON	0.5	0.5%										
16	SPYDER	0.5	0.5%										
17	OAKLEY	0.5	0.5%										
18	LOTTO	0.4	0.5%										
19	GEAR	0.4	0.5%										
20	BROOKS	0.3	0.3%										

> Business Areas

Men-Chuen's major clients are renowned sports apparel brands from around the world. Quality fabrics and products must be therefore be shipped to the garment factories designated by the client. Major sales regions include: Asia, Southeast Asia, the Middle East, Europe, the Americas, and Oceania

> Figure 1: Growth trends of top 10 sales areas from 2009 to 2014



● Knitting production base Taiwan / Vietnam

● Dyeing production base Taiwan / Vietnam

Unit: million (US dollars)

RANK	COUNTRY	2009	2010	2011	2012	2013	2014
1	Indonesia	8.0	12.9	20.6	18.4	17.8	16.1
2	China	6.4	8.2	8.4	9.0	6.8	8.1
3	Vietnam	5.9	6.5	8.5	8.7	11.9	23.6
4	Hong Kong	5.8	8.1	9.7	10.5	8.1	8.0
5	Thailand	4.9	6.5	8.7	5.6	3.6	4.3
6	Malaysia	2.7	2.9	3.9	2.7	2.6	2.6
7	Philippines	2.3	4.3	9.1	3.1	2.1	3.0
8	Cambodia	2.3	6.7	7.8	8.7	7.9	8.5
9	Singapore	0.9	0.9				0.0
10	Sri Lanka	0.7	1.2	2.1	1.7	1.4	2.0
11	Bangladesh			0.9	1.5	1.1	1.2

RANK	COUNTRY	PERCENTAGE	PERCENTAGE	PERCENTAGE	PERCENTAGE	PERCENTAGE	PERCENTAGE
1	Indonesia	19.3	21.4	25.0	25.2	26.4	19.9
2	China	15.5	13.5	10.2	12.3	10.1	10.0
3	Vietnam	14.2	10.7	10.4	11.9	17.7	29.1
4	Hong Kong	14.1	13.5	11.7	14.4	12.0	9.9
5	Thailand	11.9	10.8	10.6	7.7	5.4	5.4
6	Malaysia	6.6	4.8	4.7	3.7	3.9	3.2
7	Philippines	5.7	7.1	11.0	4.3	3.1	3.6
8	Cambodia	5.6	11.1	9.5	12.0	11.7	10.4
9	Singapore	2.2	1.5				
10	Sri Lanka	1.6	2.1	2.5	2.3	2.2	2.5
11	Bangladesh			1.1	2.0	1.6	1.5



➤ Stakeholders And Bidirectional Communication

At Men-Chuen, we don't simply focus our development entirely upon our stockholders. We are also concerned with the rights and interests of other stakeholders in order to ensure that they are able to enjoy the rights and benefits that they are entitled to. To achieve this, effective channels of communication have been established to understand stakeholders' needs, identify the topics of interest, and respond to their requirements by implementing the corresponding social responsibility measures. This allows us to better generate solutions that benefit multiple parties while pursuing economic, social, and environmental growth and developments. The following table lists Men-Chuen's stakeholders, the topics that they are interested in, as well as the communication method employed.

- ① **Employees**
- ② **Customers**
- ③ **Local Population**
- ④ **Stockholder**
- ⑤ **Supplier**
- ⑥ **Bank**
- ⑦ **Claims Adjuster**
- ⑧ **Academic Unit**
- ⑨ **Government Units**

Stakeholder	Leading Topics	Communication
①	Pay and welfare Occupational health and safety On-job training and development	End-of-year company-wide meeting Employee opinion box Employee satisfaction survey
②	Product delivery Product quality and R&D Service quality	Local / international exhibits Regular customer visits Supplier meeting of branded customers
③	Environment Management Social charity	Monthly river cleaning event Community service
④	Sustainable development strategies Corporate operations and status Business performance	Publishing of the Sustainability Report Stockholder review meeting Financial Report
⑤	Corporate operations and status Company status and equipment Supply chain management	Publishing of the Sustainability Report Supplier opinion survey Regular visits
⑥	Corporate operations and status Gross profit fluctuations	Publishing of the Sustainability Report Providing the relevant financial reports
⑦	Introducing ISO, Bluesign, OHSAS, and LEAN management audit items	Certification, audit, recommended improvements, and training
⑧	Training of industry professionals Sharing and integration of supply chain cluster development	Providing business-education partnerships Industry professional training programs
⑨	Corporate governance Energy consumption Occupational health and safety	Establishing company regulations and government rules in compliance to the relevant laws



> Financial Status Analysis

Business revenue for 2014 amounted to NT\$ 2.795 billion for an annual increase of 20.3%. We mainly relied upon our subcontractors in order to handle the large number of orders received. Net business profit of 2014 grew by 13.4%, which is mainly attributed to drastic reduction in oil prices and reduction in production costs. Non-business expenses are caused by increases in the value of the New Taiwan Dollar that led to losses in exchange rates. Reduction in earnings per share has been caused by partial dilution of capital increase through capitalization of retained earnings.

Financial Status Analysis			
Unit (million NT\$)			
Item \ Year	2014	2013	2012
Business revenue	2,795	2,322	2,513
Gross business profit	403	257	296
Business gain	93	82	81
Non-business income and benefits	36	46	156
Non-business expenses and loss	38	18	53
Pre-tax profit (loss)	91	110	184
After-tax profit (loss)	64	103	168
Earnings per share	1.32	2.19	3.83



➤ Social Aspects

At Men-Chuen, we regard our fellow employees and staff as the most important assets of our company. In order to ensure the rights and interests of our employees, we have complied with the Labor Standards Act, Act of Gender Equality in Employment, Occupational Safety and Health Act, and other relevant laws.

Occupational disasters in Taiwan are becoming increasingly common in recent years. At Men-Chuen, reducing the incidence of occupational disasters has always been one of our key objectives. At Men-Chuen, we have always regarded Zero Occupational Injury as our highest directive of the year in order to secure employee satisfaction. We have also successfully achieved zero occupation injury for 4 consecutive years (2011 to 2014).

In order to ensure that our fellow employees are able to work in a safe environment, we offer good stable salary as well as other employee-centered welfare subsidies and bonuses that includes annual employee tours in Taiwan and other countries, baby bonuses, subsidies for external training and studies, and maternity and paternity leaves. We also frequently organize employee dinner gatherings in order to improve staff morale and strengthen corporate identity.

We have constantly upheld relevant labor laws as well as internationally recognized principles of employees' rights to safeguard the legal interests of our staff. We also adopt non-discriminatory work employment policies, provide excellent work environment, and offer good employee benefits. Our future tasks are listed in the following:

- 1 / Providing a comprehensive salary system as well as welfare measures.
- 2 / Offer an equal and fair employment environment and safeguard the legal rights of our employees.
- 3 / Focus on employees' rights and establish an open channel of communication, and implement gender harassment prevention measures.
- 4 / Focus on employee career development and provide them with comprehensive training programs.
- 5/ Focus on employee health and regularly provide free health examinations.
- 6/ Maintain a harmonious employee-employer relationship to create a mutually beneficial and win-win partnership.

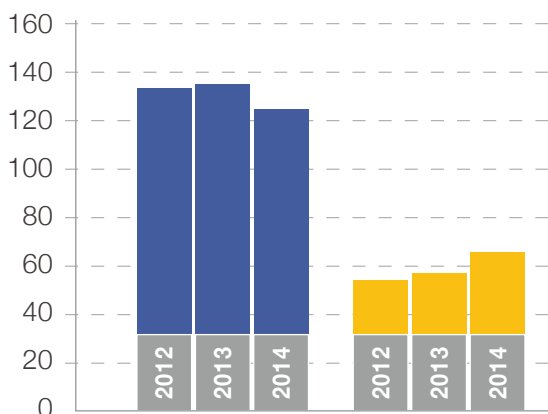
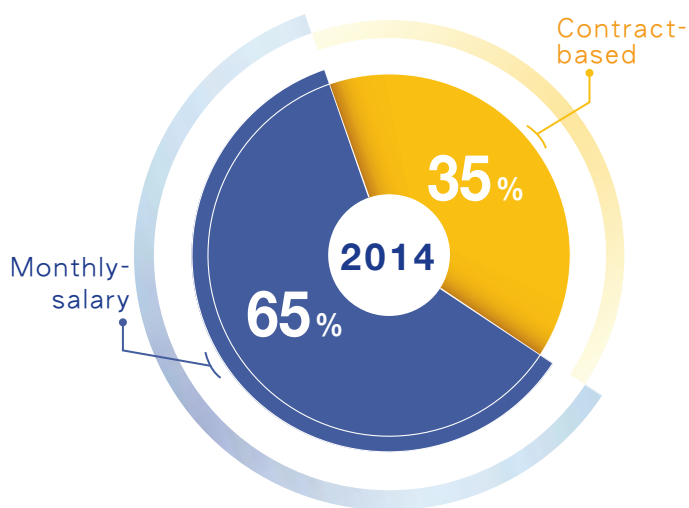
Welfare item	2012	2013	2014
	Number of recipients	Number of recipients	Number of recipients
Marriage, funeral, and celebrations	11	11	13
Training bonuses	78	78	78
New employment	376	372	377
Labor Day (1st of May)	390	370	392
Duanwu Festival	381	367	393
Mid-autumn Festival	376	380	387
Birthday Bonus	336	337	337
Baby bonus (1 month old)	1	1	4

(Number of Men-Chuen employees benefiting from the bonus)



➤ Employment Category Information

> Proportion of each employment category



Year	Monthly salary	Contract-based
2012	133	56
2013	134	58
2014	125	66

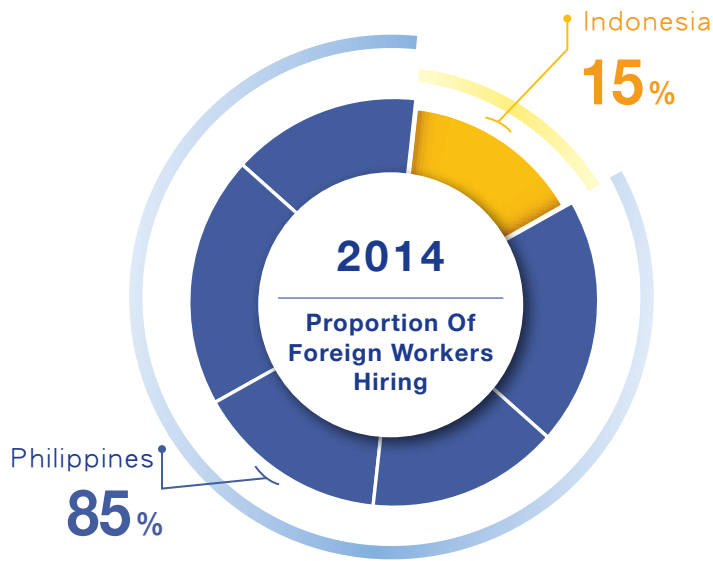
> Proportion of each employment category in 2014

Employment category	Number employed	Proportion
Monthly salary	125	65%
Contract-based	66	35%
Subtotal	192	100%

In 2014, all foreign employees recruited by Men-Chuen will first undergo an interview in order to assess their professional skills and competences in order to assign them with relevant work and job responsibilities that maximizes their skills and talents. There are 2 major employment recruitment categories at Men-Chuen: monthly-paid employees and contract employees. There are currently 125 monthly-paid employees who are mostly local Taiwanese. These employees make up 65% of the total workforce. The company also has 67 contract employees who are mostly foreign workers, making up 35% of the work force.

For the employment of foreign workers, the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan of the Republic of China has divided the industrial sector into 5 application classes of A+, A, B, C, and D. Men-Chuen would belong to class A+. Men-Chuen is a textile dyeing and finishing company. According to regulations, the proportion of foreign workers can only be up to 35% of total work force. We have therefore satisfied this legal requirement.

- > Chart showing the nationalities and proportion of foreign workers



- > Chart showing the nationalities and proportion of foreign workers

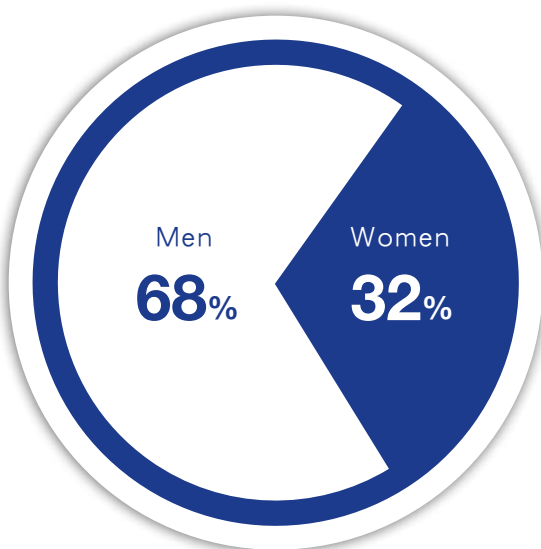
Country	2013	2014
Philippines	41	56
Indonesia	6	10

A total of 66 foreign workers are employed by Men-Chuen, mostly from the Philippines (56 individuals) and Indonesia (10 individuals). Foreign workers are provided with accommodations and canteen meals. Currently, most foreign workers recruited by Men-Chuen come from the Philippines.

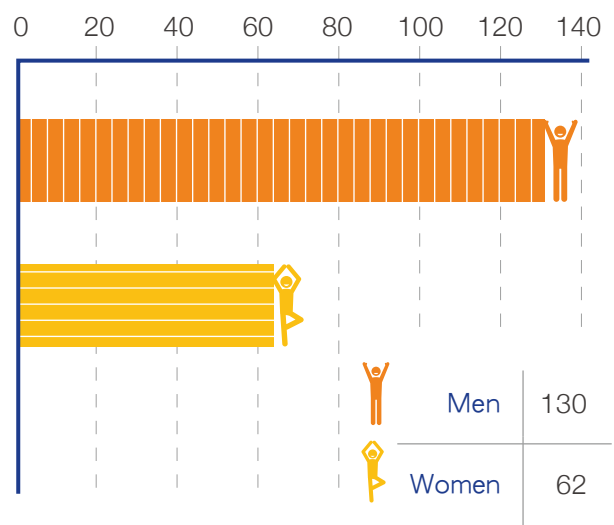
> Employee Gender

Work in the manufacturing floor of the textile industry involves physically demanding labor. Hence, there will be more male employees in the line. Male to female ratio is currently 2.1:1 in Men-Chuen.

- > Proportion of Employee by Gender



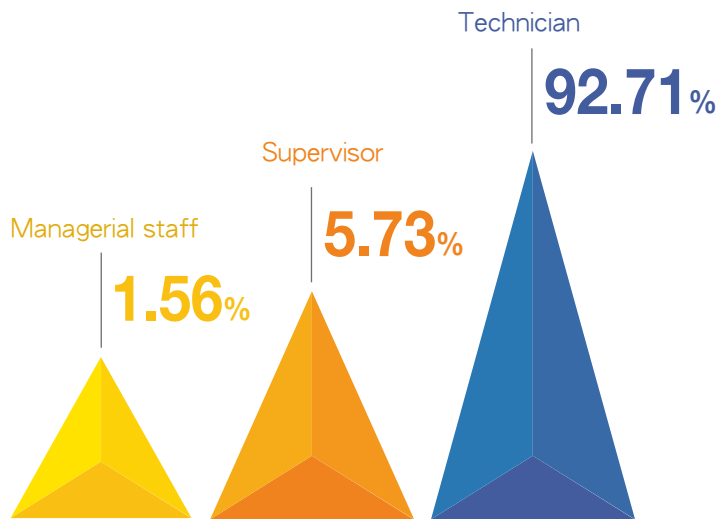
- > Number of Employee by gender



> Proportion Of Employee Rankings

> Employee ranking and proportions

Human resources proportions at Men-Chuen.
Manager : Supervisor : Technician = 1:4:59.

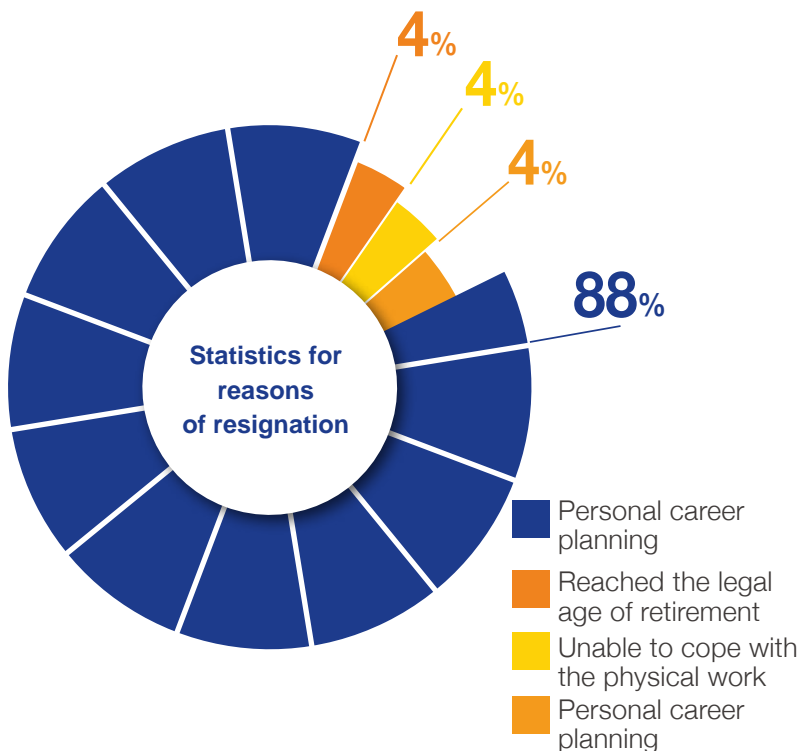


Rank category	Number	Proportion
Managerial staff	3	1.56%
Supervisor	11	5.73%
Technician	178	92.71%
Subtotal	192	100%

Future development	Personal career planning	88%
Retirement	Reached the legal age of retirement	4%
Health issues	Unable to cope with the physical work	4%
Family issues	Caring for family members	4%

> Employee Resignation Information

> Statistics for reasons of resignation



> Reason for leaving FY2014 (Nankan)

Future development	21
Retirement	1
Health issues	1
Family issues	1

Men-Chuen has archived and analyzed reasons given for employee resignation and has implemented Employee Satisfaction Survey for current employees as well. This anonymous survey include 10 question groups, namely work and training, salary and welfare, employee development, work information flow, company environment, interpersonal relationships and collaboration, supervisor leadership, company policy, corporate culture, and common identity. Results from the annual Employee Satisfaction Survey shall be provided to the managerial staff and supervisors as a reference for improvement. Statistical analysis will be used to assess employee satisfaction and identify areas where the company did well or need to improve upon. For areas with good performance, such performance shall be maintained accordingly. Weaknesses, on the other hand, shall be investigated in depth. Relevant departments shall be required to provide an improvement solution as well.

We have also acquired new handling equipment and completed our automated packaging line in order to minimize the need for heavy physical labor, and shall continue to improve upon such heavy physical work issues in the future.

> Employee-employer relationships

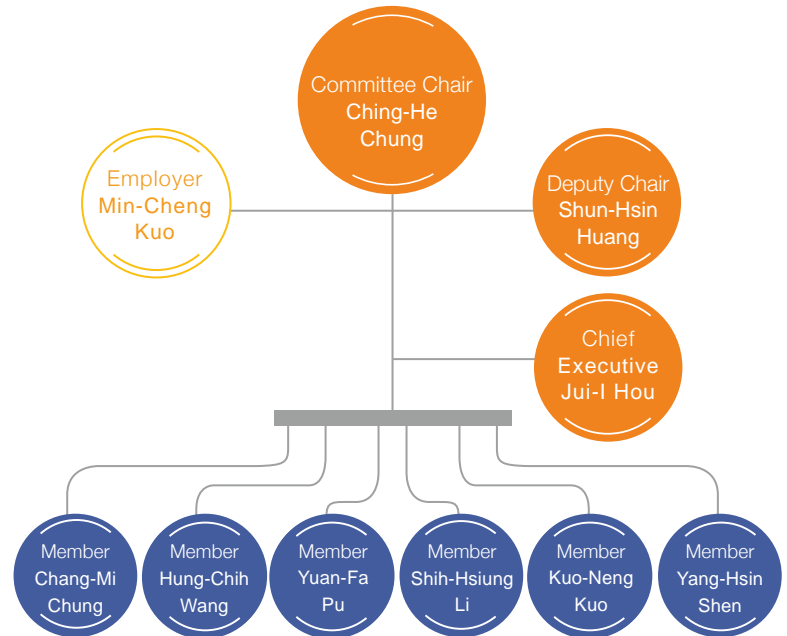
At Men-Chuen, we place great importance on the matter of employee-employer relationships. We have established a Welfare Committee and Employee Opinion Box in order to create an open and accessible opinion exchange channel between our employees and their supervisors. The Human Resource Department also regularly implements Employee Satisfaction Surveys to understand employee feedback, identify the core of the problem, and provide a suitable solution.

Welfare Committee members serve for 4 years. A meeting is held every quarter to discuss employee feedback and provide them with relevant responses. At the end of the year, a meeting will be held to formulate employee welfare items and budget.

Men-Chuen is also carrying out an Employee Satisfaction Survey Project to collect employee voice and opinion. Results shall be provided to the company as well as various departmental supervisors for reference, discussion, and subsequent improvement.

The Project also helps to ensure the availability of an open channel of communication between the employee and the company.

> Organizational chart of the Employee Welfare Committee



> Employee opinion box



Men-Chuen is also carrying out an Employee Satisfaction Survey Project to collect employee voice and opinion. Results shall be provided to the company as well as various departmental supervisors for reference, discussion, and subsequent improvement. The Project also helps to ensure the availability of an open channel of communication between the employee and the company

Year	No. of opinions	Source	Contents	Handling	Employee feedback
2012	1	Factory employee	The variety of items sold in the vending machine in the factory can use a little more variety.	1. Communicate with the vendor by phone 2. Improve diversity of items offered at the vending machine, and replace unpopular items 3. Increase the frequency of food replacement of the vending machine to once per day	Feedback has been satisfactorily responded to
2013	2	Factory employee	Can the company help provide safekeeping services for our passports and deposit books? Please replace and upgrade personal protective equipment	1. Foreign worker has voluntarily requested the company to provide safekeeping of personal documents 2. Not required for those without the intentions 1. Expired or damaged equipment have been replaced 2. Improve budget allocated for personal protective equipment	Feedback has been satisfactorily responded to
2014	2	Factory employee	Communal meals are too salty Water dispenser are too old	1. Ask our supplier adjust its flavour 2. Prepare some ground spices that people can add it themselves 1. Ask our supplier change new water dispenser 2. Change the pipe of the Water dispenser	Feedback has been satisfactorily responded to



> Occupational Accidents Definitions And Laws

The definition for occupational accidents have been provided in Article 2 Paragraph 4 of the Occupational Safety and Health Act of the Republic of China, and refers to any diseases, injuries, disabilities, or deaths of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, vapors, dusts, etc., at the place of duty, or as a result of work activities, or due to other occupational causes.

Year	2011	2012	2013	2014
Occupational accidents	0	0	0	0

From the table above, we could see we have achieved zero occupational injury the past 4 years, demonstrating Men-Chuen's remarkable achievement and our efforts towards occupational safety.

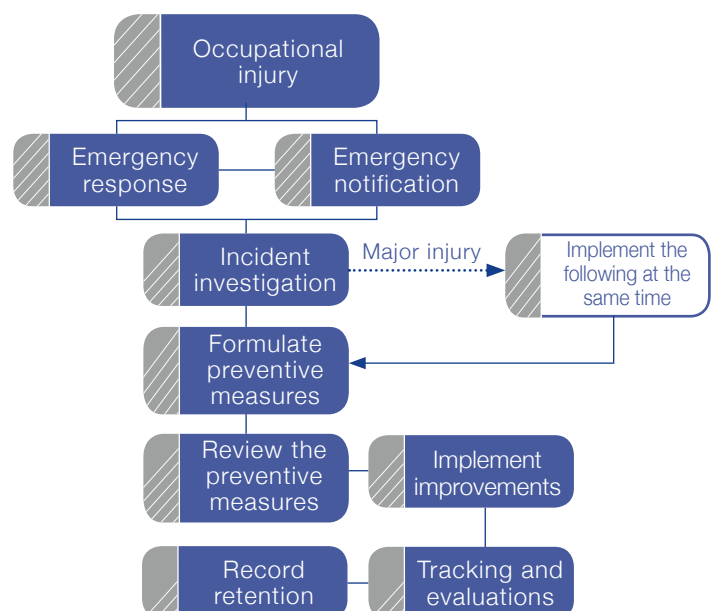
Annual occupational audits of the company can be divided into 2 parts - internal audits and external audits. Internal audits reviews the safety of internal processes and are held once every 2 months. External audits are safety reviews implemented by third party auditors and are held once every 6 months. We have also required our employees to carry out process checks before work every day. Supervisors in each department will also check the personal protective equipment used by their staff members. Such measures ensure that every potential cause for accident has been covered accordingly.

Zero occupational injury has always been the objective of our annual safety program. In addition to auditing and improving our work environments, we also regularly commission third party inspectors to check the combined temperature and thermal indicators and noise levels of the work environment. For employee occupational accident insurance, Men-Chuen has provided relevant accident insurance coverage for employees working at our company.

> Occupational Injury Handling Procedure

> Flowchart for review of occupational injuries

The figure above shows the flowchart for dealing with occupational injuries. In the event that an occupational injury has occurred, emergency notification and response shall be initiated immediately. This ensures that employees affected by the occupational accident will receive immediate and appropriate treatment in a timely manner. Root cause analysis shall be carried out for any occupational accident that occur in order to propose corrective actions and effective preventive measures. Further actions will be taken to track and review the improvements taken in order to completely eliminate chances of recurrence of the occupational accident. Safety awareness courses are also regularly held for every employees in order to strengthen self-protection and safety awareness during work and establish a zero injury work environment. At Men-Chuen, we uphold the spirit that prevention is better than cure. In order to prevent losses to life and property as a result of disasters or accidents, we regularly hold factory-wide disaster and emergency response exercises on an yearly basis, and improve everyone's skills in responding to fires and other accidents and disasters.



> **Employee Categories**

> Proportion of each employment category in 2014

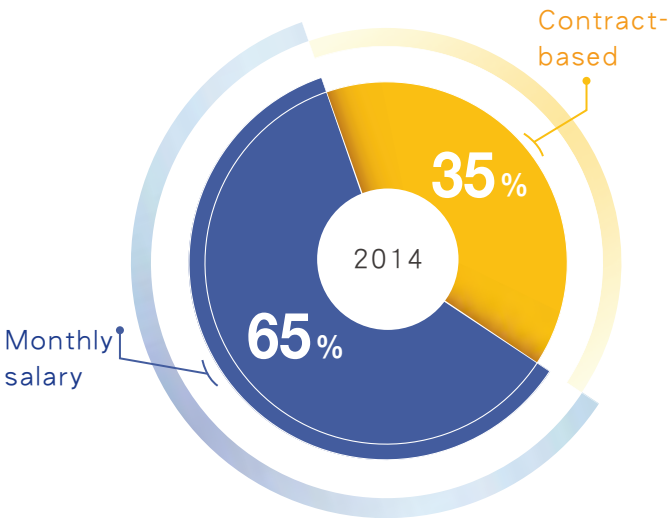
Men-Chuen employees are divided into those receiving monthly-salary (125 individuals for 65% of the work force) and contract employees (67 individuals for 35% of the work force). Professional training programs are offered to Men-Chuen employees. External training agencies and internal training courses are provided to ensure that employees can make better use of their skills and competences and undergo appropriate courses and support in order to enhance their degree of professionalism.

Training provided by external and professional agencies are mainly provided for monthly-salary employees. Contract employees will be trained in internal courses taught by monthly-salary employees. Employees are important company assets and key to sustainable corporate management. Internal and external training will improve employee competences and help establish work environment safety and health awareness and identification of workplace hazards and risks.

> **Average Training Hours Received By The Employees**

Average length of training for the year of 2014 was 20.43 hours, which was an increase of 59% compared to the 8.2 hours of 2013.

The General Affairs Office has planned training courses by the individual employee as well as his or her role. The Office is also responsible for coordinating annual training programs, training strategies, and assessment systems for the entire company. The training programs are then expanded to various departmental supervisors who shall

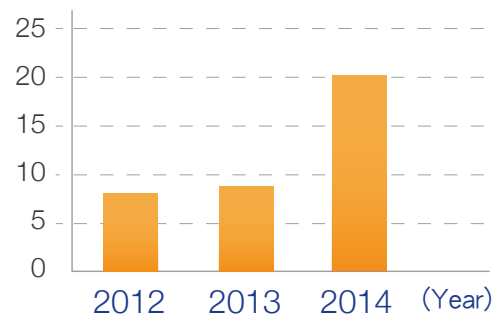


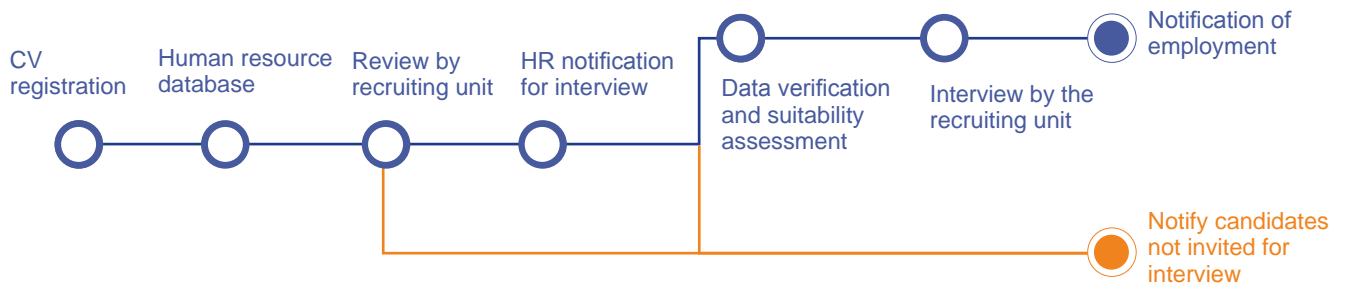
> Average training hours

Item	Total training hours	Average training hours
Internal training for 2014	1293	12.43
External training for 2014	720	8
2014	2013	20.43
2013	1525	8.2
2012	1384	7.32

then formulate and implement professional training programs within their own departments. Given the fact that each department has their own unique requirements, the departmental supervisor will design their own professional competence training courses to enhance the required set of professional skills and abilities. Employees are also encouraged to acquire technical licenses and certificates. We invest in employee participation of relevant professional license seminars and training courses, and reward employees who are successfully certified to the relevant skills.

> Average Training Hours Received By The Employees





> Salary comparisons by gender

At Men-Chuen, work salary for new employees are based upon their pay grade and job description, and would not be affected by their gender, age, ethnicity, religious beliefs, political stance, marital status, or group memberships. Salary for new employees are higher than the standard requirement. Various bonuses and pay grade improvements will be offered according to work performance, leading to differences in employee pay. In addition to monthly salary and end-of-year bonuses, Men-Chuen employees are also entitled to annual performance bonuses as well. Employees with outstanding work achievements will be provided with bonuses commensurate with their contributions.

Foreign worker salary is also higher than the basic salary of NT\$ 19,273 stipulated by the Ministry of Labor as well as other relevant employee salary laws of the Republic of China. Accommodations and holidays are provided. The law permits a monthly deduction of NT\$ 4000 from the salary for meal expenses. Men-Chuen, however, provides a more agreeable deduction of NT\$ 2000 as well as fixed deposit services for the employees accordingly.



> Employee recruitment procedure at Men-Chuen

From the Men-Chuen employee recruitment flowchart, we could see that personal information provided by the prospective employee will be subject to a two-stage review by the recruiting department, namely data verification and suitability assessments.

Employee recruitment is an open process carried out via 4 major methods:

- ① Job bank
- ② Online recruitment
- ③ Employment exhibits
- ④ Business-education partnerships

(Such as Ming Chi University of Technology, Ming Hsin University of Science and Technology, Oriental Institute of Technology)

Prospective candidates that have been selected will undergo the review process. The first stage will be recruiting department review: The supervisor of the recruiting department will verify the resume and personal information furnished by the interviewee.

During the personal information verification and suitability assessment phase, the HR personnel shall carry out personal information verification and suitability assessment with the prospective interviewee. The interviewee must provide his or her personal identification issued by the Republic of China as well as other forms of certification (such as academic diplomas and professional licenses) to verify the truthfulness of the resume information furnished by the interviewee and to select the best candidate available. After completing our stringent personnel recruitment process, interviewees that satisfy the requirements of the recruitment department as well as reviewing processes of the HR personnel shall be formally employed as a new employee of the company. Men-Chuen shall also provide a documented notification to job candidates that fail to meet our acceptance criteria.

> Child Labor Definitions And Laws

- ① A worker over fifteen (15) years old, but less than sixteen (16), shall be considered as a child worker.
- ② No child worker shall be permitted to do heavy and hazardous work.
- ③ No employer shall employ any person under the age of fifteen. This does not apply if the person has graduated from junior high school or the nature and environment of the work have been determined and authorized by the competent authority that no harm will result to the worker's mental and physical health.
- ④ Employer of workers who are below sixteen years old shall keep the letters of consent from the legal guardians and age certificates of such workers on file.
- ⑤ Child workers' daily working hours shall not exceed eight hours, weekly working hours shall not exceed forty hours, and working on regulated day off is not permitted.

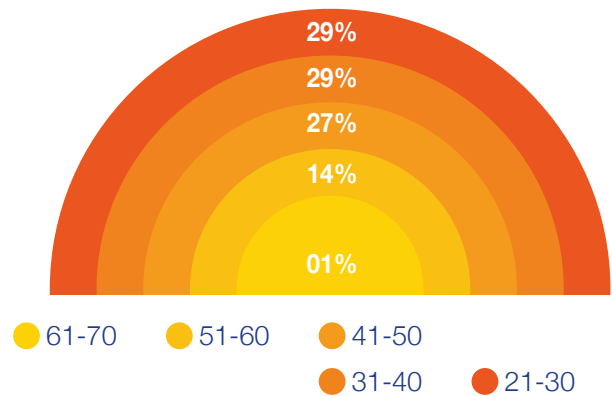
> Business-education partnerships

Since 2013, Men-Chuen has initiated an internship and practical education course with Ming Chi University of Technology. We would provide a list of work positions available and students will apply for them and attend the interviews accordingly. Those who pass shall undergo a 1-year full-time internship program to acquire relevant professional skills and experience actual work environment and society outside their school. We also greatly appreciate the hardworking and pragmatic student culture of Ming Chi University.

Men-Chuen also maintains constant communication with the counseling instructors and internship department supervisors. Internship reports are jointly reviewed and provided with relevant guidances by the counseling instructor and internship department supervisor. Credit scores will be given to those whose annual performance has passed the requirements. Student interns are provided with a monthly salary in order to encourage their independence, enhance their workplace competitiveness, and offer them with an additional one-year worth of work experience when they graduate.

Ming Chi University of Technology also presented Men-Chuen with a certificate of appreciation on 17 October 2014 and hoped for future collaboration and sustain the mutually beneficial program for both the University and our Company. Men-Chuen also resolved to continue this business-academic partnership for 2015.

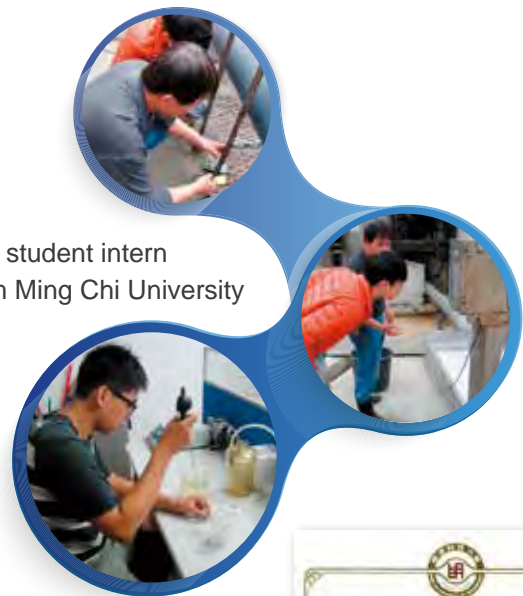
> Men-Chuen's human rights indicators



The oldest employee of Men-Chuen is currently 63 years old, while the youngest is 21 years old.

Work in the textile industry is considered, by nature, heavy physical labor according to the statutory regulations of the Labor Standards Act. Men-Chuen thus upholds regulations stipulated in Article 44 of the Labor Standards Act of the Republic of China and does not employ any employee under the age of 16 (but more than 15). Men-Chuen has never recruited any child worker since our founding.

> A student intern from Ming Chi University



> Certification of appreciation awarded by Ming Chi University of Technology



➤ Various Competitions And Employee Tours

The annual Men-Chuen Cup allows employees to express their passion outside work while cultivating their patience and determination in the challenging games. The Men-Chuen Cup also helps to foment fighting spirits and corporate identity amongst fellow employees. We also encouraged employees to invite their family members to join in the fun to build and strengthen friendships and relationships between employees and their families. The Men-Chuen Cup also helped to improve our corporate value, build our people-first corporate culture, and enhance the employees' sense of belonging while increasing business productivity.

In addition to Chinese Checker games, Men-Chuen also initiated 6S competitions. Various Continuous Improvement (CI) personnel and employees from every shift will assess the various areas on a weekly basis and release the results every month. Units that achieved the required targets shall be rewarded accordingly. The Men-Chuen Cup not only demonstrates the management's focus upon work occupational safety, section supervisors are also encouraged to strengthen and promote self-management plans to ensure effective implementation of autonomous workplace management.

> Men-Chuen Cup Chinese Checker Competition



> Our vice general manager bestow 6S competition's prize



> 2014 Men-Chuen Employee Tours at Nantou



> 2014 Men-Chuen Employee Tours at Taitung



> 2014 Men-Chuen Employee Tours at Kenting



> Employee tours

In addition to providing Men-Chuen employees with opportunities of self-expression and study, other welfare include employee tours to provide them with physical, mental, and spiritual relaxation and a chance to fraternize with their fellow colleagues. Men-Chuen does not just offer employees with a single travel option. Everyone is given a chance to vote for their preferred destinations. The leading travel packages are then offered for employees to choose from.



➤ Donations, Sponsorship, And Community Service

At Men-Chuen, we greatly appreciate the communities that our factories are located in for providing us with a wonderful environment to conduct our business and supporting the development of our plants. We hope that these corporate social responsibility activities will allow us to contribute to the people and environment of our community, build a positive relationship between our factories and their neighboring communities, and help us live up to our commitment to social responsibility.

Sponsorship for the KRC F3 team - Men-Chuen Fibre Industry's collaboration with KRC in the 2014 Race Season. KRC team has formally initiated a collaborative partnership with Men-Chuen Fibre Industry during the 2014 Race Season.

Uniforms for KRC team in the new season shall be provided by Men-Chuen Fibre Industry's MDS Group. Professional racing will help validate the superb features offered by the materials and designs of the new uniforms.



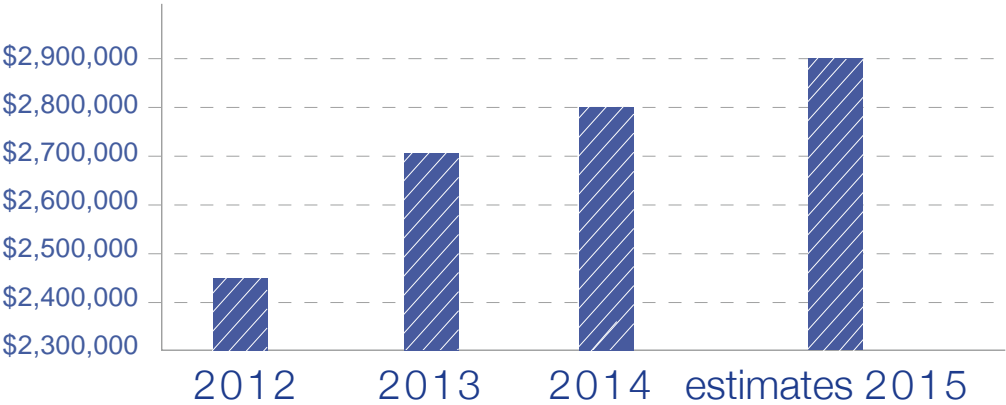
➤ Jacket Front / side / back



➤ Clothes Front / side / back



> Annual donation estimates



	2012	2013	2014	estimates 2015
Donation	\$2,500,000	\$2,750,000	\$2,800,000	\$2,900,000



> Giving back to the society

At Men-Chuen, we strongly believe in giving back to the society that supported us. Our efforts allow the communities, neighborhoods, and villages know that Men-Chuen isn't just giving back to the community. We've implemented actual measures to know that we're doing it.

> Using self-made waste fabric bags for cleaning away material clogging the drains



> Cleaning away the gravel on the road surface at the same time





> **Maintaining And Improving The Environment**

Men-Chuen successfully became a partner of bluesign® in 2013, and obtained their certification after passing the stringent bluesign® audits. After receiving our certification, we have replaced our dyestuffs and auxiliaries to ensure that every single product offered by Men-Chuen are certified to the most stringent quality standards. bluesign® is a strict and internationally renowned environmental protection standard adopted by leading members of the global textile supply chain, and requires the certified company to exercise total management of the natural environment, employee health, and safety. Men-Chuen's recent improvement measures to the environment can be largely divided into 2 aspects:

- ① Using bluesign® chemicals. This ensures that every aspect of incoming materials, production process, and product safety are capable of meeting bluesign® standards. We are also committed to the goal of zero discharge of hazardous chemicals (ZDHC).
- ② Implementing energy saving and carbon reduction policies, with measures that focus on reducing amounts of input and production waste as well as recycling of water used in the processes. Every data is digitalized, stored, and monitored accordingly. Data reviews are conducted on a monthly basis to calculate the amount of energy consumed in the previous month.

To contribute towards our environment and our internal requirement of improving wastewater treatment efficiency, we have completed a wastewater treatment facility at the end of December 2014. While building our water treatment plants, we have also taken initiatives to create an internal Energy Saving Program to December 2015.





Environmental impact indicators can be largely divided into 5 major categories: energy consumption (further subdivided into direct and indirect categories), process wastewater, air pollution, chemicals, and waste products.
 Direct energy consumption: Petrol and diesel engines
 Indirect energy consumption: Electricity

This Program will tackle environmental concerns from 3 approaches of energy saving (electricity and fuel consumption), water conservation, and waste reduction. Details of this Program are provided in the following sections:

> Three-Year Energy Conservation Program of 2014

Action Plan	Details	Status / Progress	Duration	Estimated Efficiency By 2015
Energy Conservation	① Establish an independent air conditioning system	Completed	Progressive adaptation since 2014	-10%
	② Improve heat exchanger efficiency	Under planning		
	③ Introduce ISO 50001	Under assessment	Assessment and plans to be introduced in 2015	
	④ Introduce energy and time saving measures for the reduction clearing machinery, and reduce personnel costs	Under planning		
	⑤ Recycle waste heat generated by the shrinking and forming machine to reduce kerosene consumption of our boilers	Under planning		
Water Conservation	① Improve production scheduling to reduce the kier bleaching processes	Under planning	Adjustments to production scheduling initiated since 2012 Equipment activated since 2014	-30%
	② Increasing waste water recycling and processing equipment to reduce water consumption	In progress		
	③ Introducing reduction clearing machinery to reduce water consumption	Under planning	Introduction and process adjustments to be made in 2015	
Waste Reduction	① Reduce the generation of waste fabrics	In progress	Planning and implementation has begun in 2012 Equipment activated since 2015	-20%
	② Reducing the waste heat emitted by the shrinking and forming machine	Under planning		
	③ Adding facilities to collect and process waste water and reduce sludge generation	Under planning		

> Direct And Indirect Energy Use

> Energy Consumption in 2014

Crude oil prices have recently undergone significant fluctuations. Relying heavily on energy generated from fossil fuels, however, will emit large volumes of carbon dioxide that prevents ground radiation from dissipating and resulting in a greenhouse effect that would disrupt global ecological balances. Hence, our goal in 2015 is to assess whether kerosene boilers used in our facilities can be replaced by biomass energy boilers. In place of fossil fuel, these boilers would rely on biomass for energy (such as palm kernel shells, or PKS) that is less affected by crude oil prices.

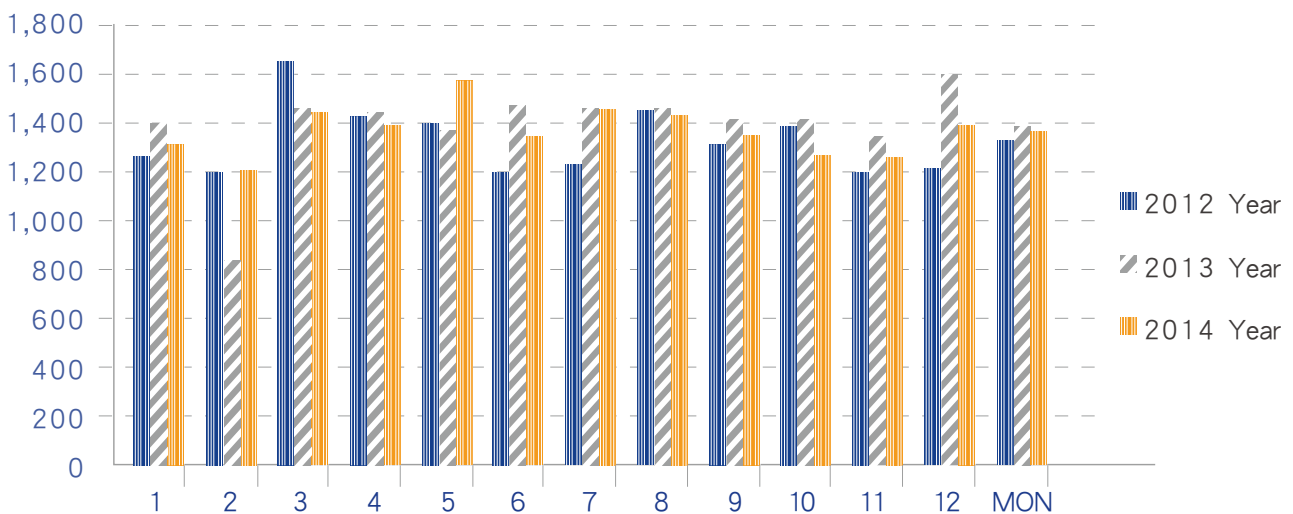
We have already replaced old T8 fluorescent tubes with the new energy-saving T5 tubes. We also replaced 6 old air compressors that are more than 10 years old with deteriorating performances with newer models.

The Chinese New Year Holiday is the most important and longest traditional festival in Chinese-speaking worlds. The period right after the holidays is usually the peak of the production capacity. However, the dates of the holiday will differ according on Western calendars. Chinese New Year Holidays for 2014 was January 30 to February 4, the days for 2013 was February 9 to 14, and those of 2012 was January 21 to 27. These differences accounted for the changes in electric power consumption in the month of February.

These major differences in power consumption are mainly influenced by Chinese and Western holidays as well as the seasonal changes from summer to winter. All these factors may exert direct impact to production capacity.

Recently, we have answered the global call for energy saving and carbon reduction measures with our lights-off policy to reduce carbon emission. Total power consumption in 2014 thus became lower than that of 2013.

> Electrical power fluctuations in 2012, 2013, and 2014 (unit: MWh)

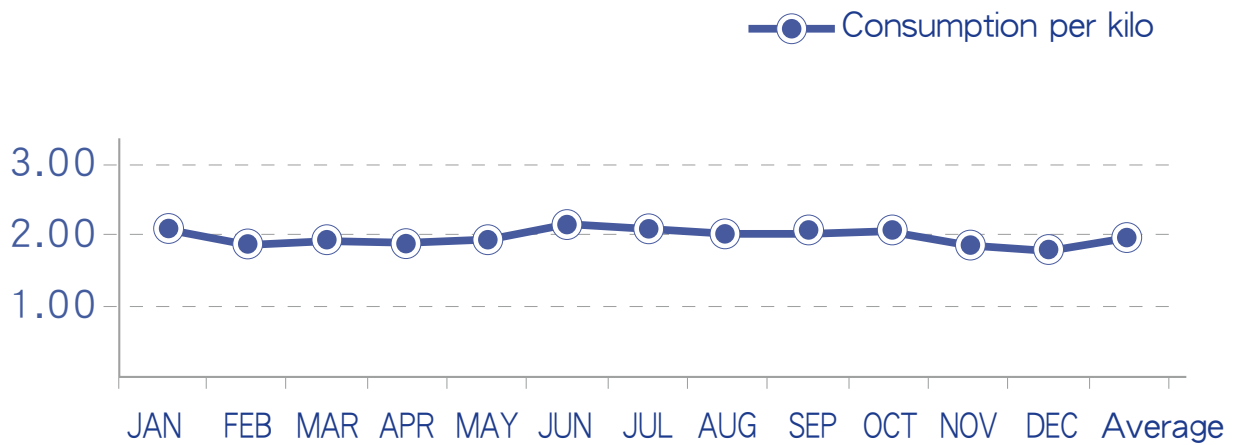


> Consumption per kilo in 2014

Consumption per kilo: The energy consumed for producing a single kilogram of fabrics (Unit: kWh / kg)

Efficiency of the dyeing and finishing industry is largely measured using water consumed per unit fabric produced. Most companies, however, fail to consider the amount of electricity used or the amount of carbon emitted. Data for production capacity and ratios can help Men-Chuen establish relevant performance indicators to support both our environmental or economic aspects.

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2014	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Consumption per kilo	2.08	1.88	1.93	1.90	1.96	2.17	2.10	2.06

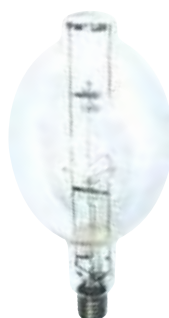
2014	SEP	OCT	NOV	DEC	Average	Capacity
Consumption per kilo	2.06	2.09	1.88	1.79	1.99	

> Installing compact fluorescent lamps (CFLs) at the shrinking and forming area

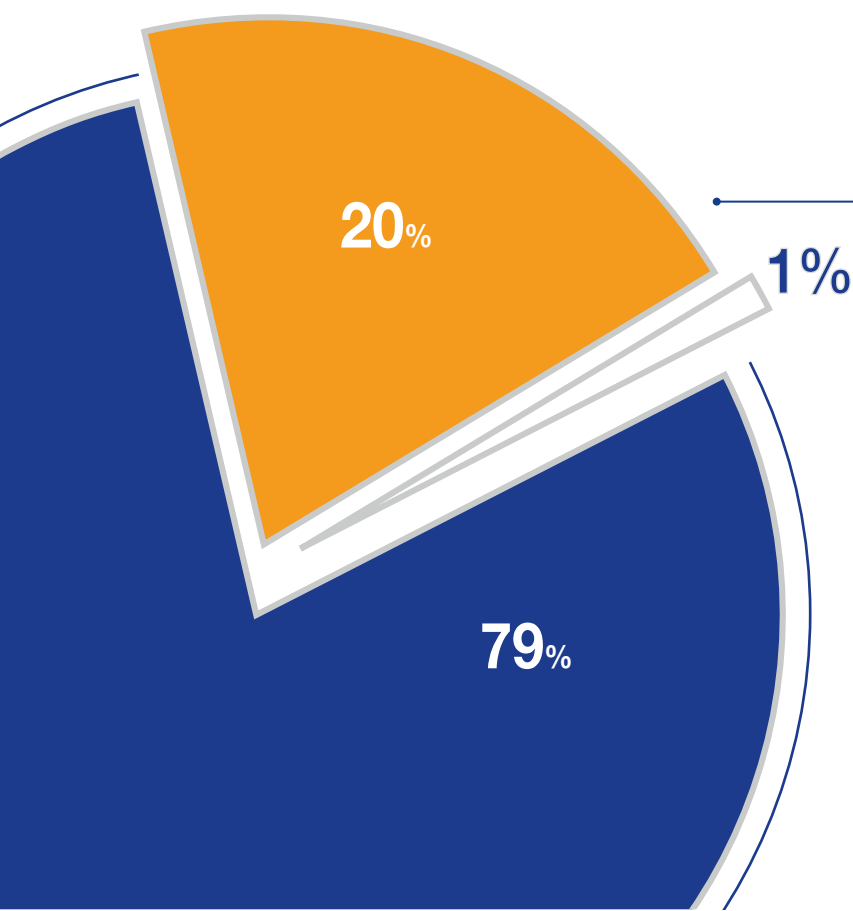
500W mercury bulbs at the shrinking and forming area of Men-Chuen's dyeing plants have been replaced with 100W CFLs. Energy saving and carbon reduction measures include both major directives as well as minor efforts. Having comprehensive energy saving programs will help our Company slash costs while reducing carbon emissions.






Item	Compact fluorescent lamps (CFL)
Power	100W



Item	Mercury bulbs
Power	100W



> Fuel consumption
Proportion of fuel use in 2014

Oil	2014(%)
 Kerosene	79%
 Diesel	20%
 92 lead-free petroleum	1%

Oil	2013(%)
 Kerosene	79%
 Diesel	18%
 92 lead-free petroleum	3%



> Water Resources

Growth and development of human economic activities have come at an expense in form of increased environmental pollution. Wastewater and gases generated by factories, excessive chemicals used during agricultural production, exhaust fumes and noise generated by transport vehicles, radioactive waste created by nuclear power plants, and other waste from our daily lifestyles are growing by the day. These products pollute our environment and directly and indirectly impact our health. Water pollution is mainly caused by wastewater effluent from factories, farms, and residences. Wastewater treatment is expensive in terms of money and labor, but is indispensable in maintaining our environment.

We have completed a wastewater treatment facility in 2014 and subjected the facility to trials in 2015. In the future, we shall use the water recycling system of this facility in order to reduce our reliance on aquifer water as well as sludge generation.

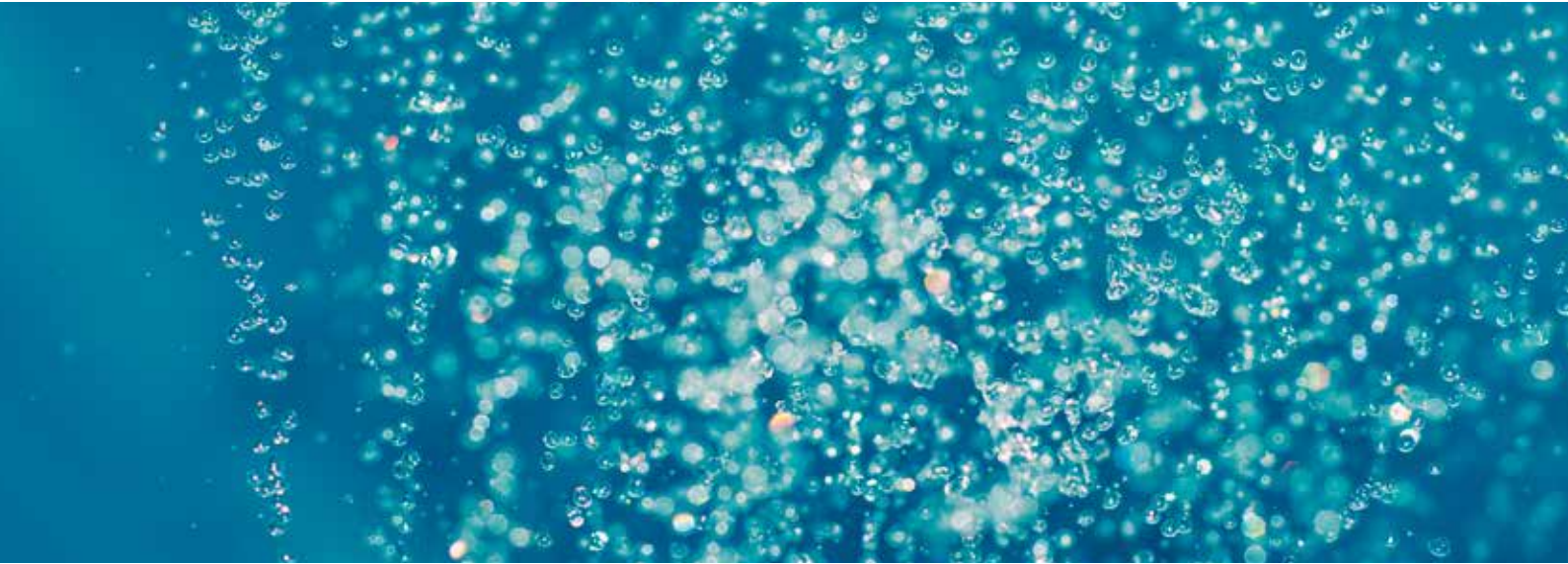
> Nankan River



> Process water

The environmental problems caused by the dyeing and finishing industry can be divided into 4 major categories, namely: high water consumption, high energy consumption, wastewater pollution, and air pollution. High water consumption is a problem that every textile factory has to face. The factory floor usually generates many hot water from the heated bleaching and dyeing processes. Traditionally, this very hot wastewater is directly released to wastewater treatment. However, this is wasteful and not environmentally friendly at all. We have thus constructed large volume hot water recycling reservoir to help heat incoming water without further heating processes to reduce energy consumption. This not only reduces the amount of water used per unit fabric produced, but also saves the amount of kerosene consumed for heating purposes. Such measures have thus helped us achieve our corporate social responsibilities.

In 2014, total water consumption of Men-Chuen was 680,000 tons. We are currently carrying out restoration projects and construction scheduled for completion in 2015.



> Wastewater treatment

Men-Chuen's new wastewater treatment facility expansion was completed at the end of December 2014. This new facility offers higher water storage capacity compared to the old facility, and will be undergoing trials in August 2015. The old facility, on the other hand, will be undergoing renovations and be included with the new facility after renovation work has been completed. After completion, the old and new wastewater facilities will be used at the same time in order to tackle new challenges in water and power consumption of Men-Chuen in 2015.

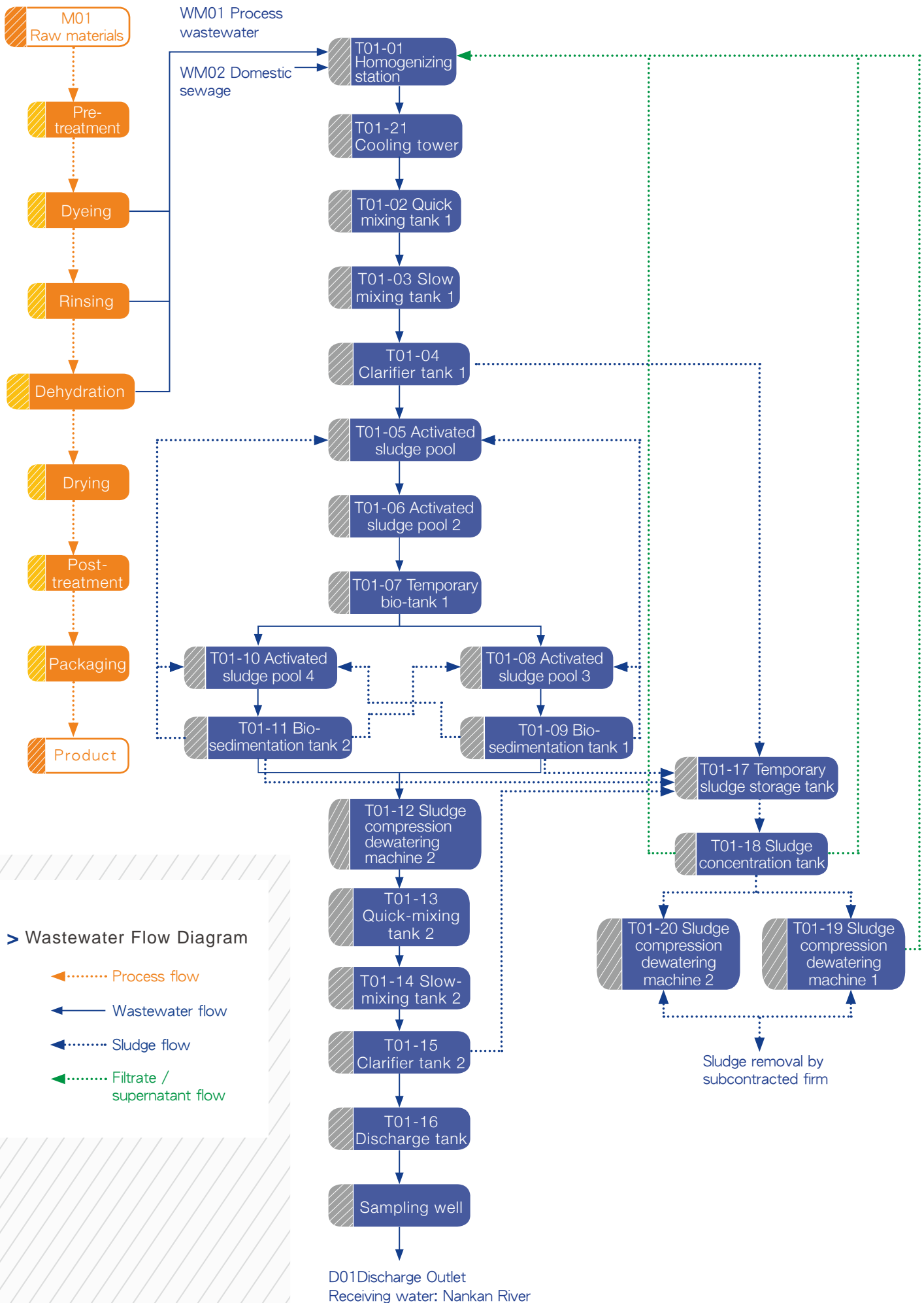
Before Renovations



After Renovations



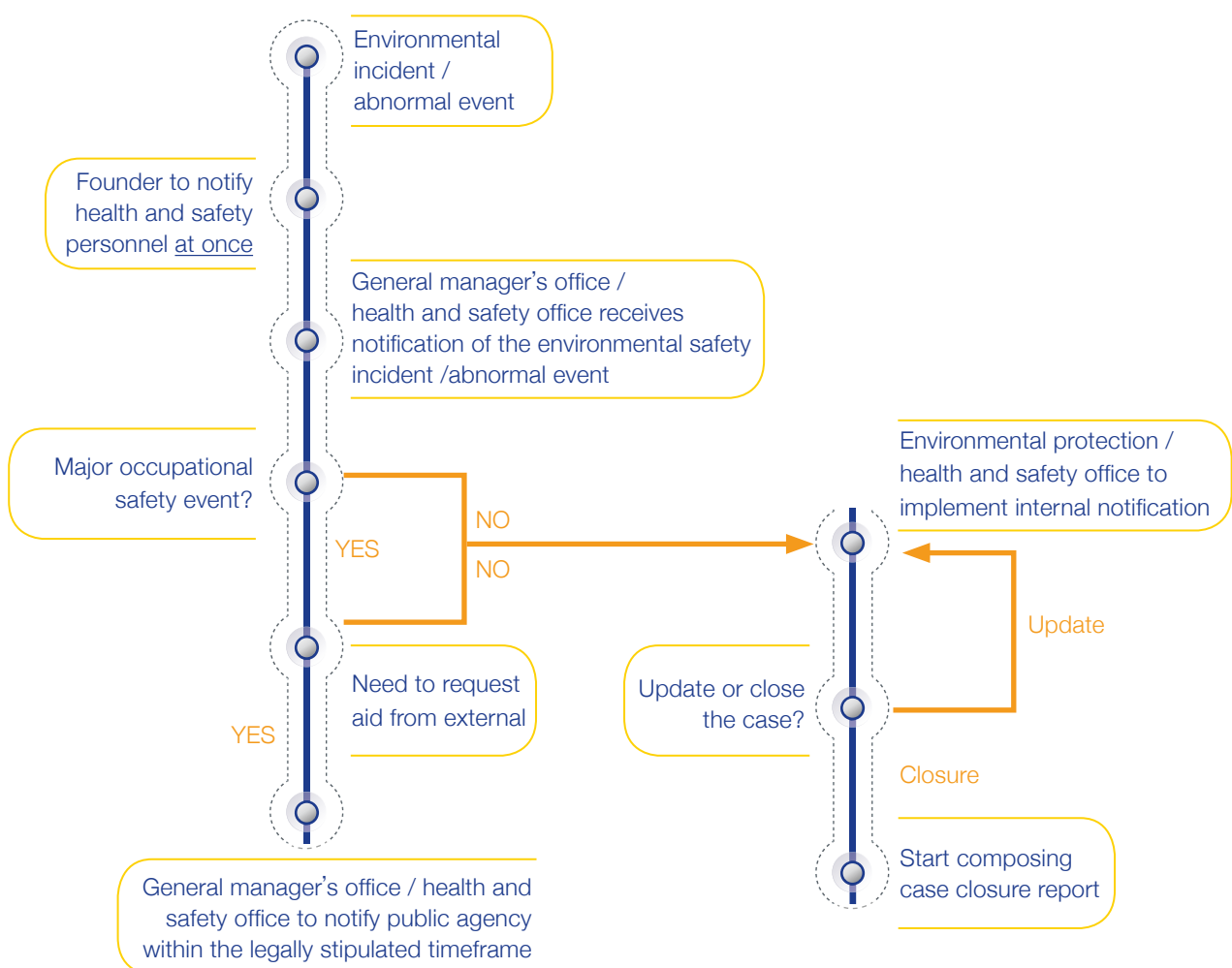
According to the public announcement regarding Article 2 of the Effluent Standards that is based upon Article 7 paragraph 2 of the Water Pollution Control Act of the Republic of China, woven fabrics will be considered a sub-category of the printing, dyeing, and finishing industry. Discharged effluent standards shall be BOD < 30 mg/L, COD < 160 mg/L, SS < 30 mg/L and true color < 550.





> Emergency response procedures

For any abnormal environmental safety events, this Company shall implement relevant response measures according to our internal Emergency Response Procedures for Abnormal Environmental Safety Incidents with the aim of minimizing environmental and personnel impact and injuries. The procedures are provided in the diagram below:



For chemical management, Men-Chuen has stipulated documented hazard identification and risk assessment procedures (MCFIQP-004-V4) to rate chemical hazard and risk levels. We also require suppliers to provide material safety data sheet (MSDS) in order to gain better understanding of the chemical properties of the products we have purchased. We have also established documented procedures for emergency testing preparations and response (MCFIQP-008-V6) and hazards identification and management (MCFIQP-0017-V2) as our basis for handling and responding to workplace accidents. Finally, we also employ disaster drills and exercises so that employees will be capable of carrying out relevant handling and response in an effective and accurate manner during actual disasters.

> Chemicals

Men-Chuen purchases dyestuffs, auxiliaries, and chemicals that have been certified to bluesign® in order to reduce costs while ensuring ensure process safety and consumer health. Recently, Men-Chuen has established an internal chemical management system to effectively control every stage from purchasing to processing. This system allows Men-Chuen to exercise more effective internal control and management and ensure the safety of consumers who purchase our products.

Raw materials, dyestuffs, and auxiliaries selected by Men-Chuen have twice the safety and quality assurances to ensure complete safety.

We have been certified to Oeko-Tex®, bluesign®, Global Recycle Standard (GRS), ISO 14001, OHSAS 18000 and other relevant standards. We have also undergone relevant recertification in 2014 and 2015.

Many of Men-Chuen's partners are world-leading sports apparel brands such as Adidas, Nike, and Puma, all of which are members of zero discharge of hazardous chemicals (ZDHC). Hence, we also hold ourselves to the same standards with the goal of achieving ZDHC by 2020. In April 2014, we have commissioned Bureau Veritas (third party certification company) to implement our ZDHC project, sampling the discharge effluent from our dyeing facility. This will help us achieve consumer confidence while contributing positively towards the environment that we live in.

> ZHDC Project - BV carrying out wastewater sampling at Men-Chuen



> Improving chemical storage

We made improvements to chemical and dyestuff storage areas by constructing leak prevention levees, pallet boards, isolation rolling shutters, and storage racks. Safety awareness posters have been provided at the entrance of every process stations. The Health and Safety Office of the Company has also been charged with carrying out audits for unit-based chemical operations and storage. When storing chemicals, Safety Data Sheet (SDS) and GHS labels will be placed on the chemical containers. Since Men-Chuen's employees include those from Taiwan, Indonesia, and the Philippines, all SDS and GHS are provided in both Chinese and English languages. We have taken measures to improve awareness for the proper use of personal protective equipment amongst our employees and provide occupational safety and disaster prevention training.



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- ① Every chemical is provided with Chinese and English SDS and GHS labels
- ② MSDS is placed at the front of all chemicals and auxiliaries
- ③ Demonstrating the use of personal protective equipment

> Training and emergency response exercises

Every department is required to formulate and implement general hazards and emergency response training for employees that may use or exposed to hazardous substances in order to ensure that both the department and employees are familiar with the hazardous substances that they are exposed to.

Emergency response exercises are held every 6 (six) months so that employees are familiar and competent in the handling, procedures, steps, techniques, and usage of emergency equipment in response to emergencies. Shortcomings reviewed during the exercises and improvement measures shall be documented accordingly.



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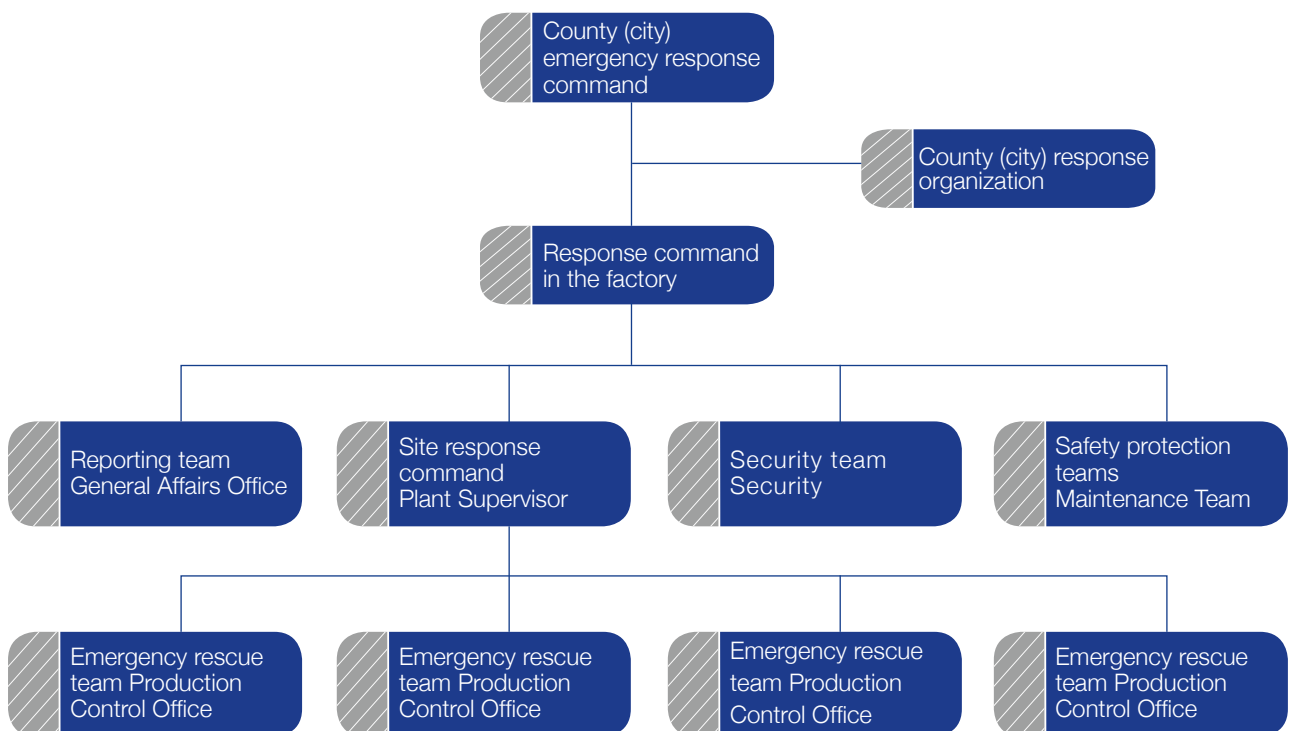
4

- ① Emergency evacuation drill
- ② Introduction of fire extinguisher
- ③ Practical action (1)
- ④ Practical action (2)

> Flowchart for the hazards identification and risk assessment procedure

Flowchart	Responsible Owner	Document / Form Used
Create scope of identification for different procedures, areas, or activities	Assessors from various units	Environmental health and safety areas and operations category form
Implement hazard identification and risk assessment	Assessors from various units	Environmental aspects / hazards identification and risk assessment form
Review of hazard identification and risk assessment data	Supervisors from various units	Environmental aspects / hazards identification and risk assessment form
Final resolutions on unacceptable and high risk levels	Safety committee / management review meeting	
Planning / approval of methods for managing unacceptable and high risk levels	Assessors, supervisors / management representative from various units	Control chart for unacceptable and high risk levels

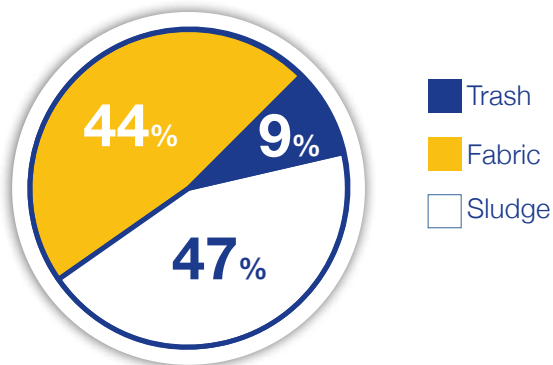
> Emergency response organization chart



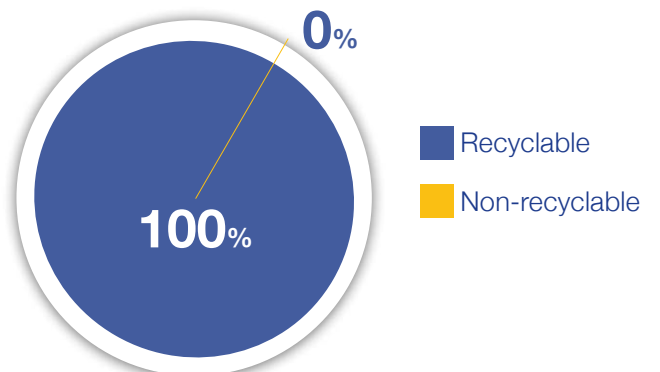
> Waste Production

Subcontractors are engaged to help handle and remove waste materials. The handling of waste materials can be divided into 2 categories. After removing recyclable waste, the subcontractor will be charged with cleaning the waste for subsequent recycling and reuse. For non-recyclable waste, the waste will be assessed for any toxic contents. Non-toxic waste will be incinerated, while toxic waste will be handled according to the method promulgated by the government. (sludge will be handled separately by a certified subcontractor)

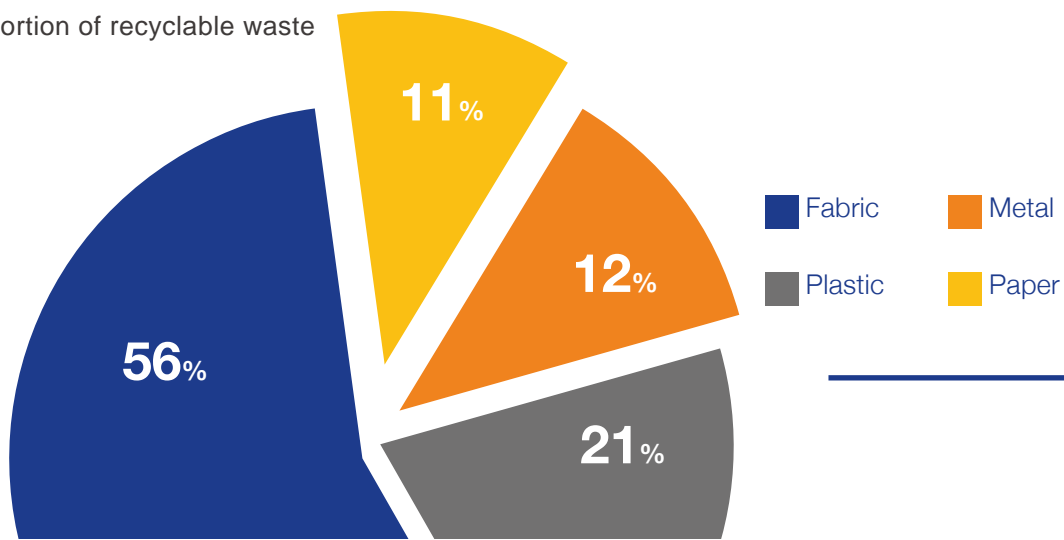
> Proportion of non-recyclable waste

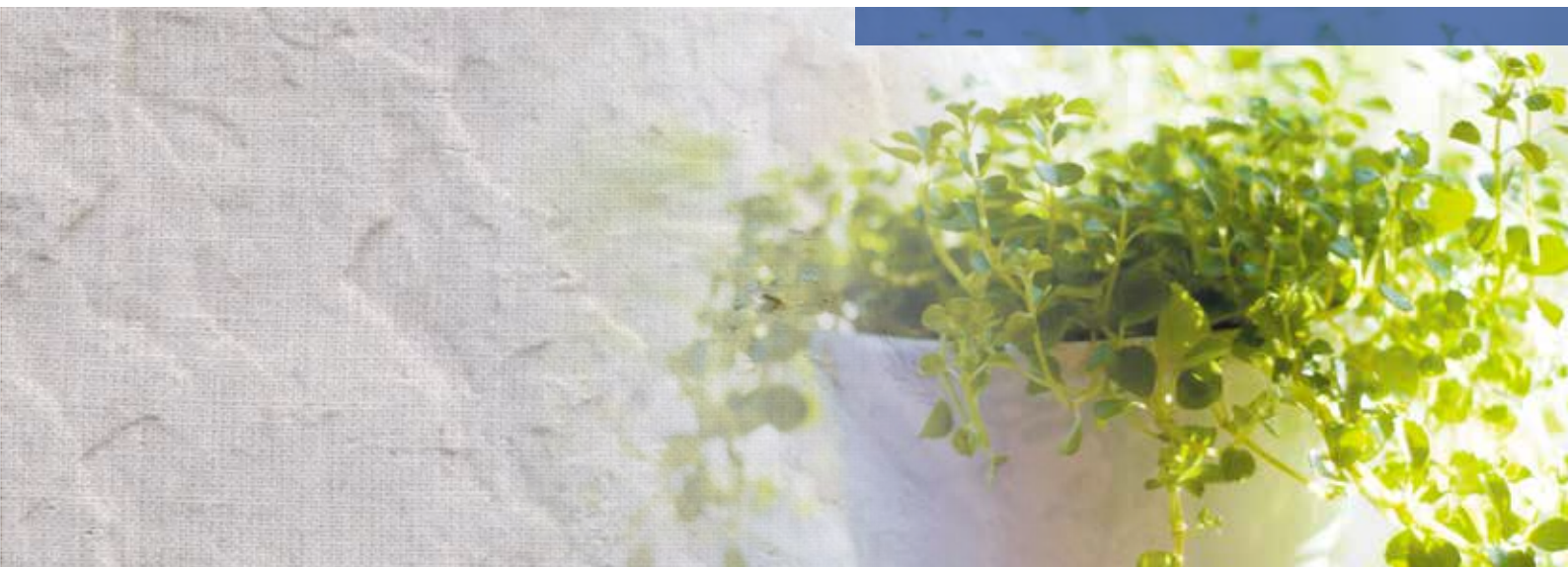


> Proportion of recyclable



> Proportion of recyclable waste





> Proportion of non-recyclable waste

Wastes generated by the factory are reused or disposed according to the Waste Disposal Act. Management systems include:

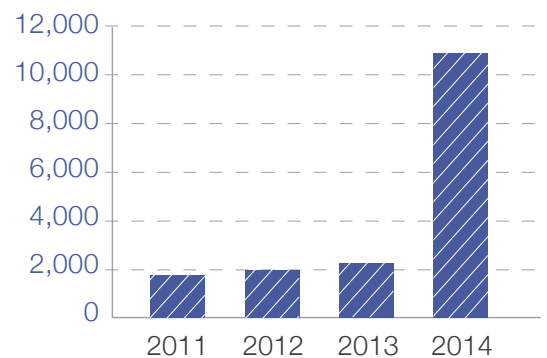
1. Waste disposal project and management to ensure that the item categories and quantity of waste material are compliant to the applications submitted.
2. Online registration and management to ensure that the subcontractor has completed the removal process as well as online registration.
3. Establish a waste disposal supplier database.
4. Verify the movement of waste, identify qualified waste disposal subcontractors for removing factory waste, and carry out online registration and tracking of waste flow.

Fabrics form the largest group of the 4 categories of recyclable waste. Our waste reduction plan is thus implemented according to fabric wastes. We have reviewed and readjusted our production processes so that personnel at the manufacturing floor are familiar with fabric properties in order to prevent poor dyeing caused by mistakes in fabric assessment. By preventing poor dyeing, nonconformities and waste fabric production will be reduced accordingly.

> Reusing waste fabrics for creating garbage bags

Since 2011, Men-Chuen's manufacturing floor has been keeping statistics of the use of self-made garbage bags. A total of 2,150 kg of waste fabrics were used in 2013 to manufacture waste bags. This figure rose to 11,358 kg in 2014.

> Reusing waste fabrics for creating garbage bags





> Greenhouse Gases

Since 2013, Men-Chuen has adopted T5 tubes that are capable of achieving 1/3 less power consumption compared to T8 tubes. Every lamp in factory offices, lavatories, meeting rooms, and manufacturing floor was replaced with the T5 tubes, achieving nearly NT\$ 500,000 savings in electricity every year. We also practice a lights-off policy during noon break and reduced the size of our processing areas, number of powered equipment used as well as amount of public power consumption. These measures helped to effectively reduce energy usage and carbon emissions.

From the amount declared, we could see that sulfur oxides and particulate pollution produced by Men-Chuen has decreased from 2012 to 2014. The amount of volatile organic compounds, however, underwent a slight increase.

Men-Chuen is committed to enacting improvements for reducing greenhouse gas emissions. In addition to replacing equipment with low efficiency, we also actively introduced energy saving machinery and technologies to fulfill our commitment towards the conservation of our planet's natural environment.



2012

Reporting time	Volatile organic compounds (tons)	Particulate pollution (tons)	Sulfur oxides (tons)
2012 Q1	0.8	2.5	12.6
2012 Q2	0.9	2.8	10.8
2012 Q3	1	2.8	10.9
2012 Q4	0.9	3.2	12.5
2012 Total	3.6	11.4	46.8

2013

Reporting time	Volatile organic compounds (tons)	Particulate pollution (tons)	Sulfur oxides (tons)
2013 Q1	0.8	3.5	12.8
2013 Q2	0.8	1.2	12.1
2013 Q3	0.9	3.1	12.4
2013 Q4	0.9	2.7	11.6
2013 Total	3.4	10.5	48.9



2014

Reporting time	Volatile organic compounds (tons)	Particulate pollution (tons)	Sulfur oxides (tons)
2014 Q1	0.9	2.7	10
2014 Q2	1.0	3.7	9.5
2014 Q3	1.0	1.6	9.5
2014 Q4	1.2	1.4	9.0
2014 Total	4.1	9.4	38.1

> Sulfur oxides (tons)



> Volatile organic compounds (tons)



> Particulate pollution (tons)





> Direct production (oil)

Type of emission	Source of pollution	Fuel type used	Greenhouse gases produced						Activity data		Emissions (CO ₂ e tons/year)
		Name	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Data	Unit	
Fixed	Boilers	Kerosene	V	V	V				6,000	Kiloliters	19,000
Movement	Forklift	Diesel	V	V	V				66.04	Kiloliters	175
Movement	Trucks	Vehicle petroleum	V	V	V				0.69	Kiloliters	1.62

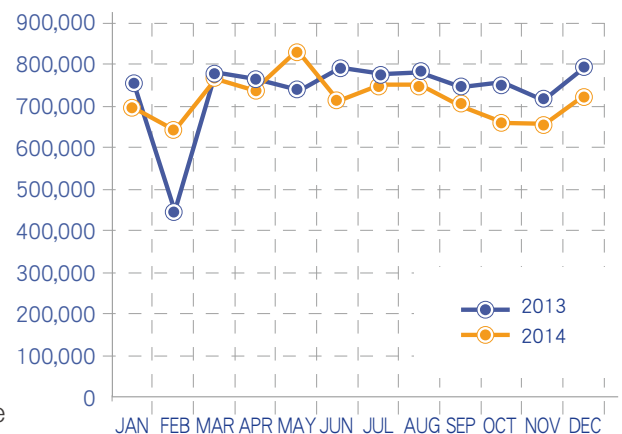
> Review and planning of Best Available Control Technology (BACT)

1. Use of low-polluting raw materials and fuel
2. Use of low-polluting processes.
3. Installing air pollution preventing equipment.
4. Other air pollution reducing technologies approved by the central competent agency.

> Indirect production data

Carbon dioxide emissions are calculated according to the electricity bills provided by Taiwan Power Company.

From the figure above, we could see that carbon emissions in 2014 had decreased compared to 2013 with the exception of the month of February (which was the month of the Chinese New Year Holiday). In spite of this achievement, Men-Chuen remains dedicated to energy conservation programs and is constantly improving on the numerous power consuming facilities in our plants. Our aim for every year is to achieve lower costs and zero emissions.



Carbon emissions	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	755,000	448,000	784,000	768,000	738,000	791,000	775,000	777,000	750,000	752,000	715,000	789,000
2014	698,000	642,000	768,000	741,000	835,000	715,000	751,000	749,000	708,000	664,000	657,000	724,000

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2.5	Number of countries where the organization operates	14	●
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2.7	Markets served	14,15	●
2.8	Scale of the reporting organization	8,9	●
2.9	Significant changes during reporting period	NO Significant change	●
2.10	Awards received in the reporting period	6,7	●
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3.2	Date of most recent report	5	●
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Profile Disclosure		Page	Status
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